

Appendix 3a: Assurance and Themes

Assurance



Business Continuity

Objective

To assess whether the Council has effective arrangements in place to enable services (particularly critical ones) to continue to be provided in the event of a disaster occurring.

Themes

The Council has a working Business Continuity Plan (BCP) and Incident Management Strategy (IMS), which are broadly in line with the requirements of ISO 22301. There has not been a recent review of the BCP and certain aspects of it such as "Key Timing", still need to be established and entered up. Therefore, the BCP needs to be fully completed then both documents need to be formally approved.

At a corporate level, very limited staff resource is available to facilitate the on-going maintenance of the BCP and IMS. Furthermore, operational responsibility for Emergency Planning (EP) and its associated IMS, is handled separately, meaning there is no clear linkage between both plans.

Each department then has a BCP lead and is required to keep an up to date Business Impact Assessment (BIA), produced from a standard template, which contains the key information expected. There was evidence that some BIA's (but not necessarily the same ones) had been:

- updated following a six monthly review
- tested to ensure contacts listed were accurate.

Where BIA's have been revised, they had been forwarded to the Policy, Engagement and Communication Team. However, the central database has not been updated to reflect these or any revised service plans, since May 2015.

Operation Meltdown was a desktop exercise undertaken in October 2013 to test the resilience of the BCP. The IMS was not tested as part of this exercise. The results from this were used to enhance the BCP and promote the use of BIA templates within departments. However, it was identified that:

- there has been no corporate wide test since Operation Meltdown and no evidence of upgrades / updates to the corporate BCP based on recent events, tests or incidents
- two of the four key recommendations from Operation Meltdown have been partly addressed. As a result:
 - actions relating to recovery times for key systems, alternative locations on recovery, a new server room and reallocating the number of seats needed at the Tickfield Centre have been progressed
 - the BCP working group still needs to be reinstated to assist in sharing test results and best practice / lessons learned from incidents in year.

Appendix 3a: Assurance and Themes

Assurance



- suggested scenarios has been used to test the integrity of some BIAs, but there has been no corporate wide testing using different scenarios
- there is a need for a training programme, which could include an online training module for ease of delivery, as there has been no corporate wide training on BCP and the IMS since 2014.

The Civil Contingencies Act (CCA) 2004 requires tier 1 responders (such as the Council) to maintain and test these corporate documents, train staff and learn from the outcomes of any training or live incidents.

A fixed term contractor started in November 2016, to take this work forward. The actions arising from this report have been built into his work programme, which is due to be completed at the beginning of October 2017.

Number of actions agreed: 6

Financial Monitoring of Direct Payments

Objective

To assess whether there are robust financial monitoring arrangements in place to ensure payments made directly to clients are used to meet the assessed eligible needs and outcomes identified in Care Support Plans.

Themes

Direct Payments Policy and Client Agreements

The Council's arrangements for monitoring how direct payments are used, needs to be better defined. The Council's Self Directed Support, Best Practice Guidance' document (2010) lays out the change in policy direction towards 'putting people first' and giving service users choice and control in their lives. It states that "*all councils are required to have a process for checking whether the outcomes agreed in the support plans are being achieved*" but does not detail how this will be done. It also needs to be updated for recent changes in legislation.

There is need for greater clarity over the interdependencies and / or roles and responsibilities of the Department for People's Finance Team (Payments) and Locality Assessment and Review Teams, when managing and monitoring direct payments made directly to client bank accounts, to ensure:

- monies are appropriately spent to achieve the outcomes set out in care plans
- appropriate action is taken when issues or concerns are identified regarding the use of monies.

The service area has started to explore how the teams will work together going forward, to ensure the use of monies paid directly to clients is appropriately monitored and in line with care plans. These changes are to be formalised in a policy document to replace 'Self Directed Support, Best Practice Guidance'.

Appendix 3a: Assurance and Themes

Assurance



Direct payment agreements incorporate standard terms and conditions requiring clients to make quarterly returns accounting for all monies received with supporting evidence, such as receipts and invoices. The current standard could be clearer regarding some of the limitations attached to direct payment spend.

Carers awarded a one off payment are not consistently required to complete a direct payment agreement. As such, the Council may find it difficult to require carers to formally account for the use of these monies.

Monitoring Arrangements: Adult Direct Payment Returns

A well-designed monitoring form was available to guide staff when reviewing quarterly returns submitted by clients, which captures the individual key checks required by Finance Officers to confirm that direct payments are being appropriately managed. This was not in use and no regular monitoring of returns was taking place.

A systematic and robust process needs to be introduced for monitoring the use of direct payment monies to in particular:

- identify clients failing to submit returns and so prompt further enquiries.
- confirm payments are supported by the required documents (e.g. receipts) evidencing the proper use of the direct payment
- confirm assessed client contributions are being made, as these are essential to enable service user needs and / or outcomes to be met
- identify potentially accumulating surplus funds which can be clawed back if appropriate.

The service area took some proactive steps during the audit to identify those clients failing to submit quarterly monitoring returns in the current financial year. The intention being to prioritise these service users, for some targeted follow up work.

Children's Direct Payment Returns

There is a systematic process operating for monitoring children's direct payments. In particular:

- expected and actual payments are reconciled back to the Council's key financial system Agresso, to ensure they have been made correctly and discrepancies are properly investigated
- returns and supporting invoices are required and examined for each child receiving payments, to account for all spend within the quarter
- surplus funds and non-returns are referred back to the specialist social work team for challenge and / or further action.

This process could be improved further by:

- formally documenting it and getting it approved
- introducing independent management checks to confirm that the approved process for monitoring is being consistently applied

Appendix 3a: Assurance and Themes

Assurance



- making greater use of Civica (the Councils Electronic Document Management System) to automate the process (which is currently being explored).

Additionally, going forward procedures will be clear that any deviations from the agreed verification process will need prior approval from the relevant Director.

Declarations of interest

The Department for People's Finance team complete declarations of interest in line with the corporate process. Work is underway to 'lock down' permissions within Civica to ensure any potential conflicts are managed. This is more problematic in CareFirst although options to achieve this are being explored. Permissions will also need to be restricted appropriately on LiquidLogic once it has been implemented.

Number of actions agreed: 7

Right to Buy

Objective

To assess whether Legal Services operating arrangements enable Right to Buy transactions to be processed in a timely manner.

Themes

Background

Recent presentations given by the National Crime Agency have:

- highlighted that there is a risk of money laundering associated with the Right to Buy Scheme
- stated that up to £16billion could be laundered through Local Authorities by Organised Criminal Networks who offer potentially vulnerable tenants funds to buy their properties.

In 2015/16, South Essex Homes referred 30 Right to Buy applications to Southend-on-Sea Borough Council's (the Council) Legal Services for completion. The sum total of the value of these sales, should they all complete, is £2.9m.

Application Process

The Right to Buy process transfers from South Essex Homes (the company) to the Council's Legal Services once a tenant has accepted the S125 Offer Notice. Legal Services then liaises with the buyer's legal representatives to progress the sale to completion.

No issues were found with Right to Buy cases reviewed, due to the experience of the staff undertaking the work rather than the Council clearly defining the tasks to be completed and evidenced, when processing applications. Therefore, the checklist currently used by the Legal Assistant, should be developed further so that it directs the workflow of the Right to Buy process by:

Appendix 3a: Assurance and Themes

Assurance



- setting out what:
 - actions staff should take once they receive a Right to Buy case from the company
 - independent checks should be undertaken during this process, including those Legal Services has reported as inherent in the current system, to confirm that this work is in line with the Council's requirements
- providing space for staff to evidence when each task is completed.

The company require sales to be completed within a 12 month period from the issue of the S125 Offer Notice. This target was achieved in all bar one of the cases, where the delay was only due to the buyer. Legal Services notify the company promptly once a sale has completed, allowing the rent account to be adjusted in good time.

The Council does protect its rights under The Housing Act 1985 (amended) by placing appropriate charges on properties sold as allowed for by the Act. Even though there is minimal risk to the Council, Legal Services checks to ensure the charge is registered with the Land Registry but evidence of this, was not brought to our attention during the audit.

Money Laundering

Legal Services undertakes suitable checks to ensure the buyers legal representatives are appropriately qualified and registered with a relevant professional body. These regulatory bodies require members to be compliant with Money Laundering Regulations.

Where properties are purchased using a mortgage, the lender would undertake the normal checks on the applicant (e.g. identity, income, credit history etc.). The legal representative then has a duty to check that the funds are being provided from an appropriate and legitimate source. For cash purchases, Legal Services is reliant on the legal representative check alone. Although there is no legal obligation to do so, the Council has a responsibility to ensure that it is not used as a vehicle to launder the proceeds of crime. It is best practice to use the Counter Fraud and Investigations Directorate to undertake pro-active financial checks for cash purchases as part of the application process, in line with those undertaken by financial services, including lenders.

Although Legal Services checks to ensure funds have received come from an appropriate bank account, it is done once the money has been received and the property sold. The details of the account to be used to transfer the funds should be requested in the opening correspondence with the legal representative. It should also be stated that the sale won't complete if money is received from elsewhere.

Number of actions agreed: 5