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SOUTHEND-ON-SEA CITY COUNCIL

**Audit Committee**

**Date: Wednesday, 27th April, 2022**

**Time: 6.30 pm**

**Place: Council Chamber - Civic Suite**

**Contact: Robert Harris**

**Email: [committeesection@southend.gov.uk](mailto:committeesection@southend.gov.uk)**

**A G E N D A**

- 1 Apologies for Absence**
- 2 Declarations of Interest**
- 3 Minutes of the Meeting held on 12th January 2022**
- 4 Housing Benefit Subsidy Assurance report 2020/21** (Pages 3 - 24)  
Report of the Deputy Chief Executive and Executive Director (Finance and Resources) attached
- 5 Homes England Compliance Audit report 2021/22** (Pages 25 - 30)  
Report of the Deputy Chief Executive and Executive Director (Finance and Resources) attached
- 6 Deloitte's: External Audit Update report 2020/21** (Pages 31 - 36)  
Report of the Deputy Chief Executive and Executive Director (Finance and Resources) attached
- 7 CIPFA's Financial Management Code** (Pages 37 - 46)  
Report of the Deputy Chief Executive and Executive Director (Finance and Resources) attached
- 8 Internal Audit Service Quarterly Performance Report** (Pages 47 - 86)  
Report of the Deputy Chief Executive and Executive Director (Finance and Resources) attached
- 9 Counter Fraud & Investigation Team Quarterly Performance Report**  
(Pages 87 - 124)  
Report of the Deputy Chief Executive and Executive Director (Finance and Resources) attached
- 10 Internal Audit Charter, Strategy and Plan for 2022/23** (Pages 125 - 174)  
Report of the Deputy Chief Executive and Executive Director (Finance and Resources) attached

**Chair & Members:**

Cllr M Dent (Chair), Cllr I Shead (Vice-Chair), Cllr H Boyd, Cllr A Dear, Cllr K Evans, Cllr N Folkard, Cllr S George, Cllr S Habermel, Cllr P Wexham and K Pandya

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**Public Document Pack**  
**SOUTHEND-ON-SEA BOROUGH COUNCIL**

**Meeting of Audit Committee**

**Date: Wednesday, 12th January, 2022**  
**Place: Council Chamber - Civic Suite**

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**Present:** Councillor M Dent (Chair)  
Councillors I Shead (Vice-Chair), H Boyd, A Dear, K Evans,  
N Folkard, S George, S Habermel, P Wexham and K Pandya

**In Attendance:** A Barnes, R Harris, S Dutton and C Fozzard

**Start/End Time:** 6.30 pm - 7.05 pm

**590 Apologies for Absence**

There were no apologies for absence at this meeting.

**591 Declarations of Interest**

There were no declarations of interest at this meeting.

**592 Minutes of the Meeting held on Monday, 13 December 2021**

Resolved:

That the Minutes of the Meeting held on 13<sup>th</sup> December 2021 be confirmed as a correct record.

**593 Treasury Management Policy for 2022/23**

The Committee considered a report of the Executive Director (Finance and Resources) outlining the treasury management policy for 2022/23 comprising the following documents:

- Treasury Management Policy Statement for 2022/23;
- Treasury Management Strategy for 2022/23; and
- Annual Treasury Management Investment strategy for 2022/23.

The Committee asked a number of questions which were responded to by officers.

Resolved:

That the Treasury Management Policy for 2021/22, be endorsed.

**594 Internal Audit Service Quarterly Performance Report**

The Committee considered a report of the Executive Director (Finance and Resources) providing an update on the progress made in delivering the Internal Audit Strategy for 2021/22.

Resolved:

That the progress made in delivering the 2021/22 Internal Audit Strategy, be noted.

**595 Counter Fraud & Investigation Team Quarterly Performance Report**

The Committee considered a report of the Executive Director (Finance and Resources) on the progress made in delivering the Counter Fraud Strategy and Work Programme for 2021/22.

The Committee asked a number of questions which were responded to by officers.

Resolved:

That the performance of the Counter Fraud and Investigation Team over the past three months, be noted.

**596 Risk Management Update**

The Committee considered a report of the Executive Director (Finance and Resources) providing an update on the delivery of the risk management policy statement and strategy.

Resolved:

That the delivery of implementing the risk management policy statement and strategy, be noted.

**Chair:** \_\_\_\_\_

# Southend-on-Sea City Council

Agenda  
Item No.

4

Report of the Deputy Chief Executive and Executive  
Director (Finance and Resources)

to

**Audit Committee**

on

**27 April 2022**

Report prepared by: Andrew Barnes (Head of Internal Audit  
and Counter Fraud)

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## **Results of Housing Benefit (Subsidy) Assurance Process for the year ended 31 March 2021**

### ***A Part 1 Public Agenda Item***

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#### **1. Purpose of Report**

- 1.1 To present the results of the reporting accountant's work on the Housing Benefit Subsidy Claim assurance report for the year ended 31 March 2021 to the Audit Committee.

#### **2. Recommendation**

- 2.1 **The Audit Committee accepts the results of the Housing Benefit Subsidy Claim assurance work for the year ended 31 March 2021.**

#### **3. Background**

- 3.1 The arrangements for providing assurance to government departments and agencies in respect of the Council's claim for subsidy towards expenditure, or certain information returns requiring external independent assurance, changed from 2018/19 and are no longer overseen by Public Sector Audit Appointments Limited (PSAA). As a result the government departments and agencies now produce standardised assurance procedures and the Council is required to appoint its own reporting accountants to undertake that work.
- 3.2 Southend have appointed Grant Thornton to undertake that work and this report details the outcome of their work.

#### **4. Housing Benefit Subsidy Claim**

- 4.1 The Department for Work and Pensions (DWP) require external independent assurance in respect of the Council's claim for subsidy towards expenditure that it has incurred on providing Housing Benefit to appropriate claimants in accordance with the DWP's scheme.

- 4.2 Due to the nature and volume of work the Council undertakes administering the DWP's Housing Benefit arrangements (the Council processes almost £60m of Housing Benefit payments per year) it is inevitable that errors will be made. The detailed nature of the assurance procedures performed by the reporting accountants will identify some of these errors, as is reflected in the results of the work at Appendix 1. However the error rates identified by the assurance procedures are low, with the biggest error rate identified being 1.63%. The DWP's arrangements recognise this and include a threshold for errors made by the local authority that has an impact on the amount of subsidy that the Council receives. The Committee should note that the value of local authority errors reported in the return is below the DWP's threshold and therefore there will be no impact on the amount of subsidy received by the Council.
- 4.3 Following submission of Grant Thornton's report in February the DWP have yet to confirm that the position is finalised. However given the results of the work reported in the submission it is expected that there will be no change to the subsidy claimed for 2020/21 and confirmation from the DWP is expected in July.
- 4.4 A copy of Grant Thornton's report to the DWP is attached at Appendix 1 for the Committee's information.

## **5. Corporate Implications**

### **5.1 Contribution to the Southend 2050 Road Map**

All audit work provides assurance and identifies opportunities for improvements that contribute to the delivery of all Southend 2050 outcomes.

### **5.2 Financial Implications**

Grant Thornton were appointed by the Council to undertake the DWP's assurance procedures following a competitive process.

The Council receives significant funding from external funders, and giving them the assurance they require that their funds have been used in accordance with their expectations gives confidence in the Council's use of their funding provided, and to be provided in the future.

### **5.3 Legal Implications**

The Council is required to provide independent assurance from a reporting accountant to the DWP utilising their assurance procedures, to support the Council's information submitted to those departments. By considering this report, the Committee can satisfy itself that this requirement is being discharged.

### **5.4 People Implications**

None.

### **5.5 Property Implications**

None.

### **5.6 Consultation**

None.

### **5.7 Equalities and Diversity Implications**

None.

## 5.8 Risk Assessment

The Council receives significant funding streams that require reporting accountants to provide assurance that the funding has been used in accordance with the funders' expectations. This funding would be at risk if the reporting accountants were not able to provide that assurance.

## 5.9 Value for Money

None.

## 5.10 Community Safety Implications

None.

## 5.11 Environmental Impact

None.

## 6. Background Papers

- National Audit Offices' Code of Audit Practice 2015
- DWP Housing Benefit (Subsidy) Assurance Process 2020/21

## 7. Appendices:

- Appendix 1: Grant Thornton's Housing Benefit Subsidy Claim assurance report for the Year ended 31 March 2021

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16<sup>th</sup> February 2022

Dear Sir/Madam,

**Housing Benefit (Subsidy) Assurance Process 2020-21 Module 6 DWP Reporting Framework Instruction (Applicable to England only) Reporting accountants' report for the Housing Benefit Subsidy claim form MPF720A, year ended 31 March 2021**

**To: Housing Benefit Unit, Housing Delivery Division, DWP Business Finance & Housing Delivery Directorate, Room B120D, Warbreck House, Blackpool, Lancashire FY2 0UZ. [lawelfare.lapaymentsandsubsidy@dwp.gov.uk](mailto:lawelfare.lapaymentsandsubsidy@dwp.gov.uk)**

**And: The Section 151 Officer of Southend on Sea Borough Council Section 151 Officer**

This report is produced in accordance with the terms of our engagement letter with the Southend on Sea Borough Council dated 11<sup>th</sup> September 2020 and the standardised engagement terms in Appendix 2 of HBAP Module 1 2020/21 issued by the Department for Work and Pensions (DWP) for the purpose of reporting to the Section 151 Officer of Southend on Sea Borough Council and the DWP.

Our report is prepared solely for the confidential use of the Local Authority and the DWP and solely for the purpose of facilitating the claim for Housing Benefit Subsidy on form MPF720A dated 27<sup>th</sup> April 2021.

This report should not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by the standardised engagement terms), without our prior written consent. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the local authority and the DWP, we acknowledge that the local authority and/or the DWP may be required to disclose this report to parties demonstrating a statutory right to see it.

This report is designed to meet the agreed requirements of Local Authority and the DWP as described in the DWP HBAP reporting framework instruction 2020-21

This report should not therefore be regarded as suitable to be used or relied by any other party for any purpose or in any context. Any party other than the Local Authority and the DWP which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so entirely at its own risk. To the fullest extent permitted by law, we accept no responsibility or liability in respect of our work or this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by the reliance of anyone other than the addressees on our work or this report.

## **Respective responsibilities of the Local Authority and the reporting accountant**

We conducted our engagement in accordance with HBAP Modules 1 and 6 2020/21 issued by the DWP, which highlight the terms under which DWP has agreed to engage with reporting accountants.

The Section 151 Officer of the Local Authority has responsibilities under the Income-related Benefits (Subsidy to Authorities) Order 1998. The section 151 Officer is also responsible for ensuring that the Local Authority maintains accounting records which disclose with reasonable accuracy, at any time, the financial position of the Local Authority. It is also the Section 151 Officer's responsibility to extract relevant financial information from the Local Authority's accounting records, obtain relevant information held by any officer of the Local Authority and complete the attached form MPF720A in accordance with the relevant framework set out by the DWP.

## **Our approach**

For the purpose of the HBAP engagement we have been provided with a copy of form MPF720A 2020/21 received from the section 151 officers verifiable email address and dated 27<sup>th</sup> April 2021 by the Section 151 Officer. The Section 151 Officer remains solely responsible for the completion of the MPF720A.

Our engagement was carried out in accordance with the DWP reporting framework instruction which has been prepared in accordance with the *International Standard on Related (ISRS) 4400, Engagement to perform agreed-upon-procedures regarding financial information*. The purpose of the engagement is to perform the specific test requirements determined by the DWP on the defined sample basis as set out in HBAP Modules of the HBAP reporting framework instruction on the Local Authority's form MPF720A dated 27<sup>th</sup> April 2021, and to report the results of those procedures to the Local Authority and the DWP.

The results of these are reported on in appendices A, B, C and D.

## **Inherent limitations**

The procedures specified in DWP's HBAP Reporting framework instruction does not constitute an examination made in accordance with generally accepted auditing standards, the objective of which would be the expression of assurance on the contents of the local authority's claim for Housing Benefit subsidy on form MPF720A. Accordingly, we do not express such assurance. Had we performed additional procedures or had we performed an audit or review of the local authority's claim for Housing Benefit subsidy on form MPF720A in accordance with generally accepted auditing or review standards, other matters might have come to our attention that would have been reported to you. This report relates only to the Local Authority's form MPF720A and does not extend to any financial statements of the Local Authority, taken as a whole.

## **Summary of HBAP report**

### **Summary of Initial Testing**

In accordance with HBAP modules an initial sample of cases was completed for all general expenditure cells.

Cell 011 Non HRA Rent Rebate

No Claims were found to be in error.

Cell 055      HRA rent rebates

No Claims were found to be in error.

Cell 094      Rent Allowance

No claims were found to be in error.

Cell 225      Modified schemes - evidence to support War disablement Pension

We have identified 1 claim where the claimant was not in receipt of War Disablement Pension. As it was not possible to correctly establish the error for amendment, testing of the remaining 11 cases has been completed to ensure the claimants were in receipt of War Disablement Pension.

## **Completion of Modules**

### **Completion of Module 2**

We have tested the parameters which the authority has uprated on its system against the uprating checklist and no issues were identified.

## Completion of Module 5

We have completed the questionnaire for the appropriate software supplier and no issues were identified.

### **Summary of testing arising from Cumulative Assurance Knowledge and Experience**

In line with the requirements of HBAP Modules we have undertaken CAKE testing based upon the preceding HBAP report. Where appropriate the Authority has completed testing of the sub populations for.

In 2019/20, there was a CAKE error on 'standard income' on 2 Cells Rent Rebates and Rent Allowances. Standard income consists of all other income except earned income and self-employed income. We have obtained clarification from Local Authority that the errors identified in Rent Rebates and Rent Allowances were private occupational pension, employment support allowances and state retirement pension.

We have sought advice from the DWP on how to address the CAKE errors relating to standard income. Since the issues were similar across both Cells and in agreement with the DWP and the Local Authority, we have applied 40+ testing across the 2 Cells (50/50 split) in testing private occupational pensions, employment support allowance and state retirement pension.

CAKE testing included:

- 1) Rent Rebates Cell 055 – Incorrect calculation of private occupational pensions
- 2) Rent Rebates Cell 055 – Incorrect calculation of employment support allowance (ESA)
- 3) Rent Rebates Cell 055 – Incorrect calculation of state retirement pension
- 4) Rent Rebates Cell 055 – Incorrect calculation of earned income
- 5) Rent allowances Cell 094 – Incorrect calculation of private occupational pensions
- 6) Rent allowances Cell 094 – Incorrect calculation of employment support allowance (ESA)
- 7) Rent allowances Cell 094 – Incorrect calculation of state retirement pension
- 8) Rent allowances Cell 094 – Incorrect calculation of earned income
- 9) Rent allowances Cell 094 – Incorrect Non-dependent deduction applied
- 10) Rent allowances Cell 102 – Incorrect rent liability
- 11) Rent allowances Cell 113 – LA error overpayment misclassification

We have re-performed a sample of the Authority's testing and confirm the tests we have carried out concur with the Local Authority's results. These results are outlined in the appropriate appendix.

The following CAKE tests have returned no errors and are considered as closed:

- 1) Rent Rebates Cell 055 – Incorrect calculation of private occupational pensions
- 2) Rent Rebates Cell 055 – Incorrect calculation of employment support allowance (ESA)
- 3) Rent Rebates Cell 055 – Incorrect calculation of state retirement pension
- 4) Rent allowances Cell 094 – Incorrect calculation of employment support allowance (ESA)

### **Summary paragraph/ending of letter**

For the form MPF720A dated 27 April 2021 for the year ended 31 March 2021 we have completed the specific test requirements detailed in the DWP reporting framework instruction HBAP and have identified the following results set out in Appendix A, B, C and D).

Firm of accountants Grant Thornton

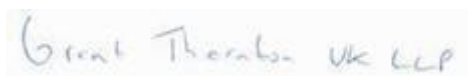
Office Finsbury Square

Contact details (person, phone and email):

Paul Dossett

+44 (0)207 7728 3180, Paul.Dossett@uk.gt.com

Signature:



Date: 16<sup>th</sup> February 2022

## Appendix A Exceptions/errors found

### *Error Type 3 – benefit overpaid or insufficient supporting information*

#### **Cell 055 Non HRA Rent rebate – Incorrect earned income calculation**

**Cell Total: £14,899,820**

**Cell Total: £478,239 – sub population**

**Cell Population: 3,417 cases**

**Cell Population: 137 cases – sub population**

In 2018/19 and 2019/20 it was identified that the Local Authority has incorrectly calculated earned income. During our initial testing of 1 case (value £999) with earned income, no errors were identified.

However, given the nature of the population and the errors found in the previous claim, an additional sample of 40 cases where an assessment in the subsidy period was based upon earned income was tested. This additional testing identified;

- 4 cases (value £16,105) which had resulted in an overpayment of housing benefit to a total of £129 due to miscalculating the claimant's earned income. This has resulted in Cell 061 overstated and Cell 065 understated by the corresponding amount. There is no impact on the headline Cell 055. The errors ranged from £0.18 to £99.04.

This is the third year this error has been identified in the HBAP Report.

The following table is based on these findings.

Sample	Movement / brief note of error:	Original cell total: sub population (claims with earned income)	Sample error:	Sample value:	Percentage error rate (to two decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
<b>Initial sample – 1 case</b>	Incorrect earned income Calculation	£479,238	£0	£999		
<b>CAKE sample – 40 cases</b>	Incorrect earned income Calculation	£479,238	£129	£129,461		
<b>Combined sample – 41 cases</b>	Combined – incorrect earned income	<b>£479,238</b>	<b>£129</b>	<b>£130,460</b>	<b>0.10%</b>	<b>479</b>

	calculation – Cell 055					
<b>Corresponding adjustment:</b>	Combined sample – Cell 61 is overstated	£479,238	£129	£130,460	0.10%	(£479)
<b>Corresponding adjustment:</b>	Total amendment – Cell 65 is understated					£479

*Error Type 3 – benefit overpaid or insufficient supporting information*

**Cell 094 Overpaid benefit – Incorrect Earned Income calculation**

**Cell 094: Rent allowances total expenditure**

**Cell Total: £ 44,387,348**

**Cell Total: £7,756,967 – sub population**

**Cell Population: 6,673 cases**

**Cell Population: 1,203 cases – sub population**

**Headline Cell: £ 44,387,348**

In 2018/19 and 2019/20 it was identified that the Local Authority has incorrectly calculated earned income. During our initial testing, 4 cases (value £25,030) were in receipt of earned income and no errors were identified.

However, given the nature of the population and the errors found in the previous claim, an additional sample of 40 cases where an assessment in the subsidy period was based upon earned income was tested. This additional testing identified:

- 2 cases (value £16,562) which had resulted in an overpayment of housing benefit to a total of £206 due to miscalculating the claimant's earned income. This has resulted in Cell 103 overstated, and Cell 113 understated by the corresponding amount. There is no impact on the headline Cell 094. The errors ranged from £0.26 to £205.50.

This is the third year this error has been identified in the HBAP Report.

The following table is based on these findings.

Sample	Movement / brief note of error:	Original cell total: sub population (claims with earned income)	Sample error:	Sample value:	Percentage error rate (to two decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
<b>Initial sample – 4 cases</b>	Incorrect earned income Calculation	£7,756,967	£0	£25,030		
<b>CAKE sample – 40 cases</b>	Incorrect earned income Calculation	£7,756,967	£206	£264,310		
<b>Combined sample – 44 cases</b>	Combined – incorrect earnings calculation – Cell 055	<b>£7,756,967</b>	<b>£206</b>	<b>£289,340</b>	<b>0.07%</b>	<b>£5,430</b>
<b>Corresponding adjustment:</b>	Combined sample – Cell 103 is overstated	£7,756,967	£206	£289,340	0.07%	(£5,430)
<b>Corresponding adjustment:</b>	Total amendment – Cell 113 is understated					£5,430

### **Cell 094 Overpaid benefit – Incorrect Private Occupational Pension**

**Cell 094: Rent allowances total expenditure**

**Cell Total: £ 44,387,348.45**

**Cell Total: £ 2,731,916 – sub population**

**Cell Population: 6,673 cases**

**Cell Population: 522 cases – sub population**

**Headline Cell: £ 44,387,348.45**

In 2018/19 and 2019/20 it was identified that the Local Authority has incorrectly calculated private occupational pension. In our initial testing, there were 2 cases (value £9,751) that were in receipt of private occupational pension and no errors were identified.

However, given the nature of the population and the errors found in the previous claim, an additional sample of 20 cases where an assessment in the subsidy period was based upon private occupational pension was tested. This additional testing identified:



- 1 case (value £7,659) which resulted in an overpayment of housing benefit to a total of £163 in 2020/21 due to incorrect calculation of private occupational pension. This has resulted in Cell 103 overstated by £163 and Cell 113 understated by the corresponding amount. There is no impact on the headline Cell 094.
- 1 case (value £2,772) which had resulted in an underpayment of housing benefit. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect and has not, therefore, been classified as errors for subsidy extrapolation purposes.

This is the third year this error has been identified in the HBAP Report.

The following table is based on these findings.

Sample	Movement / brief note of error:	Original cell total: sub population (claims with POP)	Sample error:	Sample value:	Percentage error rate (to two decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
<b>Initial sample – 2 cases</b>	Incorrect private occupational pension Calculation	£2,731,916	£0	£9,751		
<b>CAKE sample – 40 cases</b>	Incorrect private occupational pension Calculation	£2,731,916	£163	£111,205		
<b>Combined sample – 42 cases</b>	Combined – incorrect private occupational pension calculation – Cell 055	<b>£2,731,916</b>	<b>£163</b>	<b>£120,956</b>	<b>0.13%</b>	<b>£3,551</b>
<b>Corresponding adjustment:</b>	Combined sample – Cell 103 is overstated	£2,731,916	£163	£120,956	0.13%	(£3,551)
<b>Corresponding adjustment:</b>	Total amendment – Cell 113 is understated					£3,551

**Cell 094 Overpaid benefit – Incorrect State Retirement Pension calculation****Cell 094: Rent allowances total expenditure****Cell Total: £ 44,387,348.45****Cell Total: £ 3,484,550 – sub population****Cell Population: 6,673 cases****Cell Population: 667 cases – sub population****Headline Cell: £ 44,387,348.45**

In 2018/19 and 2019/20 it was identified that the Local Authority has incorrectly calculated state retirement pension. In our initial testing, there were 2 cases (value £9,751) that were in receipt of state retirement pension and no errors were identified.

However, given the nature of the population and the errors found in the previous claim, an additional sample of 20 cases where an assessment in the subsidy period was based upon state retirement pension was tested. This additional testing identified:

- 1 case (value £4,584) whereby the Local Authority has incorrectly calculated the state retirement pension and it has resulted in benefit overpayment of £4. This has resulted in Cell 103 understated and Cell 113 overstated by the corresponding amount. There is no impact on the headline Cell 094.
- 2 case (value £6,686) which had resulted in an underpayment of housing benefit. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect and has not, therefore, been classified as errors for subsidy extrapolation purposes.

This is the third year this error has been identified in the HBAP Report.

The following table is based on these findings.

Sample	Movement / brief note of error:	Original cell total: sub population (claims with SRP)	Sample error:	Sample value:	Percentage error rate (to two decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
<b>Initial sample – 2 cases</b>	Incorrect state retirement pension Calculation	£3,484,550	£0	£9,751		
<b>CAKE sample – 40 cases</b>	Incorrect state retirement	£3,484,550	£4	£101,109		

	pension Calculation					
<b>Combined sample – 42 cases</b>	Combined – incorrect state retirement pension calculation – Cell 055	<b>£3,484,550</b>	<b>£4</b>	<b>£110,860</b>	<b>0.004%</b>	<b>£139</b>
<b>Corresponding adjustment:</b>	Combined sample – Cell 103 is overstated	£3,484,550	£163	£110,860	0.004%	(£139)
<b>Corresponding adjustment:</b>	Total amendment – Cell 113 is understated					£139

### **Cell 094 Overpaid benefit – Incorrectly applied Non-dependent deduction**

**Cell 094: Rent allowances total expenditure**

**Cell Total: £ 44,387,348.45**

**Cell Total: £ 3,058,898 – sub population**

**Cell Population: 6,673 cases**

**Cell Population: cases 492 – sub population**

**Headline Cell: £ 44,387,348.45**

In 2018/19 and 2019/20 it was identified that the Local Authority has incorrectly applied the non-dependent deduction and it has resulted in an overpayment of benefit. During our initial testing, 1 case (value £11,884) the non-dependent deduction has been correctly applied, therefore no errors were identified.

However, given the nature of the population and the errors found in the previous claim, an additional sample of 40 cases where an assessment in the subsidy period was based upon non-dependent deduction calculation was tested. This additional testing identified:

- 1 case (value £8,047) whereby the Council has incorrectly applied the non-dependent deduction. As a result, Cell 103 has been overstated by £340 and Cell 113 understated by the corresponding amount. There is no impact on the headline Cell 094.
- 1 case (value £5,233) which had resulted in an underpayment of housing benefit. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect and has not, therefore, been classified as errors for subsidy extrapolation purposes.

- 1 case (value £8,573) which had resulted in a nil impact of housing benefit. As there is no eligibility to subsidy for benefit which has not been paid, the nil impact identified does not affect and has not, therefore, been classified as errors for subsidy extrapolation purposes.

This is the third year this error has been identified in the HBAP Report.

The following table is based on these findings.

Sample	Movement / brief note of error:	Original cell total: sub population (claims with NDD)	Sample error:	Sample value:	Percentage error rate (to two decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
<b>Initial sample – 1 case</b>	Incorrect non-dependent deduction calculation	£3,058,898	£0	£11,884		
<b>CAKE sample – 40 cases</b>	Incorrect non-dependent deduction calculation	£3,058,898	£340	£221,570		
<b>Combined sample – 41 cases</b>	Combined – incorrect non-dependent deduction calculation – Cell 055	<b>£3,058,898</b>	<b>£340</b>	<b>£233,454</b>	<b>0.15%</b>	<b>£4,588</b>
<b>Corresponding adjustment:</b>	Combined sample – Cell 103 is overstated	£3,058,898	£340	£233,454	0.15%	(£4,588)
<b>Corresponding adjustment:</b>	Total amendment – Cell 113 is understated					£4,588

*Error Type 4 - expenditure misclassification. Where benefit expenditure has been misclassified*

**Cell 113 Expenditure misclassification – Incorrect classification of LA error and administrative delay eligible overpayments**

**Cell Total: £43,875**

**Cell population 253 Cases**

**Headline Cell: £44,387,348.45**

In 2018/19 and 2019/20 claim it was identified that Cell 113 LA error and administrative delay overpayments included overpayments that has been incorrectly classified. Our initial testing had no cases within Cell 113.

Given the nature of the population and the errors in previous years, an additional 40 cases where an assessment in the subsidy period was based upon LA error in Cell 113. This additional testing identified:

- 2 cases (value £164) have been incorrectly included in Cell 113 LA error and administration delay overpayments and should have been in Cell 114 eligible overpayments. As a result, Cell 113 has been overstated by £90 and Cell 114 has been understated by the corresponding amount. There is no impact on the headline Cell 094.

This is the third year this error has been identified in the HBAP Report.

The following table is based on these findings.

Sample	Movement / brief note of error:	Original cell total: sub population (claims in cell 113)	Sample error:	Sample value:	Percentage error rate (to two decimal places):	Cell adjustment:	Revised Cell total if cell adjustment applied:
		[CT]	[SE]	SV]	[SE/SV]	[SE/SV times CT]	(RA)
<b>Initial sample – 0 case</b>	Incorrect classification - LA error	£43,875	£0	£0			

<b>Additional testing sample – 40 cases</b>	Incorrect classification - LA error	£43,875	£90	£5,522			
<b>Combined sample - 40 cases</b>	Combined - incorrect classification LA error	<b>£43,875</b>	<b>£90</b>	<b>£5,522</b>	<b>1.63%</b>	<b>£715</b>	
Corresponding adjustment:	Combined sample - Cell 114 is understated	£43,875	£90	£5,522	1.63%	£715	
<b>Total corresponding adjustment</b>	Total amendment - Cell 113 overstated					(£715)	

## Appendix B Observations

*Error type N/A and Errors that do not affect Subsidy claim*

### Cell 102: Rent Allowances – Expenditure under the Rent Officer Arrangements

**Cell Total: £13,486,407**

**Cell population 2,127 Cases**

**Headline Cell: £44,387,348.45**

In 2018/19 and 2019/20 it was identified that the Local Authority had incorrectly input the rent liability and it has resulted in benefit overpayment. In our initial testing, no errors were identified.

Given the nature of the population and the errors in previous years, an additional 40 cases where an assessment in the subsidy period was based upon the rent liability being correctly included in the assessment. This additional testing identified:

- 2 cases (value £13,742) which had resulted in a nil impact of housing benefit. As there is no eligibility to subsidy for benefit which has not been paid, the nil impact identified does not affect and has not, therefore, been classified as errors for subsidy extrapolation purposes.

This is the third year this error has been identified in the HBAP Report.

*Error Type 4 - expenditure misclassification. Where benefit expenditure has been misclassified*

## **Modified Scheme**

### **Cell 225 – Modified Schemes**

**Cell Total: £41,059**

**Cell population: 15 cases**

In our initial testing of 4 cases (value £9,977) we have identified 1 case whereby the claimant was not in receipt of war disablement pension. As a result, Cell 225 has been overstated by £2,558 and Cell 214 overstated by the corresponding amount. This error was subsequently identified by the Local Authority in 2021/22 and amended accordingly.

The Local Authority have tested the remaining 11 cases to ensure the claimant were in receipt of War Disablement Pension. No errors were identified.

We have re-performed a sample of the cases and concur with the Local Authority's findings.

Since the error identified has been corrected in 2021/22 claim form, no amendments proposed to 2020/21 claim.

### **Rent Allowances: Manual Adjustments to Monthly Claim**

In our initial testing on Rent Allowances, we have identified 1 case (value £11,884) where the claimant is paid on a monthly basis. Since documentation on the workbooks does not accommodate claimants who are paid monthly instead of on a 4-weekly basis, this has resulted in the calculation sheet unable to balance appropriately. Therefore, we have been instructed by the DWP to manually amend the calculation sheet to balance the case. We have separately performed testing on a separate document to confirm that the monthly payments agreed to the subsidy paid. No errors were found in the testing. Therefore, no further work proposed.

### **System reconciliation of benefit granted to benefit paid**

The Authority's benefit administration (Northgate) performs a reconciliation of benefit granted to benefit paid. The discrepancies identified through this reconciliation process are reported in SUB057 and SUB061 reconciliation reports. The reconciliation performed for the 2020/21 subsidy year identified the following unresolved discrepancies.

**SUB057**

Payment Type	Claim Type	Total Posted	Total Recon	Total Subsidy	Discrepancy
		£	£	£	£
CREDS	LANHRA	20,095.97	978.39	19,117.58	0.00
CREDS	PTEN	44,112,226.21	- 304,303.42	44,414,242.44	- 2,287.19
RENTS	LANHRA	742,209.66	- 21,928.55	764,125.62	- 12.59
RENTS	LAHRA	14,877,799.82	- 57,156.15	14,913,984.86	- 20,971.11
		59,752,331.66	- 382,409.73	59,369,921.93	- 23,270.89

The amounts in the 'Subsidy' column of the SUB057 schedule above, has been reconciled to the claim form as follows;

Cell 011 £783,243 = CREDS LANHRA £19,118 + RENTS LANHRA £764,125

Cell 055 £14,899,820 + Cell 225b £14,165 = RENTS LAHRA £14,913,985

Cell 94 £44,387,348 + Cell 225c £26,894 = PTEN £44,414,242

**SUB061**

	Reconcile total	Paid Total	Discrepancy
	£	£	£
<b>Rebates</b>	15,620,009.48	15,620,708.74	699.26
<b>Creditors</b>	44,132,322.18	44,132,268.49	- 53.69

**Appendix C: Amendments to the claim form MPF720A****Manual Adjustments to claim forms**

Our audit was performed on the original claim form which did not include manual adjustments performed by the Local Authority. The manual adjustments have been made in the revised subsidy claim form. It has been our experience that adjustments



of this nature are performed yearly by the Local Authority in order to process subsidy amounts due to claims involving entitlement to housing benefit on two homes and claims with underlying entitlement. These amounts cannot be processed through the Northgate benefits system and therefore are entered manually.

As our audit procedures are limited to those defined to us by the DWP in our instructions, and these do not include procedures that are applicable to such adjustments, we have instead inquired into and obtained an understanding of these adjustments and can report that nothing has come to our attention that would suggest they are improper. In the 2020/21 subsidy year, these adjustments amount to a net £27,015 increase in subsidy on the final claim form.

## **Appendix D Additional issues**

There were no additional issues.



# Southend-on-Sea City Council

Agenda  
Item No.

5

**Report of the Deputy Chief Executive and Executive  
Director (Finance and Resources)**

**To**

**Audit Committee**

**On**

**27 April 2022**

Report prepared by: Andrew Barnes (Head of Internal Audit  
and Counter Fraud)

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## **Homes England Compliance Audit report 2021/22**

### ***A Part 1 Public Agenda Item***

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#### **1. Purpose of Report**

- 1.1 To present the findings from the Homes England Compliance Audit work for 2021/22 to the Audit Committee.

#### **2. Recommendation**

- 2.1 **The Audit Committee notes the findings from the Homes England Compliance Audit work for 2021/22.**

#### **3. Background**

- 3.1 The Compliance Audit programme provides assurance to Homes England that organisations receiving grant (providers) have met all of Homes England's requirements, and funding conditions, and have properly exercised their responsibilities. Homes England have produced standardised assurance procedures and the Council is required to appoint its own reporting accountants to undertake that work. Southend have appointed Marstan BDB to undertake that work.
- 3.2 Compliance Audits check provider compliance with Homes England's policies, procedures and funding conditions. Standardised checks are made by Independent Auditors on an agreed sample of Homes England schemes funded under affordable housing programmes. Any findings, which may be a result of checks not being applicable to the scheme or an indication of procedural deficiency, are reported by the Independent Auditor to both the provider and Homes England concurrently. The Homes England Lead Auditor reviews the findings and records those determined to be 'breaches'. Breaches are used as the basis for recommendations and final grades for providers.
- 3.3 As confirmed by the report from Homes England at Appendix 1, no breaches were identified by the work and the Council has been graded as 'Green – Meets requirements' by Homes England.

## **4. Corporate Implications**

### **4.1 Contribution to the Southend 2050 Road Map**

Audit work provides assurance and identifies opportunities for improvements that contribute to the delivery of all Southend 2050 outcomes.

### **4.2 Financial Implications**

The Council receives significant funding from external funders, and giving them the assurance they require that their funds have been used in accordance with their expectations gives confidence in the Council's use of their funding provided and to be provided in the future.

### **4.3 Legal Implications**

The Council is required to provide independent assurance from a reporting accountant to Homes England utilising their assurance procedures. By considering this report, the Committee can satisfy itself that this requirement is being discharged.

### **4.4 People Implications**

None.

### **4.5 Property Implications**

None.

### **4.5 Consultation**

None.

### **4.6 Equalities and Diversity Implications**

None.

### **4.7 Risk Assessment**

The Council receives significant funding streams that require reporting accountants to provide assurance that the funding has been used in accordance with the funders' expectations. This funding would be at risk if the reporting accountants were not able to provide that assurance.

### **4.8 Value for Money**

None.

### **4.9 Community Safety Implications**

None.

### **6.11 Environmental Impact**

None.

## **5. Background Papers**

Homes England: Compliance Audit Overview

## **6. Appendix 1:**

**Homes England Compliance Audit Report 2021/22**

# Compliance Audit Report – 2021/22

## 00KF – Southend on Sea Borough Council

Final Grade	Green - Meets requirements
Independent Auditor Organisation	Marstan BDB
Independent Auditor Name	Ray Burch

### Report Objectives and Purpose

Compliance Audits check Provider compliance with Homes England's policies, procedures and funding conditions. Standardised checks are made by Independent Auditors on an agreed sample of Homes England schemes funded under affordable housing programmes. Any findings, which may be a result of checks not being applicable to the scheme or an indication of procedural deficiency, are reported by the Independent Auditor to both the Provider and Homes England concurrently. The Homes England Lead Auditor reviews the findings and records those determined to be 'breaches' in this report. Breaches are used as the basis for recommendations and final grades for Providers. Grades of green, amber or red are awarded; definitions are provided on page 2 of this document.

Further information is available at: <https://www.gov.uk/guidance/compliance-audit>.

### Provider's Acknowledgement of Report

The contents of this report should be acknowledged by your Board's Chair or equivalent. Confirmation of this acknowledgement should be recorded in the IMS Compliance Audit System by your Compliance Audit Lead on behalf of your Board's Chair or equivalent. Online acknowledgement should be completed within three calendar months of the report email notification being sent.

### Confidentiality

The information contained within this report has been compiled purely to assist Homes England in its statutory duty relating to the payment of grant to the Provider. Homes England accepts no liability for the accuracy or completeness of any information contained within this report. This report is confidential between Homes England and the Provider and no third party can place any reliance upon it.

## Compliance Audit Grade Definitions

<b>Green Grade</b>	No high or medium severity breaches identified, although there may be low breaches identified. The Homes England audit report will show that the provider has a satisfactory overall performance but may identify areas where minor improvements are required.
<b>Amber Grade</b>	One or more medium severity breaches identified. The Homes England audit report will show that the provider has failed to meet some requirements but has not misapplied public money. The provider will be expected to correct identified problem(s) in future schemes and current developments.
<b>Red Grade</b>	One or more high level severity breaches identified, the Homes England audit report will show that the provider has failed to meet some requirements and there has been a risk of misapplication of public funds.

## Compliance Audit Grade and Judgement

<b>Final Grade</b>	Green - Meets requirements
<b>Judgement Summary</b>	On review of the evidence provided, the outcome of the audit has shown the provider has complied with all the programme requirements and guidance. A GREEN grade has been assigned and no breaches were identified.

## Scheme/Completions details

<b>Scheme ID/ Completion ID</b>	<b>Address/Site ID</b>	<b>Scheme type</b>
1025004	4 Hardwick CourtHardwick Court,SS2 6RA	Next Steps Accommodation - Capital

## Audit Results

Number of Schemes/Completions Audited	1
Number of Breaches Assigned	0
Number of High Severity Breaches	0
Number of Medium Severity Breaches	0
Number of Low Severity Breaches	0

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# Southend-on-Sea City Council

**Report of Executive Director (Finance & Resources)  
to  
Audit Committee  
on  
27 April 2022**

Report prepared by: Pete Bates, Interim Director of Financial Services, Caroline Fozzard, Senior Finance Lead (Strategy, Sustainability & Governance)

**Agenda  
Item No.**

**6<sub>6</sub>**

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**External Audit 2020/21 Status Update**

***A Part 1 Public Agenda Item***

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**1 Purpose of Report**

- 1.1 To provide an update to the Audit Committee on the status of the 2020/21 external audit of the Statement of Accounts and to share the early headline planning intentions for the 2021/22 audit.

**2 Recommendation**

- 2.1 That the update letter from Deloitte LLP at Appendix 1 is noted.

**3 Background**

- 3.1 The Council's external auditors, Deloitte, provided an update to the Audit Committee on 13 December 2021 regarding the status of the 2020/21 audit of the Statement of Accounts. This update was provided in a letter dated 9 December 2021 and Paul Thomas attended the meeting virtually to provide the update and to respond to any comments.
- 3.2 The Council have been in regular dialogue with Paul and have formally requested an update for this meeting. The latest position is summarised within the attached correspondence as Appendix 1.

**4 Reasons for Recommendations**

- 4.1 For the members of the Audit Committee to be kept up to date with the latest situation regarding the 2020/21 external audit of the Statement of Accounts and to also share the early headline audit planning intentions for the 2021/22 Accounts.

**5 Corporate Implications**

- 5.1 Contribution to the Southend 2050 Road Map

Operating robust and appropriate governance arrangements contributes to the delivery of all Council aims and priorities.

The accuracy, format and content of the Statement of Accounts are key determinants in maintaining the Council's reputation for financial probity and effective financial stewardship.

## 5.2 Financial Implications

The Statement of Accounts is required to present a true and fair view of the Council's financial position as at the end of the financial year and also the income and expenditure for the financial year.

## 5.3 Legal Implications

The Statement of Accounts is a statutory document required by the Accounts and Audit Regulations 2015. Those regulations require that the audited Statement of Accounts 2020/21 are adopted and published by 31 July 2021. These arrangements had been updated for the 2020/21 financial year by the Accounts and Audit (Amendment) Regulations 2021 so that required publication date became 30 September 2021.

In accordance with Regulation 10 of the Accounts and Audit (England) Regulations 2015 notice has been given that the conclusion of the audit of the Statement of Accounts for Southend on Sea Borough 2020/21 has been delayed.

## 5.4 People Implications

There are no people implications arising from this report.

## 5.5 Property Implications

There are no property implications arising from this report.

## 5.6 Consultation

There are no consultation implications arising from this report.

## 5.7 Equalities Impact Assessment

There are no equalities implications arising from this report.

## 5.8 Risk Assessment

There is a risk of reputational damage if the Council's audited Statement of Accounts are not published by the statutory deadlines.

## 5.9 Value for Money

The audit arrangements are due to include an independent value for money assessment.

5.10 Community Safety Implications

There are no community safety implications arising from this report.

5.11 Environmental Impact

There are no environmental implications arising from this report.

**6 Background Papers**

None

**7 Appendices**

**Appendix 1** Update letter from Deloitte LLP – dated 13 April 2022

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13 April 2022

Southend-on-Sea City Council  
Civil Centre  
Victoria Avenue  
Southend-on-Sea  
SS2 6ER

Dear Audit Committee Members

We are writing to you to provide a further update on the 2020/21 audit of the Southend-on-Sea City Council (formerly, Southend-on-Sea Borough Council) Statement of Accounts, including the work on arrangements to secure value for money. Our audit is in progress and we are not yet in a position to report more substantively to you at this time.

Nationally, Public Sector Audit Appointments have reported that only 9% of local authorities were able to meet their publication deadline and represents a significant decline from 2020, where 45% were able to publish audited accounts within the required timelines (<https://www.psaa.co.uk/2021/10/news-release-2020-21-audited-accounts-psaa/>). A significant number of these overdue Statements of Accounts remain overdue at the current time.

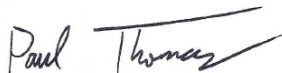
We previously reported on the key factors behind the delay in finalisation of the audit opinion (see our letter of 9 December 2021), which remain the same at the current time.

Since the previous meeting of the audit committee, we have discussed with management a plan to deliver the remaining 2020/21 audit activities and the 2021/22 audit sequentially commencing in summer 2022. We are currently finalising an appropriate replacement for the engagement manager. In the meantime, we have also shared with management a detailed request list and delivery schedule to allow us to perform the work to the best effect.

We note that the Council had published audited accounts within the publication deadline during our tenure as external auditors for the 2018/19 and 2019/20 audits. For the current audit, the Council had provided the audit team with a draft of the 2020/21 Statement of Accounts prior to the unaudited accounts publication deadline and we concluded from the manager and partner reviews that this deliverable was at the expected level of quality. We are currently liaising with management on matters raised from our review and note that management have provided the audit team with responses and proposed amendments which are currently under our review.

We will provide a further update to the Council in due course. This process has been complicated by the number of local government audits in a similar position, which means that we are having to make difficult decisions around prioritisation of the resources available in order to continue to address the overall backlog. We have been having regular conversations with management throughout this process in order to keep them informed.

Yours faithfully



Paul Thomas  
For and on behalf of Deloitte LLP

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# Southend-on-Sea City Council

## Report of the Deputy Chief Executive and Executive Director (Finance and Resources)

To

**Audit Committee**

On

**27 April 2022**

Report prepared by: Pete Bates, Interim Director of Financial Services, Caroline Fozzard, Senior Finance Lead (Strategy, Sustainability & Governance) and Andrew Barnes, Head of Internal Audit

Agenda

Item No.

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### **CIPFA's Financial Management Code**

#### ***A Part 1 Public Agenda Item***

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#### **1. Purpose of Report**

- 1.1 To update the Audit Committee on the Council's annual self-assessment outcome against the expectations of CIPFA's Financial Management Code.

#### **2. Recommendations**

- 2.1 **The Audit Committee notes the Council's annual review against the expectations of CIPFA's Financial Management Code, takes assurance that the Council's arrangements have been self-assessed as compliant, and endorses the action plan to deliver further improvements**
- 2.2 **The Audit Committee agrees to keep the Council's compliance status against CIPFA's Financial Management Code under review by endorsing the requirement for an annual self-assessment to continue to be reported to the Audit Committee every April, with a six-monthly update on any resulting action plan between each-self assessment.**

#### **3. Background**

- 3.1 In October 2019 CIPFA published the Financial Management Code (FM Code) which is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. It essentially sets the standards of financial management arrangements for local authorities.
- 3.2 It is based on a series of principles which are supported by specific standards which are considered necessary to provide the strong foundation to:
- Financially manage the short, medium and long-term finances of a local authority
  - Manage financial resilience to meet unforeseen demands on services
  - Manage unexpected shocks in their financial circumstances.

- 3.3 The FM Code has six core principles and within those it has 17 minimum standards (A-Q) that came into effect from 1st April 2020, with the first full year of compliance being the 2021/22 financial year.
- 3.4 The importance and significance for all local authorities to understand and seek compliance with the FM Code has been highlighted by the fiscal challenges caused by the pandemic and the need to effectively manage at a local level the Government's national policy response. Passporting targeted financial support to eligible local businesses and residents at great speed has relied on robust and well organised financial arrangements. Southend-on-Sea City Council has been able to respond positively to this challenge.

#### 4. Self-assessment

- 4.1 The Council committed to review and refresh the self-assessment against each of the 17 standards contained within the FM Code. Officers in finance and audit have reviewed the Council's current practices, and the evidence of their utilisation, to complete that self-assessment. The officers reviewed the evidence of the Council's current arrangements compared to the FM Code's expectations and expressed their degree of confidence about how well these arrangements met the FM Code's expectations. This has resulted in a RAG rating that is being used to report the status of compliance against each standard:

Red	Not compliant
Amber	Compliant but with scope for further improvement
Green	Compliant

- 4.2 The results of the review undertaken by officers is represented by the diagram shown at Appendix 1. This illustrates that the Council is self-assessed as achieving overall compliance with the expectations of the FM Code. The Council meets the minimum expectations for all 17 standards, with good compliance for 14 standards and demonstrable compliance, but with recognised scope for further improvement for the remaining 3 standards.
- 4.3 In addition to the improvements recommended for the 3 standards rated as amber that are reported in the action plan at Appendix 2, additional work to ensure consistency and embedding of arrangements throughout the Council is also proposed to enhance the already compliant arrangements in respect of the following 4 standards:
- C: The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control
  - H: The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities
  - L: The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.
  - N: The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.



- 4.4 This FM Code self-assessment should be viewed in the context of the prevailing conditions within which the Council has worked over the last financial year. Despite the financial challenge arising from the continuing national and local conditions, the uncertainty around the financial impact of forthcoming national policy changes, increasing cost and demand pressures, inflation and supply chain issues, the Council has managed its resources for 2021/22 within the approved budget. This is an indication that Financial Management arrangements within the Council are strong.
- 4.5 The Government effectively only issued a one-year funding settlement for 2022/23, which, given the commitment to financial reform, has increased the risk and uncertainty around future year funding levels. To support our financial planning arrangements an updated set of budget planning principles have been developed to guide our collective and collaborative approach in these circumstances. These principles include the requirement to embed the “Knowing your Business” programme and the requirement to consider and evidence Value for Money across all services. These principles have been circulated this month to all officers within the Council’s senior leadership network. Work has also commenced to prepare for the development of a new Corporate Plan which will be underpinned by our commitment to future financial sustainability.
- 4.6 Whilst demonstrating best practice in all areas would always be ideal it is acknowledged that with the finite level of resources available, sensible judgements need to be made. The Council needs to have confidence in its arrangements and compliance with the Code, but also to ensure that arrangements are proportionate and represent a good use of limited available resources. The proposals in this report will be kept under review but it is considered that this fine balance has been achieved, and no extra costs will be incurred as a result of this assessment and recommended way forward.
- 4.7 Discussions have been held with the Corporate Management Team to confirm the:
- results of the self-assessment
  - areas where we should focus our resources to deliver improvements
  - commitment to continue to create the right conditions to embed good financial management, with clear ownership and accountability for delivering better outcomes
  - need to embed the importance of securing value for money across all areas of the Council via the Knowing Your Business programme.
- 4.8 The findings of the self-assessment have resulted in the proposed action plan, included at Appendix 2. This plan outlines the steps that the Council will take to deliver further improvements to existing arrangements to ensure enhanced compliance with the expectations of the FM code while also supporting the delivery of the new Corporate Plan, the Southend 2050 Ambition, Roadmap and Priority Outcomes. This work will also be included as part of the Council’s reflection and learning from the pandemic which could result in new ways of working in the future and as our commitment to supporting our workforce and improving our productivity to enhance our financial sustainability.

It should also be noted that the NAO's Code of Audit Practice 2020 for external audit of local government that takes effect from the audit of the 2020/21 financial year has updated the approach that external auditors will be taking to delivering their review of the Council's Value for Money (VFM) arrangements. The Council's findings from the self-assessment against the FM Code will form part of the evidence provided to the external auditors to inform their review, the results of which will be reported to the Audit Committee once the external auditors have completed their independent audit of 2020/21.

## **Reasons for Recommendations**

- 5.1 One of the purposes of the Audit Committee is to provide independent assurance on the adequacy of the internal control framework, therefore understanding the Council's compliance with the expectations of CIPFA (the sectors' standard setter) in respect of financial management assists the Committee to achieve this purpose.**

## **Corporate Implications**

- 6.1 Contribution to the Southend 2050 Road Map**

The corporate financial management arrangements underpin the operational effectiveness of the Council's corporate governance arrangements and specifically monitors progress of managing financial sustainability and the use of financial resources associated with the successful delivery of our Southend 2050 Ambition, Roadmap and Outcomes.

- 6.2 Financial Implications**

Any financial implications arising from effectively managing the Council's financial position will be considered through the normal financial management processes. Proactively managing the Council's finances results in improved utilisation of limited resources, better VFM including reduced costs and improved outcomes for local residents.

- 6.3 Legal Implications**

The Accounts and Audit Regulations 2015 require the Council to ensure that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions.

- 6.4 People Implications**

Any people implications arising from managing the Council's finances will be considered through the Council's normal business management processes.

- 6.5 Property implications**

Any property implications arising from managing the Council's finances will be considered through the Council's normal business management processes.

- 6.6 Consultation**

Consultation has taken place with key stakeholders.

#### 6.7 Equalities and Diversity Implications

Corporate equalities considerations have been considered in the drafting of the financial management arrangements and any specific equality related risks have been identified for the Council.

#### 6.8 Risk Assessment

Failure to implement a robust and fit for purpose financial management framework increases the risk that Council objectives will not be delivered.

#### 6.9 Value for Money

Effective forecasting and timely management of the finances of the Council is a key factor in preventing waste, inefficiency and unnecessary or unplanned use of resources.

#### 6.10 Community Safety Implications

Any community safety implications arising from identifying and managing risk will be considered through the Council's normal business management processes.

#### 6.11 Environmental Impact

Any environmental implications arising from managing the Council's finances will be considered through the Council's normal business management processes.

### 6. Background Papers

- CIPFA's Financial Management Code 2019
- CIPFA's Financial Management Code Guidance Notes 2020

### 7. Appendices

- Appendix 1 – Illustration of Self-Assessment Findings
- Appendix 2 – FM Code Action plan

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## Financial Management Code – Illustration of Self-Assessment Findings

Leadership	Accountability	Transparency	Standards	Assurance	Sustainability
A. The leadership team is able to demonstrate that the services provided by the authority provide value for money.	D. The authority applies the CIPFA/SOLACE <i>Delivering Good Governance in Local Government Framework (2016)</i> .	L. The authority has engaged where appropriate with key stakeholders in developing its long-term financial plan and annual budget.	H. The authority complies with the CIPFA <i>Prudential Code for Capital Finance in Local Authorities</i> .	C. The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	E. The financial management style of the authority supports financial sustainability.
B. The authority complies with the CIPFA <i>Statement on the Role of the Chief Finance Officer in Local Government</i> .	P. The chief finance officer has personal and statutory responsibility for ensuring the statement of accounts produced by the local authority complies with the reporting requirements of the Code.	M. The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decision.	J. The authority complies with its statutory obligations in respect of the budget setting process.	F. The authority has carried out a credible and transparent financial resilience assessment.	G. The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.
O. The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	Q. The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.		K. The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	N. The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	I. The authority has a rolling multi-year medium term financial plan consistent with sustainable service plans.

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## FINANCIAL MANAGEMENT CODE – SELF ASSESSMENT UNDERTAKEN IN MARCH 2022

## ACTION PLAN FOR STANDARDS WHERE SOME IMPROVEMENTS ARE PROPOSED

	Financial Management Standard	RAG rating	Actions needed	Ownership	End date
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money (VFM)	Amber	<p>To continue to increase understanding within the Council of what represents value for money (VFM) in a local context so that continued prominence and consideration can be given to VFM in all reports and discussions.</p> <p>To continue with the implementation and embedding of the Knowing Your Business (KYB) Programme to aid understanding of the key cost and income drivers and their impact on securing economy, efficiency and effectiveness from all Council's resources.</p> <p>To assess and evaluate what action has been undertaken by service leads as a result of receiving CIPFA's publication 'A guide to support VFM for public managers'.</p> <p>To review progress against the annual performance objective that was assigned to every member of the wider leadership group to evidence VFM outcomes and to embed the requirements and understanding of the Knowing Your Business Programme within their individual teams/service areas.</p>	Corporate Management Team	March 2023

	Financial Management Standard	RAG rating	Actions needed	Ownership	End date
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	Amber	<p>To work with the Portfolio holder for Corporate Services and Performance Delivery to further embed medium-term financial planning within the organisation at an operational level to ensure strategic financial planning is not only consistent with but is also integrated into all relevant service delivery plans.</p> <p>To continue to increase the understanding and awareness of cost drivers, demand pressures, customer insight, benchmarking intelligence and consideration of income/commercial opportunities throughout the Council.</p> <p>To continue to enhance the level of resilience testing of all these key drivers to assess the potential impact of changes in the type and cost of demand on the overall medium-term financial plan.</p>	Corporate Management Team	March 2023
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions	Amber	<p>To embed corporate wide guidance on options appraisal methodology to enable consistency whilst maintaining a proportionate approach.</p> <p>To continue to raise awareness and understanding of the importance of Value for Money considerations and evidencing its delivery in all operational arrangements.</p>	Corporate Management Team	March 2023



# Southend-on-Sea City Council

Report of the Deputy Chief Executive and Executive  
Director (Finance and Resources)

To

**Audit Committee**

On

**27 April 2022**

Report prepared by: Andrew Barnes, Head of Internal Audit

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## **Internal Audit Services, Quarterly Performance Report**

### ***A Part 1 Public Agenda Item***

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#### **1. Purpose of Report**

- 1.1 To update the Audit Committee on the progress made in delivering the Internal Audit Strategy for 2021/22.

#### **2. Recommendations**

- 2.1 **The Audit Committee notes the progress made in delivering the 2021/22 Internal Audit Strategy.**

#### **3. Internal Audit Plan Status**

- 3.1 **Appendix 1** sets out the current status of the audit work contained in the updated plan, as at 14 April.
- 3.2 **Appendices 2 to 6** set out the results of the work completed since the last progress report to the Audit Committee in January.
- 3.3 In addition to planned audit work, the team has also been assisting the organisation with the work being undertaken to deliver Future Ways of Working, providing challenge and advice to the teams working on delivering the outcomes required for the Council to change, as well as the Head of Internal Audit joint leading the 'Decision Making' workstream within that programme, through undertaking work on Risk Management arrangements and the Council's Governance arrangements.
- 3.4 The team has also continued to provide support resource to assist with the Council's Track and Trace team in response to the Covid-19 pandemic, with the business support officer being seconded into that team until the end of March.
- 3.5 In order to ensure that our work remains focussed on the areas of greatest risk to the Council, we continue to consider our Audit Plan for 2021/22 that was initially prepared for the Committee meeting that was due to take place in October 2021, but was deferred to December 2021. As noted in that report, the plan remains continuously under review, as will the utilisation of internal audit resources, in the context of the Council's ongoing response to the Covid-19 pandemic and other challenges arising in the external environment.

- 3.6 Since the last report to the Committee updates to the Audit Plan for 2021/22 have been made, and therefore the Audit Plan has been further amended to reflect the changing circumstances, as is reflected in the commentary included at Appendix 1.
- 3.7 In addition to the Advice and Support items detailed at Appendix 1, the team has been providing support on work and arrangements that the Council is undertaking in respect of:
- Reviewing and updating the Council's governance framework so that this can be optimised to support the delivery of the new corporate plan and meet the Council's aspiration for simple and effective governance
  - Supporting the Procurement team with their work to secure increased compliance with procurement requirements and contract procedure rules
  - Reviewing a complaint in respect of the provision of a new children's residential care provision in the borough
  - Support and challenge to the service as they examined the Hay's agency recruitment process and compliance checks for new employees.
- 3.8 The team have received feedback from the Director of Regeneration and Growth on the support provided in respect of the Adult Community College as follows: 'Many thanks for the support you've provided to the new governance group we've established with the 'in-housing' of the Adult Community College over the last year. Your good practice insight and challenge have been so valuable as we've moved through shadow arrangements to fully taking over responsibilities from the Governing Body. You have helped us to add appropriate considerations, further knitting the college into the wider organisation and our ways of working'.

#### **4. Performance Targets and Resourcing**

- 4.1 As outlined in the Strategy presented to the December 2021 Audit Committee, the team will be reporting on a more limited set of indicators this year given the amount of work that is still being contracted out.
- 4.2 As at 14 April 2022:
- For the period 1 April 2021 – 31 March 2022 the team had 0.4 days sickness absence. This represents a significant improvement on the position compared to the previous period.
- 4.3 In terms of the 42 jobs now included in the audit plan:
- 60% of audits are complete with finalised reports issued
  - 2% of audits are complete with draft reports issued
  - 7% of audits are complete with draft reports being prepared
  - 19% of audits are in progress
  - 2% of audits have terms of reference agreed, with timing being discussed
  - 5% of audits have terms of reference being discussed
  - 5% of audits are being planned.

- 4.4 No stakeholder surveys have been completed for 2021/22 because of the impact of Covid-19 and the redeployment of the Business Support Officer to assist with the Council's track and trace team. It was originally planned that these would be re-introduced for audits completed as part of the 2021/22 audit plan and reported to Audit Committee in due course. However, due to the Covid-19 Omicron variant and surge in cases, the Business Support Officer's redeployment was extended until the 31 March 2022. She has returned to the audit team from 1 April 2022, so surveys for completed works will now be re-commenced.
- 4.5 Since the last report to the Audit Committee in January 2022 there has been one change to the staffing of the team. An auditor has been appointed on a six-month fixed term contract to undertake the grant verification audits. The salaries of the vacant posts are being used to fund audit resource brought in from suitable accountancy firms to assist with delivery of the audit plan
- 4.6 In December 2021 the internal audit team engaged with the Learning and Development Team at Southend to facilitate a session to apply the team's analytical thinking into the current position of the internal audit team and the expected requirements of the internal audit service into the future, as this continues to evolve both at an industry level and at a local level. The results of this session have been used to develop an action plan for the team to assist with the development and delivery of the most appropriate team model, utilising the financial resources available.

## **5. Reasons for Recommendations**

- 5.1 Internal audit is an assurance function providing assurance to assist the Audit Committee to effectively discharge its responsibilities as per its Terms of Reference. The delivery of the internal audit plan will assist the Audit Committee with obtaining assurance that the Annual Governance Statement appropriately reflects the conditions at the Council.**

## **6. Corporate Implications**

- 6.1 Contribution to the Southend 2050 Road Map  
Audit work provides assurance and identifies opportunities for improvements that contribute to the delivery of all Southend 2050 outcomes.
- 6.2 Financial Implications  
The Audit Plan will be delivered within the approved budget.
- 6.3 Legal Implications  
The UK Public Sector Internal Audit Standards require the Audit Committee to approve (but not direct) the annual Internal Audit Plan and then receive regular updates on its delivery. This report contributes to discharging this duty.
- 6.4 People Implications  
People issues that are relevant to an audit within the Audit Plan will be considered as part of the review.
- 6.5 Property implications  
Property issues that are relevant to an audit within the Audit Plan will be considered as part of the review.

## 6.6 Consultation

The audit risk assessment and the Audit Plan are periodically discussed with the Chief Executive, Deputy Chief Executive and Directors before being reported to the Audit Committee.

All terms of reference and draft reports are discussed with the relevant Managers, Directors or Deputy Chief Executive before being finalised.

## 6.7 Equalities and Diversity Implications

The relevance of equality and diversity is considered during the initial planning stage of each audit before the Terms of Reference are agreed.

## 6.8 Risk Assessment

Failure to operate a robust assurance process (which incorporates the internal audit function) increases the risk that there are inadequacies in the internal control framework that may impact of the Council's ability to deliver the Southend 2050 Ambition and outcomes.

The main risks the team continues to manage are the:

- potential loss of in-house staff and the ability of the service to replace this resource in a timely manner
- lack of management capacity to support and develop the team, while processing work in a timely manner and providing strategic leadership to the team and support to the Council
- possibility that the external suppliers won't deliver contracted-in work within the required deadlines to the expected quality standards
- need to maintain relationships with clients / partners while the service is being rebuilt.

## 6.9 Value for Money

Opportunities to improve value for money in the delivery of services are identified during some reviews and recommendations made as appropriate.

Internal Audit also periodically considers whether it provides a value for money service.

## 6.10 Community Safety Implications

These issues are only considered if relevant to a specific audit review.

## 6.11 Environmental Impact

These issues are only considered if relevant to a specific audit review.

## 7. Background Papers

- The Accounts and Audit Regulations 2015
- UK Public Sector Internal Audit Standards
- CIPFA: Local Government Application Note for the UK Public Sector Internal Audit Standards

## **8. Appendices**

Appendix 1	Internal Audit Plan 2021/22 progress status
Appendix 2	Audit Assurance and Themes – High assurance
Appendix 3	Audit Assurance and Themes – Satisfactory assurance
Appendix 4	Audit Assurance and Themes – Partial assurance
Appendix 5	Audit Assurance and Themes – Other audits and Grant Claims
Appendix 6	Audit Assurance and Themes – Follow up assurance

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## Appendix 1: Internal Audit Plan 2021/22

Dept & (Lead)	Service Activity and focus for audit	Fraud risk	Status as at 14 April 2022
<b>Managing the Business</b> <b>(See also All Outcomes and Future Ways of Working in Advice and Support below)</b>			
F&R (AB)	<b>Risk Management</b> (Part of Decision Making workstream in Future Ways of Working)  To support the Council to embed robust assessment of risk and opportunity into decision making that encourages creativity, learning and improved outcomes.	No	<b>Work completed for this year.</b> <b>Further work planned for 22/23.</b>
F&R (PB)	<b>Financial Impact of Covid-19</b> (Deferred from 2020/21 to reassess the risk focus required in light of the Council's short and medium term financial challenges).	No	Audit has been refocussed and therefore removed from 2021/22 Audit Plan.  Refocusing of work now covered by the Financial Sustainability piece of work in 'Advice and Support All Outcomes and Future Ways of Working' below.  <b>Work scheduled to commence Quarter 1 2022/23.</b>
T (CT)	<b>New: Smart Council Programme Assurance</b>  To assess the robustness of the arrangements to deliver the programme of works required to achieve the Council's target technology operating model.	No	<b>Terms of reference agreed.</b> <b>Work scheduled to commence April 2022.</b>
<b>Implementing Action Plans</b>			
<i>None planned</i>			

## Appendix 1: Internal Audit Plan 2021/22

Dept & (Lead)	Service Activity and focus for audit	Fraud risk	Status as at 14 April 2022
<b>Managing Service Delivery Risks</b>			
<p align="center"><b>Pride and Joy</b></p> <p align="center">By 2050 Southenders are fiercely proud of and go out of their way to champion what our city has to offer.</p>			
N&E (JB)	<p><b>Highways Capitalised Maintenance Programme</b></p> <p>To assess the robustness of the council's end-to-end arrangements for managing and reporting on the delivery of the highways capitalised maintenance programme of works</p>	Yes	<b>Completed February 2022.</b>
N&E (AE)	<p><b>Green City Action Plan</b></p> <p>To assess the adequacy of arrangements to deliver on the Council's aim of becoming a Green City and achieving net zero emission by 2030.</p>	Yes	<b>Audit postponed until Q2 2022/23 whilst the newly appointed Head of Climate Change determines the way forward for the service.</b>
<b>Implementing Action Plans</b>			
N&E (AE)	<p><b>Energy Projects Status Assurance</b></p> <p>To check that actions agreed have been effectively implemented and have been embedded into the day-to-day operation of the service</p>	Yes	Draft report being discussed with the service (linked to progress update detailed above re the Green City Action Plan).
<p align="center"><b>Safe and Well</b></p> <p align="center">By 2050 people in Southend-on-Sea feel safe in all aspects of their lives and are well enough to live fulfilling lives</p>			
C&PH (BM)	<p><b>Alternative School Provision</b></p> <p>To assess the adequacy of arrangements which ensure the Council's guidance and / or policy for using Alternative Provision is being properly and appropriately applied to support achievement of the required outcomes for young vulnerable people.</p>	No	<p><b>Terms of reference agreed.</b></p> <p><b>Work scheduled to start April 2022.</b></p>



## Appendix 1: Internal Audit Plan 2021/22

Dept & (Lead)	Service Activity and focus for audit	Fraud risk	Status as at 14 April 2022
A&C (TF)	<b>Adult Social Care Recovery Programme</b> To assess the robustness of programme management arrangements aiming to improve outcomes for adults using the council's services whilst also containing the service within the allocated budget.	No	<b>Completed February 2022.</b>
A&C (SB)	<b>Disabled Facilities Grant</b> To certify that, in all significant respects, the conditions attached to the grant have been complied with.	Yes	Completed November 2021.
C&PH (AK)	<b>Troubled Families</b> To certify that, in all significant respects, the conditions attached to the grant have been complied with.	Yes	Quarter 1 completed June 2021. Quarter 2 completed September 2021. <b>Quarter 3 completed.</b> <b>Quarter 4 Draft report being prepared.</b>
A&C (BL)	<b>Sexual Health Service</b> To assess the robustness of arrangements to ensure that the needs and outcomes required from the commissioning of this service are being delivered.	Yes	<b>Audit postponed to focus on 'Procurement of the joint venture partner for the Council's Passenger Transport Service' (see below).</b> <b>Planning now underway.</b> <b>Work due to commence May 2022.</b>
N&E (JB)	<b>New: Procurement of the joint venture partner for the Council's Passenger Transport Service</b> To assess the robustness of the procurement arrangements to secure a joint venture partner to deliver the Council's passenger transport service and the requirements for the Home to School Passenger Transport Provision for SEND and LAC element of the contract.	Yes	<b>Work in Progress.</b>

## Appendix 1: Internal Audit Plan 2021/22

Dept & (Lead)	Service Activity and focus for audit	Fraud risk	Status as at 14 April 2022
	<p><b>Covid-19 Adults Social Care Recovery (2020/21)</b></p> <p>To assess the robustness of measures to monitor and review the temporary changes to normal day-to-day processes / arrangements which aimed to ensure the care and support of vulnerable residents was prioritised (e.g. postponement of financial assessments for residents receiving care and relaxation in approval arrangements for changes to care packages) during the lockdown in response to the COVID-19 pandemic</p>		Completed December 2021.
T&AC (SP SB)	<p><b>Covid-19 Volunteering</b></p> <p>(Deferred from 2020/21 Audit Plan as scoping the work involved is complex with the number of service areas involved).</p> <p>To assess the robustness of arrangements which ensured sufficient safeguarding measures were considered when enrolling volunteers to provide essential support to vulnerable residents.</p>	Yes	<p>Requirement for audit work being reassessed in light of the evolving Covid-19 circumstances.</p> <p><b>Work deleted from Audit Plan as impact of Covid-19 circumstances have subsided.</b></p> <p><b>Going forward the Council's overall corporate arrangements for enrolling volunteers will be risk assessed for future audit work alongside all other service risks.</b></p>
F&R (PB)	<p><b>Local Authority Test and Trace Service Support Payment Scheme 2020/21 (No: 31/5075)</b></p> <p>To certify that, in all significant respects, the conditions attached to the grant have been complied with.</p>	No	Completed October 2021.
C&PH & F&R (KR/P B)	<p><b>Local Authority Community Testing Funding Grant 2020/21 (No: 31/5327)</b></p> <p>To certify that, in all significant respects, the conditions attached to the grant have been complied with.</p>	No	Completed November 2021.
NE (CR)	<p><b>Covid 19 Local Authority Enforcement and Compliance Grant (No: 31/5216)</b></p> <p>To certify that, in all significant respects, the conditions attached to the grant have been complied with</p>	Yes	Completed May 2021.

## Appendix 1: Internal Audit Plan 2021/22

Dept & (Lead)	Service Activity and focus for audit	Fraud risk	Status as at 14 April 2022
CS/PH (KR)	<b>Covid 19 Test and Trace Service Support Grant (No: 31/5385)</b> To certify that, in all significant respects, the conditions attached to the grant have been complied with.		Completed October 2021.
<b>Implementing Action Plans</b>			
A&C (SB)	<b>Adult Social Care Financial Assessments</b> To check that actions agreed have been effectively implemented and have been embedded into the day-to-day operation of the service.	Yes	<b>Draft report with Head of Internal Audit.</b>
<b>Active and Involved</b> By 2050 we have a thriving, active and involved community that feel invested in our city			
N/A	<b>No work planned</b>	N/A	
<b>Implementing Action Plans</b>			
<i>None planned</i>			
<b>Opportunity and Prosperity</b> By 2050 Southend-on-Sea is a successful city and we share our prosperity amongst all of our people			
G&H (GH)	<b>Management of the South Essex Homes Partnership Agreement</b> To assess the effectiveness of the arrangements for managing the delivery of services contained within the Partnership Agreement.	No	<b>Work in progress.</b>
CS&P H (BM)	<b>Barons Court Primary and Nursery School</b> To assess whether effective arrangements are in place to develop and implement a suitable strategic framework as well as organise, manage and control the activities of the school.	Yes	Completed December 2021.

## Appendix 1: Internal Audit Plan 2021/22

Dept & (Lead)	Service Activity and focus for audit	Fraud risk	Status as at 14 April 2022
G&H (GH)	<b>Housing Pipeline</b> Focus to be determined.	Yes	<b>Audit work deferred to the 2022/23 Audit Plan.</b>
G&H (EC)	<b>Better Queensway Workstreams</b> To assess the robustness of agreed delivery plans and monitoring arrangements to deliver the Council's obligations under the Partnership Agreement for the Housing, Highways and Finance workstreams.  (Scope of the work extended to include the Finance workstream)	Yes	<b>Work in progress.</b>
<b>Implementing Action Plans</b>			
<i>None planned</i>			
<p style="text-align: center;"><b>Connected and Smart</b></p> <p style="text-align: center;"><b>By 2050 people can easily get in, out and around our borough and we have a world class digital infrastructure</b></p>			
N&E (AW)	<b>Transport Joint Venture Strategic Partnering Agreement</b> To assess the robustness of the arrangements to deliver the Joint Venture's strategic partnering objectives which are aiming to provide high quality transport services to the citizens of Southend from the Core Services transferred as well as the development and delivery of Non-Core Services.	Yes	<p>This review has been replaced with new audit above under Safe and Well focussed on the procurement of the joint venture partner.</p> <p>The original audit has been added to the Risk watch List for potential inclusion in the 2022/23 Audit Plan.</p> <p><b>The 2022/23 Audit Plan will include a piece of work to follow up implementation of recommendations from the various pieces of audit work undertaken during 2021/22.</b></p>

## Appendix 1: Internal Audit Plan 2021/22

Dept & (Lead)	Service Activity and focus for audit	Fraud risk	Status as at 14 April 2022
N&E (AW)	<b>New: Transport Joint Venture - Contract Management of Core Services</b>  To assess the performance of the Council's Joint Venture Company (Vecteo), which has been responsible for delivering core transport services through Southend since 1 March 2020. The review will consider whether Vecteo is: <ul style="list-style-type: none"> <li>Delivering core transport service in accordance with both (i) the specification detailed in the Service Agreement and (ii) the commitments made in the tenderer's winning bid submission; and</li> <li>Reporting its actual performance results accurately, transparently and in a timely manner.</li> </ul>	Yes	<b>Draft report being discussed with the Council and Vecteo Board.</b>
N&E (NH)	<b>Local Transport Capital Block Funding – Highways Maintenance Challenge Fund</b>	Yes	To certify that, in all significant respects, the conditions attached to the grants have been complied with.  All Completed September 2021.
N&E (NH)	<b>Local Transport Capital Block Funding – Pothole and Challenge Fund</b>	Yes	
N&E (NH)	<b>Local Transport Capital Block Funding – Integrated Transport and Highway Maintenance</b>	Yes	
NE (AW)	<b>Travel Demand Management Grant</b>  To certify that, in all significant respects, the conditions attached to the grant have been complied with.	Yes	<b>Work in progress.</b>
N&E (AW)	<b>Additional Dedicated Home to School and College Transport Grant – Spring and Summer terms 2021</b>  To certify that, in all significant respects, the conditions attached to the grant have been complied with.	Yes	Spring Term: work completed. Summer Term: work in progress.
<b>Implementing Action Plans</b>			
None planned			

## Appendix 1: Internal Audit Plan 2021/22

Dept & (Lead)	Service Activity and focus for audit	Fraud risk	Status as at 14 April 2022
<p style="text-align: center;"><b>Future Ways of Working (new 6<sup>th</sup> 2050 theme)</b></p> <p style="text-align: center;"><b>Framework for how we modernise our workforce in 2021/22 and beyond, to guide the prioritisation and delivery of Southend 2050 outcomes.</b></p>			
T (CT & CF)	<p><b>Business World Enterprise Resource Planning Programme of Work</b></p> <p>To assess the robustness of the governance arrangements to deliver the benefits required from the planned upgrade that aims to provide the Council with an ERP system that is fit for purpose and thus effectively underpins all service outcomes delivered by the Council.</p>	No	<p><b>Terms of reference agreed.</b></p> <p><b>Work scheduled to start April 2022.</b></p>
N/A	<p><b>See also Advice and Support below and Managing the Business above</b></p>	N/A	<p>Advice and Support</p> <ul style="list-style-type: none"> <li>Financial Sustainability</li> <li>Future Ways of Working Programme Management</li> <li>Better Queensway Highway Scheme</li> </ul> <p>Managing the Business</p> <ul style="list-style-type: none"> <li>Risk Management.</li> </ul>
<p style="text-align: center;"><b>All Outcomes</b></p>			
T (SP)	<p><b>Hayes Contract Management</b></p> <p>To assess whether there are robust arrangements in place to ensure that the contract is delivering the planned outcomes and / or benefits in compliance with the specified performance, quality standards and legislative requirements, at the correct cost.</p>	Yes	<p>Audit removed from 2021/22 Audit Plan.</p> <p>Audit work now focussing on arrangements for new employee compliance checks. See Hayes Agency Recruitment in Advice and Support below.</p> <p>Contract management audit added to the Risk Watch List.</p>
T (CT)	<p><b>Cyber Threat</b></p> <p>To assess the robustness of arrangements to quickly identify a cyber security incident and the reliability of the planned strategic responses to respond should an attack succeed.</p>	Yes	<p><b>Draft terms of reference and timing of audit being discussed with service.</b></p>

## Appendix 1: Internal Audit Plan 2021/22

Dept & (Lead)	Service Activity and focus for audit	Fraud risk	Status as at 14 April 2022
F&R (LW)	<b>Critical Contracts Exit strategies</b> To assess the robustness of exit strategy arrangements for managing contract failures which aim to protect both the Council's financial interests and minimise the impact of service disruption to the citizens of Southend.	No	<b>Audit postponed to focus on 'Procurement of the joint venture partner for the Council's Passenger Transport Service' (see above).</b> <b>Planning underway.</b> <b>Work scheduled for May 2022</b>
T(CT)	<b>New: ICT Change Demand Management Arrangements (Entrance Hall)</b> To assess the robustness of arrangements to identify, prioritise, monitor delivery and engage with service areas in relation to change requests which ensures that resources are directed to deliver on the Council's key priorities and outcomes. (Please see below - replaced Business World Enterprise Resource Planning Programme of Work (Corporate Establishment workstream))	No	<b>Draft terms of reference being discussed with service.</b>
<b>Implementing Action Plans</b>			
T (CT)	<b>ICT Disaster Recovery</b> To check that actions agreed have been effectively implemented and have been embedded into the day-to-day operation of the service.	No	<b>Draft report being discussed with the service.</b>
<b>Key Financial Systems - All Outcomes</b>			
F&R (CR)	<b>Income Receipting and Banking</b> To assess whether the key controls effectively prevent or detect material financial errors, on a timely basis, so that this information can be relied upon when producing the Council's Statement of Accounts.	Yes	<b>Completed April 2022.</b>

## Appendix 1: Internal Audit Plan 2021/22

Dept & (Lead)	Service Activity and focus for audit	Fraud risk	Status as at 14 April 2022
F&R (PB)	<b>General Ledger</b> To assess whether the key controls effectively prevent or detect material financial errors, on a timely basis, so that this information can be relied upon when producing the Council's Statement of Accounts.	Yes	Completed April 2022.
<b>Implementing Action Plans</b>			
None planned			
<b>Advice and Support</b>			
<b>All Outcomes and Future Ways of Working</b>			
F&R (PB)	<b>Financial Sustainability (linked to Future Ways of Working and Getting to Know your Business initiatives)</b> Provide ongoing support and challenge of the arrangements in place to deliver the Council's Budget Transformation Programme 2022/23 to 2025/26 which aims to ensure the Council remains financially sustainable and resilient for the future.	No	Deferred from 2021/22 Audit Plan after discussions with senior finance colleagues. To be included in the 2022/23 Audit Plan.  <b>Planning underway. Focus to be determined now 2022/23 budget finalised.</b>
CS & PH (MB)	<b>Liquid Logic / ContrOCC</b> Provide support and challenge as new change request arrangements for these systems (the Care Platform), that support the delivery of children and adult care services, are being considered.	Yes	<b>Audit work not required.</b>  <b>Refreshed governance arrangements for managing the Council's Care Platform for Adult and Children's Services are being embedded.</b>  <b>The robustness of the new governance model is being considered as part of the 2022/23 Audit Plan.</b>



## Appendix 1: Internal Audit Plan 2021/22

Dept & (Lead)	Service Activity and focus for audit	Fraud risk	Status as at 14 April 2022
A&C (TF)	<p><b>Reconciling Adult Social Care Finance Project</b> (Linked to the Adult Social Care Recovery Programme above)</p> <p>To provide support and challenge as the team review and improve arrangements for reconciling finance and activity data between Liquid Logic (adult care) and financial information contained in the ContrOCC and Business World systems.</p> <p>This will support understanding of how activity drives spend and improve forecasting and modelling to inform future budget setting.</p>	Yes	<p>Initial feedback provided June 2021.</p> <p><b>No further work required.</b></p> <p><b>The improved arrangements form part of the work described above regarding the improved governance model for managing the Care Platform.</b></p>
T (SMS)	<p><b>Future Ways of Working Programme (FWOW) Management</b></p> <p>To provide support and challenge to the Programme Manager for the realisation of the expected and/or required benefits to modernise the workforce which has been identified as key to delivering the Council's 2050 ambition.</p>	No	<p>Approach for the work being reviewed in light of the recent decision to refocus and streamline the current scope of FWOW workstreams and include the FWOW programme in the development of the Council's new Corporate Plan.</p> <p><b>No further work required in 2021/22.</b></p>
G&H (EC)	<p><b>Better Queensway Highway Scheme</b></p> <p>To support and challenge the discussions and / or suggested improvements emanating from the opportunities to improve arrangements which support decision making contained in the Internal Audit Report issued in August 2021.</p>	No	<b>Work in progress.</b>
T (CT)	<p><b>Business World Enterprise Resource Planning Programme of Work (Corporate Establishment workstream)</b></p> <p>To provide support and challenge to the project team as the risks and control environment for the planned Corporate Establishment cloud-based module is implemented.</p>	Yes	<p><b>Audit deferred from the 2021/22 Audit Plan as technical complexities with the programme of work has delayed working on the corporate establishment.</b></p> <p><b>The audit has been added to the Risk watch List for potential inclusion in the 2022/23 Audit Plan.</b></p>

## Appendix 1: Internal Audit Plan 2021/22

Dept & (Lead)	Service Activity and focus for audit	Fraud risk	Status as at 14 April 2022
<p align="center"><b>Pride and Joy</b></p> <p align="center">By 2050 Southenders are fiercely proud of, and go out of their way, to champion what our city has to offer.</p>			
<i>No work planned</i>			
<p align="center"><b>Safe and Well</b></p> <p align="center">By 2050 people in Southend-on-Sea feel safe in all aspects of their lives and are well enough to live fulfilling lives</p>			
C&PH (JOL)	<p><b>Children's Quality Assurance Framework (QAF)</b></p> <p>To provide support and challenge to the Children's Services Steering Group responsible for monitoring the pilot and roll out of the more targeted and focused approach to case file audits. The aim being to improve overall social work practice by using learning to build on the good practice and support those areas where improvements would deliver better outcomes to young people and families.</p>	No	<p><b>Work completed for 2021/22 (see summary of work and impact of the Steering Group's work in appendices attached).</b></p> <p><b>The Quality Assurance work is now transitioning into business as usual.</b></p> <p><b>The 2022/23 Audit plan is looking to include an audit towards the end of the year to assess the ongoing robustness of business as usual Quality Assurance arrangements.</b></p>
A&C (SB)	<p><b>Adult Care Quality Assurance Framework (QAF)</b></p> <p>To provide challenge and support to the service area as the quality assurance framework is developed. The framework aims to ensure social work culture and practice is effective in safeguarding and promoting the welfare of adults, helping them achieve the best possible outcomes and life chances.</p>	No	<p>Work in progress. Feedback requested in respect of:</p> <ul style="list-style-type: none"> <li>• draft Quality Assurance Framework</li> <li>• implementation of Plan for the Framework</li> <li>• draft auditing process.</li> </ul> <p><b>Work completed for 2021/22. To be added to the 2022/23 Audit Plan.</b></p>
<p align="center"><b>Active and Involved</b></p> <p align="center">By 2050 we have a thriving, active and involved community that feel invested in our city</p>			
<i>No work planned</i>			

## Appendix 1: Internal Audit Plan 2021/22

Dept & (Lead)	Service Activity and focus for audit	Fraud risk	Status as at 14 April 2022
<p align="center"><b>Opportunity and Prosperity</b></p> <p align="center">By 2050 Southend-on-Sea is a successful city and we share our prosperity amongst all of our people</p>			
G&H (EC)	<p><b>Southend Adult Community College</b></p> <p>To provide support and challenge to the newly formed Finance, Quality and Curriculum Governance group established to challenge and monitor the:</p> <ul style="list-style-type: none"> <li>• overall performance of the college; and</li> <li>• programme of works to transition the college from an arms-length service to one that is fully integrated into the Council's operations.</li> </ul>	No	<b>Completed March 2022.</b>
G&H (EC)	<p><b>Better Queensway Housing Infrastructure Grant</b></p> <p>(Work deferred from 2020/21 Audit Plan as the timing of the initial drawdown of grant was being amended).</p> <p>To provide advice and support as arrangements are developed which ensure Homes for England Housing Infrastructure Grant terms and conditions are properly met.</p>	Yes	<p>Work deferred while grant conditions are finalised with Homes England.</p> <p><b>In view of ongoing negotiations with Homes England, Internal Audit extended the scope of the Better Queensway Workstream audit above to include the finance workstream which covers the Homes England Housing Infrastructure Grant.</b></p> <p><b>Audit to be reassessed for inclusion in the 2022/23 Audit Plan.</b></p>
<p align="center"><b>Connected and Smart</b></p> <p align="center">By 2050 people can easily get in, out and around our borough and we have a world class digital infrastructure</p>			
<b>No work planned</b>			

## Appendix 1: Internal Audit Plan 2021/22

Dept & (Lead)	Service Activity and focus for audit	Fraud risk	Status as at 14 April 2022
<b>All Themes</b>			
F&R (LW)	<b>Contract Management</b> To provide advice and support to the Corporate Procurement Team as improved guidance is developed and launched to support those staff managing contracts which are supporting the delivery of Council outcomes.	No	Completed October 2021.
T (SP)	<b>Human Resources</b> To provide advice and support to the Human Resources team as they update and improve systems and processes.	No	<b>Audit deleted as no work required by the service area to date.</b>
T (SP)	<b>Hayes Agency Recruitment – new employee compliance checks</b> To provide advice and support to the Contract Manager to both identify and improve the Council's quality assurance arrangements for ensuring the robustness of the compliance checks required for agency staff employed. (Work now replacing Hayes Contract Management work detailed in All Outcomes above)	Yes	Work in progress.

## Appendix 1: Internal Audit Plan 2021/22

### Managing Service Delivery

Delivering the internal audit service involves:

- audit planning and resourcing
- managing Audit Plan delivery, which includes overseeing contractor work
- keeping up to date with the council's changing risk profile to ensure the Audit Plan remains relevant
- reporting to senior management and the Audit Committee.

Audit Activities	Resource allocation
Managing the Business	4%
Managing Service Delivery Risks	35%
Schools	2%
Key Financial Systems	5%
Grant Claims	9%
Advice and Support	18%
Follow Ups	4%
Contingency	18%
Managing Delivery of the Audit Plan	5%
<b>Total</b>	<b>100%</b>
<b>Total Council Audit Plan Days</b>	<b>655</b>

The days required to revisit and retest action plans from previous reports are included under each heading.

The Total Council Audit Plan Days reflects the higher cost of buying in external contractors to cover internal vacancies.

## Appendix 1: Internal Audit Plan 2021/22

Analysis Over Executive Director Responsibilities		
All	Cross Cutting	6%
F&R	Finance & Resources	13%
L&D	Legal & Democratic Services	0%
T	Transformation	22%
G&H	Growth & Housing	18%
N&E	Neighbourhoods & Environment	16%
C&PH	Children & Public Health	13%
A&C	Adults & Communities	12%
	<b>Total</b>	<b>100%</b>

Analysis over the 6 Southend 2050 Themes		
1.	Pride & Joy	7%
2.	Active & Involved	0%
3.	Safe & Well	24%
4.	Opportunity & Prosperity	18%
5.	Connected & Smart	8%
6.	Future Ways of Working	10%
7.	All	33%
	<b>Total</b>	<b>100%</b>

## Appendix 1: Internal Audit Plan 2021/22

### Risk Watch List

**These are other potential audits that may be considered for inclusion in the Audit Plan during the year should resources permit**

N&E (JB)	Follow up of Transport Joint Venture (20/21 Audit Plan)
G&H (GH)	Rough Sleepers audit deferred from 20/21 Audit Plan
F&R (JC)	Asset Management – arrangements for letting and monitoring commercial leases for council property
G&H (EC)	LGA peer review 18 -25 year olds - implementation of action plan
F&R (CF)	Payments made using the Clearing House Automated Payment System (CHAPS)
G&H (GH)	Housing Allocations Policy (including Direct Lets)
F&R (CF)	Accounts Payable Batch Input Payment Files
F&R (CF)	Use of Procurement (P) cards
A&C (SB)	Mental Health Service Provision (review of current arrangements including Section 75 agreement with EPUT scoped by service – last quarter reporting 2020/21 to Audit Committee October 2021)
F&R (CF)	Accounts Payable key financial system
T (CJ)	Recruitment of Agency Workers
F&R (PG)	School Audits – assess the role of the schools Finance team to determine the assurance their function may give overall
A&C (BL)	Community Investment Board (Commissioning Board May 2021 & Cabinet report November 2020)
A&C (BL)	Direct Payment Support Service Contract Management

## Appendix 1: Internal Audit Plan 2021/22

C&PH	Victory Park Academy
C&PH (KR)	0-19 Service Health Visitors and / or School Nursing service
G&H (GH)	Empty Homes Strategy 2021 – 2026 (Cabinet Report January 2021)
CS&P H (KR)	Follow up of the Covid-19 Local Outbreak Control Plan - Governance Arrangements (20/21 Audit Plan)
<b>These are other potential audits that will be considered for inclusion in the 2022/23 Audit Plan</b>	
T (CT)	Business World Enterprise Resource Planning Programme of Work (Corporate Establishment workstream)
T(SP)	Hayes Contract Management – focus likely to be focused on the arrangements for letting of new recruitment contract.
NE (JB)	Transport Joint Venture Strategic Partnering Agreement- (postponed from 2021/22 Audit Plan and replaced with Transport Joint Venture - Contract Management of Core Services (see above)
NE (JB)	Follow up of the Transport Joint Venture Company – Contract Management of Core Services audit (2020/21)
NE (JB)	Follow up of the Highways Capitalised Maintenance Programme of Works (2021/22)
A&C / C&PH	Care Platform Programme of Works (upgrade Liquid Logic & ContRoC & Business World)
A&C	Adult Care Quality Assurance Audit Framework
All	Anti Poverty Strategy
N&E (EG)	Selective Licensing
F&R (LW)	Social Value - implementation of Strategy / Policy
F&R (PR)	Social Care debt collection as part of the new Corporate Debt Collection Team
C&PH (JOL)	Fostering Service Improvement plan



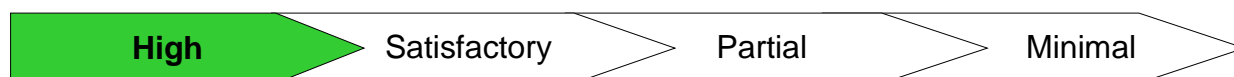
## Appendix 1: Internal Audit Plan 2021/22

C&PH (RB)	Quality of Supervision and / or 121s and annual conversation in Children's Services including how these maps into the Continued Professional Development offer (linked to Children's Services Improvement Plan)
N/A	Domestic Abuse Act 2021 Implementation Strategy (Cabinet report 14-9-21)
A&C	Southend Care Ltd Partnership Agreement 2022-2031 (Cabinet report 14-9-21)
A&C (TF)	Integrated Care System (April 2022)
C&PH (BM)	Remodelling of Children's Centres (in house service from 1st October 2021)
N&E( JB)	New Highway Enforcement Policies (Cabinet January 2021)
A&C (BL)	Adult Social Care Strategies 2022/27; Living Well, Ageing Well and Caring Well
All	Association of South Essex Local Authorities (ASELA)
G&H	Building Safety Bill (introduced into Parliament on 30 June 2021 expected passage to take 9 months)
A&C	Liquid Logic Adult Care Phase 2 – Introduction of Portals (Delegation Portal Financial Assessments Portal Providers Portal)
C&PH	Children Missing from Education
A&C	Better Care Fund Section 75 Agreement & Improved Better Care Fund (iBCF)

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## Appendix 2: Audit Opinion and Summaries

### Assurance



### Income Receipting and Banking

#### Objective

To assess whether the key controls effectively prevent or detect material financial errors, on a timely basis, so that this information can be relied upon when producing the Council's Statement of Accounts.

#### Summary

We identified a strong control environment in the Income Receipting and Banking process.

In particular, we performed detailed testing of the process for cheque receipts; for allocation of income to debtor accounts; and for income reconciliations. We noted that these controls were well designed and did not note any exceptions in relation to these areas.

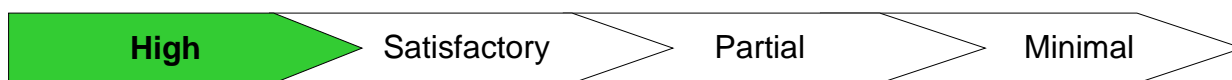
There are, however, a small number of opportunities to further streamline the process in certain areas. In particular, the following improvement opportunities were identified:

- The invoicing process should be amended so invoices are posted directly into Business World by staff across the Council and reviewed by the Accounts Receivable team. This would mitigate the risk of incorrect invoicing by eliminating the possibility of incorrect input error by the Accounts Receivable Team, and reduce the overall workload in the invoicing process. Implementing this recommendation may require additional Business World training for some staff (R1).
- Electronic Point of Sale (EPOS) transactions should be loaded into Income Manager initially, rather than directly into the General Ledger, as they are currently. This would ensure that EPOS income was subject to timely checks as part of the Income Receipting process, and reduce the Council's reliance on monthly bank reconciliations to address any issues with EPOS transactions (R2).
- Strategic consideration should be given to the opportunity to reduce or phase out the use of cheques for income, given the inherent risk of loss due to fraud or mishandling of cheques, and the limited efficiency of processing cheques. We tested the process for cheque receipts and did not identify any exceptions, but the volume of cheque income at Southend remains high (£1.5 million between April and November 2021), increasing the Council's exposure to the associated inherent risks (R3).

We also noted an issue relating to systems access, and recommend systems changes, or a regular access review, to ensure that staff who have left the finance team, or contractors who no longer work for the Council do not retain inappropriate systems access. This finding is outlined in detail in the separate General Ledger audit report.

## Appendix 2: Audit Opinion and Summaries

### Assurance

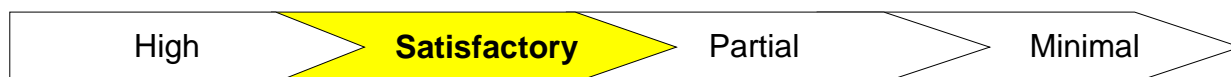


In addition, as part of this audit, we looked into the Council's process to ensure that the right to income is appropriately identified by the Council, and that income is invoiced and pursued where it is due. This is closely linked to the budget monitoring process, as identifying income is largely delegated to the Services, with the support of the Finance Business Partners who work alongside them. The Council attempts to provide training to staff to equip them to complete these tasks and ensure a close relationship between the Services and Finance staff through the Finance Business Partners. We will continue to monitor these arrangements through our ongoing and future audit programmes.

Number of actions agreed: 3

## Appendix 3: Audit Opinion and Themes

### Assurance



### Health and Safety

#### Objective

To assess the robustness of the arrangements in place to ensure health and safety (H&S) risks within the workplace are effectively and efficiently identified, assessed, responded to, and reported against, in line with legislation.

#### Approach to the work

During audit testing, general H&S controls in place throughout the Council were reviewed, including those for home working. An additional sample of five service areas (Housing, Adult Services, Children's Social Care Services, Environmental Waste, and H&S within Civic Centres) were selected for testing. Testing of specific H&S controls in place within each these service areas has enabled reporting on a more diverse view of H&S within the Council.

#### Key Themes

The Council has adapted to emerging H&S needs that have arisen as a result of the Covid-19 virus. This has included:

- development of Covid-19 specific risk assessments and ensuring that Council offices are Covid-19 secure
- Home working arrangements have been put in place and equipment provided to support people to work safely remotely.

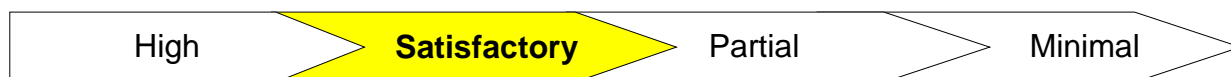
The Council is a member of the Trade Union Consultative Forum (TUCF), in which they take the lead in discussing, reporting and consulting on corporate H&S matters.

Works are underway to improve the control environment. These include:

- Development of departmental specific H&S arrangements, outlining roles and responsibilities for specific officers.
- Development of specialised job specific H&S training within some departments where the risks are heightened.
- Development of a lessons learned process.
- Review of the Strategic H&S Group Terms of Reference, and re-introduction of the Strategic H&S Group meetings on a regular basis. It is acknowledged that there are already plans in place to resurrect the group.
- Review and update of intranet policies, procedures and H&S Co-ordinator contact details.
- Review and update of the Violence towards staff policy, recording of potentially violent persons, the Accident / Incident and, Investigation Code of Practice and the staff H&S Induction Handbook.

## Appendix 3: Audit Opinion and Themes

### Assurance



Number of actions agreed: 8

### General Ledger

#### Objective

To assess whether the key controls effectively prevent or detect material financial errors, on a timely basis, so that this information can be relied upon when producing the Council's Statement of Accounts.

#### Themes

Effective control of the General Ledger is key to meeting the Council's ongoing business objectives, as all financial transactions are recorded in the General Ledger. This process therefore underpins the reporting of the Council's financial position, as well as being key to Management Information around budget monitoring.

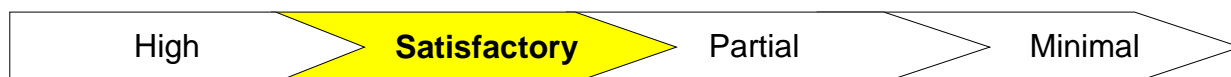
In this audit, we assessed overall governance arrangements in relation the General Ledger; arrangements for user access rights; key reconciliations; journals and virements; and suspense accounts. We identified appropriate controls in many areas, particularly in relation to bank reconciliations, which appear to be subject to a robust process, and to suitable review arrangements. In addition, the Council's suspense account is regularly reviewed, and contains a relatively small financial volume.

We identified five recommendations, none of which represent high risk findings:

- The Council should ensure that procedure notes are regularly reviewed and updated where necessary to reflect best practice and to ensure that written procedures are in line with actual processes (R1).
- The Council should take measures to ensure that access to modify the General Ledger is restricted based on need. We identified that four staff retained access to post journals, although they do not currently work in a finance role. There is an ongoing project which will directly link roles in Business World to job titles, which would provide an automated solution to this issue. However, completion of this project is not expected in the next year, so the Council should consider the need for periodic access reviews in the interim (R2).
- The Council should introduce a spreadsheet to provide central oversight and assurance that reconciliations between the General Ledger and subledgers / feeder systems are completed as expected. Completion of these reconciliations provides assurance over the accuracy of the Council's financial records, but is currently not subject to central oversight. Testing specific reconciliations, we identified that reconciliations between the Accounts Receivable system and the General Ledger were inactive between May and November 2021 due to a staff vacancy (R3).

## Appendix 3: Audit Opinion and Themes

### Assurance



- The Council should investigate the possibility of a workflow-based solution for journals, or alternatively consider the benefit of introducing a periodic reasonableness review of journals posted. Currently, journal approvers can make unlimited changes to manual journals, including the General Ledger codes and financial values, meaning there is limited effective review of these changes and increasing the risk of unauthorised changes to the General Ledger (R4).
- The Council should ensure that approval steps for virements and budget adjustments are completed by different individuals. We identified that this process is well controlled but in five of 25 cases tested, virements had been approved twice in the workflow by the same individual. This can occur in cases where an individual is a nominated deputy of an Executive Director, and is also named in the workflow in their own right. We therefore recommend that the Council either modifies its system configuration to prevent this from occurring, or introduces a compensating control whereby approval as deputy are logged to facilitate the necessary approvals by unique individuals (R5).

Number of actions agreed: 5

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## Appendix 4: Audit Assurances and Themes

### Assurance



### Adult Social Care Savings and Recovery Programme

#### Objective

To assess the robustness of programme management arrangements, aiming to improve the outcomes for adults that need to use the Council's services, whilst also containing the net expenditure of service within its allocated council budget.

#### Summary

The Adult Social Care Savings and Recovery Programme aims to deliver improved outcomes for the people who use the Council services and enable Adult Social Care to spend within its allocated budget. The programme's initial scope was largely based on the outcomes from recovery milestone plans developed, which identified the projects that needed to be delivered in the short term. As the programme has progressed, partly due to changes in government policy and the Covid-19 pandemic, the programme's drivers for change have evolved as the demand for the Council's Adult Social Care services have changed.

As such, the programme's recovery focus will transition to be more transformational and its scope and aims have been reviewed. Audit work identified a number of areas for management to consider as the programme progresses.

As such, management have agreed actions to:

- clarify the aims and objectives of the programme and ensure that the scope of each of the projects is clearly defined, with agreed delivery milestones
- formalise processes that ensure the expected financial and non-financial benefits of the programme are fully defined, monitored and managed
- clarify escalation processes to be utilised across the programme including the definitions of Red/Amber/Green (RAG) ratings for defining progress on delivery and stipulating what would warrant escalation from Project Managers to Recovery Board
- develop detailed resource plans which ensure programme delivery is achievable and highlight any pinch points
- fully embed risk and issue management processes, including escalation arrangements, across the governance hierarchy
- the development of a Project Managers Handbook to ensure that project managers are clear on their roles and responsibilities, particularly in relation to progress reporting and escalation of key issues.

Management have agreed robust implementation dates with Internal Audit and we intend to follow up progress of the implementation of actions in April 2022, with a view to reporting progress to the July 2022 Audit Committee.

Number of actions agreed: 15

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## **Appendix 5: Other Audits and Grant Claims**

### **Highways Capitalised Maintenance Programme**

#### **Objective**

To assess the robustness of the Council's end-to-end arrangements for managing the Highways Capitalised Maintenance programme of works, which supports the delivery of improvements to the Council's pavements and highways for the benefit of the citizens of Southend.

#### **Summary of work**

This was an advisory piece of work where Internal Audit reviewed key documentation and provided management with feedback and interim recommendations to either strengthen the programme control environment or highlight where further clarity is required for the process to operate effectively, whilst also enabling the Capital Board to fulfil its role in monitoring the programme's delivery, to realise the expected outcomes and benefits of strategic relevance from the capital investments made by the Council.

Feedback was provided in the following key areas:

- the development of a business case and clear scopes of work
- developing robust plans that ensure the programme can be delivered on time and within budget
- clarification of the programme's governance processes and associated roles and responsibilities
- the introduction of a change control process that will ensure proposed changes are impact assessed against the agreed programme aims and the available resources
- the introduction of processes to ensure programme risks and issues are managed and monitored to avoid negatively impacting upon the programme aims.

Management have agreed robust implementation dates with Internal Audit and we intend to follow up progress of the implementation of actions during Q2 2022/23, with a view to reporting progress to the September 2022 Audit Committee.

## **Appendix 5: Other Audits and Grant Claims**

### **Supporting Families Programme, Payments by Results Scheme Grant 2021/22 - claim September to December 2021**

#### **Objective**

To assess compliance with the terms and conditions of the Department for Levelling Up, Housing and Communities (DLUHC) Programme Guidance for making Payment by Result (PBR) claims for the year April 2021 to March 2022 under the 2021-22 Phase of the Supporting Families Programme.

#### **Background**

The new phase of the programme aims to build resilience by providing whole family support at the earliest possible point and help prevent escalation into statutory services. The Council has agreed to achieve measurable outcomes with a minimum of 258 families assisted by March 2022 under this Programme.

In line with the previous Troubled Families Programme, the new phase requires that Internal Audit verifies a 10% representative sample of PBR claims before they are made to ensure there is supporting evidence to confirm families:

- met the required criteria to be considered for entry to the Supporting Families Programme
- have achieved either continuous employment or significant and sustained progress against all problems identified at the point of engagement and during intervention as defined by the Council's agreed Outcomes Plan.

The new Programme Guidance has been updated to allow for a second PBR claim to be made for a family receiving support where a certain set of circumstances have been met. This is particularly pertinent as families recover from the impacts of the Covid-19 pandemic.

#### **Conclusion – claim period September to December 2021**

Between October and December 2021, 91 PBR claims were presented to audit, prior to submission to the DLUHC. Twelve were presented as second claims in relation to families for which a PBR claim had previously been made.

Audit work resulted in the following findings and adjustment to the final PBR claim made to the DLUHC in respect of the original twelve reclaims:

- one was removed from the PBR claim finally made as it did not meet the criteria for a second claim in that the required two years gap between the first and second claims had not elapsed. Going forward these claims will be reviewed to identify whether they meet criteria for a subsequent claim to the DLUHC.
- three were not confirmed as reclaims so were declared as standard PBR claims.

The remaining eight were confirmed as reclaims and declared as such on the claim to DLUHC.

## **Appendix 5: Other Audits and Grant Claims**

Of the 90 claims submitted to the DLUHC for a PBR payment the Early Help and Family Support Team Manager had:

- independently reviewed nine of the 48 claims where families were supported by the Early Help and Family Support team, to confirm appropriate evidence had been provided for a PBR to be claimed. This exceeded the usual 10% check of claims made
- reviewed evidence for a further 42 cases relating to Child in Need (CIN) and Youth Offending Service (YOS) claims where families had been supported by other Social Care teams.

Internal Audit randomly selected nine claims for review which included four worked on by the Early Help and Family Support team (including one reclaim case), four CIN claims and one YOS claim which had all been reviewed independently by the Early Help and Family Support Team Manager. For all nine claims, suitable evidence was available to support:

- entry into the programme
- a claim for significant and sustained progress against all problems identified at the point of engagement and during intervention.

### **Children's Quality Assurance Framework (QAF)**

#### **Objective**

To provide support and challenge to the Children's Services Steering Group responsible for monitoring the pilot and roll out of the more targeted and focused approach to case file audits. The aim being to improve overall social work practice by using learning to build on the good practice and support those areas where improvements would deliver better outcomes to young people and families.

#### **Summary of work**

Feedback was provided in October 2021 and February 2022 to the Chair of the Steering Group and colleagues in the Practice Unit after first and second round of case file audits completed.

Feedback and discussion was provided regarding:

- the Audit tool to be used in the pilot
- the content of the July to September Quarterly Assurance report prepared for Children Services Departmental Management Team
- the risks associated with the transition of the pilot to business as usual
- clarifying arrangements in procedural documents to make expectations and processes clear
- the difference in the clarity and / or quality of action plans emanating from case file audits when assessing the actions plans against Specific, Measurable, Achievable, Relevant, and Time-Bound goals (SMART objectives). Internal audit have been asked to provide some further support to the service to develop this area.

## **Appendix 5: Other Audits and Grant Claims**

### **Feedback on the impact of the Steering Group provided to all members from the Executive Director for Children and Public Health**

'I wanted to write to thank you for all your work and your individual and collective contribution to the successful delivery of the ambitious pilot programme launched in July 2021 and completed at the end of March 2022.

Without your commitment, drive and oversight as a steering group, the intended outcomes from the pilot programme would not have been delivered'.

I know from feedback over the course of the pilot project how influential and critical your role has been. I wanted to thank you separately and specifically given your invaluable input and commitment. You should be very proud at what you collectively delivered and helped the service as a whole to achieve.'

### **Feedback on the impact provided to all members from the Chair of the Steering Group**

'It has been one of the most dynamic and effective steering groups I have worked with and has certainly been a key part of the success of the pilot.'

## Appendix 6: Audits Revisited

### Purpose of these audits

To assess whether the actions agreed in the original audit report have been implemented and are now effectively embedded into the day-to-day operation of the service.

### Direct Payment Support Service Contract Management Revisited

#### Original Objective

To assess whether the contract is being effectively managed to ensure the Council's key outcomes for the service and service users are delivered, whilst also ensuring sound financial arrangements are in place.

#### Summary

A previous internal audit review was conducted to assess whether the Direct Payment Support Service Contract with Vibrance (the contractor) was being effectively managed to ensure the Council's key outcomes for the service and service users are being delivered, whilst also ensuring sound financial arrangements were in place.

Since issuing of the original internal audit report, limited progress has been made in implementing the agreed management actions. Progress has been hindered by unexpected factors, primarily relating to staff turnover as well as the Covid-19 pandemic which has required redeployed staff to maintain services during a difficult period.

However, a dedicated resource was appointed in June 2021 to aid the Council with reviewing its arrangements with the contractor and progressing the remaining outstanding management actions from the original audit report.

At the time of reporting the results of our revisit, the following progress has been made:

- The monthly (now bi-monthly) operational meeting agenda had been updated to capture key aspects of service delivery and enhancing the corresponding quarterly activity return to include a log of safeguarding and any other concerns.
- The contractor's policies have been reviewed to confirm they reflect necessary Mental Health Capacity Act and safeguarding requirements, as well as aligning to Council policies. Two minor amendments are required which remain outstanding.
- There are a number of areas where further work is still required in order to improve the contract management arrangements. These relate to areas that will assist the Council in holding the contractor accountable to performance measures and also safeguard client monies as they are processed through the contract. In summary:
  - A draft set of Key Performance Indicators (KPI's) have been collated by the Council, but there is no formal evidence that these have been agreed by both parties. Further work is still required to ensure all outcomes expected of the contract, including the financial requirements, are suitably covered by the suite of KPIs.

## Appendix 6: Audits Revisited

- The existing annual satisfaction survey is still being reviewed and a revised version, considering the above KPIs and the client's experience of account statements, is still to be formally agreed and implemented as part of the contractor's next cycle of feedback.
- The quarterly activity return has been updated for reporting safeguarding returns and staff training, but still needs to report on the KPIs when they have been agreed. Any further amendments need to be formally agreed and subsequently implemented.
- Ongoing review of contractor staff compliance with Disclosure Barring Service (DBS) checks and determining whether the confirmation of completion needs to include copies of certification, if this is allowable under GDPR and the Data Protection Act 2018.
- Formalise the arrangements for gaining assurance over the accuracy and completeness of client funds held by the contractor, including spot checks and financial reporting that the Council can use to reconcile / monitor against their own records.
- Implementation of a revised client statement covering letter that covers the reason for the statement and actions to be taken by the client if it is incorrect or if they have any queries relating to the statement.
- Introduction of a periodic highlight report to the Interim Director of Adult Social Care on performance, risks and issues arising. It is understood this is to be discussed internally to determine what this reporting covers and if the proposed contractor reporting being developed can be used to inform this internal reporting, before proceeding.

Management are now proactively engaged with the contractor to address the outstanding management actions in a timely manner. If this progresses as planned, this will help to ensure effective governance and monitoring arrangements are in place to safeguard Council clients, and also the monies that are held and managed by the contractor.

### Results

Fully implemented	Substantially implemented	Partially implemented	Not implemented
3	0	7	2



# Southend-on-Sea City Council

Report of the Deputy Chief Executive and Executive  
Director (Finance and Resources)

To

**Audit Committee**

On

**27 April 2022**

Report prepared by Shaun Dutton, Counter Fraud &  
Investigations Manager

Agenda  
Item No.

99

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## **Counter Fraud & Investigation Team: Quarterly Performance Report**

### ***A Part 1 Public Agenda Item***

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#### **1 Purpose of report**

- 1.1 To update the Audit Committee on the progress made by the Counter Fraud & Investigation Team (CFIT) in delivering the Counter Fraud Strategy and Work Programme for 2021/22.

#### **2 Recommendation**

- 2.1 The Audit Committee notes the performance of the Counter Fraud & Investigation Team over the last three months.

#### **3 Introduction**

- 3.1 CFIT continues to be very busy with an active steady caseload of approximately 100 investigations and prosecutions alongside a portfolio of proactive initiatives.
- 3.2 The team's most notable achievements this quarter include:
- One officer is now trained as an Accredited Financial Investigator and is building a caseload of financial investigations. This is a substantial increase in the team's reach and capabilities and enables us to pursue offenders to deny them the proceeds of their crimes. Once this officer is established in her role, this is a service we will be able to offer to other teams in the Council, such as Trading Standards, and potentially to other local authorities. A second officer is currently waiting for course availability to commence this training.
  - CFIT officers continue to engage with Internal Audit colleagues to provide a perspective and suggestions on the fraud risks for internal audits. It is anticipated that identified improvements in counter fraud controls and processes will be incorporated into Internal Audit's recommendations.

- A Blue Badge enforcement training update for APCOA<sup>1</sup> Civil Enforcement Officers has been written and is waiting for a suitable opportunity to be delivered. This will be followed by a further joint CFIT / APCOA Blue Badge fraud detection and deterrence exercise in the coming year.
- CFIT is engaging with the Council's Workforce Development Team to develop and deliver an Anti-Money Laundering eLearning course. This may be followed by an additional course for key Council areas to develop skills in spotting the signs of money laundering.
- A benchmarking exercise has been conducted surveying local authorities with a similar profile to Southend-on-Sea City Council. The findings suggest that CFIT are in the higher bracket in terms of funding and are comparable with the best of those reviewed in terms of staffing and capability. The report can be found at **Appendix 3**.
- CFIT now have Information Sharing Agreements with 17 teams across the Council. This encourages closer and joint working and has increased the team's access to information relevant to our investigations.
- CFIT chaired a meeting with Legal Services, Business Rates and Trading Standards to discuss the options for dealing with 'pop up' shops in the High Street. These typically use techniques to evade the payment of Business Rates and levies for which there is little recourse in law. As a result, CFIT are currently developing a 'High-Risk Commercial Premises Protocol' to coordinate joint working aimed at limiting the operational window of such enterprises. Once completed and agreed, this approach will be trialled for a year.
- CFIT have agreed a trial approach with the Council's Benefits Team to increase enforcement of Council Tax Reduction Scheme (CTRS) frauds without recourse to the DWP. This is the result of the challenges involved in amending the Council's CTRS policy. If the trial approach fails, we will have a body of evidence to support a change in the policy.
- A proactive social housing fraud detection and deterrence exercise was conducted in January with 133 properties visited over 2 days, some on several occasions. This has resulted in four investigations.
- A proactive audit of empty commercial premises was conducted in March with approximately 305 premises visited and 83 records updated. Initial results of this exercise indicate that several undeclared occupants have been identified and other businesses that have been reminded of their obligation to register for Business Rates<sup>2</sup>.

### 3.3 The Council's Counter Fraud & Corruption Policy and Strategy, Counter Money Laundering Policy and Strategy, and Whistleblowing Policy and Procedure are currently being reviewed and revised to support the new Corporate Plan later this year.

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<sup>1</sup> APCOA are the Council's traffic management and enforcement partners.

<sup>2</sup> The results of this exercise are still being collated and assessed. Once these have been assessed by the Business Rates team, they will return those that require further investigation.

- 3.4 CFIT officers continue to spend one day a month working with South Essex Homes' Tenancy Support Officers to encourage closer working and an understanding of each other's roles. The feedback suggests that this is useful and productive.
- 3.5 CFIT have made funding bids for the following:
- *To recruit and train a Counter Fraud Investigator Apprentice*: the caseload and activity of the team is currently at capacity and the introduction of financial investigators will inevitably impact on the resource available to conduct conventional investigations. Furthermore, the team's ambitions to extend its capabilities, for example through data matching and mining technology, will be challenging without increasing its operational capacity. An apprentice is a cost-effective way to increase the team's capacity and resilience and, once fully operational, is likely to pay for itself (see 6.10 below).
  - *To join CIFAS<sup>3</sup>*, which would provide access to a wide range of cross-industry counter fraud expertise, current fraud intelligence updates and on future risks, discounted counter fraud training, access to the National Fraud Database and Enhanced Internal Fraud Database, and access to advance investigation and data matching tools. This would also enable the Council to perform enhanced vetting of prospective employees to identify those that have an undeclared history of dishonesty in employment or inaccurate CVs.
- 3.6 CFIT continue to publish a monthly fraud update newsletter to staff and residents. This reaches a wide audience of over 700 primary recipients who are encouraged to share it and is well received.

## **4 The threat from fraud**

- 4.1 Fraud has grown rapidly in recent years and now accounts for 39% of all crime in England and Wales. Estimates by the National Crime Survey show that there were 4.6 million fraud offences committed in the year ending March 2021. This is equal to the total theft and violent crime offences combined<sup>4</sup>.

However, the police have only 1,618 officers dedicated to fraud investigation - this is less than 1% of their workforce<sup>5</sup>. A 2019 inspection of the police's response to fraud found that these offences are generally not considered to be a priority<sup>6</sup>.

Although the national response to the threat from fraud is improving, the scale of the threat is beyond the resources of our law enforcement agencies to tackle it alone. A significant focus of this response is focused on enabling businesses, individuals, and local authorities to protect themselves.

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<sup>3</sup> The Credit Industry Fraud Alert System.

<sup>4</sup> Victims Commissioner, 2021

<sup>5</sup> Institute for Government, 2021

<sup>6</sup> Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services, 2019

- 4.2 An indication of the increasing threat to the Council is demonstrated by a 2013 estimate<sup>7</sup> suggesting that fraud may be costing UK local authorities £2.1bn a year, compared to a 2017 estimate<sup>8</sup> that the total annual loss to local authorities from fraud may be as high as £7.8bn.

This is a rise of £1.4bn a year and if the estimates are accurate, and the trend continues, the figure may be as high as £14.8bn in UK local authority loss from fraud by 2022.

- 4.3 A third of all crime in the UK is now fraud related<sup>9</sup>.
- 4.4 The national fraud guidance for local authorities<sup>10</sup> is placing an increased emphasis on proactive fraud prevention initiatives and our current and future Work Plans have been guided by this (**Appendices 1 and 5**).

## 5 Counter Fraud Work Plan 2021/22

- 5.1 An ambitious programme of work was planned for 2021/22 (**Appendix 1**) with 17 areas of activity and 7 proactive fraud detection and deterrence exercises.

- 5.2 Only two areas of activity were not achieved to some degree:

- A joint working agreement with the DWP was unachievable due to their lack of operational capacity and willingness to engage. This will be revisited in the coming year.
- A review of the South Essex Homes' Tenancy Terms and Conditions did not take place and therefore CFIT was unable to participate.

- 5.3 Three areas of activity were partially achieved:

- Three social housing fraud detection and deterrence exercises were planned but only two took place. This was due to a delay in obtaining a list of the City's social tenants, making the second exercise late by three months. The two exercises that went ahead resulted in 203 tenancies being visited and 12 investigations.
- Three Blue Badge fraud detection and deterrence exercises were planned but only two took place. This was due to an opportunity to conduct a Business Rates exercise arising and this was chosen over the Blue Badge exercise to widen the variety of exercises conducted in the year.
- A research project was planned to determine best practice and effective methods of combatting Business Rates fraud. This was not achieved due to operational workload pressures and has been 'rolled over' into the 2022/23 Work Plan. However, the 'high-risk commercial premises protocol' is a result of this area of activity.

- 5.4 All other areas of activity were achieved.

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<sup>7</sup> National Fraud Office 2013

<sup>8</sup> Centre for Counter Fraud Studies, University of Portsmouth, 2017

<sup>9</sup> Government Economic Crime Plan 2019

<sup>10</sup> *Fighting Fraud and Corruption Locally: A strategy for the 2020s*, Local Government Association, 2020

- 5.5 Work has commenced on drafting the Work Plan 2022/23 (**Appendix 5**) and this is being reviewed to consider how the team can widen its proactive activity to other areas of the Council's business. This will be complete and in action before CFIT publishes its Annual Report.

## 6 Investigations

- 6.1 Since 1 April 2021, CFIT have dealt with, or are investigating, 416 cases (94 of these cases started prior to that date). This is an increase of 89 cases (27%) on the 2020/21 year (328 cases).

- 6.2 Since April 2021, we have received 323 new cases of which 107 were received since the last report to the Committee.

- 6.3 Of the total 416 investigations:

- 322 have been concluded
- 94 investigations are active:
  - 66 are currently being investigated
  - 7 are with Legal Services for prosecution
  - 21 are waiting assignment to an investigator.

- 6.4 A breakdown of these investigations can be found in **Appendix 2**.

As requested by the Audit Committee, the Revenues and Benefits fraud figures have now been divided into the separate categories of *Council Tax* (which includes Council Tax Reduction Scheme offences<sup>11</sup>), *Business Rates*, and *Covid-19 related grants*.

- 6.5 Our current prosecutions relate to:

- 2 offences concerning procurement fraud
- 2 offences relating to Business Rates Small Business Rates Relief fraud
- 2 offences relating to grant fraud (non-covid)
- 1 offence relating to Blue Badge fraud.

- 6.6 Highlights this period include:

- The recovery of £34,988 in fraudulent or incorrectly awarded grant funds
- £11,420 in recouped Business Rates Small Business Rates Relief
- £6,970 in recouped Council Tax discounts and exemptions with £280 in penalties imposed by the Revenues Team as a result
- £408 gained from agreeing Council Tax Reduction Scheme Administrative Penalties
- Reports and evidence provided to South Essex Homes to support the recovery of 3 properties, saving the Council £63,000<sup>12</sup> over the coming year

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<sup>11</sup> This is because CTRS offences often also involve Council tax offences.

<sup>12</sup> This is measured by the cost of keeping a family in temporary accommodation, estimated to be £23,000 a year.

- One Right to Buy application withdrawn as the result of an investigation, saving the Council £57,000 in Right to Buy discount
- 4 cautions issued for Blue Badge misuse
- 8 intelligence reports issued to national agencies concerning organised criminal activity
- 13 reports issued to the DWP concerning benefits fraud
- 2 intelligence reports issued to Essex Police concerning money laundering activity
- Meeting 68 Data protection Act requests for information from other agencies
- Performing due diligence checks on 9 Right to Buy applications, 2 of which required further investigation.

#### 6.7 Our results for 2021/22 are:

- Three successful prosecutions of:
  - One company for environmental offences (parking vehicles for sale) resulting in a £4,000 fine and £145 in costs awarded to the Council
  - One individual for fraud offences (using an altered parking permit) resulting in a 12 month community order, 80 hours unpaid work and £350 in costs to the Council
  - One individual for fraud and forgery offences (using an altered parking permit) resulting in a 12 month community order, 80 hours unpaid work and £350 in costs to the Council.
- Council Tax Reduction Scheme Administrative Penalties<sup>13</sup> agreed to the value of £3,079
- £19,452 of fraudulently obtained Council Tax reductions and discounts recovered<sup>14</sup>
- £16,150 in Business Rates recouped with an added income to the Council of approximately £15,500<sup>15</sup> for the coming year
- Assisting the prevention of £152,746 in fraudulent covid-19 related grant applications being awarded
- £75,888 of fraudulent or incorrectly awarded covid-19 related grant payments recovered
- Assisting in the recovery of eight social housing properties, saving the Council £178,000 in future temporary accommodation costs<sup>16</sup>
- £172,985 in savings generated by the National Fraud Initiative (NFI, see section 8).

<sup>13</sup> The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 allow the Authority to offer offenders an Administrative Penalty of between £100 and £1,000 as an alternative to prosecution.

<sup>14</sup> This is mainly the recovery of fraudulently obtained Single Person Discount and Council Tax Reduction.

<sup>15</sup> This is due to the removal of Small Business Rates Relief.

<sup>16</sup> It is estimated that the fraudulent occupation of a social housing property costs the Council £23,000 a year; this is the cost of keeping a family in temporary accommodation for that time. Other estimates put this cost a lot higher by factoring in the cost of investigation, enforcing statutory obligations, anti-social behaviour etc.

- Four employees referred to Human Resources for misconduct issues
- One individual removed from the social housing waiting list for failing to declare assets
- Assessing 41 Right to Buy applications on behalf of South Essex Homes, 7 of which required further enquiries
- One Right to Buy application withdrawn following an investigation, saving the Council £57,000 in Right to Buy discount
- Nine individuals cautioned for Blue Badge misuse and two badges confiscated, saving the Council £1,150<sup>17</sup> of lost parking revenue in the coming year
- 52 referrals to other agencies
- Meeting 203 Data Protection Act requests for information from other agencies.

This totals **£692,794** (£519,809 discounting the NFI figures) benefit to the Council from CFIT's activities since 1 April 2021.

6.8 The number of cases CFIT have received this year has increased 27% on 2020/21. There could be several reasons for this:

- Increasing staff confidence in CFIT's work, professionalism, communication, and results
- Increased staff fraud awareness because of training and newsletters
- Increased visibility of CFIT and a constant striving for increased joint working
- An increase in fraud perpetrated against the Council
- An increase in the number of investigations resulting from the NFI
- The relaxation of pandemic restrictions; although much of the Council was continuing 'business as normal' albeit in a different way, many reports to us result from direct interactions with residents.

In reality, it is likely to be a combination of all the above and other factors. It is also possible that the growing 'cost of living crisis' in the UK may encourage an increase in attempted fraud against the Council over the coming year.

6.9 This year's results are impressive:

- The total benefit (£692,793) is a **128% increase** on 2020/21 (£330,427).
- The benefit directly attributable to the team (£519,808) is a **68% increase** on 2020/21 (£310,003).
- The NFI result (£172,984) is a **229% increase** on 2020/21 (£52,605).

The team's 2020/21 results should be considered in the context of staffing turbulence early in that year, extensive pandemic restrictions, and that the NFI exercise was not fully engaged with by the fraud service prior to the introduction of CFIT.

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<sup>17</sup> Blue Badge fraud is estimated to cost the Council £575 per badge per year in lost revenue.

- 6.10 However, this year's total benefit equates to £138,558 per Counter Fraud & Investigation officer and thus represents exceptional value for money. The benefit directly attributable to the team is 2.4 times its budget.
- 6.11 CFIT's successes would not be possible without the dedication, skills and professionalism of its investigators and the credit for this lies largely with them. CFIT would also find it difficult to operate without the support, vigilance, willingness to work together, and expertise of many staff and teams across the Council which we value and appreciate greatly. These people are the 'front line' in the Council's fight against fraud.

## **7 Fraud prevention**

- 7.1 CFIT's Fraud prevention strategy is comprised of:
- Raising the awareness of the risk of fraud in all staff
  - Maintaining adequate controls in policies and procedures
  - Highlighting new frauds and information sharing
  - Deterrence by publicising our results
  - Deterrence by having a high visibility in the community by conducting proactive detection and deterrence exercises.
- 7.2 The Fighting Fraud in Local Government Course, written by CFIT, has been completed by 684 officers and is rated 4.5 out of 5 stars by those having completed it. The Monthly Fraud Update is a newsletter for staff and the public highlighting current risks of fraud and providing advice as to how people can protect themselves. This reaches over 700 individuals.
- 7.3 CFIT are currently developing a Money Laundering Awareness Course targeted at those areas of the business most at risk of being used to launder criminal proceeds, but will be available to all staff.
- 7.3 The successful prosecutions mentioned above were publicised through the local press and this will continue to be done with future cases.
- 7.4 As mentioned above, CFIT will be engaging with Internal Audit's work to provide a fraud risk assessment and recommendations to strengthen any identified vulnerabilities.
- 7.4 CFIT issued 40 fraud alerts to various teams within the Council during the year highlighting current and emerging fraud threats that affect their areas of the Council's business. Some of these, such as covid-19 related grant fraud alerts, have been instrumental in preventing organised criminal fraud attempts against the Council.
- 7.5 CFIT has issued 8 intelligence reports concerning organised criminal activity with the national authorities tasked with cross-border grant fraud.



- 7.6 Membership of CIFAS entails publishing Fair Processing Notices where there is an intention to search the National Fraud Databases for indications of previous dishonest conduct. This will deter corrupt suppliers and prospective employees from engaging with the Council to commit further offences. Furthermore, those found guilty of fraud, or those dismissed due to dishonest conduct, can be added to the databases to inform other members and prevent offenders from moving on and continuing their behaviour elsewhere.

## **8 The National Fraud Initiative (NFI)**

- 8.1 The NFI is a central government exercise that matches electronic data within and between public sector bodies to prevent and detect fraud. These bodies upload their data to a central service which then produces data matching reports. This process runs on a 2-year cycle.
- 8.2 An example of this is matching household non-dependents who have turned 18 with households in receipt of Council Tax Single Person Discount (SPD) (the non-dependent ceases to be such when they reach this age and SPD can no longer be claimed).
- 8.3 CFIT operates as the local coordinator and key contact for the NFI at Southend-on-Sea City Council: centrally organising the training of staff, the upload of data and the processing of returns.
- 8.4 The current cycle is now at the stage where results are being returned for local review and assessment and the savings resulting from the exercise totals **£172,985**. The specific results from the NFI can be found in **Appendix 4**. It should be noted that the Revenues Team were not able to review all their reported matches due to pressures resulting from the pandemic and the administration of grant funds on behalf of central government. These results may be available in the coming year.
- 8.5 42 fraud investigations have resulted from the NFI this year.
- 8.6 It should be noted that while CFIT coordinates NFI activity, ensures that there is commitment to the exercise and trains staff, it cannot be done without the support and hard work of many teams across the Council. Their efforts are very much appreciated and have proved to be both professional and worthwhile.

## **9 Corporate implications**

### **Contribution to the Southend 2050 Road Map**

- 9.1 The team's work to reduce fraud, protect the council from fraud and corruption, to pursue offenders and to recoup properties and money from the convicted contribute to the delivery of the Council Ambition and the delivery of all Southend 2050 outcomes. It does this by protecting and recovering the assets and funds that the council holds.
- 9.2 Furthermore, proactive fraud and corruption work, alongside the reactive prosecution of offenders, acts as a deterrent for such activities and assists in the identification of financial loss and loss of assets.

- 9.3 Such proactive counter fraud work can result in reduced costs to the Council by protecting it against potential loss and civil or insurance claims.

#### Financial Implications

- 9.4 The work of the Counter Fraud and Investigation Team will be delivered within the approved budget. Any financial implications arising from identifying and managing fraud risk will be considered through the normal financial management processes.

As noted at paragraph 4.6 the Counter Fraud and Investigation team has delivered £692,794 benefit to the Council through its activities.

- 9.5 The work of the Counter Fraud and Investigation Team will be delivered within the approved budget.

Any financial implications arising from identifying and managing fraud risk will be considered through the normal financial management processes.

As noted at paragraph 4.6 the Counter Fraud and Investigation team has delivered £692,794 benefit to the Council through its activities.

#### Legal implications

- 9.6 The Accounts and Audit Regulations 2015 section 3 states that:

*“The relevant authority must ensure that it has a sound system of internal control which:*

- *Facilitates the effective exercise of its functions and the achievement of its aims and objectives*
- *Ensures that the financial and operational management of the authority is effective*
- *Includes effective arrangements for the management of risk.”*

- 9.7 The work of the Counter Fraud & Investigation Team contributes to the delivery of this.

- 9.8 Where fraud or corruption is proved the Council will:

- Take the appropriate action which could include disciplinary proceedings, civil action and criminal prosecution.
- Seek to recover losses using criminal and civil law.
- Seek compensation and costs as appropriate.

#### People implications

- 9.9 People issues that are relevant to delivering individual investigations, or the Workplan, will be considered as part of each piece of work, and Human Resources consulted as appropriate.

## Property implications

- 9.10 Properties could be recovered through the investigation of housing tenancy fraud or assets recovered as the proceeds of crime. Such action will benefit the Council by returning social housing stock for the use of those in most need, recovering the assets of those who seek to profit from criminal behaviour and deterring others from considering such activity.

## Consultation

- 9.11 The progress with investigations and delivery of the Workplan are periodically discussed through monthly meetings with key stakeholders and with Directors before being reported to Corporate Management Team and the Audit Committee.

## Equalities Impact Assessment

- 9.12 The relevance of equality and diversity issues is considered during the initial planning stage of each investigation and piece of development work delivered, with Human Resources consulted as appropriate

## Risk assessment

- 9.13 Failure to operate a strong anti-fraud and corruption culture puts the Council at risk of increased financial loss from criminal activity. Such a culture should be led and supported by the Senior Management Team.
- 9.14 While risk cannot be eliminated from the Council's activities, implementing counter fraud and corruption policies and culture will contribute to managing this more effectively.

## Value for money

- 9.15 An effective Counter Fraud and Investigation Team should save the Council money by:
- Reducing the opportunities to perpetrate fraud; this is reducing potential losses to future budgets.
  - Detecting fraud promptly and applying relevant sanctions where it is proved; this limits the losses to fraud and corruption.
  - Pursuing perpetrators to recover losses and to seek compensation; this limits the losses to fraud and corruption.
  - Recovering properties; this reduces the strain on the social housing stock and reduces the cost of temporary accommodation to future budgets.
  - Limiting the cost of investigation and pursuit of offenders by the application of alternate sanctions where appropriate; this provides a cost-effective service.
  - Generate an income for the Council through the provision of counter fraud awareness training to the Council's partners and service providers and the provision of an investigation/prosecution service to appropriate partners.

## Community Safety Implications

- 9.16 These issues are only considered if relevant to a specific investigation, or piece of development work, undertaken.

## Environmental Impact

- 9.17 These issues are only considered if relevant to a specific investigation, or piece of development work, undertaken.

## Appendices

Appendix 1 – Counter Fraud Work Plan 2021/22

Appendix 2 – Breakdown of CFIT investigations

Appendix 3 – Benchmarking Report

Appendix 4 – NFI Results 2021/22

Appendix 5 – DRAFT Counter Fraud Work Plan 2022/23

## Southend-on-Sea City Council

Finance & Resources Service

Deputy Chief Executive and Executive Director Finance & Resources: Joe Chesterton

Civic Centre, Victoria Avenue, Southend-on-Sea, Essex SS2 6ER

### Counter Fraud & Investigation Team

Working to make  
lives better  
www.southend.gov.uk



## Appendix 1 – Counter Fraud Work Plan 2021/22

### KEY:

Denotes proactive initiatives
Denotes prevention / protection initiatives
Denotes development activities

Area	Activity	Target date	Current status	Resource requirement (officers)	Responsible officer	Completed date
Counter fraud	Maintain business as usual through management of the caseload, timely investigation of referrals towards a prompt, efficient and fair resolution, proactive fraud detection initiatives and the provision of advice and training to the wider council.	Ongoing	Business as usual is being maintained, the team is at its full complement and the backlog of cases is in remission.	5	Shaun DUTTON	ONGOING
Business Rates	Pro-active audit of empty commercial premises.	TBD	Visits have now been undertaken to properties recorded as empty, with follow up work now in progress.	5	Shaun DUTTON	07/04/2022
Council Tax	Joint working agreement with DWP for cases involving the Council Tax Reduction scheme.	TBD	Information provided by the DWP suggests that their fraud investigation capability is not engaging at a local level. This makes a local joint working agreement impossible and	2	Shaun DUTTON Caroline MERCECA	ON HOLD



OFFICIAL

Area	Activity	Target date	Current status	Resource requirement (officers)	Responsible officer	Completed date
			therefore this activity is on hold pending resumption of local DWP investigations. This situation will be monitored. The lack of DWP engagement with local authorities is a subject of national concern and is being addressed through the Fighting Fraud and Corruption Locally group.			
Council wide	Internal publicity campaign to highlight the work and reporting mechanisms of the fraud team.	Ongoing	Avenues to increase the team's profile across the Council continue to be explored. The monthly fraud newsletter's audience is expanding and now reaches approximately 700 recipients.	1	Shaun DUTTON	<b>ONGOING</b>
		October 2021	Programme of publicity and talks to raise staff awareness of the Whistleblowing procedures and how to report concerns.	2	Shaun Dutton	<b>15/10/2021</b>
		October 2021	Publicity campaign to highlight International Fraud Awareness Week.	1	Shaun DUTTON	<b>15/10/2021</b>

OFFICIAL

Housing	Pro-active audit of SBC tenancies.	June 2021  October 2021  March 2022	The first exercise has been completed with some success.  A list of tenancies from South Essex Homes was provided in December and a further exercise undertaken in January 2022.  Two out of three planned exercises undertaken in the year.	5	Shaun DUTTON James COUSEN	<b>26/06/2021</b>  <b>NOT ACHIEVED</b>  <b>28/01/2022</b>
Housing	Review of SBC tenancy terms and conditions to strengthen the counter fraud message and encourage cooperation with the counter fraud team.	TBD	The South Essex Homes' tenancy T&Cs are due to be reviewed. South Essex Homes are aware that we wish to contribute. We are waiting for information as to when this review will take place.	1	Shaun DUTTON	<b>NOT ACHIEVED</b>
Council wide	Fraud risk and process analysis of areas of the Council's business at high risk of fraud: <ul style="list-style-type: none"> <li>• Procurement</li> <li>• Housing</li> <li>• Housing applications</li> <li>• School admissions</li> <li>• Blue badge applications</li> <li>• Council Tax</li> <li>• Business Rates</li> <li>• Online services</li> <li>• Social Care Direct payments</li> <li>• Recruitment</li> <li>• Others dependent upon current research</li> </ul>	Start July 2021	This work will now be performed alongside Internal Audit's programme of work with risk assessment findings incorporated into their reports. This has the effects of adding more weight to any recommendations made and contributing to a closer working relationship between the two teams.  CFIT continue to issue specific post-investigation reports recommending process / policy improvements	2-5	Shaun DUTTON	<b>ONGOING</b>

	Policy review, process improvement recommendations where appropriate, service-specific training to be delivered where required.		that would provide a greater protection from fraud where appropriate.			
Blue Badge	Review of the process on how Blue Badge fraud is dealt with and training for APCOA staff. Pro-active Blue Badge fraud exercise, possibly a joint exercise with APCOA and Essex Police.	August 2021 December 2021 March 2022          2022	The joint exercise with APCOA has been completed with no frauds detected. However, this was a high-profile exercise that received strong support from the community.  The methodology of the exercise will be revised and a further exercise will be conducted later in the year.  Counter Fraud officers have now been granted powers to inspect and retain Blue Badges. Warrant cards are currently being produced and a second proactive exercise will be conducted once these are available.  Permission has been granted to deliver Blue Badge refresher training to APCOA CEOs and this is in production.	5	Shaun DUTTON Paul BROADBENT	20/08/2021  06/12/2021  <b>NOT ACHIEVED DUE TO THE EMPTY NDR PREMISES AUDIT</b>
Housing	Postal information campaign to targeted tenancy areas to encourage reporting of concerns about fraud.	August/September 2021	This has been delivered through SEH's magazine to all tenants in the form of an open letter.	2	Shaun DUTTON James COUSEN	<b>October 2021</b>



Benefits	Contribute to the amendment of the Council Tax Reduction Scheme (CTRS) policy to ensure that the team is empowered to investigate CTRS fraud without a dependence on the DWP.	Summer 2021	Awaiting confirmation of when the policy is due for review.  This policy was reviewed in the Summer of 2021 without CFIT's involvement. We are currently trialling an approach with SCC Benefits that will avoid policy amendment.	1	Shaun DUTTON	<b>07/02/2022</b>
Business Rates	Research project to determine best practice and effective methods of combatting Business Rates fraud.  Establish a working group between CFIT, Trading Standards, Business Rates and Legal Services to review the Council's capabilities and determine realistic opportunities for prevention, detection and action against offenders.	November 2021	This project is waiting to be assigned.  A meeting was held between interested parties and CFIT is now developing a protocol designed to disrupt pop-up shops in the High Street from evading NNDR and to limit their operational window.	2	TBD  Shaun DUTTON	<b>NOT ACHIEVED</b>  <b>02/03/2022</b>
Counter fraud	Explore joint working opportunities with other SBC teams, particularly parking, Regulatory Services and Trading Standards. Explore the possibility of information/intelligence sharing hub.	Ongoing	The team is now a participant in the Strategic Tasking Allocation Group which affords these opportunities and meets this task.  CFIT now has information sharing agreements with 17 teams across the Council and a closer working arrangement with Trading Standards.	1	Paul BROADBENT	<b>02/06/2021</b>
Counter fraud	Develop a financial investigator capability.	2022	Funding has now been agreed to train two officers in Financial Investigation.	3	Shaun DUTTON Caroline MERCECA David GILL	<b>24/03/2022</b>

	Develop a financial intelligence officer capability.		One officer has now completed the Financial Investigator Course.  This has been superseded by the ambition to have two officers trained as financial investigators.	2		
Specific teams	Training in specific counter fraud techniques to be delivered to identified teams: <ul style="list-style-type: none"> <li>False document identification</li> <li>Spotting the signs of subletting</li> </ul> Others as identified through risk analysis activities (see below)	March 2022  2022	An update on spotting the signs of subletting has been delivered to South Essex Homes' officers.  A session on false document identification is being written.	2	Shaun DUTTON  David GILL	<b>23/06/2021</b>
Various	Investigate the use of technology and data matching to identify and target the risks of fraud against the Council. Develop targeted proactive exercises to act on the results.	March 2022	This is aspirational and dependent upon a variety of factors such as information sharing agreements, the availability, cost and complexity of tools required to do this, staff training etc. Enquiries into the feasibility of this will be conducted as and when workload commitments allow.  A meeting has been planned with a potential supplier of internet data mining services.  A data matching exercise is being planned to assess the scale of fraud against the Essential Living Fund.	2-4	Shaun DUTTON David GILL	<b>ONGOING</b>  <b>POSTPONED</b>  <b>August 2021</b>

			<p>A business case for membership of CIFAS has been prepared. This will allow the Council access to the National Fraud Database and the Enhanced Internal Fraud Database. These enable increased fraud intelligence gathering and risk assessment, enhanced employee and supplier vetting checks, enhanced evidence collection and data matching across live and current data sets from across the public and private sectors.</p> <p>A funding bid has been submitted for CIFAS membership.</p>			<b>ONGOING</b>
Residents	Conduct a programme of presentations to local community groups and residents' associations to highlight the risks of fraud and how to protect self and the council.	Ongoing	These will be on a no more than monthly basis and the first talk has been delivered. Contacts are being collected from interested groups.	1	Shaun DUTTON	<b>ONGOING</b>
Counter fraud	<p>Develop 'income generation' opportunities through:</p> <ul style="list-style-type: none"> <li>Counter fraud training initiatives for SBC partners and service providers</li> <li>An investigation and prosecution service to local Housing Associations</li> <li>Provision of a Financial Investigation service to other SBC teams and possibly other local authorities.</li> </ul>	TBD	<p>This is aspirational at this time and development will be dependent upon how the team progresses over the coming 12 months.</p> <p>This cannot be explored at the expense of our ongoing workload commitments or pro-active and prevention activities.</p>	TBD	Shaun DUTTON	

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## Appendix 2 - Breakdown of CFIT investigations as of April 2022<sup>1</sup>

Category	Cases since last report (14 December 2021)	Total new cases since 1 April 2021	Active investigations (being investigated, awaiting allocation or with Legal Services) <small>Cases that started prior to 01/04/2021 in parentheses.</small>	Closed investigations since 1 April 2021 <small>Cases that started prior to 01/04/2021 in parentheses.</small>
<b>Transport</b> (Blue Badge, parking permits etc.)	9	42	7 (0)	44 (9)
<b>Schools</b> (including Early Years)	0	1	0 (0)	1 (0)
<b>Council Tax</b> <sup>2</sup>	24	63	21 (2)	65 (21)
<b>Business Rates</b>	8	24	16 (2)	19 (9)
<b>Covid-19 related grants</b>	10	38	7 (5)	47 (11)
<b>DWP</b>	7	19	0 (0)	19 (0)
<b>Grant Fund fraud</b>	2	8	5 (2)	5 (0)
<b>Housing</b> (unlawful subletting, Right to Buy fraud etc.)	28	86	24 (4)	82 (16)
<b>Money Laundering</b>	0	2	0 (0)	3 (1)
<b>Procurement</b>	5	7	4 (2)	5 (0)
<b>Social Care</b> (Direct Payment fraud etc.)	2	5	4 (1)	4 (2)
<b>Employee</b>	2	5	4 (0)	6 (5)
<b>Miscellaneous</b> (immigration, fraudulent cheques, mischievous referrals etc.)	10	23	2 (0)	22 (1)
<b>TOTALS</b>	<b>107</b>	<b>323</b>	<b>94 (18)</b>	<b>322 (75)</b>

<sup>1</sup> Figures are correct as of 04/04/2022.

<sup>2</sup> These figures include Council Tax Reduction Scheme frauds

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## Southend-on-Sea City Council

Finance & Resources Service

Deputy Chief Executive and Executive Director Finance & Resources : Joe Chesterton

Civic Centre, Victoria Avenue, Southend-on-Sea, Essex SS2 6ER

## Counter Fraud & Investigation Team

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## Appendix 3 – Benchmarking report

### Introduction

Southend-on-Sea City Council's (SCC) Audit Committee have expressed an interest in benchmarking the Counter Fraud & Investigation Team's (CFIT) resourcing. This exercise is useful in determining how CFIT's resources compare to other local authorities.

### Executive summary

13 Local authorities with a similar profile to SCC were approached for information on the resources they provide to Counter Fraud. 12 responses were received. It was found that most respondents provided a dedicated Counter Fraud service. SCC's Counter Fraud budget is comparable to, but slightly less than, the most well-funded Councils and that CFIT's staffing level and capabilities is comparable to the most well-resourced Councils.

### Methodology

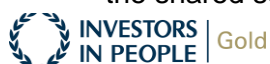
13 Local authorities were identified that had a similar profile to SCC in that they were Unitary Authorities serving a similar population (183,453 +/- 50,000):

Southend-on-Sea City Council (183,453)

Bedford Borough Council (174,678)  
Luton Borough Council (213,052)  
Peterborough City Council (204,500)  
Portsmouth City Council (205,100)  
Reading Borough Council (162,666)  
Slough Borough Council (164,000)  
Stockton-on-Tees Borough Council (197,213)  
Swindon Borough Council (222,193)  
Telford & Wrekin Co-operative Council (179,900)  
Warrington Borough Council (210,014)  
Royal Borough of Windsor & Maidenhead Council (151,422)  
Wokingham Borough Council (167,979)  
City of York Council (153,717)

Freedom of Information Act requests (FOIs) were sent to each authority asking the following questions:

1. Do you have a dedicated Counter Fraud Team?
2. If no, what is your Counter Fraud provision?
3. Are you part of a shared Counter Fraud Service? Please provide name and parties to the service.
4. What is your current annual Counter Fraud budget (or contribution to the shared service if applicable)?
5. What is your FTE complement of dedicated Counter Fraud Investigators (or contribution to the shared service if applicable)?



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6. What is your FTE complement of dedicated Counter Fraud Intelligence Officers (or contribution to the shared service if applicable)?
7. Does your Counter Fraud Team or shared service use a Case Management System? Please provide the name and supplier?
8. Do you employ Counter Fraud Investigator Apprentices? Please provide number and your training provider.

### Results

The answers to these questions from SCC, for comparison are:

1. Do you have a dedicated Counter Fraud Team? **Yes**
2. If no, what is your Counter Fraud provision? **N/A**
3. Are you part of a shared Counter Fraud Service? Please provide name and parties to the service. **No**
4. What is your current annual Counter Fraud budget (or contribution to the shared service if applicable)? **£216,350**
5. What is your FTE complement of dedicated Counter Fraud Investigators (or contribution to the shared service if applicable)? **4**
6. What is your FTE complement of dedicated Counter Fraud Intelligence Officers (or contribution to the shared service if applicable)? **0**
7. Does your Counter Fraud Team or shared service use a Case Management System? Please provide the name and supplier. **No**
8. Do you employ Counter Fraud Investigator Apprentices? Please provide number and your training provider. **Currently awaiting a decision on funding for one apprentice.**

12 responses were received with Warrington being the only Council that failed to reply. These responses are summarised below.

#### A dedicated Counter Fraud Team or Service

58% (7 Councils) have their own dedicated Counter Fraud team.

25% (3<sup>1</sup> Councils) stated that fraud investigation activities were provided as part of their Internal Audit Service.

34% (4 Councils) have their Counter Fraud activity delivered by a shared service. 2 respondents (Windsor and Wokingham) were part of the same shared service.

One Council (8%) stated that its Counter Fraud service was provided by the equivalent of 1.3 full time officers across several sectors and one of the Councils that provides a Counter Fraud service through Internal Audit employs full-time investigators.

***SCC appears to be with the majority in providing a dedicated Counter Fraud Team or Service.***

#### Annual Counter Fraud budget

7 Councils were able to provide a figure for their annual Counter Fraud budget.

These ranged from £100,800 (Telford) to £263,100 (Slough). The mean annual budget is £182,163. The median is £160,000.

---

<sup>1</sup> 2 of these Councils used a shared service and the other used dedicated fraud investigators within the Internal Audit Team. The first 2 are also counted in the shared service statistic and the last is included in the dedicated Counter Fraud team statistic.



The budgets appear to fall into two categories:

- Lower £100,800 to 160,000 (4 Councils) and
- Higher £230,764 to £263,100 (3 Councils).

***SCC (£216,350) falls into the higher budget category but below the other Councils in this category.***

***If SCC was included in the list, it would come 4<sup>th</sup> out of 8.***

The Counter Fraud spend per resident ranged from £0.51 (Swindon) to £1.70 (York). The mean spend per resident is £1.03. SCC's spend per resident is £1.18. Unsurprisingly, these fall into the same two categories as described above containing the same Councils with the division being £1.00 per person.

***If SCC was included in the list, it would come 3<sup>rd</sup> out of 8.***

The Councils that provide a fraud service through Internal Audit were unable to provide a specific Counter Fraud budget as there wasn't one. Although the Council that employs full-time investigators in its Internal Audit Team stated that the only dedicated budget was for their salaries and software licences (£85,000).

***SCC's Annual Counter Fraud budget compares favourably against other Councils being in the top half by all the measures described above although somewhat behind the leaders.***

#### Counter Fraud staffing levels

The number of full-time equivalent dedicated fraud investigators employed by the respondents ranged from none to 4. Four Councils had 3 or more dedicated investigators.

2 (17%) Councils claimed that this function was combined with the Internal Auditors as they had shared skill sets.

York Council is party to a shared service agreement and stated that they had access to 9 fraud investigators and 3.8 senior fraud investigators, but this service was shared by 9 Councils equating to less than 2 investigators per Council. Luton Council is part of a shared service that provides access to 4 investigators but is shared by 7 Councils. Windsor and Wokingham Councils share a joint Internal Audit / Counter Fraud service where they have no dedicated fraud investigators claiming that there are shared skill sets.

4 (34%) Councils reported employing intelligence officers, and these were no more than one each.

1 Council (Slough) employed 4 investigators and 1 intelligence officer which is the highest staffing level outside of a shared service. This includes a Financial Investigator (FI) and this was the only Council to declare an FI<sup>2</sup>.

Swindon Council was the only respondent to employ a Fraud Investigator apprentice.

***SCC, with 4 dedicated Fraud Investigators (one of which is now an FI) and no Intelligence Officers, would be tied in 2<sup>nd</sup> place in terms of staffing levels, discounting shared services. Furthermore, if we are successful in recruiting a Fraud Investigator apprentice, this would put the team ahead of the others in terms of ability and resources, discounting shared services.***

---

<sup>2</sup> It should be noted that the Councils were not asked to declare whether they employed Financial Investigators.

### Case Management Systems

CFIT operate a case management system that was devised in house. This is a simple and efficient way of managing the caseload and there is no intention currently to seek a third-party case management solution. This question was added for the information of the CFIT management to see what other fraud teams are using.

2 Councils reported using their own solutions. There was no consensus on the case management systems used but the most popular were InCase (Intec for Business, 3 Councils) and Opus (Datatank, 2 Councils).

### **Conclusions**

SCC's Counter Fraud provision is broadly in line with other comparable local authorities. There are examples of poor funding and resources and among the sample 3 respondents had no dedicated fraud investigators. There are 3 Councils that have delegated Counter Fraud activity to their Internal Audit Teams, one of which employs dedicated investigation officers, albeit only 2.

The claim that Internal Audit and Counter Fraud have shared skill sets is debatable. While there is some crossover between the roles, the evaluation of internal controls and risk management is very different from criminal investigation. The knowledge and skills required to lawfully gather evidence to the criminal standard and present the findings to a court are very different from the requirements of internal audit work.

CFIT now has an FI and is currently training another officer in this discipline and is bidding for funding to recruit a Fraud Investigator apprentice. If successful, this would put CFIT's resources and capabilities beyond nearly all the Councils surveyed.

While SCC's funding and staff levels are in the top half of the Council's surveyed, it is not the highest while being well above the lowest. This is not a request for increased funding and resources for CFIT; that case is better made based on the team's workload, activity and success.

Shaun Dutton  
Counter Fraud & Investigation Manager  
31/03/2022

## Southend-on-Sea City Council

Finance & Resources Service

Deputy Chief Executive and Executive Director Finance &

Resources : Joe Chesterton

Civic Centre, Victoria Avenue, Southend-on-Sea, Essex SS2 6ER

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## Appendix 4 National Fraud Initiative (NFI) Results 2021/22

The following savings have resulted this year from the current NFI exercise<sup>1</sup>:

Subject	Savings (£)
Concessionary travel passes	20,424 <sup>2</sup>
Disabled persons' Blue Badges	67,275
Housing benefit (student loans)	15,333.79
Housing benefit (waiting list)	3,240
Waiting list (DWP deceased)	22,680
Council Tax Reduction Scheme (payroll) – high risk	2,245.74
Council Tax Reduction Scheme (pensions) – high risk	23,033.42
Council Tax Reduction Scheme (payroll) – low risk	688.63
Council Tax Reduction Scheme (pensions) – low risk	3,661.54
Council Tax Reduction Scheme (taxi drivers)	12,419.69
Council Tax (rising 18s)	1,983.03
<b>TOTAL</b>	<b>172,984.84</b>

42 fraud investigations have also resulted from the NFI results this year.

<sup>1</sup> These include Cabinet Office estimated savings and Southend City Council outcomes.

<sup>2</sup> This is a future saving



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## Southend-on-Sea City Council

Finance & Resources Service

Executive Director Finance & Resources : Joe Chesterton

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## Appendix 5 – DRAFT Counter Fraud Work Plan 2022/23

### KEY:

Denotes proactive activities
Denotes prevention/protection activities
Denotes development activities

Area	Activity	Target date	Current status	Resource requirement (officers)	Responsible officer	Completed date
Counter fraud	Maintain business as usual through management of the caseload, timely investigation of referrals towards a prompt, efficient and fair resolution, proactive fraud detection initiatives and the provision of advice and training to the wider council.	Ongoing	Business as usual is being maintained, the team is at its full complement and the backlog of cases is in remission.	5	Shaun DUTTON	ONGOING

Area	Activity	Target date	Current status	Resource requirement (officers)	Responsible officer	Completed date
Council Tax	Joint working agreement with DWP for cases involving the Council Tax Reduction scheme.	March 2023	Information provided by the DWP suggests that their fraud investigation capability is not engaging at a local level. This makes a local joint working agreement impossible and therefore this activity is on hold pending resumption of local DWP investigations. This situation will be monitored. The lack of DWP engagement with local authorities is a subject of national concern and is being addressed through the Fighting Fraud and Corruption Locally group.	2	Shaun DUTTON Caroline MERCECA	

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Area	Activity	Target date	Current status	Resource requirement (officers)	Responsible officer	Completed date
Council wide	Internal publicity campaign to highlight the work and reporting mechanisms of the fraud team.	Ongoing	Avenues to increase the team's profile across the Council are being explored. The monthly fraud newsletter's audience is expanding and now reaches approximately 700 recipients.	1	Shaun DUTTON	<b>ONGOING</b>
		November 2022	Programme of publicity and talks to raise staff awareness of the importance of Declarations of Interest and how to make these.	2	Shaun DUTTON	
		November 2022	Publicity campaign to highlight International Fraud Awareness Week.	1	Shaun DUTTON	
		October 2022	Develop an Anti Money Laundering Awareness Course for all staff.	1	Shaun DUTTON	
		May 2022	Engage with new starters in the Council at the point of induction to publicise CFIT, raise awareness of fraud and how to report it, and highlight the standards of behaviour and responsibility expected. This is expected to evolve into an induction eLearning course.	1	Shaun DUTTON	

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Area	Activity	Target date	Current status	Resource requirement (officers)	Responsible officer	Completed date
Housing	Pro-active fraud detection and deterrence exercises on social tenancies.	May 2022  August 2022  November 2022	To be targeted in areas at high risk of subletting. Appropriate areas of activity will be determined during the planning stage.	5	Paul BROADBENT  James COUSEN  David GILL	
Housing	Review of SBC tenancy terms and conditions to strengthen the counter fraud message and encourage cooperation with the counter fraud team.	TBD	The South Essex Homes' tenancy T&Cs are due to be reviewed. South Essex Homes are aware that we wish to contribute. We are waiting for information as to when this review will take place.	1	Shaun DUTTON	
Council wide	Fraud risk and process analysis of areas of the Council's business at high risk of fraud through participation in internal audits.	Ongoing	This work will be performed alongside Internal Audit's programme of work with risk assessment findings incorporated into their reports. This has the effects of adding more weight to any recommendations made and contributing to a closer working relationship between the two teams.  CFIT continue to issue specific post-investigation reports recommending process / policy improvements that would provide a greater protection from fraud where appropriate.	2-5	Shaun DUTTON	<b>ONGOING</b>

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Area	Activity	Target date	Current status	Resource requirement (officers)	Responsible officer	Completed date
Blue Badge	Proactive fraud detection and deterrence exercise on Blue Badges	June 2022 July 2022 October 2022	Plain clothes exercise Joint exercise with APCOA Plain clothes exercise	5	Shaun DUTTON	
Blue Badge	Deliver Blue Badge enforcement update training to APCOA CEOs.	May 2022	The training has been written and this awaits a suitable opportunity to be delivered.	1	Shaun DUTTON	
Benefits	Trial the new approach agreed with the Benefits Team to increase enforcement of Council Tax Reduction Scheme fraud without recourse to the DWP.	March 2023	In action.	1	Shaun DUTTON	
Business Rates	Research project to determine best practice and effective methods of combatting Business Rates fraud.  Trail the joint working initiative aimed at addressing the issue of NNDR evasion by 'pop up' shops in the High Street (The High Risk Commercial Premises Protocol)	March 2023 March 2023	This project is waiting to be assigned.  Currently being finalised.	2	TBD  Shaun DUTTON	
Counter fraud	Develop a financial investigator capability.	March 2023	Funding has been agreed to train two officers in Financial Investigation.  One officer has now completed the Financial Investigator Course.  One officer is waiting to start training. This is dependent on course availability.	3  2	Shaun DUTTON  Caroline MERCECA  David GILL	

Area	Activity	Target date	Current status	Resource requirement (officers)	Responsible officer	Completed date
Counter fraud	Recruit a Counter Fraud Investigator Apprentice	August 2022	A business case has been submitted to recruit and train a Fraud Investigator Apprentice based on a 2 year fixed term training contract with an option for a further 2 year fixed term Junior Investigator contract.	1	Shaun DUTTON	
Specific teams	Training in specific counter fraud techniques to be delivered to identified teams: <ul style="list-style-type: none"> <li>False document identification</li> <li>Other opportunities to be determined through internal audits.</li> </ul>	March 2023	This is currently being developed.	2	Shaun DUTTON David GILL	

Area	Activity	Target date	Current status	Resource requirement (officers)	Responsible officer	Completed date
Various	Investigate the use of technology and data matching to identify and target the risks of fraud against the Council. Develop targeted proactive exercises to act on the results.	March 2023	This is aspirational and dependent upon a variety of factors such as information sharing agreements, the availability, cost and complexity of tools required to do this, staff training etc. Enquiries into the feasibility of this will be conducted as and when workload commitments allow.	2-4	Shaun DUTTON David GILL	<b>ONGOING</b>
		TBD	A meeting is being planned with a potential supplier of internet data mining services.			
		June 2022	Membership of CIFAS. This will allow the Council access to the National Fraud Database and the Enhanced Internal Fraud Database. These enable increased fraud intelligence gathering and risk assessment, enhanced employee and supplier vetting checks, enhanced evidence collection and data matching across live and current data sets from across the public and private sectors.  A funding bid has been submitted for CIFAS membership.			

Area	Activity	Target date	Current status	Resource requirement (officers)	Responsible officer	Completed date
Residents	Conduct a programme of presentations to local community groups and residents' associations to highlight the risks of fraud and how to protect self and the council.	Ongoing	These will be on a no more than monthly basis and the first talk has been delivered. Contacts are being collected from interested groups.	1	Shaun DUTTON	<b>ONGOING</b>
Counter fraud	Develop 'income generation' opportunities through: <ul style="list-style-type: none"> <li>Counter fraud training initiatives for SBC partners and service providers</li> <li>An investigation and prosecution service to local Housing Associations</li> <li>Provision of a Financial Investigation service to other SBC teams and possibly other local authorities.</li> </ul>	TBD	This is aspirational at this time and development will be dependent upon how the team progresses over the coming 12 months. This cannot be explored at the expense of our ongoing workload commitments or pro-active and prevention activities.	TBD	Shaun DUTTON	

## Work Plan 2022/23 Calendar

Proactive detection and deterrence work (in bold) involves working long hours and usually results in a lot of processing and checking. These exercises have been planned over a period from Spring to Autumn to maximise longer daylight hours. This also provides a period later in the year to enable consolidation of the results and resulting investigations. The work that requires the most post-exercise processing (social housing) have been spaced out evenly through the active period to reduce the impact on the team's operational capacity.

2022	
April	
May	<ul style="list-style-type: none"> <li>Commence engagement with new starters at the point of induction</li> <li><b>Proactive deterrence &amp; detection exercise: social housing</b></li> <li>Blue badge fraud training for APCOA CEOs – DEADLINE</li> </ul>
June	<ul style="list-style-type: none"> <li><b>Proactive deterrence &amp; detection exercise: blue badge fraud (plain clothes)</b></li> <li>Membership of CIFAS – DEADLINE</li> </ul>
July	<ul style="list-style-type: none"> <li><b>Proactive deterrence &amp; detection exercise: blue badge fraud (APCOA)</b></li> </ul>
August	<ul style="list-style-type: none"> <li><b>Proactive deterrence &amp; detection exercise: social housing</b></li> <li>Recruit a Counter Fraud Investigation apprentice – DEADLINE</li> </ul>
September	
October	<ul style="list-style-type: none"> <li>Anti Money Laundering Course – DEADLINE</li> <li><b>Proactive deterrence &amp; detection exercise: blue badge fraud (plain clothes)</b></li> </ul>
November	<ul style="list-style-type: none"> <li>Publicity campaign to highlight International Fraud Awareness Week and declarations of interest</li> <li><b>Proactive deterrence &amp; detection exercise: social housing</b></li> </ul>
December	
2023	
January	
February	
March	<ul style="list-style-type: none"> <li>Joint working agreement with DWP – DEADLINE</li> <li>Business Rates research project – DEADLINE</li> <li>Business Rates High Risk Commercial Properties Protocol trial ends</li> <li>Council Tax Reduction Scheme new approach trial ends</li> <li>Financial Investigators training – DEADLINE</li> <li>False document identification training – DEADLINE</li> </ul>

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# Southend-on-Sea City Council

Report of the Deputy Chief Executive and Executive  
Director (Finances & Resources)

To

**Audit Committee**

On

**27 April 2022**

Report prepared by: Andrew Barnes, Head of Internal Audit

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**Internal Audit Charter, Strategy and Audit Plan for 2022/23**

***A Part 1 Public Agenda Item***

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Agenda  
Item No.

**100**

## **1. Purpose of Report**

- 1.1 To present to the Audit Committee, the Internal Audit Charter with the supporting Strategy and Audit Plan for 2022/23.

## **2. Recommendation**

- 2.1 The Audit Committee approves the Charter, Strategy and Audit Plan for 2022/23.**

## **3. Background**

- 3.1 The Accounts and Audit Regulations 2015 (Regulations) make it a requirement for internal audit to take into account public sector internal auditing standards or guidance in delivering the service.
- 3.2 The UK Public Sector Internal Audit Standards (the Standards) require the service to produce a:
- Charter
  - a risk based plan that:
    - takes into account the:
      - requirement to produce an annual internal audit opinion
      - Council's assurance framework.
    - incorporates or is linked to a strategic or high level statement of how:
      - the service will be delivered and developed in accordance with the Charter
      - it links to the Council's Ambition and Outcomes.

#### 4. Charter, Strategy and Audit Plan

- 4.1 In order to comply with the Standards, the approach proposed for delivering the service, is set out in the:
- Charter, that defines the purpose, authority and responsibility of the service
  - Strategy, that outlines how the service will be delivered in line with the Charter and includes the:
    - Internal Audit Plan for 2022/23
    - statement showing how audit work completed during the year will provide assurance regarding the mitigation of the Council's strategic risks
    - How We Will Work With You Statement.
- 4.2 The following paragraphs explain key amendments to the documents which were last presented to the Audit Committee in October 2021. These are also highlighted in **bold** within the documents themselves for ease of reference.

#### 5. Charter (Appendix 1)

- 5.1 The minor amendments made to the Charter this year relate to:
- changes in officer roles
  - changes to Government department names.

#### 6. Strategy (Appendix 2)

- 6.1 The Strategy sets out:
- the ethical framework audit staff are expected to comply with
  - the basis for the audit opinion and the audit approach to be adopted
  - the approach to assessing risk and assurance as part of the audit planning process
  - the Audit Plan, resource assessment and performance indicators
  - how the service will work with key staff, members and groups within the Council
  - how the team will operate on a day to day basis
  - how it will assess its compliance with relevant professional standards and report upon this.
- 6.2 A few very minor amendments have been made to the Strategy this year. These are cosmetic and don't change the manner in which the audit service provided is delivered under the Collaborative Working Agreement. The Strategy also sets out the team's performance indicators for the year.



- 6.3 As outlined in the Strategy, activities are only considered for inclusion in the Audit Plan if:
- they are assessed as being significant enough to require periodic independent review
  - this independent assurance is not being provided elsewhere (eg. from Ofsted).
- 6.4 The coverage provided within the proposed Audit Plan for 2022/23 (Appendix 2a) is based upon the audit approach outlined in the Strategy which complies with the requirements of the Standards.
- 6.5 The Audit Plan looks to provide some assurance regarding the delivery of the Council's Ambition and Outcomes and as many Corporate Risks as possible. Other factors that influence what is in this year's Audit Plan include, for example:
- when activities were last reviewed and the results of that work
  - whether there are any significant changes involving an activity eg. new IT software, loss of key staff etc.
  - the level of spend and corporate profile of the activity
  - emerging risks highlighted by senior management or other sources.
- 6.6 The work to produce the Audit Plan has been undertaken when Council officers have been required to work from home due to the covid-19 pandemic and therefore it has been more difficult to liaise with colleagues, although this has been overcome through the use of Microsoft Teams, which is working well, enabling colleagues to meet remotely in an effective way.
- 6.7 However the ongoing uncertainties regarding the extent that remote working will continue, the expectations of the Council in assisting with work to address the challenges posed by both the pandemic itself and the impact of the pandemic, the Council's response and the impact on the arrangements to deliver Council services moving forward, all mean that it should be recognised that there will be a need for flexibility in both the things that internal audit focusses upon and the way that it undertakes its work.
- 6.8 In addition the external auditors will be delivering their work on the 2022/23 financial year under the revised National Audit Office - Code of Audit Practice, that governs the work of external auditors of local public bodies under the Local Audit and Accountability Act 2014. The revised Code specifies the following value for money arrangements reporting criteria:
- financial sustainability
  - governance
  - improving economy, efficiency and effectiveness.
- 6.9 Internal audit will liaise with external audit in respect of the work that they will be undertaking to meet the requirements of the revised Code of Audit Practice and seek to deliver internal audit work that supports those requirements.

- 6.10 As a result, the Audit Plan will be kept under review so that it can reflect any further changes in circumstances, risks and challenges that the Council is facing that may impact on the way the Council works, to re-assess whether there are any changes to the risk profile and therefore, the work planned for later in the year. As is usual practice, any proposed future amendments to the Audit Plan will be reported to the Audit Committee for approval.
- 6.11 Appendix 2b identifies where audit reviews provide some assurance regarding the management of the Council's corporate risks.
- 6.12 The How We Will Work With You Statement (Appendix 2c) outlines the consultation and engagement that internal audit undertakes with management for the different elements of internal audit work.

## **7. Corporate Implications**

### **7.1 Contribution to the Southend 2050 Road Map**

Audit work provides assurance and identifies opportunities for improvements that contribute to the delivery of all Southend 2050 outcomes.

### **7.2 Financial Implications**

Financial risk is one of the categories used when assessing the risk profile of all the activities that the Council delivers.

The Audit Plan will be delivered within the agreed budget for the service.

### **7.3 Legal Implications**

The Accounts and Audit Regulations 2015, Section 5 require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

The Standards require:

- the Audit Committee to approve (but not direct) the annual internal Audit Plan and this report discharges that duty
- the Audit Committee to then receive regular updates on its delivery, as provided by the quarterly performance report
- the Head of Internal Audit to provide an annual audit opinion on the Council's risk management, control and governance arrangements and report on this to the Audit Committee, which is usually delivered to its July meeting in line with the completion of the external audit.

### **7.4 People Implications**

People risk is another of the categories used when assessing the risk profile of all the activities that the Council delivers.

Resourcing issues relating to the team are covered in the Strategy.

### **7.5 Property Implications**

Property risk is another of the categories used when assessing the risk profile of all the activities that the Council delivers.

### **7.6 Consultation**

This is set out in the Strategy.

## 7.7 Equalities and Diversity Implications

Not applicable to these documents.

## 7.8 Risk Assessment

Failure to operate a robust assurance process (which incorporates the internal audit function) increases the risk that there are inadequacies in the internal control framework that may impact on the Council's ability to deliver its corporate Ambition and Outcomes.

The key team risks are:

- its inability to recruit or retain staff
- that external suppliers won't deliver contracted in work within the required deadlines to the expected quality standards
- that it becomes increasingly difficult to:
  - engage staff in service departments with the audit process
  - obtain information at all or in a timely way, so that a full review can be completed
  - discuss and agree opinions and action plans as the resources to implement them become more stretched.

Additional time has been built into the Audit Plan for managing external contractors.

Internal Audit maintains an audit risk assessment which is explained in the Strategy.

## 7.9 Value for Money

Internal Audit undertook a service review as part of the external service review completed in September 2016 which demonstrated that the cost of the service was competitive, and was supported by the external assessment that was undertaken in October 2017.

This needs to be taken in conjunction with the other indicators reported upon quarterly, when assessing whether the service provides value for money.

## 7.10 Community Safety Implications

These issues are only considered if relevant to a specific audit review.

## 7.11 Environmental Impact

These issues are only considered if relevant to a specific audit review.

## **8. Background Papers**

- The Accounts and Audit Regulations 2015
- UK Public Sector Internal Audit Standards
- CIPFA Local Governance Application Note for the UK Public Sector Internal Audit Standards
- CIPFA: The Role of the Head of Internal Audit in Public Service Organisations 2019
- CIPFA: Audit Committee Practical Guidance for Local Authorities and A Toolkit for Local Authority Audit Committees.

## **9. Appendices**

- Appendix 1: Internal Audit Charter
- Appendix 2: Internal Audit Strategy
  - Appendix 2a: Internal Audit Plan for 2022/23
  - Appendix 2b Audit assurance linked to the Council's corporate risks
  - Appendix 2c: How We Will Work With You Statement



## Internal Audit Charter

Reviewed annually by Head of Internal Audit  
Reported to the Audit Committee: April 2022

## Appendix 1: Internal Audit Charter

### Introduction

This Charter sets out the purpose, authority and responsibility of the Council's Internal Audit function, in accordance with the UK Public Sector Internal Audit Standards (the Standards) and the CIPFA Local Government Application Note.

The Charter will be reviewed annually and presented to the Audit Committee for approval.

### Purpose

The key purpose for Internal Audit is to complete sufficient work in order to enable it to provide an independent and objective annual opinion on the adequacy and effectiveness of the Council's governance processes, risk management and internal controls established to enable it to achieve its planned outcomes.

This includes the Council's working arrangements with partners, contractors and third parties.

In doing this, Internal Audit aims to:

- deliver a high quality, cost effective service in line with best practice and professional standards
- work constructively with management to support new developments and major change programmes
- be pragmatic and proportionate with its recommendations, having regard not just to risk, but also the cost of controls
- be flexible and responsive to the needs of the organisation in all its work
- help promote an anti-fraud and corruption culture within the organisation.

### Responsibilities

Internal Audit is '*an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness of risk management, control and governance processes*'<sup>1</sup>.

In a local authority, internal audit:

- provides independent and objective assurance to the organisation, its Members and the Corporate Management Team regarding the design and operation of its risk management, control and governance processes
- assists the Deputy Chief Executive and Executive Director (Finance and Resources) in discharging his responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs.

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<sup>1</sup> Institute of Internal Auditors

## Appendix 1: Internal Audit Charter

.It is management's responsibility to:

- establish and maintain appropriate governance arrangements and internal control systems
- ensure that resources are properly applied, risks appropriately managed and outcomes achieved.

### Statutory Role

Internal Audit is a statutory service in the context of the Local Audit and Accountability Act 2014 and its supporting Accounts and Audit Regulations 2015, which state in Part 2, Internal Control, Section 5, that:

*“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards or guidance.*

*Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit:*

- *make available such documents and records*
- *supply such information and explanation*

*as are considered necessary by those conducting the internal audit.”*

This is reinforced by the Standards (1000 Purpose, Authority and Responsibility) which require that Internal Audit be provided with *access to records, personnel and physical properties relevant to the performance of engagements.*

Internal Audit operates under the Chief Financial Officer's statutory authority to visit any Council land or premises should this be required.

This statutory framework is supported by the Council's Financial Regulations.

The Head of Internal Audit delivers the role of the Chief Audit Executive.

### Independence and Accountability

Internal Auditors must conform to the Standards, Code of Ethics as well as those relating to any professional body they are members of. The Code of Ethics includes two essential components:

- principles that are relevant to the profession and practices of internal auditing
- rules of Conduct that describe behaviour norms expected of internal auditors.

These are defined in more detail in the Strategy but cover Integrity, Objectivity, Confidentiality and Competency.

## **Appendix 1: Internal Audit Charter**

Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations. Internal auditors should have no operational responsibilities. Where the Head of Internal Audit is responsible for other services, arrangements and safeguards are in place to ensure that any:

- internal audit work in these areas, is subject to appropriate independent review
- conflicts of interest are avoided.

Internal Audit determines its priorities in consultation with 'Those Charged with Governance'. The Head of Internal Audit has direct access to and freedom to report in his own name and without fear of favour to, all officers and Members and particularly 'Those Charged with Governance', the Chief Executive and Chair of the Audit Committee. This independence is further safeguarded by ensuring that the Head of Internal Audit's annual appraisal / performance review is not inappropriately influenced by those subject to audit. The Head of Internal Audit must confirm to the Audit Committee, at least annually, on the organisational independence of the service.

Internal Audit may also provide advisory and related client service activities, the nature and scope of which are agreed with the Council. They are intended to add value and improve an organisation's risk management, control and governance processes, examples of which include counselling, advice, facilitation and training. In such circumstances, appropriate arrangements will be put in place to safeguard the independence of Internal Audit.

Accountability for the response to the advice and recommendations of Internal Audit lies with management, who either accept and implement the advice or formally reject it.

All Internal Audit staff are required to make an annual declaration of interest to ensure that auditors' objectivity is not impaired and that any potential conflicts of interest are appropriately managed.

When co-ordinating activities internal audit may seek to rely on the work of other assurance and consulting service providers. A consistent approach is adopted for the basis of reliance and internal audit will consider the competence, objectivity and due professional care of the assurance and consulting service providers. Due regard will be given to understanding of the scope, objectives and results of the work provided by other providers of assurance and consulting services. Where reliance is placed upon the work of others, internal audit remains responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.

### **Internal Audit Scope**

The scope of Internal Audit includes the entire control environment and therefore all of the Council's operations, resources, services and responsibilities in relation to other bodies. In order to identify audit coverage, activities are prioritised based on risk, using a combination of Internal Audit and management risk assessments (including those set out within Council's risk registers). Extensive consultation also takes place with key stakeholders.



## **Appendix 1: Internal Audit Charter**

The framework used for evaluating the Council's governance, risk management and control arrangements (as required by the Standards) is set out in the supporting Strategy.

If circumstances arise whereby assurances are to be provided to parties outside the Council, the nature of and approach to be adopted to providing them will be discussed with relevant senior management.

The Head of Internal Audit can consider accepting proposed consulting engagements (should resources allow), based on their potential to improve the management of risks, add value and improve the Council's operations. Accepted engagements must also be included in the Audit Plan.

### **Reporting Lines and Relationships**

Responsibility for ensuring that statutory internal audit arrangements are in place has been delegated to the Deputy Chief Executive and Executive Director (Finance & Resources) (Section 151 Officer) who is a member of the Corporate Management Team. These arrangements form a key element of the Council's corporate governance framework.

Therefore the Deputy Chief Executive and Executive Director (Finance & Resources) discharges the administrative responsibilities for managing the internal audit service, whilst it reports functionally to the Audit Committee. Details of the functional role of the Audit Committee in this respect are set out in its Terms of Reference (including its annual work programme).

In discharging this function role, the Audit Committee receives reports that cover the results of internal audit activity and details of Internal Audit performance, including progress on delivering the Audit Plan.

In addition, Internal Audit provides an annual report and opinion to senior management and the Audit Committee on the adequacy and effectiveness of the Council's system of internal control including its risk management, control and governance arrangements.

The Head of Internal Audit also:

- has regular briefings individually with the Chief Executive, Executive Directors and other Directors and Heads of Service
- attends the Council's Good Governance Group which includes the Section 151 Officer and Monitoring Officer and reports to the Head of Paid Service.

Further details of how internal audit works with key officers, management and Members are set out in the Strategy, (Appendix 2) and the How We Will Work With You Statement (Appendix 2c).

No information or reports concerning audit work undertaken on behalf of the Council will be released to anyone not working for the Council, without its permission.

## Appendix 1: Internal Audit Charter

### Internal Audit Standards

There is a statutory requirement for Internal Audit to work in accordance with 'proper audit practices'. These 'proper audit practices' are the 'UK Public Sector Internal Audit Standards' (the Standards) as defined by the Institute of Internal Auditors (IIA) in conjunction with the Chartered Institute of Public Finance and Accountancy (CIPFA), which are based upon the International Professional Practices Framework (IPPF). These Standards have been adopted by the Council's Internal Audit Service.

Therefore its Mission (as set out in the IPPF) is '*to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight*'. In delivering this, the service commits to operating in accordance with the IPPF's core principles, which requires that it:

- demonstrates integrity
- demonstrates competence and due professional care
- is objective and free from undue influence (independent)
- aligns with the strategies, objectives and risks of the organisation
- is appropriately positioned and adequately resourced
- demonstrates quality and continuous improvement
- communicates effectively
- provides risk-based assurance
- is insightful, proactive and future-focused
- promotes organisational improvement.

With regard to the application of these Standards only, the Council's Audit Committee takes the role of the 'Board' and Corporate Management Team, that of 'senior management'.

In accordance with the Standards, Internal Audit is subject to a quality assurance and improvement regime. This consists of an annual self assessment of the service against the Standards, on-going performance monitoring of individual reviews and an external assessment at least every five years by a suitably qualified, independent assessor. The results of all of this activity are reported to the Corporate Management Team and the Audit Committee, along with details of any instances of non-conformance. Where non-conformance is considered significant, this will also be included within the Council's Annual Governance Statement.

The Accounts and Audit Regulations 2015 require local authorities to produce an Annual Governance Statement in accordance with proper practices. CIPFA's Delivering Good Governance guidance has been given 'proper practice' status by the **Department for Levelling Up, Housing and Communities** for this purpose. Therefore, the Head of Internal Audit aims to comply with the CIPFA Statement on The Role of the Head of Internal Audit in Public Service Organisations 2019, wherever possible, as required by the Delivering Good Governance guidance.

## **Appendix 1: Internal Audit Charter**

### **Internal Audit Resources**

It is a requirement that Internal Audit must be appropriately staffed in terms of numbers, grades, qualification levels and experience, having regard to its objectives and to professional standards. Internal Auditors need to be properly trained to fulfil their responsibilities and maintain their professional competence through an appropriate on-going development programme.

The Head of Internal Audit is responsible for appointing the staff of the Internal Audit Service and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills.

In addition to in-house audit staff, the Head of Internal Audit may engage the use of external resources where it is considered appropriate, including the use of specialist providers.

The Head of Internal Audit is responsible for ensuring that the resources of the Internal Audit Service are sufficient to meet its responsibilities and achieve its objectives. If a situation arose whereby he concluded that resources were insufficient, he must formally report this to the Deputy Chief Executive and .Executive Director (Finance & Resources) and, if the position is not resolved, to the Audit Committee.

The Internal Audit budget is reported to Cabinet and Full Council for approval annually as part of the overall Council budget.

### **Fraud and Corruption**

Managing the risk of fraud and corruption is the responsibility of management, not Internal Audit. Internal Audit will, however, be alert in all its work to risks and exposures that could allow fraud or corruption to occur.

The Council's Counter Fraud & Investigation Team (the Team) will investigate allegations of fraud and corruption in line with the Council's Counter Fraud, Bribery and Corruption Policy and Strategy. The Head of Internal Audit is managing the Team and will ensure that the Internal Audit Service work collaboratively with the Team where necessary, to ensure system or process weaknesses identified during investigations are addressed.

The Head of Internal Audit must also be informed of all suspected or detected cases of fraud, corruption, bribery or impropriety in order to consider the adequacy of the relevant controls, and evaluate the implication of fraud and corruption for the annual opinion on the control environment.

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## Internal Audit Strategy

## Appendix 2: Internal Audit Strategy

### Introduction

The Internal Audit Charter sets out the service objective for Internal Audit, which is to provide an annual opinion on the adequacy and effectiveness of the Council's governance, risk management and control processes, designed to deliver its Ambition and Outcomes.

This Strategy sets out how the service will be delivered and developed in accordance with the Charter and how it links to the delivery of the Council's Ambition and Outcomes.

### Code of Ethics

All internal auditors working for the Council will comply with:

- the Code of Ethics contained within the UK Public Sector Internal Audit Standards (the Standards) which define:
  - principles that are relevant to the profession and practice of internal auditing
  - rules of conduct that describe behaviour norms expected of internal auditors.
- the ethical standards of any professional body they are members of
- the Nolan Committee's *Seven Principles of Public Life* as reported in the Constitution.

The four key principles the Code of Ethics adopts are as follows:

- The **integrity** of internal auditors establishes trust and this provides the basis for reliance on their judgement.
- Internal auditors:
  - exhibit the highest level of professional **objectivity** in gathering, evaluating and communicating information about the activity or process being examined
  - make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.
- Internal auditors respect the value and ownership of information they receive and do not disclose information (**confidentiality**) without appropriate authority unless there is a legal or professional obligation to do so.
- Internal auditors apply the knowledge, skills and experience (**competency**) needed in the performance of internal auditing services.

Inappropriate disclosure of information or breaches of the Code of Ethics by internal auditors could be a disciplinary offence.

All staff working on the Council's audits will be required to sign an Ethical Governance Statement. In-house staff will be required to declare any interests prior to starting an audit and to formally update their statement as part of their regular appraisal meetings.

## **Appendix 2: Internal Audit Strategy**

### **Basis for Annual Audit Opinion**

In summary, the audit opinion will be based upon an assessment of:

- the design and operation of the key processes operated by the Council in order to manage its business (eg. governance arrangements)
- the range of individual opinions arising from risk-based and other audit assignments delivered during the year (eg. service activities and financial systems)
- an assessment of how robustly actions agreed are implemented and whether this is achieved in a timely manner
- the outcome of any other relevant work undertaken (whether internally or externally) where independent assurance is provided about the operation or performance of a service / system.

### **Audit Approach**

The audit approach is designed to provide the Council with assurance that its governance, risk management, and control processes are robust enough to ensure its Ambition and Outcomes will be delivered.

It also takes into account, where applicable, the need for the Council to gain assurance that any partnership or other agreement to which it is party, is also operating successfully to achieve this end.

The framework used for evaluating the Council's, risk management, control and governance arrangements (as required by the Standards) is set out below.

### **Governance**

Over a suitable period, an assessment will be made of the adequacy of governance processes in accomplishing the following objectives:

- promoting appropriate ethics and values within the Council
- ensuring effective organisational performance management and accountability
- communicating risk and control information to appropriate areas of the Council
- co-ordinating the activities of, and communicating information among, the Audit Committee, external and internal auditors and management.

In doing this, Internal Audit will:

- evaluate the design, implementation and effectiveness of ethics-related objectives, programme and activities
- assess whether the information technology governance supports the delivery of the Council's Ambition and Outcomes.

## **Appendix 2: Internal Audit Strategy**

### **Risk Management**

In determining how effective risk management arrangements are, assessments will be made of whether:

- the Council's Outcomes and Roadmap support and align with its Ambition
- significant risks are identified and assessed
- appropriate risk responses are selected that align risks with the Council's risk appetite
- relevant risk information is captured and communicated in a timely manner across the Council, enabling staff, management, Members and the Audit Committee to carry out their responsibilities.

This information will be gathered from many sources including audit assignments undertaken each year.

Risk exposures relating to governance, operations and information systems will also be evaluated regarding the:

- achievement of the Council's Ambition and Outcomes
- reliability and integrity of financial and operational information
- effectiveness and efficiency of operations and programmes
- safeguarding of assets
- compliance with laws, regulations, policies, procedures and contracts.

Internal Audit will also evaluate the potential for the occurrence of fraud, corruption, bribery, theft or financial irregularities and how the Council manages these risks.

### **Control**

An evaluation will be made of the adequacy, effectiveness and efficiency of controls in responding to risks within the Council's governance, operations and information systems (taking into account the same areas outlined in the bullet points in the risk exposures paragraph above).

### **Types of Assurance Provided**

Audit assignments will apply one or a combination of approaches which include assessing:

- the adequacy of system design
- whether:
  - key controls within a system, process or service are operating effectively
  - outcomes from systems, processes or services are in line with expectations.

Internal Audit will make recommendations for improving any services, systems or processes audited with a view to promoting continuous improvement.



## **Appendix 2: Internal Audit Strategy**

Any knowledge gained from consultancy engagements will be incorporated into the evaluation of the Council's, governance, risk management and control processes.

### **Limitations**

Internal Audit will not:

- assume management responsibilities
- control the risks of the Council
- establish and maintain any systems of internal control
- determine operational policies or procedures
- necessarily detect fraud, corruption, bribery, theft or financial irregularities as part of its work, as management is responsible for mitigating these risks.

### **Risk Assessment**

A risk based approach will be used to identify areas for review, which takes into account the risk maturity of the Council. The risk assessment will be based upon professional judgement but be informed by:

- key corporate and service level documents (eg. plans and risk registers)
- regular discussions with the Chief Executive, Executive Directors and other Directors
- at least annual discussions with all Directors and periodic discussions with Group and Service Managers as required
- the work of the Good Governance Group
- the audit risk assessment
- horizon scanning to establish potential new risks that may materialise during the year
- outcomes from other relevant, independent audits, inspections or work undertaken.

An audit risk assessment will be maintained which includes all service activities as well as key financial systems and business management processes. This helps identify activities that:

- are 'higher risk' because, for example, they are inherently complex, material or susceptible to fraud but well controlled
- will not be audited unless a specific, one off risk arises or their general risk profiles increases.

It is more important for higher risk activities, that management obtain periodic, independent evidence that the controls remain appropriate and are consistently applied. A significant control failure in these areas could have a serious impact on the Council's ability to deliver its services and overall Ambition and Outcomes.

## **Appendix 2: Internal Audit Strategy**

In assessing the level of assurance required and therefore the priority attached to each Council service, account will be taken of:

- financial risk
- outward facing risks (including reputational risk)
- operational risks (including those relating to partnerships)
- legal and political risks
- people and property risks (including health & safety and safeguarding)
- inherent risk (including that of fraud).

The audit risk assessment will be discussed at least annually with the Chief Executive, Executive Directors and other Directors. An annual assessment will be made with the Deputy Chief Executive and Executive Director (Finance & Resources) as to whether any assurance is required regarding key financial systems to support the production of the Statement of Accounts.

Internal Audit will decide which action plans to revisit on a risk basis. Where it is determined that further work is required to ensure agreed actions have been properly implemented, this will involve re-testing to ensure:

- the agreed action has been properly implemented
- the strengthened control arrangements are firmly established in the day to day running of the service.

### **Assurance Framework**

Before producing the Audit Plan, an assessment will be made of the evidence already available regarding the:

- operation of individual services (from management or external sources)
- management of corporate, strategic or operational risks
- effectiveness of the Council's governance arrangements.

This evidence will be recorded as part of the audit risk assessment documentation. As part of planning the audit, the value of this evidence will be evaluated by assessing:

- what risks and controls such assurance covers
- at what stage in the process it takes effect (see Three Lines of Defence model outlined below) and therefore how quickly it would mitigate the risk
- how reliable it is, which is likely to include some re-performance work to confirm the validity of the findings before it is relied upon for audit purposes.

## Appendix 2: Internal Audit Strategy

### Coordinating the Three Lines of Defence

First Line of Defence	Second Line of Defence	Third Line of Defence
Risk Owners / Managers	Risk Control and Compliance	Risk Assurance
Operational management	Corporate management type functions	Internal Audit
Delivers the service	Limited independence	Greater independence
Reports through the normal line management structure	Reports primarily to management	Reports to the Audit Committee

### Audit Plan

As at April 2022, the service still has a number of vacant posts. Therefore, the service will remain reliant on external contractors during the year, which will reduce the number of days that can be delivered from the Council's internal audit budget.

In the interim, a staff resource needs assessment will be maintained for the in-house resource to calculate the capacity of this element of the service. A view will then be taken about external resources required to:

- cover vacancies
- deliver audits that require specialist skills.

A programme of audits will be agreed with senior management based on the assessment of risk outlined above. The Audit Plan will:

- mainly focus on:
  - risk based reviews that assess how well core services are being delivered
  - revisiting previous audits to ensure that agreed action plans have been properly implemented, so the controls are fully embedded in the day to day operations of the service or process.
- include time for:
  - audit planning, managing audit plan delivery, which includes managing contractors, and reporting
  - some work on:
    - the Council's arrangements for managing its business
    - key financial systems and grant claims
    - providing advice and support.

The remaining schools will only be audited at the Council's request, should there be concerns about their performance, or if requested by the school itself.

## **Appendix 2: Internal Audit Strategy**

Therefore the Audit Plan, attached at Appendix 2a, reflects the results of the risk assessment and the information gathered about the Council's assurance framework. The impact of the covid-19 emergency and the disruption that this has caused to the usual operations of the Council has meant that the planning procedures have been performed using a slightly different approach this year, with more remote working.

However the Audit Plan shows how the work will provide evidence that risks relating to the delivery of the Council's Ambition and Outcomes are being managed effectively. Appendix 2b maps audit work against corporate risks.

There is no contingency budget within the Audit Plan. Therefore, any risks that arise during the year will be considered against the risk profile of the work already planned before:

- a review is deleted and replaced by a new audit
- additional audit resource is purchased by the Council.

Consultancy engagements, if accepted in year, will also be included in the Audit Plan.

Changes to the Audit Plan will be reported to senior management for review and the Audit Committee for approval.

Fraud and corruption risks will be considered when determining the focus of each relevant audit. Any investigations into fraud, corruption, bribery, theft or financial irregularities that arise will be undertaken by the Counter Fraud and Investigation Team (the Team) now under the management of the Head of Internal Audit. The Internal Audit team will work closely with the Team to ensure an effective and integrated service is provided.

### **Resources**

Southend-on-Sea Borough Council and Castle Point Borough Council have signed an Internal Audit Collaborative Working Agreement to use their combined internal audit resources to provide a service to both Councils. The core team is then supplemented as required, by resources obtained via framework contracts with external suppliers. This service is managed by a jointly appointed Head of Internal Audit, who is also the Chief Audit Executive for both Councils.

The strategy will be to continue with this mixed economy approach to resourcing the service as long as costs remain competitive, productivity is high and quality standards are met, as measured by delivery of the agreed performance indicators.

Work will be allocated to staff with the appropriate skills, experience and competence to complete it. Where the Head of Internal Audit is responsible for an area being audited, arrangements will be made for the work to be supervised and reviewed by an appropriately qualified person from outside the service.

Up to date job profiles will be maintained reflecting modern professional requirements.

## **Appendix 2: Internal Audit Strategy**

Staff will not be allowed to audit the same area for more than three consecutive years thus preventing over-familiarity and complacency that could influence objectivity.

### **Training and Development**

Staff development needs will be continually assessed and fed into the service's training plan to ensure that appropriate skills are available to deliver the Strategy. Consideration will also be given to the need for staff to meet mandatory continued professional development requirements.

Staff will maintain individual training logs that satisfy relevant professional standards. These will be reviewed by line managers regularly as part of the corporate performance appraisal process.

Opportunities to purchase tailored training with other organisations will continue to be explored with the Workforce Development team.

### **Service Performance Indicators**

When the service is more fully resourced and settled, the suite of indicators that will be used to measure performance will cover economy, staff productivity, efficiency and effectiveness and consist of:

- delivering 100% of the Audit Plan by the July Audit Committee
- issuing draft reports to the service within 15 days of the final meeting to discuss the findings from the fieldwork
- delivering 75% of total available staff days on delivering the Audit Plan
- losing less than five days per full time equivalent due to sickness absence
- operating in the manner set out in the Standards at team and individual audit level as evidenced by:
  - the annual internal review completed by the Head of Internal Audit
  - five yearly independent, external performance assessments.
- completing a representative sample of stakeholder surveys that assess compliance with element of the Standards:
  - reporting the results regularly to the Audit Committee, with actions to be taken to improve performance, where required
  - reflecting the results in the annual performance assessment reported upon in the Head of Internal Audit Annual Report.
- discharging the duties set out in the CIPFA Statement on the Head of Internal Audit role, wherever possible
- demonstrating periodically that the cost of the service is competitive.

For 2022/23, performance targets will consist of:

- delivering 100% of the Audit Plan by the July Audit Committee
- those relating to sickness and stakeholder surveys.

Performance against targets set will be reported to senior management and the Audit Committee each quarter.

## Appendix 2: Internal Audit Strategy

### Delivering Audit Assignments

An audit manual will be maintained that guides staff in the performance of their duties. It will be reviewed regularly to reflect changes in working practices and standards. This will ensure that auditors obtain and record sufficient evidence to support their conclusions, professional judgements and recommendations.

The standard of files will be such that an experienced auditor, with no previous connection with the audit, will be able to ascertain what work was performed, re-perform it if necessary and support the conclusions reached.

The service will adhere to the Council's clear desk policy with regard to client information and audit files.

Audit files will be retained in accordance with the Council's file retention and disposal policy and comply with the Data Protection requirements.

Generally audit files and records are confidential. They will only be shared with the service being audited and external audit. If wider distribution is required, permission must first be obtained from the Head of Internal Audit.

### How We Will Work With You

**Appendix 2c** sets out how the service will work with key officers, management and Members within the Council, which includes details of who will receive key documents and reports.

Internal Audit will liaise with senior management regarding the timing of individual assignments wherever possible.

Terms of Reference and Draft Reports will be discussed and agreed to be factually correct with Group and Service Managers and Directors before being finalised with the Executive Directors, as appropriate.

Distribution lists are contained on the front of each report and are agreed in principle, with senior management.

Internal Audit reports contain a disclosure stating they should not be shared with anyone else without the permission of the Head of Internal Audit.

Audit reports will generally be designed to:

- give an opinion on the risk and controls in the area under review
- set out the issues arising, detail the action management is going to take to address them, identify who is accountable for each action and note appropriate delivery dates.

Those weaknesses giving rise to significant risks for which the proposed management action is not agreed will be brought to the attention of senior management and, if necessary, the Audit Committee.

## **Appendix 2: Internal Audit Strategy**

The Head of Internal Audit Annual Report will include:

- an annual opinion on the adequacy and effectiveness of the Council's risk management, control and governance processes
- a summary of work completed
- a statement of conformance with the Standards and the results of the Quality Assurance and Improvement Programme
- a comparison of actual work completed compared to what was planned as well as performance against its targets
- issues relevant to the preparation of the Annual Governance Statement
- progress in dealing with issues arising from any external performance assessment.

### **Audit Committee**

To support the work of the Audit Committee, Internal Audit will:

- develop agendas and attend meetings
- facilitate the Committee's review of its own remit and effectiveness, if required
- help identify any training needs and work with others to ensure that these are met.

### **External Audit**

Internal Audit will maintain an appropriate working relationship with the Council's external auditors, sharing documentation and reports as required to support the audit of the Statement of Accounts and any other work undertaken.

### **Partners**

Internal Audit will continue to explore opportunities to work effectively with internal audit services of partner organisations where this is beneficial. It will continue to look to make best use of joint audit resources as well as provide opportunities to share learning and good practice.

### **Quality Assurance and Improvement Programme**

The service will maintain a quality assurance and improvement programme that covers all aspects of internal audit activity. The internal assessment will reflect feedback obtained from:

- ongoing supervision and review of individual assignments
- stakeholder surveys
- regular monitoring of service delivery via agreed performance targets
- an annual self assessment of compliance with the Standards
- a periodic assessment of compliance with the CIPFA statement on the Role of the Head of Internal Audit in Local Government.

## **Appendix 2: Internal Audit Strategy**

Opportunities for peer reviews or independent challenge of the self assessment will continue to be proactively explored.

The combined Internal Audit Service is required to have an external assessment of its compliance with the Standards, at least every five years by a qualified, independent assessor from outside the organisation. This was undertaken by the Institute of Internal Auditors in October 2017.

When this assessment is next due, the Head of Internal Audit must discuss and agree with the Audit Committee the:

- form of external assessment (eg. full external assessment or self-assessment with independent validation)
- qualification and independence of the external assessor including any potential conflict of interest risks
- person who will act as the internal sponsor for this process.

The results of the quality assurance programme will be reported upon in the Head of Internal Audit's Annual Report. Progress made against any improvement plans will be reported to senior management and the Audit Committee.

### **Appendices**

- **Appendix 2a: Internal Audit Plan for 2022/23**
- **Appendix 2b: Audits assurance linked to corporate risks**
- **Appendix 2c: How We Will Work With You Statement**



## Appendix 2a: Internal Audit Plan 2022/23

ED & (Lead)	Service Activity	Fraud risk	Focus of Audit Work
<b>Managing the Business</b> <b>All Outcomes</b>			
F&R (AB)	<b>Risk Management</b>	No	<p>To support the Council to embed robust assessment of risk and opportunity into decision making that encourages creativity, learning and improved outcomes.</p> <p>This will extend the discovery phase piece of work undertaken in 2021/22 to further support the Council in developing its risk management framework with the aim of adopting a common approach across the Council.</p> <p><i>Planned April to September 2022</i></p>
<b>Implementing Action Plans</b>			
<i>None planned</i>			
<b>Managing Service Delivery Risks</b>			
<b>Pride and Joy</b> <p>By 2050 Southenders are fiercely proud of and go out of their way to champion what our city has to offer.</p>			
N&E (JS)	<b>Green City Action Plan</b>	Yes	<p>To assess the adequacy of arrangements to deliver on the Council's aim of becoming a Green City and achieving net zero emission by 2030.</p> <p><i>Planned for June to September 2022</i></p>
<b>Implementing Action Plans</b>			
N&E (JB)	<b>Highways Capitalised Maintenance Programme</b>	Yes	<p>To check that actions agreed have been effectively implemented and have been embedded into the day-to-day operation of the service.</p> <p><i>Planned July to September 2022</i></p>

## Appendix 2a: Internal Audit Plan 2022/23

ED & (Lead)	Service Activity	Fraud risk	Focus of Audit Work
<p style="text-align: center;"><b>Safe and Well</b></p> <p style="text-align: center;">By 2050 people in Southend-on-Sea feel safe in all aspects of their lives and are well enough to live fulfilling lives</p>			
F&R (PB)	<b>Contain Outbreak Management Funding</b> (Department of Health & Social Care No. 31/5456)	Yes	To certify that, in all significant respects, the conditions attached to the grant have been complied with for the spend up to end of 2021/22 (further work due 2023/24 for grant use during 2022/23). <i>Planned July to Sept 2022</i>
G&H (GH)	<b>Protect and Vaccinate Grant</b> (Department Levelling up and Communities)	Yes	To certify that, in all significant respects, the conditions attached to the grant have been complied with. <i>Planned April 2022</i>
A&C (SL)	<b>Disabled Facilities Grant (No. 31/5515)</b>	Yes	To certify that, in all significant respects, the conditions attached to the grant have been complied with. <i>Planned July to September 2022</i>
C&PH (AK)	<b>Supporting Families Programme</b> (previously known as Troubled Families)	Yes	To certify that, in all significant respects, the conditions attached to the grant have been complied with. <i>Planned throughout the year to align with the Payment by Results claim windows set by Department for Levelling Up, Housing &amp; Communities.</i>
F&R (PB)	<b>Local Authority Test and Trace Grant (No. 31/5127)</b>	Yes	To certify that, in all significant respects, the conditions attached to the grant have been complied with. <i>Planned April to June 2022</i>
C&PH (AK)	<b>Children's Quality Assurance Framework (QAF)</b>	No	To assess the effectiveness of the arrangements to embed into business as usual the tool used to assess the quality of social work practice, which is key to ensuring the Council delivers better outcomes to young people and families. <i>Planned January 2022 to March 2023</i>
G&H (GH)	<b>Rough Sleepers</b>	Yes	To assess the robustness of arrangements to ensure effective support is given to vulnerable people to achieve the outcomes within the Housing, Homelessness and Rough Sleeping Strategy, while achieving value for money. <i>Timing to be determined</i>

## Appendix 2a: Internal Audit Plan 2022/23

ED & (Lead)	Service Activity	Fraud risk	Focus of Audit Work
C&PH (AK)	<b>Independent Reviewing Officers</b>	No	To assess the effectiveness of Independent Reviewing Officers (IROs) in ensuring children's needs are met and their outcomes improved through the support and services that they receive. <i>Planned December to April 2022</i>
C&PH & A&C (AK & SL)	<b>Care Platform Change Management</b>	Yes	To assess the robustness of arrangements to identify, prioritise, and monitor delivery of change requests which ensure that resources are directed to deliver on the Council's key priorities and outcomes for delivering adult and children's services. <i>Timing to be determined</i>
C&PH (BM)	<b>Children not attending Education</b>	No	To assess the robustness of arrangements which ensure children not attending school are known and their welfare is monitored to keep them safe and that they realise their potential.
A&C (SL)	<b>Direct Payments</b>	Yes	To assess the robustness of arrangements for ensuring payments made to clients with an assessed need for support are valid and delivering the required outcomes for vulnerable citizens. <i>Timing to be determined</i>
<b>Implementing Action Plans</b>			
A&C (AM)	<b>Adult Social Care Recovery Programme</b>	No	To check that actions agreed have been effectively implemented and embedded into the day to day management of the recovery programme. <i>Planned April – June 2022</i>
<b>Active and Involved</b> By 2050 we have a thriving, active and involved community that feel invested in our city			
N/A	<b>No work planned</b>	N/A	
<b>Implementing Action Plans</b>			
<i>None planned</i>			

## Appendix 2a: Internal Audit Plan 2022/23

ED & (Lead)	Service Activity	Fraud risk	Focus of Audit Work
<p align="center"><b>Opportunity and Prosperity</b></p> <p align="center">By 2050 Southend-on-Sea is a successful city and we share our prosperity amongst all of our people</p>			
G&H (GH)	<b>HRA Strategic Asset Management</b> (Joint audit with South Essex Homes)	No	To assess the adequacy of arrangements in place to ensure HRA assets continue to deliver value and meet stakeholder needs, while supporting organisational objectives. <i>Planned July to September 2022</i>
F&R (SN)	<b>Corporate Asset Management</b>	Yes	To assess the adequacy of arrangements in place to ensure assets continue to deliver value and meet stakeholder needs, while supporting organisational objectives. <i>Timing to be determined</i>
A&C (BL)	<b>Community Investment Grant</b>	Yes	To assess the robustness of arrangements that ensure grant monies passed to the community are being properly accounted for and delivering outcomes for the citizens of Southend. <i>Timing to be determined</i>
G&H (GH)	<b>Housing allocations</b>	Yes	To assess the robustness of the arrangements that ensure available housing is allocated appropriately, in accordance with Council policies.
<b>Implementing Action Plans</b>			
N&E (JB)	<b>Southend Travel Partnership Joint Venture company</b> (trading as Vecteo)	Yes	To check that actions agreed from the two pieces of audit work during 2021/22 have been effectively implemented and embedded into the day-to-day operation of the service. <i>Timing to be determined</i> <i>(Also linked to safe and well 2050 outcome)</i>

## Appendix 2a: Internal Audit Plan 2022/23

ED & (Lead)	Service Activity	Fraud risk	Focus of Audit Work
<p style="text-align: center;"><b>Connected and Smart</b></p> <p style="text-align: center;"><b>By 2050 people can easily get in, out and around our borough and we have a world class digital infrastructure</b></p>			
N&E (NH)	<b>Local Transport Capital Block Funding (No. 31/5505)</b>	Yes	<p>To certify that, in all significant respects, the conditions attached to the grants have been complied with.</p> <p><i>Planned July to September 2022</i></p>
N&E (NH)	<b>Local Transport Capital Block Funding – Pothole Fund (No. 31/5506)</b>	Yes	
N&E (NH)	<b>Local Transport Capital Block Funding – Highways Maintenance Challenge Funding carried over from 2021/22 (No. 31/5072)</b>	Yes	
F&R (EB)	<b>My Southend (new platform)</b>	No	<p>To assess the robustness of the project governance arrangements to deliver the benefits to citizens, businesses, tourists, councillors and the Council, required from the new platform.</p> <p><i>Timing to be determined</i></p>
<b>Implementing Action Plans</b>			
<i>None planned</i>			
<p style="text-align: center;"><b>Future Ways of Working (6<sup>th</sup> 2050 theme)</b></p> <p style="text-align: center;"><b>Framework for how we modernise our workforce in 2021/22 and beyond, to guide the prioritisation and delivery of Southend 2050 outcomes.</b></p>			
N/A	<b>See also Advice and Support below and Managing the Business above</b>	N/A	<p><b>Advice and Support</b></p> <ul style="list-style-type: none"> <li>Financial Sustainability</li> <li>Business World Enterprise Resource Planning Programme of Work (Corporate Establishment)</li> </ul> <p><b>Managing the Business</b></p> <ul style="list-style-type: none"> <li>Risk Management</li> </ul>

## Appendix 2a: Internal Audit Plan 2022/23

ED & (Lead)	Service Activity	Fraud risk	Focus of Audit Work
<b>All Outcomes</b>			
SC&G (SP)	<b>Letting of Recruitment Contract</b>	Yes	To assess the robustness of the arrangements for reletting the Council's contract for recruiting agency and permanent employees. <i>Timing to be determined</i>
F&R (CR)	<b>Clearing House Automated Payments System (CHAPS) payments</b>	Yes	To assess the robustness of arrangements that ensure valid and accurate and payments are made using the CHAPS facility. <i>Timing to be determined</i>
F&R (CR)	<b>Procurement Cards</b>	Yes	To assess the robustness of processes for ensuring staff purchases made using procurement cards is transparent and valid. <i>Planned April to June 2022</i>
SC & G (SP)	<b>Staff Pay</b>	Yes	To assess the robustness of processes for ensuring accurate and valid payments are made to staff when these are outside of standard salary payments. <i>Planned October to December 2022</i>
<b>Implementing Action Plans</b>			
<i>None planned</i>			
<b>Key Financial Systems - All Outcomes</b>			
F&R (CR)	<b>Accounts Payable</b>	Yes	To assess the robustness of processes for ensuring accurate, transparent, and valid payments are made to suppliers and individuals. <i>Planned July to September 2022</i>
<b>Implementing Action Plans</b>			
<i>None planned.</i>			

## Appendix 2a: Internal Audit Plan 2022/23

ED & (Lead)	Service Activity	Fraud risk	Focus of Audit Work
<b>Advice and Support</b>			
<b>All Outcomes and Future Ways of Working</b>			
F&R (PB)	<b>Financial Sustainability (including Getting to Know your Business Initiatives)</b>	No	Provide ongoing support and challenge of the arrangements in place to deliver the Council's Budget Transformation Programme 2022/23 to 2025/26 which aims to ensure the Council remains financially stable and resilient for the future. <i>Timing to be determined</i>
SC&G (CT)	<b>Technology Modernisation Programme</b>	No	To provide support and challenge to the Board as Southend City Council's technology estate is modernised and simplified. <i>Planned throughout the year</i>
SC&G (CT)	<b>Device Issue and Return Review</b>	Yes	To provide support and challenge to the team assessing arrangements to improve processes for issuing and returning IT equipment to new starters and leavers. <i>Timing throughout the year</i>
SC&G (SN)	<b>Corporate Plan</b>	No	To provide support and challenge to the team developing the Council's Corporate plan which will identify the priorities for the delivery of outcomes for 2022-23 to 2025-26. <i>Planned April to September</i>
SC&G (CT)	<b>Business World Enterprise Resource Planning Programme of Work</b>	Yes	To provide support and challenge to the project team as the risks and control environment for the planned Corporate Establishment and other required improvements are considered and / or developed. <i>Timing throughout the year</i>
<b>Pride and Joy</b>			
By 2050 Southenders are fiercely proud of, and go out of their way, to champion what our city has to offer.			
N&E (JB)	<b>Letting of new Waste Collection Contract</b>	Yes	To provide support and challenge to the project team to ensure robust project management and procurement processes are applied and value for money is obtained for city residents. <i>Timing to be determined</i>

## Appendix 2a: Internal Audit Plan 2022/23

ED & (Lead)	Service Activity	Fraud risk	Focus of Audit Work
<b>Safe and Well</b> By 2050 people in Southend-on-Sea feel safe in all aspects of their lives and are well enough to live fulfilling lives			
A&C (SL)	<b>Adult Care Quality Assurance Framework (QAF)</b>	No	Ongoing challenge and support to the service area as the quality assurance framework is developed. The framework aims to ensure social work culture and practice is effective in safeguarding and promoting the welfare of adults, helping them achieve the best possible outcomes and life chances. <i>Timing to be determined</i>
C&PH (AK)	<b>Supporting Families Programme</b>	Yes	To provide support and challenge to the service as the Council's current Outcomes Framework is revised to align with the Department for Levelling Up, Housing and Communities (DLUHC) updated national outcomes framework and programme guidance. <i>Planned May to August 2022</i>
G&H (GH)	<b>Homes for Ukraine</b>	Yes	To provide support and challenge to the service as processes are developed to respond to the Council's responsibilities for providing support payments and oversight of accommodation to citizens fleeing Ukraine. <i>Planned April to May 2022</i>
<b>Active and Involved</b> By 2050 we have a thriving, active and involved community that feel invested in our city			
<b>No work planned</b>			
<b>Opportunity and Prosperity</b> By 2050 Southend-on-Sea is a successful city and we share our prosperity amongst all of our people			
<b>No work planned</b>			
<b>Connected and Smart</b> By 2050 people can easily get in, out and around our borough and we have a world class digital infrastructure			
<b>No work planned</b>			



## Appendix 2a: Internal Audit Plan 2022/23

### Managing Service Delivery

Delivering the internal audit service involves:

- audit planning and resourcing
- managing Audit Plan delivery, which includes overseeing contractor work
- keeping up to date with the council's changing risk profile to ensure the Audit Plan remains relevant
- reporting to senior management and the Audit Committee.

Audit Activities	Resource allocation
Managing the Business	6%
Managing Service Delivery Risks	57%
Key Financial Systems	4%
Grant Claims	13%
Advice and Support	10%
Follow Ups	5%
Managing Delivery of the Audit Plan	5%
Total	100%
<b>Total Council Audit Plan Days</b>	<b>590</b>

The days required to revisit and retest action plans from previous reports are included under each heading.

The Total Council Audit Plan Days reflects the higher cost of buying in external contractors to cover internal vacancies.

## Appendix 2a: Internal Audit Plan 2022/23

Analysis Over Executive Director Responsibilities		
All	Cross Cutting	5%
F&R	Finance & Resources	23%
SC&G	Strategy, Change & Governance	15%
G&H	Growth & Housing	12%
N&E	Neighbourhoods & Environment	18%
C&PH	Children & Public Health	15%
A&C	Adults & Communities	12%
	<b>Total</b>	<b>100%</b>

Analysis over the 6 Southend 2050 Themes		
1.	Pride & Joy	8%
2.	Active & Involved	0%
3.	Safe & Well	37%
4.	Opportunity & Prosperity	13%
5.	Connected & Smart	10%
6.	Future Ways of Working	13%
7.	All	19%
	<b>Total</b>	<b>100%</b>

## Appendix 2a: Internal Audit Plan 2022/23

Risk Watch List	
<b>These are other potential audits that may be considered for inclusion in the Audit Plan during the year should resources permit</b>	
F&R (JC)	Business Rates Collection
F&R (JC)	Asset Management – arrangements for letting and monitoring commercial leases for council property
A&C (SB)	Mental Health Service Provision (review of current arrangements including Section 75 agreement with EPUT scoped by service – last quarter reporting 2020/21 to Audit Committee October 2021)- FOR RISK ASSESSMENT
F&R (PG)	School Audits – assess assurance available from council teams that the role of the schools Finance team to determine the assurance their function may give overall
G&H (GH)	Empty Homes Strategy 2021 – 2026 (Cabinet Report January 2021)
<b>New areas of risk to keep watching brief</b>	
A&C (TF)	Integrated Care System (April 2022)
All	Association of South Essex Local Authorities (ASELA)
All	Anti-Poverty Strategy
N&E (EG)	Selective Licensing
F&R (LW)	Social Value - implementation of Strategy / Policy
N/A	Domestic Abuse Act 2021 Implementation Strategy (Cabinet report 14-9-21)
A&C	Southend Care Ltd Partnership Agreement 2022-2031 (Cabinet report 14-9-21)
C&P (BM)	Remodelling of Children's Centres (in house service from 1st October 2021)
N&E (JB)	New Highway Enforcement Policies (Cabinet January 2021)
A&C (BL)	Adult Social Care Strategies 2022/27; Living Well, Ageing Well and Caring Well
All	Association of South Essex Local Authorities (ASELA)
G&H	Building Safety Bill (introduced into Parliament on 30 June 2021 expected passage to take 9 months)



## Appendix 2b: Audit assurance linked to the council's corporate risks

CRR	Corporate Risks as at January 2022	Audit work providing assurance in 2022/23
1	<b>Covid-19 Pandemic</b> Risk that the Covid-19 pandemic causes an outbreak of ill-health in the borough resulting in health and care services being unable to cope with the volume of cases and significant disruption to the operational activities of the council and other public service organisations in the borough.	Embedding risk management piece of work Contain Outbreak Management Funding grant work Local Authority Test and Trace Grant Protect and Vaccinate Grant (Department Levelling up and Communities)
2	<b>Financial Sustainability</b> Risk that failure to address the financial challenge by effectively managing the growing demand for services, managing the costs of the Covid-19 response and enhancing local income streams as part of recovery will threaten the medium to long term financial sustainability of the council, leading to a significant adverse impact on council services and the ability to deliver the outcomes desired by the council, to address the financial position.	Embedding risk management piece of work Adult Social Care Recovery Programme- implementation of recommendations Southend Travel Partnership Joint Venture company (trading as Vecteo) - follow up of implementation of recommendations Business World Enterprise Resource Planning Programme of Work Financial Sustainability (including Getting to Know your Business Initiatives) Clearing house Automated payments System (CHAPS) payments Accounts Payable Procurement Cards Community Investment Grant Staff Pay Direct Payments Corporate Plan

## Appendix 2b: Audit assurance linked to the council's corporate risks

CRR	Corporate Risks as at January 2022	Audit work providing assurance in 2022/23
3	<b>Public Services Landscape</b> Risk that failure to address and engage with the different models and public service governance arrangements being discussed will result in the organisation and the borough being left behind and ultimately unable to deliver the council's ambition and outcomes.	Embedding risk management piece of work Association of South Essex Local Authorities (Risk Watch List) Community Investment Grant Corporate Plan
4	<b>Workforce</b> Risk that the council will not have the appropriate staffing resources, with the right skills, doing the right things, working in the right places through collaborative teams. Cross-council specific pressures relating to attracting talent in a competitive market, or straining existing resources, due to significant staffing changes and operational pressures are impacted by the significant changes to ways of working implemented in response to covid-19, leading to reduced workforce capacity causing a failure to effectively address the challenges posed by covid-19 in the short term and achieve the council's desired outcomes in the longer term. Further risk caused by the number of changes to CMT, that may impact on the capacity to progress with delivery of desired outcomes.	Embedding risk management piece of work Letting of Recruitment Contract Staff Pay Corporate Plan Business World Enterprise Resource Planning Programme of Work – Corporate Establishment
5a	<b>Cyber Security Event</b> Risk of a cyber security event causing significant operational, financial and reputational damage to the council, caused by: a) failure to ensure the council has a coherent and comprehensive approach to cyber security and data protection, including strategy, tools and processes	Embedding risk management piece of work Technology Modernisation Programme Device Issue and Return Review

## Appendix 2b: Audit assurance linked to the council's corporate risks

CRR	Corporate Risks as at January 2022	Audit work providing assurance in 2022/23
	b) a data breach c) remote working creating a wider footprint for attack. Opportunity to build resilience by ensuring that staff have the necessary digital skills.	
5b	<b>Data Protection</b> Risk that a failure to comply with responsibilities as a Data Controller (under DPA 2018 / UK GDPR) leads to personal data being compromised, resulting in harm to individuals, loss of trust from residents, businesses and others, regulatory action, financial penalty and reputational damage.	Embedding risk management piece of work My Southend (new platform) Technology Modernisation Programme Device Issue and Return Review
18	<b>Capital Investment Programme Delivery</b> Risk that a failure to deliver the agreed Capital Investment Programme leads to a lack of progress on the intended improvements to infrastructure and facilities for the borough anticipated to support Southend 2050 and the recovery priorities, resulting in reduced inward investment from businesses, missed employment opportunities for residents and reputational damage for the council.	Embedding risk management piece of work Highways Capitalised Maintenance Programme (Implementation of recommendations) Local Transport Capital Block Funding Local Transport Capital Block Funding – Pothole Fund Local Transport Capital Block Funding – Highways Maintenance Challenge Fund Corporate Asset Management Technology Modernisation Programme HRA Strategic Asset Management (Joint audit with South Essex Homes)

## Appendix 2b: Audit assurance linked to the council's corporate risks

CRR	Corporate Risks as at January 2022	Audit work providing assurance in 2022/23
7	<p><b>Safeguarding Responsibilities and Child Welfare</b></p> <p>Risk that the council will not be able to effectively deliver its statutory safeguarding responsibilities as a result of a lack of understanding, resources and the additional challenges posed by covid-19 restrictions, and that this causes a failure to deliver the outcomes anticipated for vulnerable people that are in need of support.</p> <p>Risk of failure to ensure that there are consistently good or better outcomes for children and families accessing children services, particularly the vulnerable that face the greatest exposure to those threats, resulting in worsening outcomes for those in need of that support.</p>	<p>Embedding risk management piece of work</p> <p>Supporting Families Programme</p> <p>Children's Quality Assurance Framework</p> <p>Southend Travel Partnership Joint Venture company (trading as Vecteo) - follow up of implementation of recommendations</p> <p>Independent Reviewing Officers</p> <p>Children not attending Education</p> <p>Adult Care Quality Assurance Framework (QAF)</p> <p>Homes for Ukraine</p>
968	<p><b>Adapting to Climate Change</b></p> <p>Risk that failing to implement changes needed to reduce the borough's carbon footprint will cause an inadequate contribution to the reduction in carbon emissions required. This will result in significant adverse impact on the borough, and if the climate adaptation measures being implemented are also inadequate, there will be further implications for the council in needing to respond to climate events in the borough.</p>	<p>Embedding risk management piece of work</p> <p>Green City Action Plan</p> <p>Letting of new Waste Collection Contract</p> <p>Corporate Plan</p>
9	<p><b>Health Inequalities</b></p> <p>Risk that the health inequalities, particularly the physical and emotional health and wellbeing of residents, will increase due to the impact of Covid-19 and the response to the pandemic.</p> <p>In the longer term the changes resulting from the Health and Care Bill may result in an Integrated Care system for</p>	<p>Embedding risk management piece of work</p> <p>Supporting Families Programme</p> <p>Integrated Care System (Risk Watch List)</p> <p>Disabled Facilities grant</p> <p>Adult Care Quality Assurance Framework (QAF)</p>



## Appendix 2b: Audit assurance linked to the council's corporate risks

CRR	Corporate Risks as at January 2022	Audit work providing assurance in 2022/23
	Southend and Thurrock, impacting on the implementation of the Localities Model, that does not result in effective health and social care outcomes for residents, resulting in increased health inequalities, worsening health outcomes and significant cost increases.	Rough Sleepers Direct Payments Children not attending Education
10	<b>LGA peer review of SEND and CWD</b> Provides an opportunity for the council to deliver further improvements in its SEND and CWD service offer with a focus on: <ul style="list-style-type: none"> <li>• Clarifying and communicating better the 'graduated offer' available to CYP and their families</li> <li>• Better communication with parents / carers, including simplifying language</li> <li>• Reviewing the pathway into the CWD service via the MASH and Early Help Front Door.</li> <li>• Reducing the number (%) of EHC assessment requests that are rejected</li> <li>• Broaden the training offer to staff and councillors on SEND.</li> </ul>	Embedding risk management piece of work Children's Quality Assurance Framework Independent Reviewing Officers Children not attending Education Supporting Families Programme
11	<b>Housing</b> Risk that a failure to implement plans to address rising homelessness and failure to implement the Housing, Homelessness and Rough Sleeping strategy will lead to further street and other homelessness, increased use of temporary accommodation & an inability to meet rising housing demand over the next 20 years, leading to worse outcomes for residents and an inability to deliver the outcomes for the borough desired by the council.	Embedding risk management piece of work HRA Strategic Asset Management (Joint audit with South Essex Homes) Rough Sleepers Housing allocations Homes for Ukraine

## Appendix 2b: Audit assurance linked to the council's corporate risks

CRR	Corporate Risks as at January 2022	Audit work providing assurance in 2022/23
	Risk is increased by the impact of Covid-19 on those previously just about managing no longer being able to manage, causing an increase in homelessness.	
12	<p><b>Adult Social Care</b></p> <p>Risk that difficulties being experienced in the adult social care market will cause provider failure and further difficulty in meeting increasing demand for support, resulting in worsening outcomes for those in need of that support. The impact of and response to covid-19 has heightened these risks in the short term, increasing the pressure on capacity in the market.</p> <p>Opportunity has been identified to reduce the number of people in residential care, using reablement and the community to support people to stay at home for longer.</p>	<p>Embedding risk management piece of work</p> <p>Direct Payments</p> <p>Adult Care Quality Assurance Framework (QAF)</p> <p>Adult Social Care Recovery Programme - implementation of recommendations</p>

## Appendix 2b: Audit assurance linked to the council's corporate risks

CRR	Corporate Risks as at January 2022	Audit work providing assurance in 2022/23
13	<p><b>Social Cohesion</b></p> <p>Risk that the impact of Covid-19 restrictions on both young people and those living in challenging circumstances, cause them to be particularly worried about the future and experience mental health issues, isolation and fears, resulting in a reduction in social cohesion and an increase in undesirable behaviour as restrictions are lifted.</p> <p>Increased footfall to beach and public spaces with increased unmanaged drinking leading to anti-social behaviour and an increased need to manage the public spaces.</p> <p>These impact on the ability of the borough to deliver the outcomes desired by Southend 2050 and damage the reputation of the borough.</p> <p>Opportunity for the celebration of City status to re-set and re-focus direction galvanising the community.</p>	Embedding risk management piece of work
14	<p><b>Waste Management</b></p> <p>Risk of contractor failing to meet contractual requirements to effectively manage waste arrangements results in a loss of service quality and additional financial liability for the council.</p> <p>Additional risk that the council will not have suitable arrangements in place for October 2023 when the current contract ends.</p> <p>Further risk that the enhanced service being sought from the revised future arrangements will not provide a solution that will deliver the outcomes in respect of adaptation to climate change and recycling that is being sought by the council.</p>	<p>Embedding risk management piece of work</p> <p>Letting of new Waste Collection Contract</p>

## Appendix 2b: Audit assurance linked to the council's corporate risks

CRR	Corporate Risks as at January 2022	Audit work providing assurance in 2022/23
15	<b>House Building Programme</b> Risk that not achieving the development and delivery of the house building pipeline through effective engagement and arrangements with the market and developers that have been impacted by Covid-19, will result in an inability to deliver the anticipated housing supply, causing additional pressure on the housing market and an impact on the delivery of the desired outcomes of the council, with an impact on Local Plan housing targets (see also CRR20).	Embedding risk management piece of work HRA Strategic Asset Management (Joint audit with South Essex Homes) Corporate Asset Management
16 170	<b>Regeneration and Major Projects</b> Risk that failure of partners to progress major infrastructure developments (e.g. Queensway, Seaways, Fossett Farm and Airport Business Park) will result in not achieving delivery of the plans and necessary sequencing of developments, resulting in the dependencies for the chain of regeneration not being delivered and the opportunities for improvement of the borough and delivery of anticipated outcomes not being achieved, as well as significant financial and reputational damage to the council.	Embedding risk management piece of work

## Appendix 2b: Audit assurance linked to the council's corporate risks

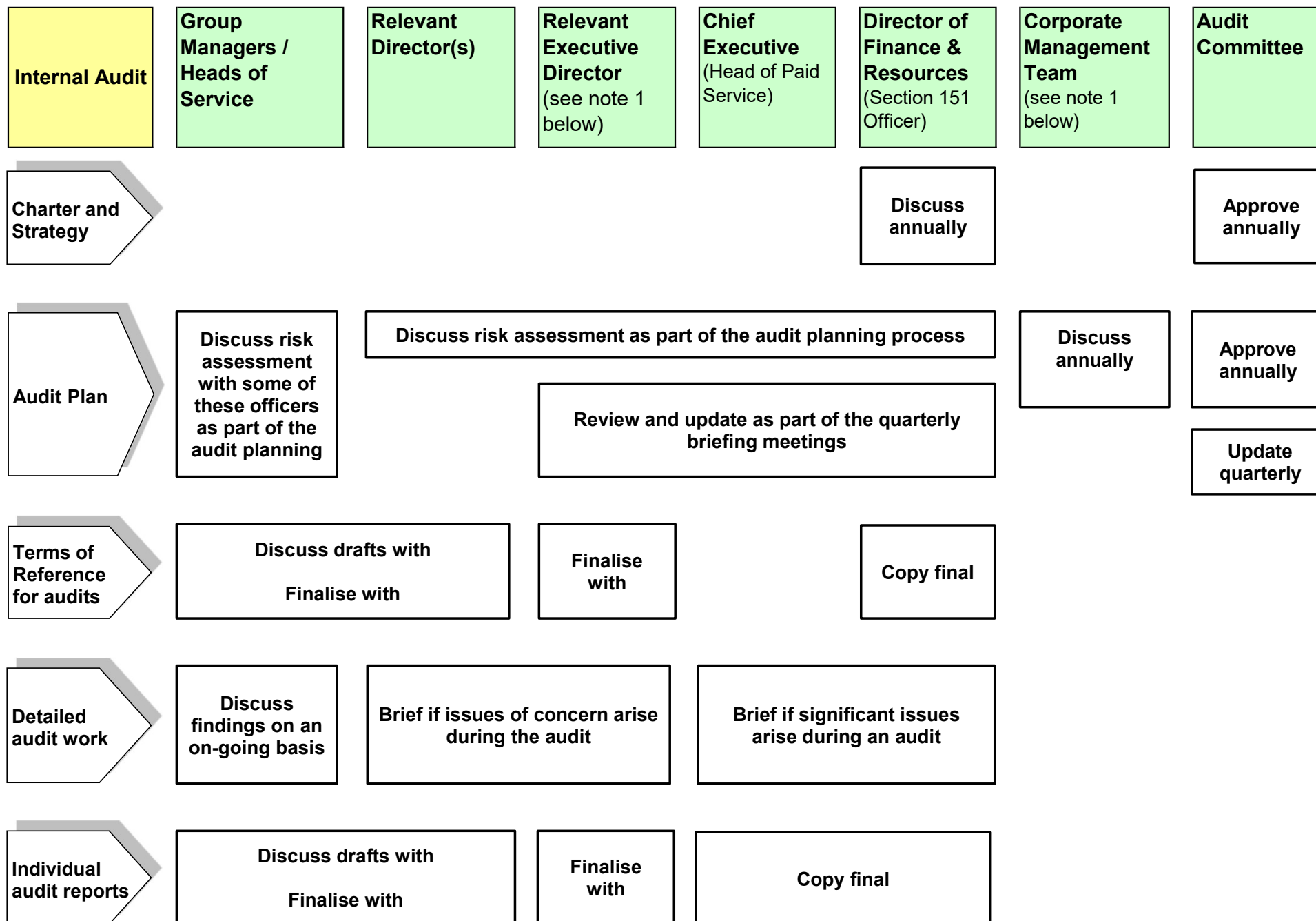
CRR	Corporate Risks as at January 2022	Audit work providing assurance in 2022/23
17	<p><b>Visitor Destination</b></p> <p>Risk that the competing demands and needs of residents and visitors will impact on the borough's ability to meet the needs of its residents or provide a suitable destination for visitors, and that Covid-19 impacts on the ability of the borough to provide an attractive proposition for visitors, with a resultant impact on the economic strength of the borough and employment opportunities for school leavers.</p> <p>Opportunities arising from City Status and people holidaying in the UK, but with potential increase in visitor numbers needing to be enabled to be done safely and ensure the offer made by businesses is sustainable.</p>	<p>Embedding risk management piece of work</p> <p>Highways Capitalised Maintenance Programme</p>
18	<p><b>Economic Recovery and Income Inequalities</b></p> <p>Risk that the impact of covid-19 reducing economic activity will cause a reduction in employment opportunities for 18-25-year-olds and an increase in unemployment across the borough. The impact is likely to be experienced unevenly across sectors with the retail, hospitality, leisure and tourism sector adversely affected causing further risk to traditional shopping centres and the town centre, as well as a further increase in income inequalities and disparity between different parts of the borough.</p> <p>However, the reduction in restrictions and the move to City status provides the opportunity to attract new businesses and employers into the borough, providing new and additional employment that can contribute to the delivery of the ambition and outcomes for the borough.</p>	<p>Embedding risk management piece of work</p>

## Appendix 2b: Audit assurance linked to the council's corporate risks

CRR	Corporate Risks as at January 2022	Audit work providing assurance in 2022/23
19	<b>Local Plan</b> Risk that failure to meet government requirements and deadlines and make sufficient progress in producing a Local Plan will lead to Secretary of State intervention, resulting in reputational damage to the council and the potential imposition of unwanted development and the loss of plan making powers, causing an inability to deliver upon the council's outcome priorities that are dependent on the Local Plan shaping and influencing the proposals for developments that are brought forward in the future.	Embedding risk management piece of work

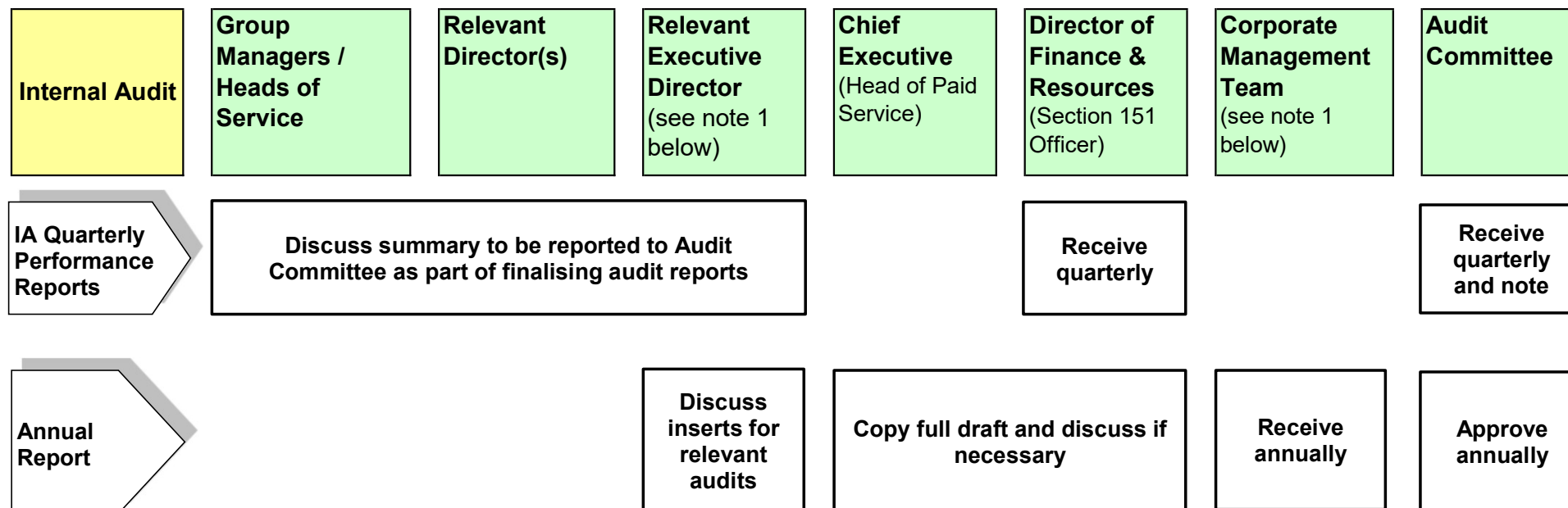
# How We Will Work With You Statement

Appendix 2c



## How We Will Work With You Statement

Appendix 2c



Note 1 These groups include the Council's Monitoring Officer