



**INTERNAL AUDIT
PROGRESS REPORT**

Rushcliffe Borough Council

2021/22 - February

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SUMMARY OF 2021/22 - FEBRUARY

INTERNAL AUDIT

This report is intended to inform the Governance Scrutiny Group of progress made against the 2021/22 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.



INTERNAL AUDIT METHODOLOGY

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

2021/2022 INTERNAL AUDIT PLAN

Three audits have been completed and we are pleased to present the following reports to this Governance Scrutiny Group:

- Housing Benefits
- Business Continuity & Disaster Recovery.

Fieldwork is underway or is due to begin on the final four audits which we hope to present at the next Governance Scrutiny Group:

- GDPR
- Contract Management and Procurement
- Homelessness and Temporary Accommodation
- Health and Safety.

AMENDMENTS TO 2021/2022 INTERNAL AUDIT PLAN

Following discussions with Officers we have agreed to move Hybrid Mail Project Review to 2022/23. This is due to the procurement exercise for the Hybrid Mail services currently being undertaken with a review more beneficial once this has been concluded. As a result, we have brought forward Health and Safety from 2022/23 in order to replace the Hybrid Mail audit.

2022-2023 AND 2022-2025 AUDIT PLAN

We have provided separately our draft internal audit plan for 2022-23 and also covering the next three years to 2025 for discussion and approval.

REVIEW OF 2021/22 - FEBRUARY

AUDIT	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Fraud Report	June 2021	✓	✓	✓	N/A	N/A
Main Financial Systems	November 2021	✓	✓	✓	●	●
Planning & s106	November 2021	✓	✓	✓	●	●
Corporate Governance	November 2021	✓	✓	✓	●	●
Business Continuity & Disaster Recovery	February 2021	✓	✓	✓	●	●
Housing Benefits	February 2021	✓	✓	✓	●	●
Hybrid Mail Project Review (Moved to 2022/23)	N/A					
GDPR	June 2022	✓				
Contract Management & Procurement	June 2022	✓				
Homelessness & Temporary Accommodation	June 2022	✓				
Health and Safety (brought forward from 2022/23)	June 2022	✓				



HOUSING BENEFITS

Design Opinion



Substantial

Design Effectiveness



Substantial

Recommendations



SCOPE

AREAS REVIEWED

- ▶ Review of a sample of new claims processed to confirm the completeness and validity of the information provided by claimants
- ▶ Review of a sample of changes in circumstances to ensure there is sufficient documentation in place to support the change, and that changes can only be made by staff with appropriate authority
- ▶ Review of the process for recording, monitoring and reporting process times, including weekly reports by the Benefits Manager and quarterly reporting of KPIs to the Performance Clinic
- ▶ Review of the frequency and completeness of the sample checking process, ensuring that checks are evidenced and action is taken to rectify identified issues
- ▶ Review of the controls that ensure that housing benefits are cancelled in a timely manner where the Council are identified by the DWP of individuals who are receiving universal credit
- ▶ Review of a sample of overpayments to ensure that the debt recovery process is consistent, timely and robust
- ▶ Review of a sample of write-offs to ensure the debt recovery process has been exhausted, there is supporting reasoning, and appropriate approval has been gained.



AREAS OF STRENGTH

- ▶ The Council has policies and procedure notes in place to guide the administration of Housing Benefits. There are a wide range of procedure notes available, from outlining the processes for rent increases, to universal credit termination. The Capita system is used to record all information related to claim processing and the Northgate system to support document storage and workflow management
- ▶ The claim assessors verify claimant information by cross checking through the Searchlight, WURTI (Wider Use of Real Time Information), VEP (Verifying earnings and pensions) and ATLAS (Automated transfers to local authority systems) systems
- ▶ Accuracy checks are performed regularly to ensure that claims are processed correctly. New joiners have 100% of assessed claims accuracy checked. In some instances, assessors are allotted a specific selection of claims that they have dealt with over a long period of time. The Council's target time to process new claim applications is 14 days. Currently, the average time to process new claim applications is 12.88 days
- ▶ The Housing Benefits manager runs performance reports through Microsoft Access on a weekly and quarterly basis. The reports measure performance related to the average time to process new claim, average time to process claim amendments and the percentage of cases for which the claim amount was calculated correctly by the assessor. Any deviation in the KPIs from target are investigated by the Benefits Manager and discussed with the team leaders when it is necessary. The Benefits Manager also runs reports to check the performance of individual assessors on a monthly basis which are discussed with the assessors as required. The Council also produces a " Performance Indicators - Strategic and Operational Scorecard " where the performance figures of several financial KPI's are collated and an additional report that outlines the quarterly position in terms of financial and performance monitoring which are both reported to the Council's Financial Services Manager who includes the information in Governance Reports presented at quarterly Corporate Overview Group meetings
- ▶ To prevent duplicate payment of housing benefits, the Benefits Manager and/or team Leader proactively carry out a review of current housing benefit claims that are high risk. Information is also received from the Department for Work and Pensions (DWP) on high risk claims through the Housing Benefit Matching Service (HBMS) on a monthly basis. If the claim is amended or stopped, letters are sent to the claimant informing them of the change and all actions are catalogued in Capita


▶ The Overpayments Officer runs weekly reports for overpayments that are at various stages of the recovery process and discusses the outliers with the Benefits Manager to determine next steps and actions that need to be taken. Most of the processes for overpayments are set up and automatically run in Capita, however, some require initiation by the Overpayments Officer. The Benefits Manager independently runs monthly reports on overpayments and discusses these reports with the Overpayments Officer as necessary.


**AREAS OF
CONCERN**

▶ No findings were identified

BUSINESS CONTINUITY & DISASTER RECOVERY


Design Opinion	● Substantial	Design Effectiveness	● Moderate
Recommendations	0 1 1		



SCOPE


AREAS REVIEWED

- ▶ Review of the Council-wide Business Continuity Plan to confirm arrangements for Disaster Recovery and arrangements for responding to major incidents are in place and how this has been communicated to all staff
- ▶ Review of whether a Business Continuity review process (or similar) has been established to review Business Continuity arrangements within the Council, ensuring consistency of process and sharing best practices
- ▶ Review of individual Business Continuity Plans at Directorate and Business level, and their link to the Council's overall Business Continuity Plan
- ▶ Review of whether the Business Continuity Plans have been tested in a simulated environment and the results have been analysed in order to identify weaknesses in the process and ensure lessons are learned and improvements made
- ▶ Review of the storage arrangements for the Plan to confirm it is adequate and secure
- ▶ Review of Business Impact Assessments
- ▶ Review of roles and responsibilities in relation to Business Continuity and whether they have been clearly documented within job descriptions.



AREAS OF STRENGTH

- ▶ The Plan outlines the key processes for business continuity, from training and exercises, to activation and incident management. This includes the identification of critical functions in the Council and their requirements for a minimum number of staff and IT systems; an agenda for a first meeting following an incident; and an action checklist for a loss of premise incident
- ▶ The IT Plan contains the processes required to enable the Council to recover IT services where a loss of computer equipment has taken place, and disaster recovery in relation to the loss or denial of access to systems. These services are provided by an external company, Adam Continuity Limited. One such provision is for an annual test of the disaster recovery arrangements
- ▶ Individuals across the Council have been clearly identified for coordinating the response in both the Plan and business continuity management strategy, from the Chief Executive and Executive Management Team, and other service managers. The roles and responsibilities of these individuals have been detailed extensively within the Plan to ensure there is appropriate oversight and knowledge. In addition, the responsibility has been clearly documented within the job descriptions of executive managers
- ▶ The storage location and access controls of the Plan are adequate and secure. Electronic copies of the Plan are accessed by the Executive Management team, Service Managers and Lead Specialists through a restricted folder on the Council's Y drive. Copies of the Plans are also stored externally on Resilience Direct which is password protected to ensure that only relevant staff have access.



AREAS OF CONCERN

- ▶ Business Impact Assessments were not completed accurately for 4/7 forms reviewed, with inconsistencies identified in guidance documents, templates and a sample of completed assessments

SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publication and emerging issues relevant to Local Authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, directors and members.

Over two thirds of councils set to raise council tax by maximum

Research has suggested that more than two thirds of councils are considering raising council tax by the maximum amount permitted without having to hold a referendum. Analysis of the plans of 50 councils reveals that 68% are considering raising their council tax to the maximum amount permitted without a referendum. For upper and single tier authorities, this is a 2.99% increase, including the 1% social care precept and 1.99% for general council tax. District councils may choose the greater of a 1.99% or £5 rise.

Analysis indicates that nine of the first 10 county councils for which information is available are set to raise council tax by the maximum level in 2022-23, with 86% of the unitary councils proposing to do the same. All the eight metropolitan districts that have announced their plans are proposing to raise council tax over the next financial year, but only three-quarters of them are proposing a maximum rise.

Of the 12 district councils whose plans were available, all but one has proposed raising council tax next financial year, most by something approaching the maximum. Only one of the district councils analysed has proposed to freeze council tax for the next financial year - Mansfield DC. Among councils proposing a maximum rise in council tax is Nottingham City Council, which declared a Section 114 notice last month.

In the October 2021 spending review, the government reduced the amount councils are permitted to raise the social care precept by without a referendum from 3% to 1%. Seven of the 39 top-tier councils which have published information are planning council tax rises under the maximum threshold allowed. Telford & Wrekin Council which has pledged to freeze general council tax rises for both the 2022-23 financial year and 2023-24 and will rely on raising the social care precept only.

Among those raising council tax by the maximum, several will see a 3% rise in the social care precept, having deferred the 2% rise permitted for the 2021-22 financial year to 2022-23. They include Bournemouth, Christchurch & Poole Council which has proposed to raise general council tax by the maximum allowed alongside a 3% increase in the social care precept, amounting to a 4.99% rise in total.

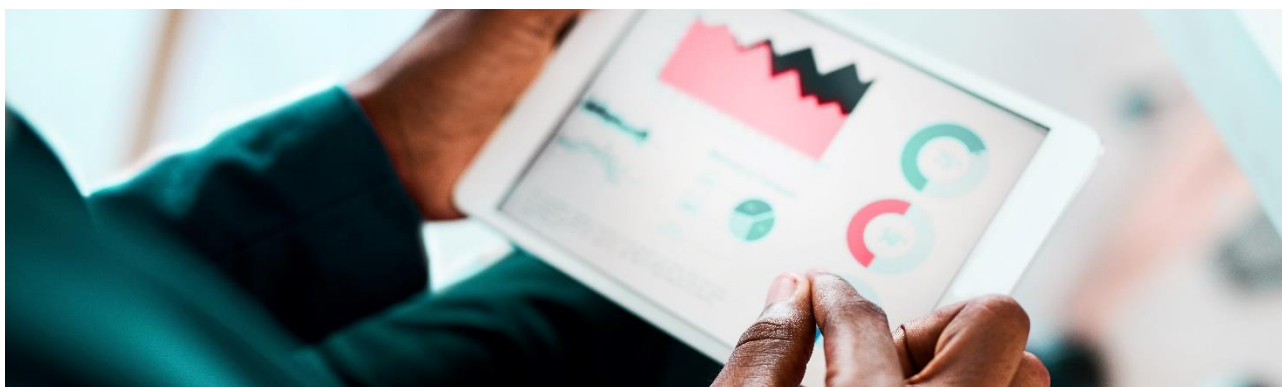
Over two thirds of councils set to raise council tax by maximum | Local Government Chronicle (LGC) ([lgcplus.com](https://www.localgovernmentchronicle.com))

Damning report into Sandwell council and full details of a variety of failings

A report issued by auditors Grant Thorntons, highlights a variety of governance failings at Sandwell Council. The report has described a "breakdown in trust, respect and confidence" between officers and senior elected members, and the council itself as "insular and siloed".

The 'Value for Money Governance Review', issued by Grant Thornton, an external auditor, undertakes annual reviews of local authorities effectiveness in using resources and its economic practice. Officialised on December 3, but only released yesterday, the report into Sandwell council's governance highlighted:

Deteriorating senior officer and senior member relationships over a number of years. An absence of intervention and decision making. A lack of clear contract management responsibility. Lessons "not being learnt" over failures to take ownership over incidents, such as the leakage of the Wragge Report. A lack of "corporate grip" to provide a clear vision for Sandwell council.



The report noted the amount of time spent investigating internal allegations and complaints is so great, it has "negatively impacted" on the council's ability to improve its public services. They also noted incidents such as the sale of Providence Place at a loss of £22 million to the Sandwell taxpayer, the fallout of SEND contracts, the underperformance of waste services with SERCO, and a near potential legal action from festival promoters over the cancellation of MADE festival, has negatively affected the council's reputation.

They concluded without the "green shoots" and changes made by the interim chief executive, Kim Bromley-Derry, and the new senior leadership team, intervention by national government "may have been necessary". Cllr Kerrie Carmichael (Lab, Blackheath), who is leader of Sandwell council said: "I welcome this detailed and thorough review of our governance arrangements. The cabinet and I recognise that, while the auditors are satisfied that government intervention is not necessary, we must build on the improvements put in place by the new leadership team. We have demonstrated the progress that has already been made and, as the report recognises, we are already seeing green shoots in key areas. We have been given a number of statutory and key recommendations as part of this governance review and these will form the basis for an action plan detailing the improvements we must make as an organisation. The report recognises there is a consensus that senior officers and members are in a stronger, more effective and constructive position than in the recent past. We will be relentless in focusing on improvements and will use this report as a baseline for the council's future transformation. My absolute priority going forward will be embedding sustainable, robust processes and improvements that the council can continue to build on in the months and years to come."

[Damning report into Sandwell council and full details of a variety of failings | Birmingham Live - Birmingham news, features, information and sport \(birminghammail.co.uk\)](#)

Council tax collection inquiry launched by HCLG Committee

The Housing, Communities and Local Government (HCLG) Committee has today launched an inquiry into council tax collection in England, examining the practices employed by local authorities to collect council tax arrears.

The inquiry will also look at other issues including whether there should be changes to the legislation on the recovery of council tax arrears, and how local authority council tax support schemes affect council tax collection rates.

Clive Betts, Chair of the Housing, Communities and Local Government Committee, said:

"Council tax arrears is the most common debt problem which people approach Citizens Advice about. Covid-19 has also inevitably had a major impact on many household incomes with some residents suffering financial hardship, leaving them to fall behind on their council tax payments.

In our inquiry, we are keen to understand about how councils differ in their approaches to council tax arrears, the support available to those who fall into council tax debt, and whether there needs to be changes to the law on the recovery of council tax arrears. We are also keen to examine how different council tax support schemes affect council tax collection."

The HCLG Committee's inquiry comes in the wake of the impact of COVID-19 on council tax arrears. In January 2021, Citizen's Advice estimated over 3.5 million people were behind on their council tax, and that 51% of those weren't behind before the pandemic. Government figures indicate that at end of March 2021, the total amount of Council Tax outstanding amounted to £4.4 billion.

The Government has provided support for those receiving council tax support through the hardship fund worth £500 million, most of which would go to people needing council tax relief. In May 2021 a 60-day breathing space for individual debts, including for council tax, was introduced.

In August 2021 the Government published best practice guidance for local authorities on council tax collection. The Committee's call for evidence is issued ahead of a short series of public evidence hearings which are likely to begin in early 2022.

Council tax collection - inquiry terms of reference

The Committee welcomes evidence submissions on the terms of reference outlined below. The closing date for submissions is 14 January 2022.

In particular, the inquiry seeks answers to the following questions:

- Do there need to be changes in the practice employed by local authorities to collect council tax arrears?
- What examples are there of local authority best practice in respect of council tax arrears collection - and what has the impact of this practice been?
- What is your assessment of the August 2021 government guidance on best practice for council tax collection?
- Do there need to be changes to the legislation on the recovery of council tax arrears?
- How do the different schemes of local authority council tax support affect council tax collection rates?

[Council tax collection inquiry launched by HCLG | Department for Levelling Up, Housing and Communities \(gov.co.uk/government\)](#)

£316 million government funding boost to tackle homelessness

Tens of thousands of people will be protected from homelessness as a result of a £316 million funding boost, announced by the Department for Levelling Up, Housing and Communities today (21 December 2021).

The government's Homelessness Prevention Grant will support households in England who are homeless or at risk of losing their home. Councils will use the funding to help them find a new home, access support for unexpected evictions and secure temporary accommodation where needed.

The funding includes an additional £5.8 million to support people forced into homelessness by domestic abuse. This follows the landmark Domestic Abuse Act, which ensures councils give people who find themselves in this situation a "priority need" for assistance.

Funding will be allocated to all councils responsible for housing in England based on local homelessness need in individual areas.

This underlines the government's commitment to ensure people at risk of becoming homeless, across the country, get help more quickly. Since the Homelessness Reduction Act came into force in 2018, over 400,000 households have been successfully prevented from losing their homes or supported into settled accommodation, with rough sleeping levels falling 37% between 2019 and 2020.

The Homelessness Prevention Grant, available for 2022/23, is on top of the recently-announced £66 million to provide rough sleepers with safe and warm accommodation and drug and alcohol treatment services this winter, and £65 million support package for vulnerable renters struggling due to the impact of the pandemic. Overall, the government is investing £2 billion over the next three years to tackle homelessness and rough sleeping.

Government has also announced a £28 million funding boost to help rough sleepers get their COVID-19 vaccines and move into safe accommodation. The Protect and Vaccinate scheme will help to increase vaccine uptake among people who are homeless and sleeping rough, by supporting outreach work in shelters to educate people about the dangers of the virus, giving money to councils to provide safe and secure accommodation while their level of vaccination is increased and delivering mobile vaccinations.

£316 million government funding boost to tackle homelessness | Department for Levelling Up, Housing and Communities ([gov.co.uk/government](https://www.gov.co.uk/government))





PERFORMANCE OF INTERNAL AUDIT

From the four most recent surveys the feedback is almost unanimously positive. The average overall audit experience is 4.25 out of 5 with all officers recommending BDO.

Audit Name	Was the Terms of Reference aligned to strategic/departmental risks?	Was the timeline of events through to reporting agreed and clearly explained?	How would you rate our understanding of your business through our input in conversations and correspondence?	How would you rate communication with regards to the progress of the audit and, if applicable, any significant issues identified?	How would you rate the closedown meeting in terms of discussing and agreeing findings?	How would you rate the audits contribution to delivering added value and insightful experiences?	Was the final report clear and concise?	Was agreement with all key stakeholders obtained prior to final distribution?	Where recommendations were made, were they constructive and practical?	Did our work add value?	How would you rate the overall audit experience?	Would you recommend BDO to others
Benefits Audit	Strongly agree	Strongly agree	4	5 (exceptional)	5 (exceptional)	5 (exceptional)	Strongly agree	Strongly agree	Strongly agree	Agree	5 (exceptional)	Yes
Planning and s106 Audit Report	Agree	Agree	4	4	4	4	Agree	Agree	Agree	Agree	4	Yes
Corporate Governance	Strongly agree	Strongly agree	4	4	4	4	Strongly agree	Strongly agree	Agree	Agree	4	Yes
Main financial systems	Agree	Agree	4	4	4	4	Agree	Agree	Agree	Agree	4	Yes

APPENDIX I - DEFINITIONS

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.



FOR MORE INFORMATION:

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