

Agenda Item No: 6

Report Title: Interim Report on the Council's Systems of Internal Control 2017/18

Report To: Audit and Standards Committee **Date:** 19 March 2018

Ward(s) Affected: All

Report By: Head of Audit and Counter Fraud

Contact Officer

Name: David Heath

Post Title: Head of Audit and Counter Fraud

E-mail: David.Heath@lewes.gov.uk

Tel no: 01273 484157

Purpose of Report:

To inform Councillors on the adequacy and effectiveness of the Council's systems of internal control during the first eleven months of 2017/18, and to summarise the work on which this opinion is based.

Officers Recommendation(s):

- 1 To note that the overall standards of internal control were satisfactory during the first eleven months of 2017/18 (as shown in Section 3).
-

Reasons for Recommendations

- 1 The remit of the Audit and Standards Committee includes the duties to agree an Annual Audit Plan and keep it under review, and to keep under review the probity and effectiveness of internal controls, both financial and operational, including the Council's arrangements for identifying and managing risk.

Information

2 Background

- 2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) has, with the other governing bodies that set auditing standards for the various parts of the public sector, adopted a common set of Public Sector Internal Audit Standards (PSIAS) that were first applied from 1 April 2013. The PSIAS have been updated, with new standards published in March 2017. The new standards are not materially different from the previous version, and so have not been separately reported to the Committee.
- 2.2 The PSIAS 2017 continue to specify the requirements for the reporting to the Audit and Standards Committee and senior management by the Head of Audit and

Counter Fraud (HACF). These requirements are met via a series of reports, including interim reports to each meeting of the Committee.

- 2.3** Each interim report includes a review of the work undertaken by Internal Audit compared to the annual programme, an opinion of HACF on the internal control, risk management and governance environment at the Council, together with any significant risk exposures and control issues, in the period since the beginning of the financial year. Each interim report contains an appendix that includes an outline of each of the final audit reports issued since the previous meeting of the Committee, and an appendix that outlines any significant recommendations that have not yet been implemented.
- 2.4** In September 2015, Cabinet approved a strategy for the development of shared services between Lewes District Council (LDC) and Eastbourne Borough Council (EBC) based on the integration of the majority of council services via a Joint Transformation Programme (JTP). The formal integration of the Internal Audit and Counter Fraud Teams in both councils took place on 1 July 2017.

3 Internal Control Environment at Lewes District Council

- 3.1** The Annual Report on the Council's Systems of Internal Control for 2016/17 included the opinion of HACF that the overall standards of internal control are satisfactory. This opinion was based on the work of Internal Audit and the Council's external auditors, BDO, and the Council's work on risk management. In the eleven months since the start of the financial year there has been nothing to cause that opinion to change and there have been no instances in which internal control issues created significant risks for Council activities or services.

4 Internal Audit work 2017/18

- 4.1** Table 1 shows that a total of 506 audit days have been undertaken compared to 570 days planned in the first eleven months of the year.

Table 1: Plan audit days compared to actual audit days for April 2017 to February 2018

Audit Area	Actual audit days for the year 2016/17	Plan audit days for the year 2017/18	Actual audit days to date	Pro rata plan audit days to date
Main Systems	347	295	300	
Central Systems	83	65	65	
Departmental Systems	86	65	3	
Performance and Management Scrutiny	8	45	33	
Computer Audit	2	5	5	
Management Responsibilities/Unplanned Audits	113	147	100	
Total	639	622	506	570

Note: The 'Pro rata plan audit days to date' provides a broad guide to the resources required to carry out planned audits. The actual timing of the individual audits will depend on a variety of factors, including the workloads and other commitments in the departments to be audited.

The variance of 64 days has arisen mainly from the retirement of the Senior Auditor in January 2017, with the vacancy filled on 4 September 2017, the additional time being spent on management tasks arising from the JTP, and a period of six weeks

absence for a team member following an operation. The overall position has gradually improved as the year has progressed, but there will be a shortfall in the time available for audit work.

- 4.2** This section of the report summarises the work undertaken by Internal Audit, compared to the annual plan that was presented to the Audit and Standards Committee in March 2017. Further information on each of the audits completed since the previous meeting of the Committee is given at Appendix A1.
- 4.3 *Main Systems:*** The main work has been on the testing of the major financial systems in order to gain assurance on the adequacy of internal controls for the Annual Governance Statement (AGS) and to inform BDO's work on the Council's accounts for 2016/17. A final report has been issued, together with a separate final report on the issues arising from the review of Non-Domestic Rates (NDR). The corresponding work for 2017/18 is underway.
- 4.4** The work on behalf of BDO to test the Council's HB subsidy claim 2015/16 was completed, and the audited claim submitted, during July 2017. BDO's planning for this work had set out the standard testing and identified the likely need for significant additional testing to address the issues noted in the previous year's claim - the standard testing and the initial extra testing were completed in late September. The timetabled date for BDO to have signed off and submitted the audited claim was at the end of November 2016, but that date was not met because of further additional testing, reperformance by BDO, and the resolution of queries and challenges. The overall value of the claim was £36.5m. In July 2017, DWP confirmed the results of the audit - there had been an overpayment of subsidy of £6,976, but with a related understatement of £2,367 the net effect was a recovery of £4,609 by DWP.
- 4.5** The work on the HB subsidy claim for 2016/17 is well advanced. BDO had identified the need for significant additional testing to address the issues noted in the 2015/16 claim and other errors noted in the current claim. The timetabled date for BDO to sign off and submit the audited claim was the end of November 2017 but, because of the significant extra work required, Internal Audit is now working towards the submission of the claim at the end of March 2018.
- 4.6** In order to avoid similar delays in the completion of the audit of the HB subsidy claim for 2017/18, Internal Audit is assisting service managers to put in place a range of preventative measures to help ensure the accuracy of claims assessments and recording. One aspect has been the use of external consultants Branch and Lee (B&L) to carry out data analysis of the HB files. B&L reported their initial results in November 2017, and will carry out a further check on HB files at the end of March 2018.
- 4.7 *Central Systems:*** A final report has been issued for the audit of Ethics. A final report has been issued for a review of EBC/LDC compliance with aspects of the Regulatory Powers Act (RIPA), and a similar review of compliance with the General Data Protection Regulation (GDPR) at both councils is at the draft report stage. HACF has carried out an independent consultancy review of options for the future management of the Lewes and Eastbourne Leisure Trusts – the results of the review were reported to the November 2017 meeting of the Committee. HACF is leading on an audit of the Joint Ventures and Council Companies that have been

established by both EBC and LDC to help provide services and improve the councils' respective financial positions – the audit is underway.

- 4.8 Departmental Systems:** The audit of Estates Management, incorporating work on the corresponding function at EBC, began in January 2017 but was put on hold to free resources for the work on the HB subsidy claim 2015/16 and the testing of the major financial systems – the audit has now restarted and is being carried out by the team's two Audit Managers as part of the shared service arrangements. Initial discussions have been held with client managers on the planned audit of the procedures for managing the Housing Register – a start date has yet to be agreed.
- 4.9 Performance and Management Scrutiny:** The initial work in this category was in reviewing the data that supports the Annual Governance Statement (AGS) for 2017. This was followed by an assessment of the impact of the JTP on the client liaison arrangements and audit planning procedures. Recent work has been the review of risk management issues linked to the report on Risk Management and the Strategic Risk Register that is reported separately to this meeting of the Committee (see also Section 9).
- 4.10 Computer Audit:** Internal Audit has examined the IT aspects of the main financial systems (see 4.3 above).
- 4.11 Management Responsibilities/Unplanned Audits:** This category provides resources for activities such as support for the Audit and Standards Committee, managing the Counter Fraud Team, liaison with BDO, managing the Follow Up procedures, as well as for special projects or investigations.
- 4.12** HACF has carried out an independent consultancy review of the options for the future management of strategic procurement at both councils. The results of the review were reported to the November 2017 meeting of the Committee. A final report has been issued for a review - also carried out by HACF - of the Prevent and Protect Strategy.
- 4.13** CMT has requested Internal Audit to carry out an assurance review to support the establishment of the newly configured Health and Safety (H&S) service. The review includes site visits to two key service areas – the Eastbourne Crematorium and the Waste and Recycling (W&R) service for LDC. A final interim report has been issued on the W&R aspects of the review.
- 4.14** Internal Audit continues to coordinate the Council's work on NFI data matching exercises. Internal Audit, the Investigations Team and service managers prepared for the receipt of the reported matches, and nominated officers to investigate matches in their service areas. The reported matches arrived in late January 2017 - there are over 2,000 separate matches detailed across 93 reports. Each report sets out different types of potential frauds among benefit claimants, housing tenants, and anyone receiving payments or discounts from the Council. The exercise involves analysis of the matches to identify those that are the result of error or coincidence, and then the examination of the remaining matches to assess the likelihood of fraud - 335 matches have been examined, with no fraud or error noted so far. The Audit and Standards Committee will be kept advised of progress.

5 Follow up of Audit Recommendations

- 5.1** All audit recommendations are followed up to determine whether control issues noted by the original audits have been resolved. The early focus for follow up in 2017/18 has been on confirming the implementation of the recommendations that had been agreed in the previous year.

6 Quality Reviews/Customer Satisfaction Surveys/Performance Indicators (PIs)

- 6.1** The results of the Internal Audit quality reviews, customer satisfaction surveys and PIs for 2016/17 were reported to the June meeting of the Audit and Standards Committee. The results enabled the HACF to report that the Internal Audit service at Lewes is fully effective, is subject to satisfactory management oversight, achieves its aims, and objectives, and operates in accordance with the Internal Audit Strategy as approved by the Audit and Standards Committee.
- 6.2** The planned External Peer Review of LDC Internal Audit is underway. The review is being carried out by the Principal Auditor at Chichester District Council. The results of the review will be reported to the June 2018 meeting of the Committee.

7 Review of 2017/18 Audit Plan

- 7.1** As part of the report to the March 2017 meeting of the Committee that detailed the Annual Audit Plan, HACF advised that there would be a nine month review of the Audit Plan for 2017/18 to assess whether any significant changes were necessary.
- 7.2** That review has taken place and the results of the review were presented to the January 2018 meeting of the Committee. The review took account of a range of issues, in particular the Joint Transformation Programme, the impact of the significant extra work on the Benefits subsidy claim with BDO, the time between the retirement of the Senior Auditor and the arrival of the replacement, and the extra audit days worked by HACF. There has been a significant impact on the number of days available to complete the audit programme for 2017/18, and there has been a need to re-assign some tasks.
- 7.3** HACF advised that the significant aspects of the annual audit plan will be covered, with audits that are planned or underway continuing to a normal conclusion. The exceptions are:
- The audit of Legal Services (in Central Systems) will be scheduled into the Annual Plan for 2018/19.
 - The planned audits of Members Allowances and Expenses, and Licensing (in Departmental Systems) will be scheduled into the Annual Plan for 2018/19.

8 Combatting Fraud and Corruption

Local initiatives

- 8.1** The Counter Fraud Team is a member of the East Sussex Fraud Officers Group (ESFOG), a body that enables information sharing and joint initiatives with neighbouring authorities on a wide range of counter fraud work.

- 8.2** A sub group of six authorities within ESFOG are working together in a 'Hub' approach to coordinate counter fraud initiatives across East Sussex and Brighton. The Hub is managed by officers at EBC and Wealden District Council with input from ESFOG partners. Recent Hub activities have included a shared approach to publicity for Hub activities and the development of an on-line system to allow the public to report suspected frauds – the Counter Fraud Teams at EBC and LDC use a shared web link to receive these reports. The Hub is working on the development of data sharing arrangements that will facilitate exercises to combat fraud on issues that cross council boundaries, for example NDR (see 8.7 below).

Counter Fraud Team

- 8.3** At present, countering housing tenancy fraud and abandonment, and preventing RTB fraud, are the main operational priorities for the Counter Fraud Team at Lewes because of the evidence of this being a high risk area for the Council. There are 18 cases of suspected abandonment and/or subletting under investigation, plus one of suspected housing application fraud. Six properties have been returned to stock after cases of abandonment. Further property returns are anticipated in current cases where evidence gives a strong indication that the tenant no longer lives at the property.
- 8.4** Since April 2017, 40 RTB applications have been checked to prevent and detect fraud, and protect the Council against money laundering. Of these, 15 RTB applications have been approved and passed for processing, and eight applications are currently under review. In this period, 19 RTB applications have been withdrawn or closed after intervention by the team. The team will assess these applications to determine whether the cases indicate potential fraud.
- 8.5** Recent months have seen a number of case referrals that have required extensive liaison with a range of Council services and external agencies to protect residents and prevent fraud. The team will be working further with front line staff to help in recognising possible issues such as attempted identity fraud.
- 8.6** A meeting has been held with managers in Homes First as the next stage in the development of a standard approach to combatting abandonment and subletting across the property portfolios of both EBC and LDC. The first step in this standardisation process was the introduction of a consistent method of checking RTB applications for both EBC and LDC.
- 8.7** NDR is a development priority for the shared service, with the aim to have a coordinated approach to counter business rates fraud across the county via a methodology developed with Hub partners.
- 8.8** Audit and Counter Fraud has in place an agreement with DWP for the management of cases of HB fraud. The major work on each HB case is the responsibility of the national Single Fraud Investigation Service (SFIS) within DWP. LDC retains a role in referring cases of suspected HB fraud to SFIS and handling requests for information. In an agreement with Counter Fraud colleagues at EBC, a member of that team carries out the DWP liaison work for LDC and thus allows the LDC team to focus on case work in other areas. In the period since April 2017, there have been 35 referrals to SFIS, and 86 information requests have been actioned.

9 Risk Management

- 9.1** Cabinet approved the Risk Management Strategy in September 2003. Since then risk management at the Council has been developed via a series of action plans, with the result that all the elements of the risk management framework set out in the strategy are in place and are maintained at best practice standards.
- 9.2** The risk management process has identified that most risks are mitigated by the effective operation of controls or other measures. However, there are some risks that are beyond its control, for example a major incident, a 'flu' pandemic, a downturn in the national economy or a major change in government policy or legislation. The Council has sound planning and response measures to mitigate the effects of such events, and continues to monitor risks and the effectiveness of controls. The overall satisfactory situation for risk management has helped to inform the opinion on the internal control environment.
- 9.3** A report on Risk Management and the Strategic Risk Register is presented separately to this meeting of the Committee. The report forms part of the reporting cycle on risk as set out in the Risk Management Strategy. In addition to providing an assessment of strategic risks facing the Council, the report includes the results of a review of the risk management framework.
- 9.4** In response to reductions in Government funding for local authorities, the Council continues to make savings each year in its General Fund (which covers all services except the management and maintenance of Council owned homes). At its meeting in February 2018, Council agreed a net budget of £11.82m for 2018/19 including a savings target of £1.03m – of this, £0.70m is to be delivered by Phases 2 and 3 of the JTP and £0.20m from increasing commercial income streams. The 2018/19 budget is to be seen in the context of a Medium Term Finance Strategy that will require an additional £0.73m of savings in the net budget by 2021/22, including £0.30m from the JTP.
- 9.5** There are also pressures to reduce spending on the management and maintenance of Council owned (HRA) housing. Starting in 2016/17, the Government has required all housing authorities to reduce tenants' rents by a 1% in cash terms in each of the four years through to 2019/20. As a result, by 2019/20, total annual rent income will have fallen by £0.6m to £14.4m. This means that savings of £2.2m will be needed to offset the expected impact of inflation on expenditure budgets over that period. A share of the JTP savings will pass through to the HRA, and the 2018/19 HRA budget has been reduced by a target of £0.30m accordingly.

10 System of management assurance

- 10.1** The Council operates a management assurance system, which enabled senior officers to confirm the proper operation of internal controls, including compliance with the Constitution, in those services for which they are responsible. As part of this process all members of the Corporate Management Team (CMT) are required to consider whether there were any significant governance issues during 2016/17. At its meeting on 30 May 2017, CMT confirmed that there were no significant governance issues to report, and there has been nothing in the period since then to change these assessments.

11 Corporate governance

11.1 The Council is required to produce an Annual Governance Statement (AGS), which outlines the main elements of the Council's governance arrangements and the results of the annual review of the governance framework including the system of internal control. The AGS for 2017 was presented to the June 2017 meeting of the Committee – a version of that AGS with minor amendments was issued with the financial statements for 2016/17.

12 External assurance

12.1 The Government relies on external auditors to periodically review the work of the Council to make sure it is meeting its statutory obligations and performing well in its services. The Council's current external auditors are BDO, and the results of their external reviews have helped inform the opinion on the internal control environment. The recent results are summarised below.

12.2 Annual Audit Letter for 2016/17 (October 2017) – This report summarises the key issues from the work carried out by BDO during the year, and was presented to the November 2017 meeting of the Committee. The report confirms the interim results that were included in the Audit Completion Report that was presented to the September 2017 meeting of the Committee. The key issues were:

- BDO issued an unmodified true and fair opinion on the financial statements for the year ended 31 March 2017.
- BDO identified a number of immaterial misstatements, but these were found to have no material impact on the opinion on the financial statements.
- BDO did not find any significant deficiencies in internal controls.
- BDO were satisfied that the Annual Governance Statement (AGS) was not misleading or inconsistent with other information they were aware of from the audit.
- BDO issued an unmodified opinion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.
- BDO noted that, whilst there is a funding gap in the Medium Term Financial Strategy (MTFS) the Council has appropriate arrangements to remain financially sustainable over a period of the MTFS. All of the required savings for 2017/18 have been identified.
- BDO noted that the Council's Whole of Government Accounts (WGA) submission is below the threshold for further work other than to submit the WGA Assurance Statement - the relevant section of the statement was submitted in advance of the statutory deadline.
- BDO noted that the Council had made progress against all the recommendations that were raised in respect of the New Homes Project, and there is evidence that the learning from this project has been applied to other capital projects.
- The BDO review of grant claims and returns for the year ended 31 March 2017 is in progress, and the results will be reported on completion of this work.

13 Future external audit arrangements

13.1 Under the provisions of the Local Audit and Accountability Act 2014, the Secretary of State for Communities and Local Government has specified that a company,

Public Sector Audit Appointments (PSAA) Limited, will appoint auditors to local government, police and some NHS bodies.

13.2 The Council has opted into the PSAA arrangements, and has recently been consulted on the appointment of the external auditor for the period of five years from 2018/19. PSAA have appointed Deloitte LLP, and the Council has responded to the consultation to confirm its acceptance of the appointment, which will start on 1 April 2018. Deloitte LLP will also be the external auditors for EBC.

13.3 BDO will carry out the audits of the 2017/18 accounts and the 2017/18 HB subsidy claim, and will therefore be working with the Council until at least November 2018. HACF is seeking cost quotations from Deloitte LLP, and will contact other companies if necessary, for the independent check and sign off of the HB subsidy claim exercises after the BDO contract has ceased.

14 Financial Appraisal

14.1 There are no additional financial implications from this report.

15 Sustainability Implications

15.1 I have not completed the Sustainability Implications Questionnaire as this report is exempt from the requirement because it is an internal monitoring report.

16 Risk Management Implications

16.1 If the Audit and Standards Committee does not ensure proper oversight of the adequacy and effectiveness of the Council's systems of internal control there is a risk that key aspects of the Council's control arrangements may not comply with best practice.

17 Legal Implications

17.1 There are no legal implications arising from this report.

18 Equality Screening

18.1 This report is for information only and involves no key decisions. Therefore, screening for equality impacts is not required.

19 Background Papers

[2017/18 Annual Audit Plan](#)

20 Appendices

20.1 Appendix A1 - Statement of Internal Audit work and key issues.

20.2 Appendix A2 - Table of abbreviations.

20.3 There is no Log of Significant Outstanding Recommendations (normally Appendix B) for this report.

APPENDIX A1

Statement of Internal Audit work and key issues

Audit Report: Prevent and Protect

Date of issue: 8 February 2018

Introduction

This title - Prevent and Protect - has been used as shorthand for a review of the responses by Lewes District Council (LDC) and Eastbourne Borough Council (EBC) to the UK's counter terrorism strategy - CONTEST. The CONTEST strategy was first developed by the Home Office in 2003 and has been subject to a number of revisions since then, with specific supporting legislation to enact the strategy. CONTEST is divided into four streams that are known within the counter terrorism community as the four Ps.

- Prevent: Stopping people becoming terrorists or supporting violent extremists.
- Protect: Strengthening our protection against attack.
- Prepare: Mitigating the impact of attacks.
- Pursue: Stopping terrorist attacks.

The Counter Terrorism and Security Act 2015 places a duty on all specified authorities (Lewes District Council and Eastbourne Borough Council are such authorities) to have due regard to preventing people from being drawn into terrorism. Prevent is managed at a partnership level by the East Sussex Prevent Board (ESPB) which is run by East Sussex County Council - EBC and LDC are members of this Board, with the councils classified as low risk areas. Responsibility for Pursue sits primarily with the Security Services and Police. The CONTEST strategy does not specify any formal duties for local authorities in respect of the Protect and Prepare streams. However, under the Civil Contingencies Act councils have a statutory response duty to deal with a range of major incidents including flooding, coast protection, major fires and terrorist incidents.

Overall opinion

From the audit work carried out during this review Internal Audit has obtained partial assurance that there is an adequate framework of policies, procedures and controls covering the administration of Prevent and how the Councils consider Protect and Prepare. There are some areas which require attention, including the need to ensure that action plans remain up to date and are monitored effectively. The report contains eight recommendations.

Main issues

There is a comprehensive governance structure in place which helps to ensure that the councils meet their responsibilities under the Prevent Duty.

Staff at the councils are represented on all relevant partnerships where Prevent is dealt with, and there are adequate resources to undertake the roles. There are clear lines of

responsibility and reporting between the Councils and partners.

The current Prevent Action Plan does not reflect the staff who are currently responsible for most of the actions identified. As the action plan has not been updated for some time the status of the actions shown as green (complete) or amber (partly completed) may have changed.

Training on Prevent has been provided to almost 230 staff and it is intended to put a new training plan in place after JTP Phase 2 is completed. Adequate information on Prevent is available on the councils' intranets.

There is limited information on the extent of room hire and its availability at the councils. Some information has been provided to Community Centres at EBC on the Extremist Speakers Framework and the role it has in Prevent. No evidence was found that rooms for hire at LDC had been identified or that parties leasing those property assets had been notified of the Prevent responsibilities of the Council. For the sample of sites where IT is available to the public, arrangements to prevent access to extremist material were found to be satisfactory.

In a small sample of recent contracts no evidence could be found that contractors were being made aware of Prevent. However, a form of wording has been prepared by Legal Services for this purpose.

Good progress would appear to have been made on a number of the action points included in the original report to CMT on Protect and Prepare when compared with the January 2018 draft update report. However, both reports lack target setting.

The Facilities Managers should not be responsible for progressing actions which do not fall within their areas of responsibility. However, there are benefits to be obtained from the Property and Facilities Shared Service (PFSS) coordinating the responses and monitoring progress in the areas identified for scrutiny.

Arrangements for significant public events where the councils are involved take into account the potential risk of a terrorist incident, with comprehensive multi-agency planning to ensure such events are managed safely.

Audit Report: Health and Safety Interim Report – Waste and Recycling

Date of issue: 21 February 2018

The Director of Service Delivery and Deputy Chief Executive requested Internal Audit to carry out an assurance review to support the establishment of the newly configured Health and Safety (H&S) service for both Eastbourne District Council (EBC) and Lewes District Council (LDC). In addition, it was suggested that key areas of risk in health and safety terms should be examined as part of the review – these were the Eastbourne Crematorium and the in house Waste and Recycling (W&R) service for Lewes District Council.

This interim report provides the results of the review of H&S at the Waste and Recycling service. The H&S review was carried out at the same time as an inspection of the W&R

operations by the Health and Safety Officer (HSO) that had been requested by the Head of Customer and Neighbourhood Services.

The results of the wider H&S review and the inspection of the Eastbourne Crematorium will be included in an overall report to be issued at a later date.

Overall opinion

From the audit work carried out during this review of Waste and Recycling (W&R) Internal Audit has obtained partial assurance that the Council has in place adequate measures to ensure that health and safety standards are maintained. This level of assurance is consistent with the Level 3 assessment made by the HSO.

In some respects the controls over health and safety provide effective safeguards for those working in W&R and the wider public. For example, there is a senior level commitment to ensuring proper standards of H&S, and there is a good understanding of the importance of H&S among the workforce. Vehicles are maintained to the necessary standard and subject to regular check.

The majority of staff wear the correct protective clothing at all times, and there is evidence of management action to address the few instances when this is not the case. A number of the staff and managers are very experienced, and new staff are required to undertake training in the H&S aspects of their work before they are allowed to join collection rounds. Arrangements to ensure the welfare of staff are generally to a high standard. A member of the administrative staff with H&S training carries out weekly checks on fire safety precautions, emergency lighting and the good order of the depot and yard.

However, there are gaps in the control processes which weaken the system of health and safety for W&R, and there is a need to improve compliance with existing controls (or introduce additional controls) to reduce the risks to the Council, staff and residents. The audit report contains two recommendations

Main issues

The Waste and Recycling service is currently engaged in major changes in service provision, including the roll out of the new recycling bins to all households across the District, and these are being managed at the depot alongside the normal activities to collect refuse and recyclates. The levels of activity, the number of vehicles parked at the depot and the increase in vehicle movements appear to create additional risks, particularly where the limitations of the site mean that pedestrians, cars and waste vehicles are sharing the same areas. Given the likely period of future use of the site as a W&R depot it appears necessary to consider changes to both operational arrangements and the depot layout to reduce the level of risk.

A framework of checks and inspections covering vehicles and working practices has been put in place to ensure proper standards of H&S, and for the most part the framework is working effectively. However, the resources available for management and supervision are under pressure because of the need to deliver major changes in service alongside the normal activities to collect refuse and recyclates. One outcome is that the Team Leader

inspections of crews and vehicles are not consistently applied across the three areas, with the result that there is no assurance that health and safety arrangements are properly enforced across all crews.

Observed driving standards were as expected from professional drivers, with no incidents or significant issues. It is a legal requirement for drivers to undertake Certificate of Professional Competence training on key aspects of their role; this training is run annually by LDC. There were a small number of cases in which vehicle reversing did not appear to follow good practice and was carried out without there being reversing assistance from other staff. Reminders on the use of reversing assistance and techniques could be reinforced with all staff during team meetings and 'tool box' talks.

Most of the issues raised by the HSE during their last inspection in March 2016 have been actioned. The few outstanding points mainly involve improvements in the ways that activities such as training and team leader inspections are planned and the results recorded. Without adequate documentation of what is planned and the results that have been achieved, there is limited assurance that the activities take place as intended.

Report by the HSO

The HSO has prepared a detailed draft report on the results of the separate H&S inspection. The HSO report provides detailed assessments of the various operational activities, covering the areas that were found to be satisfactory as well as those that require improvement – the report includes over 50 recommendations covering both minor issues and more significant matters. Internal Audit has chosen not to repeat these recommendations, but focusses on a small number of key areas.

The Head of Customer and Neighbourhood Services has agreed to action as a priority the detailed issues raised by the HSO, and Internal Audit acknowledges this commitment. Internal Audit has examined the action plan of necessary improvements that was agreed with W&R managers and team leaders at a meeting on 6 February 2018. The HSO carried out a follow up inspection on 8 March 2018 to review progress of the action plan.

APPENDIX A2

Table of abbreviations

AGS – Annual Governance Statement
BCP – Business Continuity Planning
BDO – BDO, the Council's external auditors. Formerly BDO Stoy Hayward
CIPFA – Chartered Institute of Public Finance and Accounting
CMT – Corporate Management Team
CTRS – Council Tax Reduction Scheme
DCLG – Department for Communities and Local Government
DFGs – Disabled Facilities Grants
DWP – Department of Work and Pensions
EBC – Eastbourne Borough Council
ESFOG – East Sussex Fraud Officers Group
ESPB - East Sussex Prevent Board
GDPR - General Data Protection Regulation
HACF – Head of Audit and Counter Fraud
HB – Housing Benefit
HRA – Housing Revenue Account. Refers to Council owned housing
HSO – Health and Safety Officer
ISO – International Organisation for Standardisation
IT – Information Technology
JTP – Joint Transformation Project
LATC – Local Authority Trading Company
LDC – Lewes District Council
NDR – Non Domestic Rates
NFI – National Fraud Initiative
PFSS - Property and Facilities Shared Service
PIs – Performance Indicators
PSIAS – Public Sector Internal Audit Standards
PSAA - Public Sector Audit Appointments
QAIP – Quality Assurance and Improvement Programme
RTB – Right to Buy
SFIS – Single Fraud Investigation Service
WGA – Whole of Government Accounts
W&R – Waste and Recycling