

Appendix B – Quarterly Report on Internal Audit and Counter Fraud Work

RECOMMENDATIONS FROM AUDIT REPORTS WHICH REMAIN OUTSTANDING AFTER FOLLOW UP

COLOUR KEY

High Risk
Medium Risk
Low Risk

REPORTS ISSUED 20/21

AUDIT	Original Assurance Level	High	Medium	Low	Latest Follow Up Date	Number of Follow Up	Assurance Level at Follow Up	High	Medium	Low	Next Follow Up Due	Outstanding recommendations	Client Comment
Members Allowances January 2021	Substantial	0	3	0	22.12.21	Second	Substantial	0	2	0	Jun-22	All expenditure must be evidenced by official VAT receipts. Where expenditure includes VAT, reimbursement must be claimed through the creditors system. (1 month)	<u>Audit Comment</u> No claims including VAT had been made by the time of the follow up so this could not be checked
												All expenditure must be charged to the correct general ledger code. (1 month)	<u>Audit Comment</u> Testing at follow up revealed one claim had been incorrectly coded
Procurement December 2020	Partial	0	11	0	16.12.21	Second	Partial	0	9	0	Apr-22	A Procurement Strategy must be written, adopted and disseminated. (12 months)	Due to working pressures this has not progressed however, it has been agreed that the Strategic Procurement Manager role will be made permanent from 1st January 2022. This should help facilitate its progress however, the appointment has not yet been formalised by the issue of a contract.

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												<p>A Procurement Forward Plan must be written, adopted and disseminated. (6 months)</p>	<p>In progress, a number of business plans have been received to support the developments of the forward plans. There is potential for this to be incorporated into the Community Wealth Building Officer role.</p>
												<p>Performance against the Procurement Forward Plan must be monitored and reported. (6 months)</p>	<p>The comments from the last follow up apply and the Strategic Procurement Manager has monitored savings and social value commitments against the procurements which he has managed. <u>Audit comment:</u> Responsibility for updating the contract register going forward must be identified.</p>
												<p>Policies and procedures must clearly state that Corporate contracts must be publicised around the Council. (12 months)</p>	<p>Councils are required to publish transparency data about their contracts on a quarterly basis. Although the councils' contract registers are published on the website, they are incomplete and the data in some cases is inaccurate. <u>Audit comment:</u> Responsibility for updating the contract register going forward must be identified.</p>

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												<p>Policies and procedures must clearly state that where corporate contracts exist these, and no other company, must be used.</p> <p>(12 months)</p>	<p>Amendments to the Contract Procedure Rules are still being worked on.</p>
												<p>Creditor expenditure must be regularly reviewed and investigated to highlight opportunities to put contracts in place and identify failure to use current corporate contracts.</p> <p>(6 months)</p>	<p>Spend analysis is completed on an annual basis.</p> <p><u>Audit comment:</u> To ensure that expenditure out of contract is identified promptly spend analysis should be completed on a more regular basis.</p>
												<p>Non-compliance of raising purchase orders must be monitored and persistent offenders reported to the head of the relevant service area.</p> <p>(6 months)</p>	<p>We are reviewing available resources to be able to implement this new initiative including assigning the new interim systems accountant to this task to ensure compliance.</p>
												<p>A note must be added to guidance on raising invoices reminding officers to: • check the contracts register to consider whether their order could fall under the remit of a supplier with whom the organisation has an outstanding contract. Where a corporate contract exists these,</p>	<p>Guidance for raising purchase orders will be updated to remind officers to check the contracts register for the supply of goods and services.</p>

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												and no other company, must be used • prompt officers to consider using suppliers already set up on the creditors system for a similar product (3 months)	
												The ability to expand the “Types” facility within Creditors must be investigated and if possible use of “Types” implemented across EBC, LDC, EHL and SEESL. (6 months)	A meeting with the Strategic Procurement Manager will be arranged to consider the use of “Types” and whether this would work.
Business Continuity Planning November 20	Minimal	4	0	0	20.12.21	Third	Partial	2	0	0	Currently ongoing	Business Continuity Plans for both councils must be completed and adopted as soon as possible. (6 months)	The County Emergency Planning Officer was going to assist in training our Heads of Service (HOS) to complete their Business Impact Assessments. However the officer has now left and our Emergency Planning Officer, who has undertaken a week’s intensive training course on business continuity will be undertaking the training of HOS with the Emergency Planning Officer and Regulatory Services Lead and Emergency Planning Officer in the New Year.

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												Business Continuity Plans for every department must be completed and adopted as soon as possible. (6 months)	The County Emergency Planning Officer was going to assist in training our Heads of Service (HOS) to complete their Business Impact Assessments. However the officer has now left and our Emergency Planning Officer, who has undertaken a week's intensive training course on business continuity will be undertaking the training of HOS with the Emergency Planning Officer and Regulatory Services Lead and Emergency Planning Officer in the New Year.
Arrears Collection January 2021	Partial	2	2	3	18.01.22	Second	Partial	2	1	3	Ongoing	Action must be taken to investigate the possible recovery of old debts. (12 months)	<u>Lead for Income Maximisation and Welfare</u> Action has begun to address the immediate priority debt stream as directed by the Chief Finance Officer which is to maximise the collection of overpaid Housing Benefit debts. The approach and strategy was set out in a report that was presented to Corporate Management Team in September and subsequently to the Accelerating Change Steering Group in November. Recommendations to deploy a digital recovery strategy and purchase a

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													<p>module that will help to increase Direct Earnings Attachment Orders for debts where it has been possible to identify a debtors employer through matching to HMRC records. The contract for the digital recovery strategy was signed in December and the data sharing agreement is being finalised by Legal Services. Implementation will start in the New Year once the delivery of the latest round of CV-19 business grants has finished towards the end of February.</p>
												<p>Where appropriate consideration must be given to writing off old debts as irrecoverable. (6 months)</p>	<p><u>Head of Customer First</u> There is a write off procedure but the historic debts need to be reviewed in conjunction with finance to ensure they are ok to be passed for write off. (The Head of Customer First later explained that her comments are superseded by the comments below). Lead for Income Maximisation and Welfare The councils have limited powers for writing off debts in respect of Council Tax and Business Rates which are legally due and payable. There is no legal power to write off, for instance, on the grounds</p>

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													that the customer cannot afford to pay. In practice the councils are therefore able only to write off under the following exceptional circumstances: · The debt is uneconomic to pursue any further · The debtor has absconded or the debtor is deceased · A term of imprisonment has been served (no further recourse to recover the outstanding amount) · The debtor has gone into bankruptcy or liquidation and there no funds available to creditors We cannot easily 'strategise' writing off aged debts by oldest year, especially through automation or bulk write off as it requires a case-by-case review to assess individual cases which is time consuming and must be balanced with the collection and recovery of in-year debts. There is also a duty to protect the public purse for those residents that do pay their Council Tax on time otherwise the cost of writing off a significant amount of debt will be passed on to the taxpayer. Due regard to the Council's bad and doubtful debt provisions

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													must be considered in this regard.
												<p>Consideration should be given to aligning all income and recovery departments under the management of Customer First / Account Management (3 months)</p>	<p><u>Head of Customer First</u> When we are fully staffed we will be focussing some of the team on recovery of debt as a full-time piece of work. We are also in the process of identifying those with multiple debts across services and contacting them to offer assistance and advice.</p>
												<p>An overarching corporate arrears collection strategy must be drawn up and adopted, under which the separate policies for the individual debt streams sit, to ensure council departments responsible for collecting monies are acting in accordance with approved guidelines. (3 months)</p>	<p><u>Deputy Chief Finance Officer</u> The Fair Debt Policy has not been updated for a while and probably needs updating to include Debt Relief Orders , IVAs and Bankruptcy as well as Breathing Space as they are all a common occurrence due to the current economic climate. The Fair Debt Policy will need to be written as such that all debts streams are incorporated including the different rules and regulations.</p>

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												<p>A review of the terms of Debtor accounts should be undertaken to ascertain if it is possible or practical to add interest to unpaid invoices.</p> <p>(3 months)</p>	<p><u>Deputy Chief Finance Officer</u></p> <p>Agreed – will work with the Debtors Team Leader to implement this</p>
												<p>Investigation should be undertaken to ensure Aged Debt Analysis reports are available for all income streams and used for monitoring recovery of arrears.</p> <p>(3 months)</p>	<p><u>Head of Customer First</u></p> <p>This piece of work is still ongoing and I will work with IT BAU to get this in place as soon as possible. This requires work by our suppliers.</p>
<p>Implementation of Housing Software</p> <p>March 2021</p>	Partial	2	0	1	09.02.22	Second	Substantial	1	0	0	May-22	<p>Resources must be made available to ensure constructive communication and cohesive working across the teams enables knowledge sharing to produce the required report parameters.</p> <p>(1 month)</p>	<p>This work is ongoing as recruitment to the new role re: report writing has not, yet, been successful. Other options are currently being considered.</p>

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Leaseholder Management and Recharges December 2020	Partial	0	2	0	4.03.22	Second	Substantial	0	1	0	June-22	The Leaseholder Charges, Handbook, Legal and General Leasehold scheme and Permission for Alterations form must be made available on the councils' website, for LDC Leaseholders. (6 months)	1st draft completed and consultations will begin April 2022
Fly Tipping March 2021	Partial	0	7	0	09.02.22	Second	Substantial	0	4 all ongoing	0	May-22	The councils must develop a fly-tipping policy and strategy. (3 months)	This has been written and is going to Cabinet for adoption.
												The current procedures must be reviewed to ensure that they are up to date and include the following: • accurately recording evidence of the fly tip • all investigation steps taken • all enforcement action taken (3 months)	Now reviewing these with a proposed completion dates of end April 2022
												Procedures must be put in place to monitor the following: • administration of fly-tipping • decision making • penalty notices issued • record of payments received • action taken when payments are not received (3 months)	Now reviewing these with a proposed completion dates of end April 2022

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												Standard fly-tipping letters must be reviewed, aligned and made available for use by all officers in Neighbourhood First. (3 months)	Letters are being developed and should be completed in the two weeks.
Officers Expenses February 2021	Substantial	2	2	11	09.11.21	First	Substantial	0	1	5	Ongoing	The Reimbursement of Officers Expenses via Creditors claim form must be updated to include a link to up to date relevant council rules. (3 months)	There has been staff availabilities issues and I will suggest the deadlines are extended.
												Officers expenses claims forms should be amended to have a tick box to be completed to show that a VAT receipt has been attached and a disclaimer that expenses claims may be questioned if there is no VAT receipt or the receipt is illegible. (3 months)	There has been staff availabilities issues and I will suggest the deadlines are extended.
												Consideration should be given to listing the most regularly used detail codes on the instructions tab of the Officers Expenses claim form. (e.g. travel, subsistence, equipment etc) and a note to cross	There has been staff availabilities issues and I will suggest the deadlines are extended

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												reference this put onto the form itself. (3 months)	
												The mileage claim form must be changed to ask for the total mileage as calculated by AA route planner and not ask for mileometer readings. A screen dump of the AA route planner showing the route and total mileage should also be asked for on the claim and no claim processed unless a screen dump was sent with the claim. (3 months)	The claim form on the Hub has not been updated regarding mileage calculation and Head of HR confirmed that they were not aware of any mileage calculation claim form changes.
												Claims for off-peak travel between Lewes and Eastbourne must be paid at the post 9am return rail fare once the appropriate Easit discount has been applied regardless of whether the officer claiming used the Easit discount in accordance with the Travel Policy. (1 month)	To be raised at the next Senior Manager Forum.

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												Detail codes quoted on expense claim forms must be checked, prior to payment being made, to ensure that where the claim is relates to an obvious cost (e.g. subsistence) the correct code has been used. (3 months)	To be raised at the next Senior Manager Forum.

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Some follow-ups are currently ongoing.