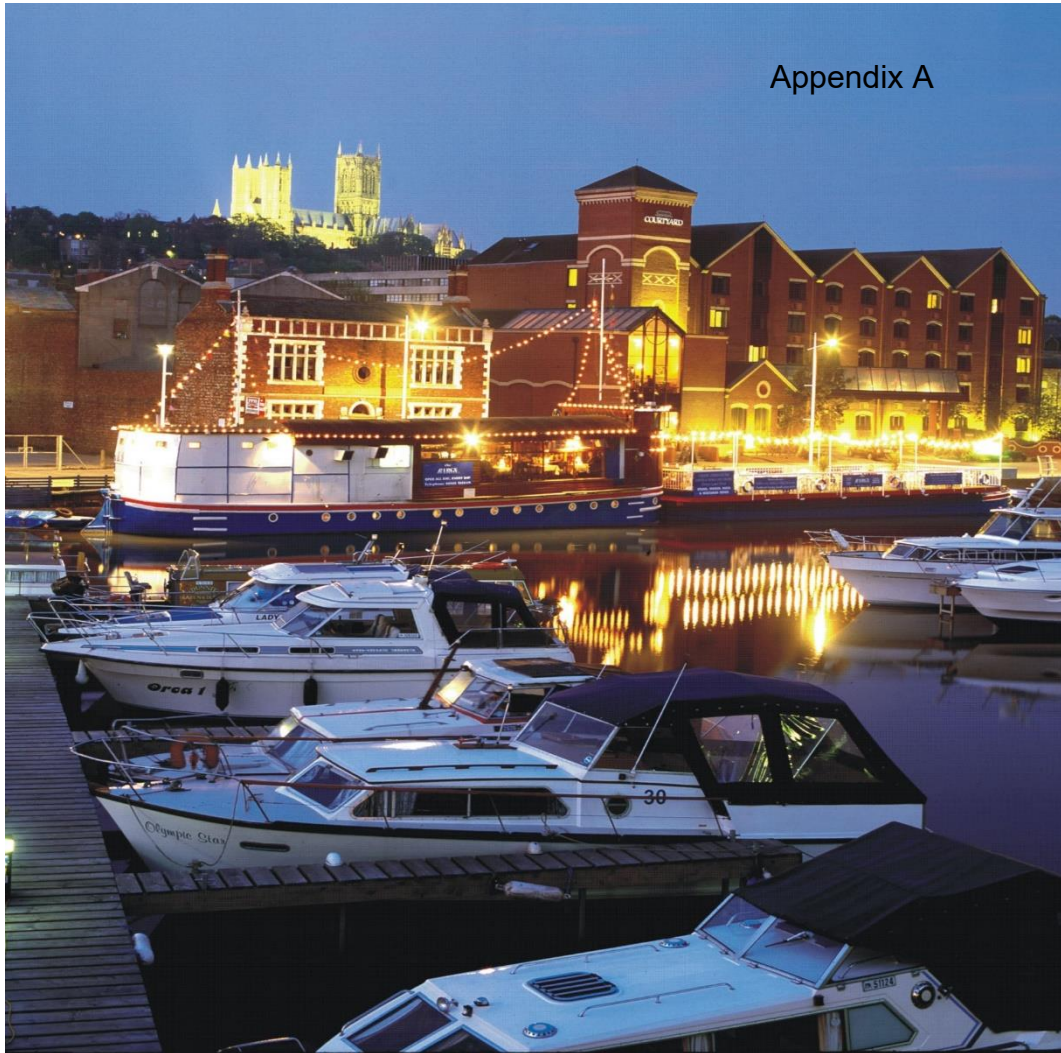


Internal Audit Progress Report



Appendix A

**City of Lincoln Council
September 2020**

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This report has been prepared solely for the use of Members and Management of Boston Borough Council. Details may be made available to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

The matters raised in this report are only those that came to our attention during the course of our work – there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements or were not brought to our attention. The opinion is based solely the work undertaken as part of the agreed internal audit plan.

Introduction

The purpose of this report is to:

- Provide details of audit work completed
- Advise on progress with the 2020/21 plan
- Raise any other matters that may be relevant to the Audit Committee role

Key Messages

See narrative within the Annual internal audit plan report.

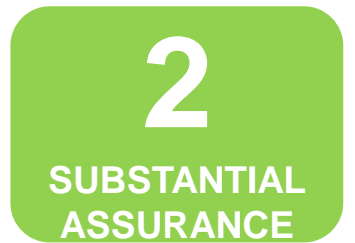
Internal audit work re-commences fully 1st September 2020

Assurances

The following audit work has been completed and a final report issued;

- Homelessness – Substantial
- Housing Allocations - Substantial

Note: The assurance expressed is at the time of issue of the report but before the full implementation of the agreed management action plan. The definitions for each level are shown in Appendix 1.



Substantial Assurance

Our review of the implementation of the Homelessness Reduction Act has given substantial assurance. We are satisfied that the current controls in place are sufficient, with a few issues identified which require attention.

All the regulatory requirements that have been identified from the change in legislation were found to have been appropriately planned for and integrated into the usual working practices. The Council have been compliant to the Act since inception date and no major issues have been identified or occurred. The Housing Solutions Team (HST) have seen a rise in the number of cases they have to assess for eligibility as well as through the new referral route. From what we have witnessed during our visit is that the team are following the current guidance and are managing well with the increased demand on this service as there is no back log of cases.

We have viewed a selection of the current guidance available to staff to confirm these are compliant to current legislation and guidance. The team have recently conducted a review of the current processes and most of the issues they've identified have been successfully rectified. Following the introduction of the bespoke Database, the amount of paperwork has been reduced as information is able to be input straight onto the system.

The Council have a bespoke IT system called Abritas which is a cloud based system used by over 200 other authorities. The system has set questions used during the initial interview to analyse the response to help determine what duty is applicable. Abritas can generate a wide range of forms, letters and personal housing plans which allow the team to effectively manage their work. We requested a list of current users with access to the system and staff in other teams, such as Rough Sleepers are also able to view the system, ensuring an integrated way of working. Whilst reviewing the list of users, one person was identified as no longer working for the Council and should have had their access cancelled. This has been noted as an advisory finding to ensure the controls around the system remain secure.

A wide range of training is available to Officers to help them with the issues they may face during cases. Examples mentioned were Domestic Abuse, Suicide, Immigration and benefit training. The staff we encountered were helpful, patient and dutiful during our time with them, and from discussions held we are satisfied that they have received the training they require for the role.

Home- lessness

Substantial Assurance

The Abris system has the ability to submit reports directly to MHCLG which they have to do on a regular basis to collate statistical data. The Council has a Homelessness Advise and Support Team (HAST) advisor allocated to them who can view these reports and give guidance and advise based on issues or areas to improve. We were supplied with evidence which confirmed submission of the reports to Central Government. We were also able to review examples of Internal reporting to the Performance Scrutiny Committee, which included performance indicators.

A sample check was performed on 20 cases in total, spanning across the period from July 2019 to December 2019. This ensured we saw a variety of cases, both open and closed as well as different situations and circumstances. We were able to confirm that actions for each case were being completed as expected and the staff were able to show us the system with confidence. There were a low number of cases where we found that the information obtained was insufficient. One area was where documentation initially collected had become out of date but still accepted for a new claim. The other area was around obtaining ID for all applicants where we found one case where no photo ID was retained and another where it was never provided.

We had sight of the Data Protection Impact Assessment (DPIA) which was completed for Abris. It included further documents, such as the project risk register, project plan and flowchart of the application process. The DPIA noted that the project had been consulted with stakeholders, communicated through all available channels and the policy signed off. We are happy that this document took into account the requirements of GDPR.

Homelessness

Substantial Assurance

Our review of the Allocations process has confirmed that there has been a significant improvement in the accuracy of processing applications since the previous audit and we are pleased to give this area substantial assurance.

The Homefinder I.T system that was operational during the previous audit was replaced by a new cloud based system ABRITAS. All applications have to be submitted online and there is an option to scan documents remotely. The system guides applicants through the registration process with a series of YES / NO questions, help is available at City Hall for any customers who have difficulty using or accessing IT equipment.

A sample check was performed on 20 applications. Testing for 8 of the applications was undertaken in greater depth and confirmed that all the evidence required by the policy to enable the application to be assessed had been received (identity, proof of address, local connection, medical needs etc). Testing for the remaining 12 applications confirmed that the band, registration and effective dates were correct.

Key documents that have to be completed, (financial & risk assessments by applicants and checklists at assessment stage and prior to offer by Housing solutions staff) were completed and held electronically for all 20 applications that were tested.

We found that:-

- An approved allocations policy is in place which is supported by local lettings policies and guidance for applicants.
- Detailed procedure notes and checklist are in place for Housing Solutions staff to follow to ensure applications are assessed consistently and in line with the Lettings Policy.
- The ABRITAS system provides a full audit trail of action taken by Housing Solutions staff.
- Applications are assessed in accordance with the Lettings Policy; testing confirmed the effective & registration dates were correct and applicants had been placed in the right band.
- A secondary check is undertaken prior to an offer of housing to confirm that household make up and circumstances remain the same.
- There is a reduction in the number of claims waiting to be assessed; staff performance is monitored and discussed at team meetings
- Performance is being monitored at key stages within the application process.

Substantial Assurance

Recommendations made in the previous audit relating to supervisory checks and annual reviews have not been introduced. The Housing Solutions Manager is aware that these recommendations remain outstanding, but there is currently insufficient staff capacity within the team to undertake these additional checks and the priority is to process applications as quickly and accurately as possible.

In December 2019 the Executive approved a revised structure and additional staffing within the Allocations & Assessment Team; the recruitment of additional staff will facilitate the introduction of additional housekeeping checks.

Our review found that the assessment of Homefinder applications is working well. We have identified some areas where improvements will enhance the current controls that are in place and we have made the following recommendations:-

- Introduction of a quality check of applications that have been assessed by Housing Solution staff; check to be recorded and errors fed back to assessors
- Undertake an annual review of applications to identify any changes to the applicant's circumstances / household make up.
- Any band override that is attributed to a Management Decision should be supported by a band reason, where this isn't possible a note should be attached under the CRM section.
- Amend the offer checklist to include a check for disabled facilities grants/ right to buy.

Housing Allocations

Audit Recommendations

A review of recommendations due and overdue has been undertaken and a Recommendation Follow Up report is attached as a separate item.

Work in Progress

- Partnerships (Consultancy) – work in progress

Other work

- Audit Strategy and Plan 2020/21 – a revised internal audit plan has been produced and is presented as a separate report
- Whistleblowing Policy review – see separate report

Terms of Reference

- Audit and Governance requested a report to Executive at the July meeting to consider a change of terms of reference relating to health and safety and Safeguarding . After consulting with Directors, the following reporting arrangements apply to these areas:

Health and safety (H & S)

- There is a H & S champions group that the Leader and Director sit on with colleagues from H &S and across the organisation. This group feeds into H & S JCC and into CMT as required. The Leader will also cover in his annual report if relevant issues have occurred. There is also the annual AGS that is considered by Audit Committee, which may include specific reference to health and safety and in the past this was a governance area (Significant governance issue) that the Audit Committee monitored progress on.

Safeguarding

- Regular reports to Executive/Council on the Councils progress with this agenda – this is presented by the PVP (protecting vulnerable people) champion Cllr Rebecca Longbottom. There are regular updates for Policy Scrutiny Committee when there are policy changes or changes on approach (Safeguarding Policy October 2019). A PVP update report was presented to Policy Scrutiny Committee in January 2020.
- Members may request an update report as and when required on any governance related area - terms of reference do not require changing for this.

Benchmarking



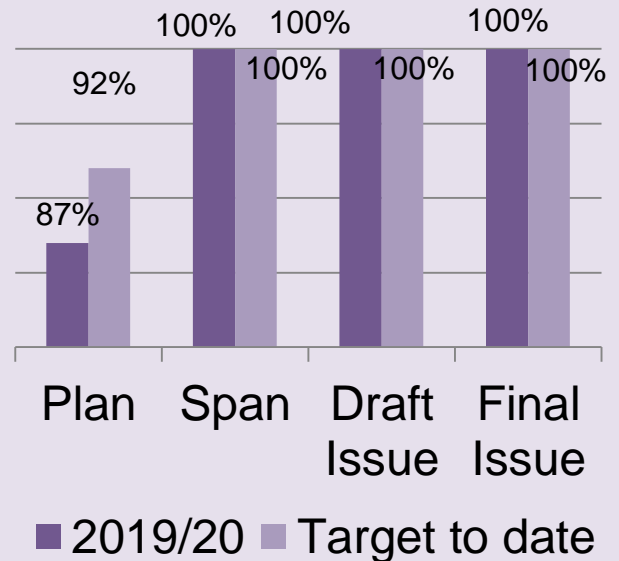
Internal Audit's performance is measured against a range of indicators. The statistics below show our performance on key indicators year to date.

Performance on Key Indicators (19/20)

100%

Rated our service Good to Excellent

Good achievement of Audit KPI's to date



Other matters of interest

A summary of matters that will be of particular interest to Audit Committee Members.

Update to the Three Lines Model . The new model issued by IIA updates the name to remove 'defence'. It sets out new principles to define the roles of the board or governing body; management and operational leaders including risk and compliance (first- and second-line roles); and independent assurance through internal audit (third line). The intention is that the model should apply to all organizations, regardless of size or complexity.

LLG, CIPFA and SOLACE are to work together on a response to the draft model code of conduct that the Local Government Association (LGA) is currently consulting upon. The LGA launched its consultation last month. It runs until 17 August.

Covid-19: Emerging fraud risks. This briefing sets out a range of fraud risks emerging from the Covid-19 crisis, and what public bodies might do to help reduce these risks. Audit Scotland.

National Fraud Initiative 2020 Report. Almost £2 billion of fraud and overpayments detected since National Fraud Initiative launched.

Following the conclusion of the market engagement exercise undertaken during June 2020, PSAA today publishes the summary of responses. We were delighted that all nine registered firms fully engaged. The exercise sought views from all registered firms to inform PSAA's consideration of whether a further procurement would be appropriate in order to try to attract additional, good quality capacity into the market, and if so, how such a procurement might best be designed.

More systemic problems seen in Ombudsman complaints

Increasing systemic problems seen in people's complaints has led to the Local Government and Social Care Ombudsman making more wider service improvement recommendations to councils in 2019-20 than ever before. Local Government and Social Care Ombudsman

Council cyber-attack cost estimated at more than £10 million

Redcar and Cleveland Borough Council have said that a cyber-attack that occurred early this year will cost the local authority an estimated £10.144 million.

High

Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.

The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.

Substantial

Our critical review or assessment on the activity gives us a substantial level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low.

Limited

Our critical review or assessment on the activity gives us a limited level of confidence on service delivery arrangements, management of risks, and operation of controls and / or performance.

The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.

Low

Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.

A Recommendation Follow Up report is attached as a separate item.