

AUDIT COMMITTEE

21 SEPTEMBER 2017

REPORT OF CORPORATE DIRECTOR (CORPORATE SERVICES)

A.3 AUDIT COMMITTEE – TABLE OF OUTSTANDING ISSUES

(Report prepared by Richard Barrett)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present to the Committee the progress against outstanding actions identified by the Committee.

EXECUTIVE SUMMARY

- The Table of Outstanding Issues has been reviewed and updated since it was last considered by the Committee at its 22 June 2017 meeting.
- To date there are no significant issues to bring to the attention of the Committee, with updates provided against individual items set out in **Appendix A** or elsewhere on the agenda where appropriate.
- Updates against actions identified within the latest Annual Governance Statement are set out in **Appendix B** with no significant issues to highlight at the present time.

RECOMMENDATION(S)

That the progress against the outstanding issues be noted.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The existence of sound governance, internal control and financial management practices and procedures are essential to the delivery of Corporate priorities supported by effective management and forward planning within this overall framework.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

There are no significant financial implications associated with monitoring of the agreed actions or responses. If additional resources are required then appropriate steps will be taken including any necessary reporting requirements.

Risk

The Table of Outstanding Issues is in itself a response to potential risk exposure with further activity highlighted to address matters raised by the Audit Committee.

LEGAL

There are no direct legal implications associated with this report.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

This report does not have a direct impact although such issues could feature in future recommendations and actions. Any actions that may have an impact will be considered and appropriate steps taken to address any issues that may arise.

PART 3 – SUPPORTING INFORMATION

TABLE OF OUTSTANDING ISSUES

A Table of Outstanding Issues is maintained and reported to each meeting of the Committee. This approach enables the Committee to effectively monitor progress against issues and items that form part of its governance responsibilities.

An updated Table of Outstanding Issues is set out in **Appendix A**. An update against actions relating to the latest Annual Governance Statement is set out separately in **Appendix B**.

Update Against Issues Raised

Any actions identified by the Committee at its last meeting have now been included where appropriate.

Updates against items either appear as separate items elsewhere on the agenda or set out within the Appendices, with work scheduled or remaining in progress against all items.

At its meeting on 22 June 2017, the Committee agreed the following comments to Cabinet:

(b) in the light of the Grenfell Tower in Kensington, London fire disaster, the Cabinet be requested to re-assess the Council's emergency plans for the evacuation and re-housing of residents in the event of a fire, flood or other major incident and ensure that the Council's financial reserves are adequate to cope with the aftermath over a number of months; and

(c) the Cabinet be also requested to reassess the emergency arrangements for its own office buildings.

Cabinet considered the Committee's comments at its 14 July meeting with a comprehensive response provided by the relevant portfolio holder. Cabinet resolved that:

It is recognised that this is an important issue which has been brought into sharp focus by the tragic events at Grenfell Tower. It is also recognised that the Council's standing emergency planning procedures are robust and it is proposed to include a session on the Council's Emergency Planning arrangements at a future All Member's Briefing.

In respect of regular updates in respect of the legionella issue experienced at the Frinton and Walton Lifestyles facility, the Council is still awaiting the Health and Safety Executive's final report and recommendations. Notwithstanding the above, the Council has already undertaken a range of actions / activities in the interim period which were reported to the Committee at its 22 June 2017 meeting. Once the Health and Safety executives report is

received, any further improvements required will be reviewed and a further update provided to the Audit Committee.

As reported to the Committee in June, Internal Audit will undertake an independent audit of health and safety later in the financial year, and this will examine the robustness of the revised arrangements that have been introduced corporately for the management of the Council's health and safety risks and responsibilities, along with the arrangements for support to services when undertaking improvement actions. This audit will also include a review of the improvement actions taken regarding the specific issues that had been identified including those arising from the final recommendations from the Health and Safety Executive.

The Committees 2017/18 work programme currently includes two items scheduled for its 21 September meeting. However it has not been possible to include them on the agenda for September for the following reasons:

- **Counter Fraud Strategy / Update**

A dedicated Fraud and Risk Team was established in July this year with the recruitment of officers to newly created roles being a key activity in the immediate term. Recruitment to vacant posts was completed in early September.

Alongside the above, the team have taken the practical approach of making an immediate impact via activities such as commencing a housing tenancy 'audit' and making significant contributions to the on-going fraud investigation relating to Princes Theatre income that Members have been made aware of.

However the Service continues to work on establishing a corporate counter fraud framework reflecting best practice guidance, which will include a Counter Fraud Strategy. Therefore given the timing of establishing a dedicated Fraud and Risk Team and the Princes Theatre investigation, the necessary reports / strategy will not be available until later in the financial year.

- **Annual Review of the Risk Based Verification Policy**

Over the last year, the Revenues and Benefits Service has experienced significant issues with the third party software that uses a complex mathematical calculation to risk score claims for Housing Benefit and Local Council Tax Support in terms of the potential for fraud and error. The risk score then determines the level of checks necessary in processing the claim etc. The software provider has been given the opportunity to provide the necessary solution to the issues being experienced but in July it was decided to terminate the contract with them as they were unable to fix the problem.

The Council is therefore now exploring the options available such as identifying an alternative software provider or taking a manual approach to risk scoring.

A manual approach has had to be taken while other options are explored, but it is proving workable whilst remaining compliant with the Department for Works and Pensions (DWP) requirements.

Remaining compliant with DWP's requirements during this interim period is based on the principle of assuming a higher risk profile of a new claim or change of

circumstance than it would previously have been allocated using the electronic approach, following which the appropriate level of checks can be undertaken.

It is proposed to revise the existing Risk Based Verification Policy and present it to the Committee at its December 2017 meeting to enable it to reflect the outcome from the exploration of the various options available.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A – Table of Outstanding Issues (September 2017) – General.

Appendix B - Table of Outstanding Issues (September 2017) - Annual Governance Statement Actions