



Internal Audit and Anti-Fraud Progress Report 2023-24

1. Background

Introduction

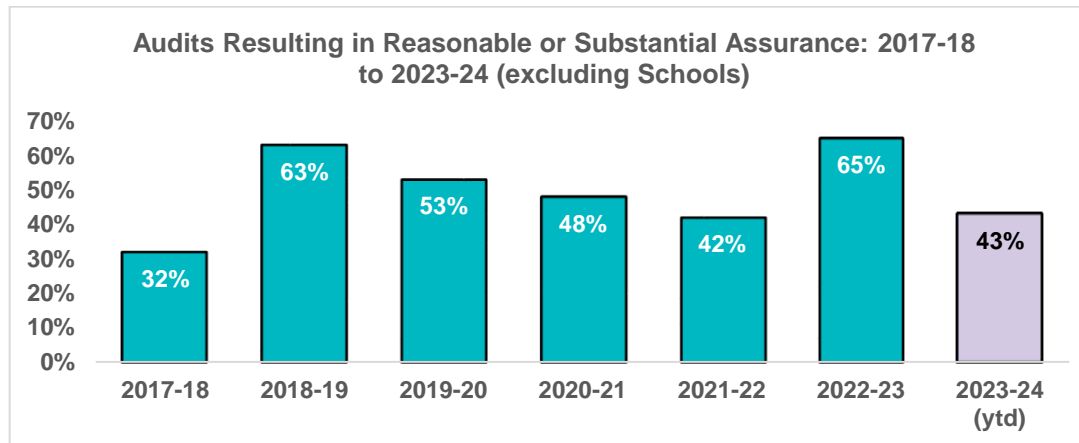
- 1.1 This report provides a progress update of the work that Internal Audit has carried out in accordance with its annual plan for 2023-24 which was approved by the Audit Committee at its May 2023 meeting.
- 1.2 Internal Audit follows the Public Sector Internal Audit Standards (PSIAS) which encompass the mandatory elements of the Global Institute of Internal Auditors' (IIA Global) International Professional Practices Framework (IPPF). They also include additional requirements and interpretations for the UK public sector.

2. Progress Update

2023-24 Deliverables

- 2.1 **Appendix A** contains the Council's main audit plan together with the THH Audit Plan which now becomes part of Housing and Regeneration Directorate with details of progress, namely that in the nine-month period to the end of December:
- 1 Substantial Assurance opinion has been issued
 - 8 Reasonable Assurance opinions have been issued
 - 12 Limited Assurance opinions have been issued
 - 0 No Assurance opinions have been issued
 - 6 Advisory audits have been undertaken

- 2.2 The diagram below indicates the trend for assurance opinions, including year-to-date data. This metric will be recalculated and reported in Internal Audit's Annual Report.



2.3 **Appendix B** details the Schools audit plan (carried out by the co-source partner, BDO)

- 1 Substantial Assurance opinion has been issued.
- 7 Reasonable Assurance opinions have been issued
- 1 Limited Assurance has been issued
- A further five schools audits are currently in progress.

2.4 A summary of findings in relation to the one Limited Assurance audit finalised during this period is included at **Appendix C**.

2.5 Overall progress in undertaking and completing the audit plan for 2023-24 has continued to be slower than expected. This is largely due to ongoing and persistent resourcing issues, but also some areas where management has not actively engaged in the audit process. During August, we were successful in recruiting to two Auditor posts that has been vacant for some months – one was filled through an internal promotion from within the audit team and the other appointee will start at the end of February. Additionally, a Senior Auditor exited the Council during September. Currently therefore, there are 2 vacancies and recruitment activity will be re-started in January.

Appendix A: Details audit results

Audit Title		Directorate	Priority	Opinion	Status
1	Equality Assessment	Corporate	1	Limited	Draft
2	Corporate Governance Improvement Plan – Follow Up	Corporate	1	Advisory	Draft
3	Management of Waivers to Financial Regulations	Corporate	1	Limited	Draft
4	Management and Control of Staff Gifts and Hospitality	Corporate	2	Reasonable	Final
5	Performance Management	Corporate	1		In Progress
6	Scheme of publication (Transparency Code)	Corporate	1	Limited	Draft
7	Risk Management	Corporate	1		
8	Management and Control of Market Supplements	Corporate	2		In Progress
9	Attendance Management	Corporate	1	Limited	Draft
10	Data Quality	Corporate	2		
11	Management & Monitoring of Disclosure & Barring Service Checks	Corporate	1	Limited	Final
12	Signing and Sealing of Documents (including Retention)	Chief Executive's	1	Limited	Final
13	Grants to Voluntary and Community Organisations	Chief Executive's	1	Reasonable	Final
14	Management of Transformation Programme and Projects	Chief Executive's	2		
15	Procurement of Legal Advice	Chief Executive's	2		Planning
16	Financial Systems - Council Tax	Resources	1	Reasonable	Final
17	Financial Systems - Creditors	Resources	1		In Progress
18	Financial Systems - Debtors	Resources	1		In Progress
19	Financial Systems - General Ledger	Resources	1		In Progress
20	Financial Systems - School Accounts End of Year Reconciliations	Resources	1		In Progress
21	Homeless – Arrears Management	Resources	1		In Progress
22	Pre-payment Cards	Resources	2		In Progress
23	Housing Benefit quality assurance systems	Resources	1	Advisory	Draft Report
24	Registrars Service	Resources	1	Substantial	Final
25	Procurement – Requisition for Quotation (RFQ) system	Resources	1	Limited	Draft
26	Business Support SLAs delivery and performance	Resources	2		
27	Free Schools Meals Eligibility	Resources	1		Deferred to 2024-25
28	Management of Members' Enquiries	Resources	2		In Progress
29	IR35 – Off Payroll Engagement	Resources	1		Deferred to 2024-25

Appendix A: Detailed audit results

30	Idea Stores – Regularity Audit	Resources	2		
31	Cloud strategy and virtual infrastructure (IT Audit)	Resources	1		In Progress
32	Cyber Security Controls over Supply Chain and Trusted Partners	Resources	1		
33	Software Licenses - Management and Control	Resources	1		
34	Management of Video Surveillance systems	Communities	1		Deferred to 2024-25
35	Recruitment and Vetting of Enforcement Officers	Communities	1	Advisory	Draft
36	Quality Assurance Board and Framework	Health and Adult Social Care	1		In Progress
37	Management and Monitoring of Fixed Penalty Notices	Communities	2		
38	Domiciliary Care - Procurement Advisory work	Health and Adult Social Care	1	Advisory	In progress
39	Telecare Service	Health and Adult Social Care	1		
40	Direct Payments	Health and Adult Social Care	1		In Progress
41	Contract Monitoring	Health and Adult Social Care	1		
42	Holiday Playschemes	Children's Services	1		
43	Supporting Stronger Families Grant Certification	Children's Services	1	Grant Audit	In Progress
44	SEND Improvement Plan	Children's Services	1		In Progress
45	King George Field's Trust – governance	Children's Services	2		
46	Education Maintenance Allowances and Bursary Payments	Children's Services	1	Reasonable	Final
47	Youth Service Insourcing – Advisory	Children's Services	1		
48	Commissioning of Sports Activities – Advisory	Children's Services	1	Advisory	Draft
49	Land Searches	Communities	1	Reasonable	Final
50	Passenger Transport Services	Communities	1		
51	Management and Monitoring of S106 Planning Obligations	Communities	1	Reasonable	Final
52	Property Disposals	Housing and Regeneration	1	Limited	Final
53	Planning and Building Control Fees and Charges	Housing and Regeneration	2		
54	Licensing	Communities	1		
55	Procurement and Management of Consultants for Capital Works	Housing and Regeneration	1		
56	THH Insourcing	Housing and Regeneration	1		
57	Post Contract Review – New Town Hall	Housing and Regeneration	2		
58	Management of Lettings of Community and Commercial Properties	Housing and Regeneration	1		Planning
59	Management of Markets – Follow Up	Communities	1		In Progress

Appendix A: Detailed audit results

60	Management of Grants	Communities	2		
61	Penalty Charge Notices – Appeals Procedure	Communities	1	Reasonable	Final
62	Waste Management – Operational Control	Communities	2		
63	Homelessness Assessments	Housing and Regeneration	1	Limited	Final
64	Management of Houses in Multiple Occupation (HMO)	Communities	1	Advisory	Draft
65	Management and Control of Cost-of-Living Payments	Housing and Regeneration	1	Limited	Final
66	Management and Control of Children’s Services Petty Cash Accounts	Children’s Services	1	Limited	Final
67	Eva Armsby Family Centre – Regularity Audit	Children’s Services	1	Limited	Final
68	Pensions Administration – Follow Up audit	Resources			In Progress
69	THH Financial Systems – Follow Up audit	Housing and Regeneration		Reasonable	Final
70	THH Company closure and Transfer to LBTH	Housing and Regeneration			Planning
71	Equality Assessments	Housing and Regeneration			
72	Housing Repairs	Housing and Regeneration			Planning
73	Contract Audit	Housing and Regeneration			Planning
74	Management of Overtime	Housing and Regeneration			Planning
75	Health and Safety at Work	Housing and Regeneration			
76	Horticulture Service	Housing and Regeneration			In Progress

Appendix B: Schools audits results

Schools Audits		Opinion	Status
1	Columbia Primary School	Reasonable	Final
2	St Anne's and Guardian Angels	Reasonable	Final
3	Woolmore Primary School	Reasonable	Final
4	Cayley Primary School	Reasonable	Final
5	Wellington Primary School	Substantial	Final
6	Halley Primary School	Reasonable	Draft
7	Langdon Park School	Reasonable	Draft
8	Malmesbury Primary School	Limited	Draft
9	Thomas Buxton Primary School	Reasonable	Draft
10	Bonner - Bethnal Green both sites	-	In Progress
11	Phoenix Primary and Secondary Schools	-	In Progress
12	Stephen Hawking School	-	In Progress
13	Ben Jonson Primary School	-	In Progress
14	Olga Primary School	-	In Progress

Appendix C: Limited assurance audits



Title	Date of Report	Comments / Findings	Scale of Service
Homelessness Assessments	Nov 2023	<p>The objective of this audit was to provide assurance around the adequacy and soundness of governance and control around management of homelessness assessments. The Homelessness Reduction Act 2017 places a legal duty on Tower Hamlets to offer more support to a wider range of people who are homeless or at the risk of losing their home. As part of this, the Council has a Duty to prevent homelessness, a Duty to relieve homelessness and the Main Housing Duty.</p> <p>During the audit we identified the following areas of good practice:</p> <ul style="list-style-type: none"> • The Assessment Team have drawn up operating procedures for use by staff • There is a Homeless and Rough Sleeping Strategy for the period 2018 – 2023 as well as an Equality Impact Assessment. • Letters to applicants advising them of the Council’s decision were found to include guidance on requesting a review of the decision. • The assessment form template includes a section which requires the case officer to confirm that they have informed the applicant of the consequences and implications of giving false information. <p>Our findings and issues from this audit include the following:</p> <ul style="list-style-type: none"> • Policies and procedures The operating procedure manual was last reviewed in 2020. It covered most aspects of case management but did not include procedures regarding internal reviews or appeals, arranging and recording temporary accommodation bookings or recording documents on the CDP case management system. • IT Systems and Controls - We were advised that homelessness applications and decisions are recorded on CDP system by Assessment Officers, while related transactions such as temporary accommodation bookings were processed on Northgate Housing. Comino was also used as a case management system. We were further advised that the three systems are not integrated and overlap in some areas. Inevitably, this has a negative impact on data quality, which the Service recognises. Consequently, audit testing was performed on CDP and on the conclusion of our testing in February 2023 we provided the Homelessness Service with our working paper to enable them to check our conclusions and provide any further supporting documentation that may have been missed. However, we did not receive any feedback despite reminders. At the exit meeting in May 2023, we were informed that if information was missing on CDP, it would be on Comino. We were requested to supply our working paper again so that the Homeless Service could re-perform audit checks. Due to work pressure on the Team, we 	Extensive

Appendix C: Limited assurance audits

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		<p>agreed a 3-month period to complete. The outcome was that the Homelessness officer was able to locate more evidence on Comino. We noted that evidence had been uploaded to either the “tenancies” tab or the “applications tab”. The evidence, such as team leader approval for a temporary accommodation booking was scattered across two IT applications and approvals were recorded inconsistently in various formats, such as emails, a note referring to a panel, a signed booking form stored on Comino, or a manager authorisation workflow on CDP. There appeared to be no standardisation of the approval process. An absence of standardisation and inconsistent filing on 2 different systems can be a key control weakness, as the audit trail is lost. Consequently, management oversight and quality assurance can be more time consuming.</p> <ul style="list-style-type: none"> • Assessments: Audit testing of a sample of 20 cases, showed that while supporting documentation to demonstrate applicants’ eligibility, homelessness and priority need could be located in most cases, it appeared that these documents were not filed in a standardised manner and inconsistently either on CDP or on Comino and in some instances with significant delay. • Quality assurance: There was no evidence of quality assurance, management review and spot checking. The absence of quality assurance can increase the risk of homelessness applications and case work not being processed promptly, accurately, completely. There is also risk that management may not promptly identify and rectify if key information/documents are not filed promptly in the correct file/system. • Temporary accommodation booking and recording: We found that team principal approval for temporary accommodation could be located in 18 of 20 cases. However, as mentioned earlier, approvals for bookings of Temporary Accommodation were filed inconsistently either on CDP or on Comino, in different ways and in a delayed manner. It is understood that temporary accommodation placements need to be recorded on the case management system CDP, but they are also recorded on Northgate when the operations team book the accommodation. However, audit testing showed that placements had been recorded on CDP in 14 of 19 relevant cases. Cross-referencing with other information/documents (such as lease agreements) held on the system, Audit identified that only 8 of 14 relevant placement records were accurate. It also showed that only 1 of 12 relevant placement records on CDP agrees with the placement record held on Northgate. This calls the quality and reliability of the data on both systems into question. 	

Appendix C: Limited assurance audits

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		<ul style="list-style-type: none"> • Notification of decisions: Testing of a sample of 20 cases where applicants had been placed in temporary accommodation showed that a notification of relief letter was on file in 15 of 20 relevant cases. Notification of end of relief letter was on file in 7 of 14 relevant cases. • Reviews and appeals: Internal reviews are logged on spreadsheets maintained by the two case officers. Supporting documentation is recorded on Comino. It is not clear why CDP is not used for managing internal reviews. Audit testing of a sample of 10 internal reviews showed that <ul style="list-style-type: none"> ➤ 6 of 10 review requests had been uploaded onto Comino ➤ 5 of 10 acknowledgements of the request had been uploaded onto Comino ➤ In 4 of 5 relevant cases the outcome letter had not been uploaded onto Comino ➤ 6 of 7 reviews had not been completed within the deadline (this includes reviews still ongoing, but which exceeded the deadline date). • Performance management: The performance indicators currently being measured are largely output based and are not linked to the outcome-based performance objectives set out in the Homelessness Strategy. There are no performance data for the Statutory and Advocacy team, which is the team that conducts internal reviews, following requests from applicants, as well as appeals brought to the county court or high court. It is not known how many live internal reviews there are, the percentage of reviews dealt with within the statutory time limit, and how many appeals there are. It is also not known, if there are any lessons learnt disseminated from internal reviews. <p>All findings and recommendations were agreed with the Director of Housing and Regeneration and the Head of Housing Options.</p>	

Opinion		Definition
Substantial	Positive 	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable		There is a generally sound system of governance, risk management and control in place. Some issues, noncompliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	 Adverse	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and/or control to effectively manage risks to the achievement of objectives in the areas audited.
No		Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and/or control is inadequate to effectively manage risks to the achievement of objectives in the areas audited.

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