



# INTERNAL AUDIT PROGRESS REPORT

Maldon District Council

March 2023

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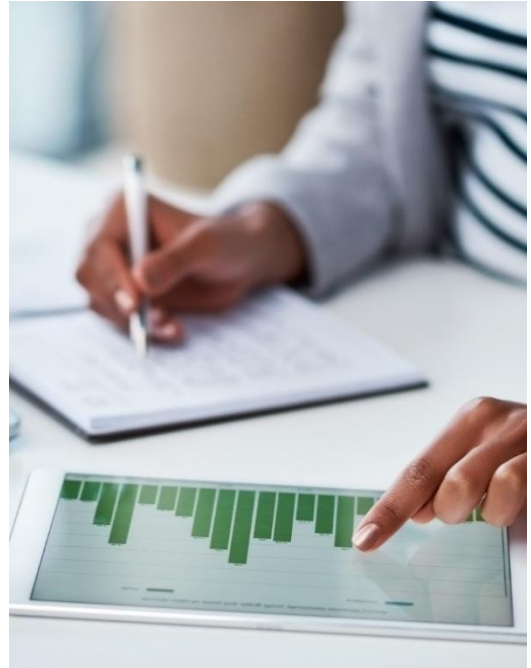
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# SUMMARY OF WORK

## INTERNAL AUDIT

This report is intended to inform the Performance, Governance & Audit Committee of progress made against the 2021/22 and 2022/23 internal audit plans. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.



## INTERNAL AUDIT METHODOLOGY

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

## 2021/2022 INTERNAL AUDIT PLAN

The final audit has been completed from the 2021/22 audit plan. We are pleased to present the following report to this Performance, Governance & Audit Committee:

- Contract Management

## 2022/2023 INTERNAL AUDIT PLAN

Three further audits have been completed from the 2022/23 audit plan since the previous Performance, Governance and Audit Committee and we are pleased to present the following reports:

- Safeguarding
- Strategic Performance - Place
- Community Safety

## AMENDMENTS TO THE PLAN

- As part of the scoping for the Workforce Management review it was agreed that, given the current work ongoing around team structures, that this review would be more appropriate to complete as part of next year's plan. Therefore, it was agreed to undertake a Human Resource Management System (HRMS) review instead as this was felt an area of risk.
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## REVIEW OF 2021/22

AUDIT	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Covid Recovery Plan	November 2021	✓	✓	✓	●	●
Partnerships	November 2021	✓	✓	✓	●	●
Management of Property	February 2022	✓	✓	✓	●	●
Policy Review	February 2022	✓	✓	✓	●	●
Main Financial Systems	February 2022	✓	✓	✓	●	●
IT Strategy & Transformation	February 2022	✓	✓	✓	●	●
Strategic Performance-Community	February 2022	✓	✓	✓	●	●
Customer Relationship Management	June 2022	✓	✓	✓	●	●
Workforce Management	June 2022	✓	✓	✓	●	●
Commercialisation	November 2022	✓	✓	✓	●	●
Contract Management (brought in to replace Communications)	March 2023	✓	✓	✓	●	●



## REVIEW OF 2022/23

AUDIT	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Risk Maturity Assessment	July 2022	✓	✓	✓	N/A - Advisory	
Corporate Governance	July 2022	✓	✓	✓	●	●
Payment Controls Review (added to 22/23 plan)	September 2022	✓	✓	✓	N/A - Advisory	
Flood Management	November 2022	✓	✓	✓	●	●
Safeguarding	March 2023	✓	✓	✓	●	●
Community Safety	March 2023	✓	✓	✓	●	●
Strategic Performance (Place)	March 2023	✓	✓	✓	●	●
Main Financial Systems	June 2023	✓	✓	✓		
Budget and Performance Management	June 2023	✓	✓	✓		
HRMS	June 2023	✓	✓			
Cyber Security	June 2023	✓	✓			
Local Development Plan	June 2023	✓				





## SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publication and emerging issues relevant to Local Authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, directors and members.

### Thurrock approves sale of assets valued at £90m

Thurrock Council could raise over £90m through asset sales to help plug a £470m funding gap.

At an extraordinary general meeting on Monday acting chief executive Ian Wake stated there were five options open to the local authority: raising council tax, asset disposal, revenue savings through rationalisation and transformation, growth and exceptional financial support from the government.

Mark Coxshall, leader of Thurrock (Con), said: “At the moment, we are £470m in debt which we can't cover and that is why we are needing to move for exceptional financial support from the government. These are shocking numbers but the first stage to creating a good plan for recovery is to understand the full extent of the problem.”

The council owns a number of properties and cabinet members have approved the disposal of assets valued at circa £92m. Initial findings from the assets disposal workstream also identified further short-term (2022-23 to 2024-25) opportunities and longer-term (2024-25+) of circa £65m. Proposals on further asset disposals will be brought forward for agreement by the cabinet this year. A commercial strategy will also be developed to ensure that where assets are retained, they provide market-level rental yields unless there is a strong business case not to do so.

However, the main issue of contention was the proposal to seek dispensation from the government to raise council tax at a rate that exceeds the national referendum limit. Opposition leader Cllr John Kent (Lab) told LGC that council tax in Thurrock could rise by 7% this year and by 21% over the next three years. Mr Kent also criticised the “total failure of governance” that has led the council to its current financial situation. He said: “This is a mess that's been five or six years in the making, borrowing £1.5bn and investing it in highly risky schemes, whilst trying to keep it as secret as possible.

“They paid £70,000 fighting through the courts not to answer freedom of information requests and elected members were denied the right to ask questions on any of this. This kind of total failure of governance, total refusal to be open or transparent is what's led to this.”

Existing short-term debt held by the council and borrowed from other public bodies has been refinanced through the public works loan board (PWLb) allowing the council to repay existing creditors. The cabinet has also agreed on specific actions to divest investments to reduce overall borrowing. Actions to mitigate further impairment on the three most significant problematic investments: Pure World Energy, Just Loans Group, and Toucan/Rockfire have also been implemented, a council report said. A review of all other investments held by the council as part of its investment strategy is currently underway. In an effort to reduce revenue spend the acting director of finance officer has put in place mechanisms to control all non-essential spend, the report added

All spend over £25,000 will require a full business case and three levels of spending control have been installed for reviewing and approving new spend:

- Directorate spending control will require approval of all new spend over £500 from the relevant director, a service representative, and a finance representative.
- An expenditure control panel will meet three times a week to review and approve/reject all business cases.



- A strategic approval panel (SAP) will meet twice weekly to review any business case escalations from the ECP and any areas of concern raised by the ECP relating to wider corporate spending patterns.

A 20-year MTFS (Medium Term Financial Strategy) model has also been developed as a starting point for further discussions with DLUHC on exceptional financial support, and the development of a medium-term action plan to return the council to financial sustainability.

However, despite the plans put in place by the council to repair their finances, Mr Kent isn't convinced the council has a long-term future.

He added: "It's really difficult to see how the council can survive, we were told on Monday there is no prospect of the council setting a balanced budget without huge government support for the next six years.

"In year six the deficit will be around £84m and will start to rise again. You have to question how the council will be able to survive."

[https://www.lgcplus.com/home/news/thurrock-approves-sale-of-assets-valued-at-90m-12-01-2023/?eea=\\*EEA\\*&eea=Vm1DUmxQYkFweFARnKhodzFEWHVQTC9zbUVvSDVjOW1XL3dIK1FtN0ICRT0%3D&utm\\_source=acs&utm\\_medium=email&utm\\_campaign=CONE\\_LGC\\_EDI\\_SUBS\\_Daily\\_120123&deliveryName=DM107683](https://www.lgcplus.com/home/news/thurrock-approves-sale-of-assets-valued-at-90m-12-01-2023/?eea=*EEA*&eea=Vm1DUmxQYkFweFARnKhodzFEWHVQTC9zbUVvSDVjOW1XL3dIK1FtN0ICRT0%3D&utm_source=acs&utm_medium=email&utm_campaign=CONE_LGC_EDI_SUBS_Daily_120123&deliveryName=DM107683)

### Former Council Worker jailed for £1m fraud

A former council worker has been jailed for stealing almost £1m from Birmingham City Council.

Tyler Evans pleaded guilty to one count of fraud by abuse of position, and another of money laundering at Birmingham Crown Court yesterday. He was sentenced to seven years and eight months in prison. Mr Evans previously worked for Birmingham as a member of the highway permit team from 2010 until April 2014. His role was to control the refund of payment bonds to contractors who carried out work on the city's highways. The payment of bonds is a requirement for anyone undertaking work on the highways as a security deposit for any damage they might cause. However, a police and council investigation discovered that Mr Evans arranged for the refunds of these bonds to his own bank accounts or those controlled by his associates.

Kevin Hicks, assistant director, highways and infrastructure at Birmingham, said: "When concerns were brought to the council's attention in 2014 an audit investigation was instigated and subsequently the matter referred to West Midlands Police. Prior to the completion of the audit investigation Mr Evans had been dismissed from the council for other reasons. "Once the fraud was uncovered steps were immediately taken to change the council's internal payment process to strengthen controls and mitigate the risk of this happening again."

Mr Evans had moved to the United States of America before the fraud was detected. However, when the CPS authorised charges against him, an extradition application was lodged with the USA.

CPS lawyers worked with their American counterparts to get the extradition granted in US Courts and he was transferred back to the UK.

Andrew Cant, specialist prosecutor for the CPS said: "Evans fraudulently diverted money, which should have been spent on vital public services such as education, health and social care or the upkeep of the city's roads, for his own personal financial gain.

"We will now pursue confiscation proceedings against him, aiming to recover the criminal property from which he has benefitted."

<https://www.lgcplus.com/home/news/former-council-worker-jailed-for-1m-fraud-13-01-2023/>

### 'Urgent solutions' needed to tackle rapid homelessness rise among Ukrainian refugees

Councils need "urgent solutions" to deal with a rapid rise in the number of Ukrainian refugees who are now homeless, the Local Government Association has said. Over two months the number of Ukrainian refugees presenting to their local authority as homeless increased by over 40% to 4,295 households at the end of January. This is up from 2,985 at the end of November 2022.

The LGA said it has been "raising concerns with government on the growing number of Ukrainians presenting as homeless to councils", particularly the "significant rise" in those who arrived on the Homes for Ukraine scheme. According to the most recent data released yesterday by the Department for Levelling Up, Housing & Communities, 2,595 households on the Homes for Ukraine scheme have now become homeless. This is up from 1,720 in November 2022. Almost seven in 10 of the overall total households have dependent children (69%). Of those who came into the UK on the Family Scheme, 1,325 households have now become homeless. A further 80 households from the Ukraine Extension Scheme - which allows Ukrainian nationals whose permission to remain in the UK expired on or before 1 January 2022 to remain in the country - have become homeless.

There are 295 Ukrainian refugee households whose means of entry into the UK is listed as unknown or other, who have now become homeless. In December 2022, the government announced it would be providing councils with a one-off £150m funding pot to support Ukrainians at risk of homelessness. DLUHC also announced an increase in funding given to sponsors as 'thank you payments'. Hosts will receive a £500 per month for guests who have been in the UK for more than a year. This announcement came after it was reported that some councils had begun topping up thank you payments to sponsors on the Homes for Ukraine scheme in order to prevent refugees from becoming homeless. But the LGA has criticised a lack of clarity from government over the £150m homelessness fund: "We are pleased that the government has been working with the LGA and councils on funding to help reduce homelessness risks, but more detail is urgently needed on the £150m announced in December in light of these figures."

The association also expressed concern that there is currently "no funding beyond the first year for councils to help families and find permanent homes" and that the funding provided to councils "in 2023 has halved". "If numbers continue to increase, we want to work with government to review funding," an LGA spokesperson said. They added that more work needs to be done into looking at "how best to support existing hosts and how to encourage new hosts to step forward" in order to allow families to move on quickly if arrangements come to an end. "Councils have been at the sharp end of the rise in the number of people presenting as homeless and need urgent solutions to pressing housing needs in the short and the long term across all the schemes that welcome new arrivals to the UK."

Regionally, London has the largest number of Ukrainian refugees who have fallen into homelessness at 1145, just over a quarter of the total number of households owed prevention duty.

This is followed by the south-east, which has 22% of the total number of Ukrainian refugee households who have fallen into homelessness (947). The north-east has the lowest number of Ukrainian refugee households who have fallen into homelessness, at almost 3% of the total (119). This is followed by the East Midlands which has seen 190 households present to their local authority as homeless, equating to 4% of the total. A London Councils spokesperson said: "Boroughs in the capital are extremely concerned by the number of Ukrainian refugees becoming homeless." They pointed out that "the capital's chronic shortage of affordable housing" had made it "extremely hard to find suitable accommodation for everyone who needs it" and that "pressures remain immense".

"We will continue doing all we can to help Ukrainian refugees into suitable housing and will keep working with government on this important issue. This includes ensuring councils have the resources we need to deliver support on the ground to Ukrainians alongside other refugee and asylum arrivals and the wider community."

[https://www.lgcplus.com/services/housing/urgent-solutions-needed-to-tackle-rapid-homelessness-rise-among-ukrainian-refugees-10-02-2023/?eea=\\*EEA\\*#038;eea=Vm1DUmxQYkFweFARnkhodzFEWHVQTC9zbUVvSDVjOW1XL3dIK1FtN0ICRT0%3D&#038;utm\\_source=acs&#038;utm\\_medium=email&#038;utm\\_campaign=CONE\\_LGC\\_EDI\\_SUBS\\_Daily\\_100223&#038;deliveryName=DM115536](https://www.lgcplus.com/services/housing/urgent-solutions-needed-to-tackle-rapid-homelessness-rise-among-ukrainian-refugees-10-02-2023/?eea=*EEA*#038;eea=Vm1DUmxQYkFweFARnkhodzFEWHVQTC9zbUVvSDVjOW1XL3dIK1FtN0ICRT0%3D&#038;utm_source=acs&#038;utm_medium=email&#038;utm_campaign=CONE_LGC_EDI_SUBS_Daily_100223&#038;deliveryName=DM115536)

### Nearly 9 in 10 authorities struggle with planning enforcement backlog

Nearly nine in 10 local planning authorities are struggling with a backlog of planning enforcement cases as "unmanageable workloads" mean many councils cannot meet demand, a report by the Royal Town Planning Institute has found.

A survey of 103 local planning authorities carried out by the RTPi revealed that a 43% drop in resources in the planning system since 2009-10 has had a detrimental impact on planning enforcement. Of those surveyed, 80% said they did not have enough planning officers to carry out their workload with 70% responding that they had had difficulty recruiting enforcement officers over the past five years. Almost all of those surveyed (96%) said their planning enforcement action would benefit from a central government pot which could be used to fund direct action.

The RTPi has said that the impact of the new planning enforcement powers rolled out in the Levelling Up and Regeneration Bill could be limited without "sufficient capacity" to hold those who commit breaches of planning regulations to account. Victoria Hills, chief executive of the RTPi described enforcement officers as the "custodians of the planning system" and the "unsung heroes of the planning world".

But Ms Hills added that the enforcement officers the RTPi has spoken to "describe a system falling apart, where unmanageable workloads and insufficient staff has left most councils unable to meet public demand. Struggling to meet even a proportion of the complaints generated by the public, councils are having to put proactive action on the back burner," Ms Hills said.

Izindi Visagie, National Association of Planning Enforcement (NAPE) committee member and partner at Ivy Legal said: "The job of a planning enforcement officer is tougher than ever before. "You upset either a planning offender or a complainant, and often both. Throw in a shortage of resources, training and talent pool and add in court delays and appeal delays, and it's no surprise planning enforcement officers are in low supply and morale."





A spokesperson for the Department for Levelling Up, Housing & Communities said: "We have announced our intention to increase fees so that all local planning authorities can increase their resources. We will consult on these proposals in due course."

<https://www.lgcplus.com/services/regeneration-and-planning/nearly-9-in-10-authorities-struggle-with-planning-enforcement-backlog-28-11-2022/>



# APPENDIX I - DEFINITIONS

## OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
<b>Substantial</b> 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b> 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls that may put some of the system objectives at risk.
<b>Limited</b> 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b> 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.



**FOR MORE INFORMATION:**

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