

MINUTES OF AUDIT AND STANDARDS COMMITTEE

Wednesday, 20 July 2022
(7:00 - 9:15 pm)

Present: Cllr Princess Bright (Chair), Cllr Rocky Gill (Deputy Chair), Cllr Dorothy Akwaboah, Cllr Josie Channer, Cllr Manzoor Hussain, Cllr Muazzam Sandhu and Cllr Adegboye Oluwole; Stephen Warren

Also Present: Stephen Warren, Independent Advisor

Apologies: Cllr Dominic Twomey

1. Declarations of Interest

The Independent Advisor (IA) disclosed that he was engaged as a consultant to Public Sector Audit Appointments (PSAA) which appoints the Council's external auditor. The IA disclosed that he was advising on the financial evaluation on the forthcoming tender and the potential impact on the time that will be required as a result of changes in auditing and accounting standards requirements.

The IA assured the Committee that it did not directly affect Barking and Dagenham Council or the appointment of an external auditor. The Chair agreed that this was not a disqualifying interest and permitted IA to continue to participate in the meeting.

2. Minutes

The minutes of the meeting held on 7 March 2022 were confirmed as correct.

3. Accounts Audit Update - 2019/20

The Chief Accountant (CA) explained that BDO representatives had sent their apologies and that he would instead address the Committee.

The CA apologised to the Committee for the latest delay to the audit and acknowledged the Committee's frustration, explaining that BDO had diverted resources to NHS audits.

Responding to the Committee, the CA explained that NHS audits, unlike local government audits, had a fixed timeline and stressed that it was not the case that BDO had chosen to give them priority over the Council. The Chair acknowledged this but noted that whilst BDO had indicated that it was prioritising NHS audits, they had also stated that such audits would be concluded by May 2022. The Chair noted that it was now the end of July 2022 and that the NHS was still being used as justification.

The CA emphasised that there was a crisis in local authority auditing and Barking and Dagenham Council was not the only council affected. The current appointment of BDO would conclude in 2023 and a new auditor could be appointed then.

The Chair said that the latest delay was particularly frustrating as the Committee had been provided with the draft Audit Report for 2019/2020 at the previous meeting of the Committee that took place on 7 March 2022 adding that, whilst one member of the audit team had resigned from BDO, assurance had been given that the timelines would be kept.

The CA proposed that a meeting take place every two weeks with the Chair, Independent Advisor, the Section 151 Officer and himself to ensure that the Chair would be updated on all issues. The CA cautioned that, in relation to infrastructure, there was still an ongoing national issue that BDO would not be able to resolve on their own. The CA suggested that an additional Committee meeting take place in September 2022 to review the 2019/2020 audit report and to use the next scheduled meeting in October 2022 to consider the audit plan for 2020/2021.

The Head of Law (HoL), responding to the Committee, said that she could not provide legal advice in relation to the responsibilities of the Section 151 Officer, without speaking to the officer in relation to the issues around BDO. The HoL stated that a public meeting would not be the appropriate forum to do this; however, she did say that it could be discussed offline.

The Committee thanked the CA for stepping in following BDO's absence and noted the report.

4. Internal Audit Charter, Strategy and Plan for 2022/23

The Head of Assurance (HoA) updated the Committee. The Internal Audit Charter was the overarching governance document for internal audit and, whilst an annual review was not legally required, the policy of the Council was to review the charter on an annual basis. The HoA highlighted that the only change referred to operational arrangements was that the HoA would now report to the Section 151 Officer, rather than the Monitoring Officer.

The Internal Audit Strategy, in contrast did require an annual review, as it was an operational document. Material changes to the document had been made to provide further clarity on the power to summon Heads of Services to the Assurance Group and the Audit and Standards Committee, where satisfactory progress was not being made in the implementation of agreed recommendations.

Following questioning, the HoA explained that he had a statutory right of access to all officers and therefore the refusal to adhere to a summons would constitute a disciplinary offence.

In relation to health and safety, the Council was subject to an adverse audit report by an independent housing stock management company, which resulted in substantial revisions of health and safety in properties managed by MyPlace.

In relation to the Audit Plan, the HoA emphasised that the Council had limited internal audit resources, equivalent to 865 days, and therefore an understanding of the auditable areas of the Council was necessary when drawing up the internal Audit Plan. The HoA added that the Council did rely on firms to undertake internal audit as it was challenging to recruit in-house internal auditors. An internal audit apprentice scheme had been established and it was hoped that, in time, it would

increase the Council's audit resources.

The HoA explained that risks could be:

- Organisational Risk, relating to the likelihood of failing to achieve the Council's objectives; and
- Inherent Risk, relating to the activity and potential problems that may occur.

Discussions had taken place with directors, senior managers, heads of services, at the Council's Assurance Group and with internal auditors at other councils. Previous plans, as well as reports by relevant external sources, such as Ofsted, were also consulted.

The HoA also reminded the Committee that the internal audits could vary as risks and priorities change.

The Committee agreed to approve the Audit Charter, the Audit Strategy and the Audit Plan for the fiscal year 2022/2023.

5. Internal Audit Annual Report 2021/22

The report outlined the work undertaken between 1 April 2021 to 30 March 2022. The public sector internal audit standards required the HoA, as the responsible officer, to provide an annual opinion based on the Council's system of internal control. The HoA disclosed that internal control systems were generally satisfactory, with some improvements required. The HoA also disclosed that:

- 52 Audits were agreed at the start of the plan and the same number took place;
- Five audit topics were changed during the year; and
- 44 of the audits were at draft report stage by 31 March 2022, which marginally exceeded the target of 80%.

The target of having 100% of the audits reported by 31 May 2022 was not achieved. The figure was 98%. This was owing to the late addition of an audit to the plan.

All the internal audit reports gave different levels of assurance. Most reports were classed as providing 'substantial assurance' or 'reasonable assurance.' However, the HoA cautioned that 11 reports gave 'limited assurance' and two were rated as 'no assurance.'

The HoA explained that the two audits that were rated 'no assurance' related to issues with sub-letting leaseholders and housing repairs and maintenance. In relation to sub-letting leaseholders, there was concern in relation to the quality and reliability of data. The Council's insurer required accurate data on the number of sub-letting leaseholders and, where this was not up to date, there could be repercussions for the Council in the event of a claim.

The audit also established that there was no policy or register in relation to the registration of sub-letting leaseholders, and that no new sub-letting leaseholders had been registered since March 2020. Following the audit, it was agreed that a

protocol be drafted to create a framework for the collation and sharing of information between departments, requiring good quality data on sub-letting leaseholders. The protocol had since been drafted and work was under way to implement this.

In relation to housing repairs and maintenance, productivity and customer satisfaction metrics were lower than in comparable services. There had also been an increase in the backlog of repairs and maintenance. In addition to this, there had been issues with the quality of repairs and maintenance.

The HoA acknowledged, following questioning, that the September 2020 deadline for addressing the 'no assurance' audits was challenging, but added that the timescales were set following discussion with managers. If the issues had not been addressed by the deadline, and there was no good reason, officers could be summoned to the Assurance Group or to the Audit and Standards Committee to explain themselves.

The Chair noted that the parking legislation review audit, which dealt with the roll out of controlled parking zones (CPZ), cited a lack of benefits realisation as a high risk. Noting that the roll out of CPZ was controversial, the Chair asked that the HoA update the Committee at its next meeting on 12 October 2022, on the outcome of the actions.

The Committee expressed concern at the problems identified in the audit of William Ford School, particularly noting:

- The lack of key financial information;
- The absence of governance-related information;
- The lack of control processes; and
- That training had been postponed on numerous occasions.

The Committee sought clarification as to how these issues would be addressed. The HoA indicated that communications had been undertaken with the Director of Education and the Director of Finance. The Assurance Group had also been notified, meaning that the Council's senior officers had been made aware of the problems. The School had worked with internal audit on actions needed to address the issues raised and a new audit would take place to ensure that the action plan had been implemented and adhered to. As the Council's internal audit priorities were risk-based, William Ford School would continue to be subject to enhanced oversight.

The HoA stated that the Committee would receive a further update at the next meeting on 12 October 2022.

The Committee noted the update.

6. Counter Fraud Annual Report 2021/22

The HoA updated the Committee. The report covered 1 April 2021 to 31 March 2022.

The Counter Fraud team was divided into two sections: one dealing with fraud

relating to the Council's housing stock whilst the other section dealt with all non-housing related fraud. The HoA disclosed that there had been an increase in referrals to the Counter Fraud Team and the number of cases accepted had also increased. This was, in part, due to an expansion in resources. The HoA was unable to discuss the specifics of referrals received due to legal reasons.

The first criminal prosecution, since the direct funding of a solicitor to assist the Counter Fraud Team in their casework, had taken place. The case related to a tenant who was subletting a two-bedroom council property; the Counter Fraud Team discovered that the tenant was living in Wakefield, West Yorkshire, and had never actually moved into the property.

The Chair asked what controls were in place to detect tenants who were subletting a council property. The HoA explained that the Council undertook publicity campaigns to educate the public on the effects of subletting, emphasising that it was not a victimless crime and that the Council encouraged whistleblowing. The HoA noted that, in relation to the tenant who was living in Wakefield, a member of the local community reported their suspicions to the Council.

In addition to this, the Counter Fraud team used data matching software to compare tenancy records with other information held by the Council such as council tax records. Where these did not match, a preliminary investigation would be undertaken. A risk based proactive approach to fraud was taken. The HoA explained that properties in certain areas, such as those near railway stations, were more likely to be sublet as they could command a rent much higher than the Council charged.

The Committee noted that this would not address those tenants who sublet part of their property. The HoA responded that there were circumstances where tenants could sublet part of their property, where the tenancy agreement permits it. Agencies undertook checks to ensure that council properties were not let, and the HoA disclosed that agencies had previously notified the Council of attempts by tenants to sublet their home.

In response to questioning regarding Council data, the HoA explained that the Counter Fraud team focused on investigating subletting and other tenancy-related fraud. Where other types of fraud were suspected, such as benefit fraud, the relevant party, such as the Department of Work and Pensions, would be informed.

The HoA clarified that the person who occupied a sub-let property was not committing a crime and may not be aware that the property was being sub-let. Criminal responsibility rested with the tenant who had sublet their council property. The HoA acknowledged that, when the Council repossessed a sub-let property, it could result in the occupier losing their home and could lead to the occupier being homeless. However, the Council would address potential issues based on the specifics of the case and any legal requirements.

Following further questioning, the HoA disclosed that the Council was also participated in the National Fraud Initiative which involved data matching with other local authorities. There was also a London Borough Fraud Investigators Group which shared information on strategies to detect fraud and incidences of fraud.

Overall, six properties were recovered from tenants who were not entitled to them, saving the Council circa £500k in rental payments and enabling the Council to rent these properties to tenants who were entitled to them.

The Committee asked that a report be presented outlining how the Council dealt with occupants of sub-let properties.

The Committee noted the update.

7. Information Governance Annual Report

The Complaints and Information Officer (CIO) updated the Committee.

The number of corporate complaints increased by 55% during 2021-2022 compared to 2020-2021. It was also 29% higher than the period 2019-2020.

In 2020, the Council upheld 50% of complaints whilst that figure had fallen to 36% in 2021. The CIO highlighted that, when considering that the total number of complaints rose by 50% year on year, the reduction in the percentage of upheld complaints showed that the Council was driving continuous improvement.

71% of complaints were responded to within the agreed timescales of ten days, which was less than the target of 90%.

The CIO noted that 19% of the complaints which were submitted related to the refuse service and missed bin collections. The Council's policy was to uphold complaints unless there was sufficient evidence to suggest that the missed collection was the fault of the complainant. Of the 1,659 upheld complaints, 624 related to missed bin collections, meaning that only 1,035 complaints had been upheld against other services.

The CIO stressed that the Council continued to strive to learn from the complaints data. As part of this, the Customer Feedback team had set up improvement meetings involving key service areas which received a high level of complaints. The CIO cited, as an example, the meetings which were held with BD Group, which focused on learning from complaints and turning this learning into service improvements. The CIO then cited the example of BD Group implementing an internal tracker which considered all aspects of a complaint and the root causes for the complaint being raised. This key information was used to track key service areas which were generating high levels of complaints compared against the others. The complaints data illustrated recurring patterns:

- Delays in appointments occurring;
- Follow-on works not been scheduled; and
- Dissatisfaction with the works undertaken.

These themes remained consistent year on year and remained a topic of conversation into how the BD Group could address concerns using the tools in place currently, whilst considering what additional steps needed to be taken to ensure these themes were addressed fully. The CIO cited, as an example, the work undertaken to employ more multi-skilled tradespeople who could attend jobs and undertake more than one service, allowing for jobs to be completed faster.

The Chair, noting the progress that had been made in relation to tradesmen keeping to appointments, emphasised that greater focus was required on the quality of the work and asked for feedback on action that was being taken to monitor work quality.

In relation to Be First, most complaints related to delays within Building Control and functional problems with the Planning Portal. Of the complaints received for Be First:

- 65% were answered within the timescale of 10 days;
- 36% were not upheld;
- 11% were partly upheld;
- 19% were upheld; and
- 11% were withdrawn.

The CIO then discussed complaints against Community Solutions, which included revenues and benefits as well as housing allocations.

The CIO explained the reasons for the rise in complaints in 2021-2022. In 2020-2021, Revenues and Benefits were fully integrated into the Council from Elevate. Additionally, the change in support, via various grants and legislation under Covid-19 being withdrawn, meant more contact was being made. For example, the ability to apply for furlough officially ended in September 2021 meaning residents, regardless of working status, received no additional funds but were still expected to pay council tax and rent. As a result, levels of dissatisfaction rose during this period.

Complaints over housing allocation and the time taken to get allocated was an ongoing theme and mostly related to the wait for appropriate housing. Those who bid for housing would often complain when they were not successful and complain that they were having to wait extended periods of time. In terms of complaints:

- 80.1% were answered within the timescale of 10 days;
- 5.8% were not upheld;
- 16.9% were partly upheld;
- 21.5% were upheld;
- 1.5% were resolved at first point of contact; and
- 9.2% were withdrawn.

The CIO then discussed Core Services, which included parking and street enforcement as well as leisure centres. In relation to leisure centres, complainants were directed to the centres.

Enforcement Services generated the largest number of complaints. The CIO cautioned that this was not unusual as they were responsible for services that tended to generate controversy, such as parking and street enforcement. In 2021-2022, complaints rose by 104.4%.

The CIO said that the Customer Feedback Team had been working with parking services directly, refining the process on what constituted a complaint. Parking had several legal procedures which needed to be followed by those who received a

penalty, and so complaints had to be dealt with subject to the relevant piece of legislation. In terms of complaints:

- 21.9% were upheld;
- 15.9% were partly upheld;
- 49.2% were not upheld;
- 0.5% were resolved at first point of contact; and
- 6.4% were withdrawn

The CIO then briefly discussed Members' casework. There was an increase of 3% in casework received during 2021-2022. 78% of casework was answered within the timescale of ten working days. This was below the Council's target of 90%.

The Chair noted that she often had to follow up with the casework owing to responses not being forthcoming. The CIO responded that weekly reports, showing the status of enquiries, were automated and sent out on Mondays to team managers. This method helped services to focus on all cases which remained open across the system. Chaser emails were sent out on the seventh and tenth days. Where the response was not forthcoming by the tenth day, an email would be sent to the Councillor informing them that the response would be delayed. However, there had been issues and the Chair's concerns would be fed back.

The Chair suggested that weekly reports, sent to Directors and Team Managers, should also be shared with Councillors and asked that this also be fed back to the Head of Customer Contact.

A significant increase of 16.8% in complaints was reported for My Place from 2020. The CIO explained that this was not surprising as it covered a vast number of services which residents utilised, such as street cleansing, refuse and landlord services.

The CIO said that Freedom of Information (FOI) requests had risen by 16% across the Council. Subject Access Requests had risen by 36%, with many requests relating to adult and children's social care files.

Responding to questioning, the CIO said that FOI responses were published on the Council's website. At present, there was no process to inform a Councillor of an FOI that related to their ward.

The Committee expressed concern that, of the 12 complaints that reached the Local Government Ombudsman, 11 were upheld. The Committee also expressed caution on the use of comparative data with neighbouring boroughs, as they had larger populations.

The Council's target of responding to 90% of complaints within 10 days was also discussed with the Committee, which questioned whether this was a realistic timeframe given that no department was able to achieve it. The Committee also noted that the timeframe had resulted in formal responses which were unsatisfactory, vague, contained spelling errors or had poor grammar.

The Committee also requested statistics in relation to the processing and outcomes of complaints, that were subject to statutory procedures, relating to Adult

Social Care, Children's Social Care, Schools, Councillors and reports of fraud.

The CIO explained that complaints may cover several different services and so the responses were collated from different departments. The Customer Feedback Team would notify the relevant services, as well as collate the responses and forward these to Members. However, the CIO acknowledged that some responses had fallen short of the quality requirements.

The Committee noted the report.

8. Standards Complaints update

The HoL updated the Committee. There were three active complaints against Councillors in relation to purported breaches of the Code of Conduct. The complaints were made by the same person in May 2022.

In response to questioning, the HoL clarified that the complaints were still at the preliminary stage and no decision had been made on whether a formal hearing would be required. The HoL also clarified that there were no statutory timescales in relation to addressing the complaints, but it was in the interests of all parties that the Council investigate the complaint as quickly, but also as carefully, as possible.

The Committee noted the update.

9. Work Programme 2022/23

The Committee noted the work programme.