

Notice of Meeting

AUDIT AND STANDARDS COMMITTEE

Wednesday, 26 September 2018 - 7:00 pm
Council Chamber, Town Hall, Barking

Members: Cllr Josie Channer (Chair); Cllr Adegboyega Oluwole (Deputy Chair); Cllr Dorothy Akwaboah, Cllr Simon Bremner, Cllr Princess Bright, Cllr John Dulwich, Cllr Kashif Haroon and Cllr Muhammad Saleem

Independent Advisor (Audit): Stephen Warren

By Invitation: Councillors Maureen Worby (agenda item 4) and Dominic Twomey (agenda item 5)

Date of publication: 18 September 2018

Chris Naylor
Chief Executive

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AGENDA

1. **Apologies for absence**
2. **Declarations of Interest**
3. **Minutes- To confirm as correct the minutes of the meetings held on 25 July 2018 (Pages 1 - 4)**
4. **Adaptations Grant Scheme (Pages 5 - 10)**
5. **Progress update on actions arising from the Internal Audit report for the IT Security Framework (Pages 11 - 14)**

6. **Work Programme 2018/19 (Pages 15 - 16)**
7. **Any other public items which the Chair decides are urgent**
8. **To consider whether it would be appropriate to pass a resolution to exclude the public and press from the remainder of the meeting due to the nature of the business to be transacted**

Private Business

The public and press have a legal right to attend Council meetings such as the Public Accounts and Audit Select Committee, except where business is confidential or certain other sensitive information is to be discussed. The list below shows why items are in the private part of the agenda, with reference to the relevant legislation (the relevant paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 as amended). ***There are no such items at the time of preparing this agenda.***

9. **Any other confidential or exempt items which the Chair decides are urgent**

MINUTES OF AUDIT AND STANDARDS COMMITTEE

Wednesday, 25 July 2018
(7:00 - 8:16 pm)

Present: Cllr Josie Channer (Chair), Cllr Adegboyega Oluwole (Deputy Chair), Cllr Dorothy Akwaboah, Cllr Simon Bremner, Cllr John Dulwich and Cllr Muhammad Saleem

Also Present: Stephen Warren (Independent Adviser, Audit), Richard Hews and Charles Medley (KPMG-External Auditors)

Apologies: Cllr Princess Bright and Cllr Kashif Haroon

6. Declaration of Members' Interests

There were no declarations of interest.

7. Minutes of the meeting held on 27 June 2018

The minutes of the meeting held on 27 June 2018 were confirmed as correct.

8. External Audit Report 2017/18

The report highlighted the key findings from the audit work at the Council in relation to the Council's 2017/18 financial statements and the Pension Fund. It also summarised the work to support KPMG, the Council's external auditor's conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

The report was introduced by Richard Hewes, Director KPMG and he advised that the external auditors were anticipating issuing an unqualified audit opinion on the Authority's financial statements by the statutory deadline of 31 July 2018. He also stated that the Annual Governance Statement complied with CIPFA and SOLACE guidance. There had been no objections to the Statement of Accounts (SOA) from members of the public during the consultation period and the external auditors had highlighted no specific concerns. He commended the hard work of the Council's Finance team in successfully meeting the new statutory target date which had been brought forward by two months on previous years, a sentiment echoed by the Committee.

Forming part of this year's audit work KPMG made one recommendation relating to the enhancement of internal controls to ensure clear documentation, showing a separation between the preparer and approver of manual journals to the ledger, which the Council have agreed to implement and monitor on a monthly basis.

The report updated the good progress made against the three recommendations which had been highlighted from the previous year's audit, namely:

- *Completeness of Related Party Declarations (RPD's)*

Following an enquiry from the Chair it was confirmed that whilst a process is in place to chase outstanding RPD's, the small number of outstanding declarations had been compounded by the fact that a significant number of Members' had not sought re-election this year.

- *Quality checks of assumptions and the accuracy of the valuation report*

A considerable amount of work is being done with My Place to ensure the accuracy of the data (floor space etc) re Council property ownership, and with My Place now responsible for the entirety of the portfolio it will be easier going forward to manage.

In response to a question from the Deputy Chair about the accuracy of the valuation of the Council's assets, KPMG explained that the approach is to take a sample of property and undertake a physical inspection to confirm that (1) the assets exist and (2) then to assess their value with external valuers. Officers confirmed that all the said assets are recorded in a Register maintained by My Place.

At the further request of the Deputy Chair and given the size of the Register, the Chief Operating Officer agreed to see in what format the details contained in the Asset Register could be best viewed by Members.

- *PPE controls-disposals and valuations*

The Committee noted the report.

9. Approval of the Statement of Accounts and Annual Governance Statement 2017/18

The Council's draft Statement of Accounts (SOA) were approved by the Chief Operating and Section 151 Officer on 31 May 2018 and had been subjected to detailed audit by the external auditors, KPMG as reported under the previous agenda item. Whilst the audit had yet to be completed, KPMG have anticipated issuing an unqualified audit opinion on the accounts, including the Pension Fund. Therefore, in accordance with the Accounts and Audit Regulations 2015, the accounts and the Annual Governance Statement were presented to the Committee for their consideration and approval prior to publication by 31 July 2018.

In response to the presentation of the report the Chair enquired as to how the financial risks to the Council in delivering its ambitions are reflected in the accounts. The Chief Operating Officer explained that the accounts are backward looking and it is the Medium Term Financial Strategy (MTFS) and the budget monitoring reports presented to Cabinet which highlight the risks and actions being taken to manage budget pressures.

KPMG representatives added that the assessment of the risks forms a key part of their value for money audit work as highlighted in their Audit report.

The independent Advisor to the Committee commented that whilst recognising the complexity of the accounts which were required to be presented in a prescribed manner, going forward he did feel that to support members understanding, there

was scope to improve the form and content of the supporting narrative and the manner this is presented to the Committee.

This was acknowledged by officers who stated that this had been considered but with the shortened timeline for this year had not been progressed but will present proposals in an update to the Committee on lessons learnt from the External Audit in January 2019.

Turning to the accounts and in particular the financial statements, the Committee sought and received clarification from officers on a number of issues associated with both short-term investments and borrowing as well as increases in fees, charges and other service income and revaluation gains under property, plant and equipment.

Accordingly, the Committee,

- (i) Reviewed and approved the draft Statement of Accounts and Annual Governance Statement for the year ended 31 March 2018 as set out at Appendix 1 and 2 to the report respectively, and
- (ii) In order to comply with the Council's statutory obligations, confirmed that the final Statement of Accounts 2017/18 be published by 31 July 2018 and have authorised the Chief Operating Officer, in consultation with the Chair, to make any changes to the draft accounts that may be agreed with KPMG.

10. Complaints Against Members - Update Report

This report provided the Committee with an update of complaints against Members of the Council, their current status, outcome and actions taken. Since last reporting to the former Standards Committee in January 2017 there have been a total of seven such complaints received by the Monitoring Officer, the details of which were set out in Appendix A to the report.

The Committee discussed the volume of complaints received and the volume of customer complaints received and how the council dealt with them. It was acknowledged that there is an item on customer complaints on the Committee's workplan.

11. Internal Audit Report for Quarter 1 2018/19 (1 April to 30 June 2018)

This report brought together all aspects of internal audit work undertaken to date during 2018/19. The report detailed audit progress to 30 June 2018 and included details of the overdue high-risk recommendations outstanding and actions being taken by management to address these.

In response to the outstanding areas of high risk the following observation was made:

Planning enforcement – lack of policies and operational procedures and unassigned cases on Uniform

Is there are plan to address this, given the report states there is a lack of capacity in the team?

The Chief Operating Officer confirmed that officers have commenced drafting a new set of policies and procedures which subject to resolving a number of operational issues, expected to be finalised within the next six weeks.

The three identified unassigned cases on the Uniform system concerned a duplicate request and training records for staff. There are currently no unassigned cases. Furthermore, as an interim arrangement all works in relation to enforcement notices, appeals and operational management is being verified by a senior officer. There is also an ongoing review of team practices to ensure all staff can support the service in terms of the breadth of planning enforcement.

The Committee noted the report.

12. Work Programme 2018/19

Following the presentation of the work programme Members questioned its relevance to the wide-ranging remit of the Committee as detailed in its terms of reference set out in the Constitution. The Chief Operating Officer explained that following a comprehensive revision of the Council's meeting structures the Monitoring Officer will be conducting an operational review in January 2019, where it is anticipated that changes in the committee's areas of responsibility will be addressed, which in turn will be reflected in the work programme.

That aside having reviewed the current programme it was agreed to receive a report in January 2019 updating lessons learnt from the external Audit review 2017/18.

AUDIT & STANDARDS COMMITTEE

26 September 2018

Title: Adaptations Grant Scheme	
Report of the Director of People & Resilience	
Open Report	For Decision
Wards Affected: All	Key Decision: No
Report Author: Stephan Liebrecht Operational Director, Adults' Care & Support	Contact Details: Tel: 020 8227 5410 E-mail: Stephan.liebrecht@lbbd.gov.uk
Accountable Director: Stephan Liebrecht, Operational Director, Adults' Care & Support	
Accountable Strategic Leadership Director: Elaine Allegretti, Director of People and Resilience	
Summary	
<p>The Adaptations Grants Scheme (AGS) involves the provision of grants of money to individuals with social care needs so that they may arrange their own adaptations to their home, and maintain their independent living. It has been running for some years, with declining uptake. The current scheme is widely underutilised with a current budget underspend of £0.378m as at 31st July 2018.</p> <p>On the basis of both the control weaknesses identified by Internal Audit and the poor uptake of the scheme, this report outlines a decision undertaken by the service management to suspend the current Adaptations Grant Scheme with immediate effect. It is intended to fundamentally review and relaunch the scheme in for 2019/20.</p> <p>Whilst interim solutions to tackle the most prominent issues have been put in place a relaunched service would be able to fully look to accommodate the audit recommendations and focus on improving the take up of the service and promoting the principle of choice and control, upon which the scheme was based.</p>	
Recommendation(s)	
<p>The Audit and Standards Committee is recommended to:</p> <ul style="list-style-type: none"> (i) Note the work that has been undertaken already to strengthen controls in the operation of the scheme; and (ii) Note the proposal to now suspend the scheme, review the poor uptake and fundamentally relaunch it for 2019/20. 	

Reason(s)

The AGS was set up with a goal of enabling borough residents to independently choose and complete adaptation requirements in their property. A relaunched scheme would retain and ensure that this principle is maintained, and this links closely to elements of Council priorities including:

Enabling Social Responsibility:

- support residents to take responsibility for themselves, their homes and their community
- protect the most vulnerable, keeping adults and children healthy and safe

Growing Our Borough:

- support investment in housing, leisure, the creative industries and public spaces to enhance our environment

1. Introduction and Background

- 1.1 The Adaptation Grant Scheme (AGS) offers support to both owner occupier and housing association residents with disabilities in Barking and Dagenham in relation to some lower-cost adaptations and alterations in their property. It does not include tenants/Council tenants.
- 1.2 The AGS has an annual budget of £400k which is funded corporately. The scheme is managed by the Adaptations and Equipment Team which works across all of adult social care from within the new Disability Service and is responsible for processing applications and authorising payment to successful residents. In line with the principles of personalisation, the resident is then responsible for organising and paying for the works.
- 1.3 The scheme was reviewed by Internal Audit between April and September 2017 and a final report generated in January 2018 highlighting a number of issues and the provision of a 'Nil Assurance' level.
- 1.4 In response to the report by Internal Audit, the service agreed broadly that the scheme needed reviewing. The scheme had been operating for some years, however, and it is appropriate that the processes and protocols are revisited to ensure that they are delivering the best value for money and the optimum service for residents.
- 1.5 Some immediate issues with controls around the scheme were addressed at the start of 2018, these included:
 - **Absence of Policies & Procedures**
A mapping session took place with the key stakeholders in March 2018. This enabled the current AGS process to be mapped out incorporating all relevant responsibilities and timescales. The outcome of this session was an "As Is" process map which was then distributed to the Adaptation &

Equality Team to ensure the correct process was followed. This process also helped to identify and understand associated issues.

- when the scheme is relaunched in 2019 a new process would be designed focusing on taking relevant steps to resolve issues, and thus improve efficiency and also a related AGS Policy and Procedure developed.
- **Multiple AGS Applications** (with no process of checking earlier work completed)
If individuals make multiple applications, a process for the monitoring of completed works to be determined, prior to the next application being processed.
- **Approval of Payments** (no delegation scheme and is completed by the team that raised the initial order)
Any successful applications whilst raised by the Equipment and Adaptations Manager are approved/signed off by the Head of the Disability Service or Group Manager Intensive Support, thus a delegation scheme already exists.
- **Initial Screening (Service Initiated Improvement)**
A simple screening tool for the process has been implemented at the point of contact. This is vital for a number of reasons including:
 - **Safeguarding**
The previous lack of a health check mean that a person with dementia could potentially apply for an adaption such as a stairlift which poses a significant risk to that individual
 - **Proof Medical/Disability**
By obtaining proof of an individual's medical condition/disability (if not already known to the organisation) we can now ensure that applicants meet the required criteria for the scheme
 - **Reduce Burden on Adaptations Team**
The screening tool will help reduce demand on the service by reducing the number of applications that do not meet the essential criteria not being formally submitted.

2. Proposal and Issues

- 2.1 In order to ensure that the AGS scheme is optimised, it is proposed that the scheme is suspended for the remainder of 2018/19 and relaunched with a revised service in 2019/20.
- 2.2 The new service will be designed to strike a better balance between the recommendations made in the audit report and the ambition to give service users control over the work and the way they it is completed in their properties in the spirit of Personalisation and the Care Act.

2.3 Key aspects of the re-launched service would include:

Policies/Procedures

- Detailed mapping of the current process to take place and help to understand and identify issues
- New process to be designed, taking steps to resolve issues and reduce any unnecessary wastes, thus improving efficiency
- Application form to be reviewed and ensure fit for purpose, with emphasis on being as simple as possible, online, and thus not a barrier to people applying for the scheme
- This will help to encourage people to apply whilst minimising errors made on forms and subsequent re-work for the team

Use Of AGS

- Detailed list of the potential uses of AGS to be completed, with a focus on being able to provide person centred solutions and the use of modern technology/initiatives. This will be completed in consultation with Care City.

Publicity

- Scheme to be relaunched with clear, revised documentation
- Communication strategy utilising Social Media
- Promotion of scheme to a broader range of locations i.e. libraries, GP surgeries, community groups with a view to increase take up/utilisation of available budget
- Focus on digitalisation of scheme ensuring accessibility and making use of available resources such as the Care & Support hub.

Awareness

- Other relevant teams within ACS/CS provided with correct information to ensure that consistent message is provided to residents and also scheme is promoted where possible.

Monitoring

- A three-tier monitoring process is proposed to replace the current spot-checking process as follows;
- 100% Invoices (All invoices are audited and checked)
- 30% of cases will be reviewed by Social Workers as part of their annual review. Cases chosen need to have a social care provision)
- 10% Home Visit by Occupational Therapists to review work

3. Options Appraisal

3.1 The alternate option that was considered is to do nothing and continue the scheme in its current state. However, it is felt that the issues highlighted below need to be addressed, and the proposal of a re-launch in 2019/20 allows the time to complete this.

- **Low Uptake**

Since the schemes inception in 2012 it has become increasingly underutilised, with the number of successful applications decreasing each year.

Financial Year	Successful Applications
2012/13	143
2013/14	127
2014/15	90
2015/16	41
2016/17	71
2017/18	73
2018/19	12 (To Date)

- **Low Number Of Successful Applications**

Of the 1571 AGS applications only 557 or 35% have been successful.

- **Budget Not Utilised**

Due to the low number of successful applications the scheme has underspent against the budget in the past three financial years as reflected in the table below.

Financial Years	Actual £	Budget £	Variance £
15-16	112,040	400,000	(287,960)
16-17	342,518	400,000	(57,482)
17-18	155,032	400,000	(244,968)
April - June 2018	22,322	400,000	(377,678)

- **Officer Time**

The AGS is a significant burden on Officer time within the Adaptation & Equality Team, this is largely due to the volume of applications that do not meet the criteria but still require processing, chasing of applicants for further information/incomplete forms.

4. Consultation

- 4.1 Given the very low utilisation of the AGS in its current format by local residents, consultation was limited. Councillor Worby agreed to the proposed way forward including the suspension of the AGS in its current form. The Strategic Director for People and Resilience Elaine Allegretti has also provided her agreement.
- 4.2 In designing a new scheme, there will be engagement with service users about how it can work most effectively for them.

5. Financial Implications

Implications completed by: Olufunke Adediran, Group Accountant.

- 5.1 This report seeks approval to suspend the current Adaptations grant scheme while work goes underway to re-launch a new scheme following recent audit recommendations.
- 5.2 The budget available within the capital programme for this scheme is £0.400m and the scheme has significantly underspent over the past three financial years and in this financial year 2018-19 to date, only £22k has been spent.
- 5.3 Suspending the scheme this year would release an underspend of £0.378m and the use of this monies would need to be agreed with the corporate finance section to ensure optimum use for 2018/19 only. A budget would then be required from 2019/20 onwards to fund the new Adaptations scheme which should be contained within the existing budget envelope.

6. Legal Implications

None

7. Other Implications

7.1 Health Implications

None

List of appendices:

None

AUDIT AND STANDARDS COMMITTEE**26 September 2018**

Title: Progress update on actions arising from the Internal Audit report for the IT Security Framework.	
Report of the Chief Operating Officer	
Public Report	For Information
Wards Affected: None	Key Decision: No
Report Author: Paul Ingram IT Strategy Lead	Contact Details: Tel: 07455 168555 E-mail: paul.ingram@lbbd.gov.uk
Accountable Director: Claire Symonds Chief Operating Officer & Deputy Chief Executive	
Accountable Strategic Leadership Director: Claire Symonds	
Summary Update on the Council IT Disaster Recovery arrangements.	
Recommendation(s) The Audit and Standards Committee is recommended to: (i) Agree that the proposed updates will provide a suitable level of assurance around Council IT disaster recovery. (ii) Note the work underway to assure the Council has a fit for purpose IT disaster recovery capability.	
Reason(s) The Committee requested an update following the earlier Internal Audit report.	

1. Introduction and Background

- 1.1 The Council historically had a disaster recovery contract for key IT infrastructure with a 3rd party organisation.
- 1.2 During 2014/15 the Council moved away from it's on premise data centre (Dagenham Civic Centre) and move to a Infrastructure As A Service (IAAS) arrangement with Agilisys. It was recognised that this type of service was capable of delivering a high level of resilience between sites and that the existing Disaster recovery arrangement would not deliver a meaningful level of protection to the

Council with an IAAS based service. As a result, the existing Disaster recovery contract was ceased.

- 1.3 In February 2018, Cabinet approved a budget to deal with historic under investment in ICT within the Council. Part of this budget was specifically intended to implement and deliver a fit for purpose IT disaster recovery arrangement that meet's the Council's current and emerging needs and risks.
- 1.4 In March 2018, an internal audit report around IT security gave limited assurance with the main finding being the lack of an ICT Disaster recovery capability.
- 1.5 In April 2018, a paper was presented to the Council's Assurance Group highlighting the key risks and a proposed approach to delivering a suitable ICT DR service.
- 1.6 In June 2018 Audit & Standards Committee reviewed the findings of the security audit and requested an update on the work being carried out to meet the Council's IT Disaster Recovery need.

2. Proposal and Issues

2.1 Approach to mitigation

Since 2016, the Council has preferred where economically, operationally and technically reasonable to procure IT systems as services rather than as applications that the Council then hosts. This effectively moves the risk from the council and Elevate to the application provider who have DR processes in place. This has a number of benefits, including reduced dependency on IAAS and so over time is managing down the risk from a business failure from its single provider, Agilisys.

Below are some of the applications now being delivered or moving to hosted or "delivery as a service" type approach whcih all include an availability based contract and / or DR. These include:

- Liquid Logic
- Email
- Sharepoint
- Abitras
- Oracle
- Case Management
- Integration

Some of the key applications remaining on IAAS or Hosted with Agilisys for a significant number of years include

- Revs & Bens (Acadamy)
- Income management
- Housing (Capita Housing and Capita Open)
- Our various asset systems
- Information @ work
- Key parts of GIS systems
- Planning (IDOX)
- School enrolment (CACI)
- Legal system (IKEN)

- Oracle Archive (R11)
 - Confirm
 - Council Website
 - Telephone system
 - Contact Centre telephony including voice recording
- Total of 185 servers

Mitigation for IAAS dependent systems and workloads

Proposed mitigation

Technical approach

The proposed mitigation for this risk is to create a maintained data copy of all the data and applications currently in Agilisys IAAS into Microsoft IAAS (Azure).

The Microsoft Azure services are costed by a number of parameters but this means that we can maintain storage copies of our systems and server configurations ready to run whilst incurring very low levels of cost for server capacity.

In the event of a failure leading to us needing to invoke, the server capacity can be started up rapidly ie: during working time, minutes to hours.

This approach has benefits outside of the pure Disaster Recovery risk mitigation:

- We can choose to run test and development environments in Azure instead of IAAS.
- The Azure data can (subject to governance controls) be more easily cloned and accessed for data mining
- At the end of the Elevate contract, a path will exist and be well tested to allow the Council to migrate services from IAAS

In addition to the contingency provided by creating a copy and instance of our environment in Azure, it is necessary to seek assurance from other service providers that their DR arrangements are tested and that they work.

Commercial approach

The cost for this activity has been estimated at £100K of manpower in 2018/19 to implement the required services and a further £100K per annum on a revenue basis for subscription and manpower to maintain the regime going forward to the end of the Elevate Contract.

After the end of the Elevate contract, costs for DR will be included in the ongoing IT costs for Core. These are currently under development with a full business case expected to go forward to Cabinet in Sept / Oct 2018.

The proposed costs above are included in the February forward budget forecast now approved by Cabinet.

3. Options Appraisal

3.1 A number of options and approaches were considered in the development of this approach including:

- No Action: Rejected as it leaves the Council exposed to an unacceptable risk and does not conform to good practice from a business continuity or IT Security standpoint.
- Normal DR contract: Rejected as it is expensive and complex to deliver and would not be the best strategic fit for Council ICT strategy.
- Creating additional resilience capacity within Agilisys IAAS: Rejected as it doesn't address the key risk around a business failure of Agilisys.

4. **Financial Implications**

None

5. **Legal Implications**

None

6. **Other Implications**

None

List of appendices:

None

Audit and Standards Work Programme 2018/19

Chair: Councillor Josie Channer

Meeting	Agenda Item	Officer	Final Papers deadline	Publication Date	Relevant Cabinet Member- Cllr Twomey
16 January 2019 18:00 Town Hall, Barking	1. Risk Management Framework 6 monthly report 2. Composite Internal Audit and Counter Fraud report 2018/19 Quarters 2 and 3 3. Annual Audit Plan 2018/19 4. Annual Audit Letter 5. External Audit review 2017/18 6. Standards Complaints Update 7. Gifts and Hospitalitys 8. Information Governance Annual report 9. Work Programme	Head of Assurance Rachel Paddon/Kevin Key External Auditor External Auditor Fiona Taylor Fiona Taylor Nick Lane Democratic Services	3 January 2019	8 January 2019	

3 April 2019 19:00 Town Hall, Barking	<ol style="list-style-type: none"> 1. Annual Audit Letter 2. Internal Audit Charter, Audit Strategy 2019/20 onwards and Audit Plan 2019/20 3. External Audit Plan 4. Certification of Grants and Claims 5. Risk Management Framework (end of Year report) 	External Auditor Rachel Paddon BDO KPMG Head of Assurance	21 March 2019	26 March 2019	
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