

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Finance & Audit Committee

Date: 20 July 2021

Reporting officer: James Larkin, Head of Audit & Counter Fraud Shared Service
(Chief Audit Executive)

Subject: Red Audit Opinions

Purpose and summary of report:

To notify Members of audit opinions of Red given following Internal Audit reviews of Private Housing Enforcement and IT Asset Management.

Recommendations:

1. This report is for information only.

1. Introduction

- 1.1 In accordance with the terms of reference of this committee, Internal Audit is required to report to the committee on reviews given an opinion of Red where the Chief Audit Executive (in consultation with the Section 151 Officer and/or Monitoring Officer as applicable and following discussion with the Chair of the Finance & Audit Committee) considers the weaknesses identified to exceed a financial threshold of £25,000, or where they represent a significant risk to the achievement of the council's corporate objectives.
- 1.2 This report details the findings from two reviews that have received an overall opinion of Red and meet the criteria mentioned above as well as the management responses/actions taken as a consequence of the reviews.

2. IT Asset Management.

Audit Findings

- 2.1 The review considered the following Risk Management Objective: *Arrangements are in place to purchase and monitor distribution and relocation of IT equipment.*
- 2.2 The audit found that there were clear, documented arrangements in place for the purchase of IT equipment and these were being followed in practice.
- 2.3 Asset registers were found to be in place, but the value threshold for recording IT assets within these registers has not been defined. Analysis of register entries identified that in some instances, incomplete information was held for assets and

the audit also identified control weaknesses in the management of IT Assets. Audit testing identified instances where the Asset Register had not been updated to reflect the location of equipment issued to an employee when they had left the council's employment or where equipment had been passed between different officers of the council. It was also identified that some equipment had not been recorded on the register. Whilst this information was found to be held elsewhere, the absence of a single, complete record increases the risk of the council being unable to track and identify IT assets and having transparency of all asset data. Work to update asset registers was underway at the time of the audit review. Recommendations were made within the audit report to ensure this work is completed as quickly as possible and to implement regular reconciliation routines to ensure that the accuracy of the IT Asset Register is maintained moving forwards.

- 2.4 The audit established that the council has in place an ICT Disposals Policy, although opportunities were identified to enhance this policy to ensure it reflects actual practice in the disposal of peripheral equipment such as keyboards, mice etc. It was confirmed that appropriate arrangements were in place with an external provider to securely dispose of IT Assets and evidence was obtained of these arrangements are operating effectively, including Waste Transfer note, an Asset Audit Report (AAR) and a Recovery Certificate confirming that the council had fulfilled its Duty of Care set forth within the WEEE Directive.
- 2.5 Recommendations relate to arrangements being made for the IT Asset Register to be reviewed for accuracy and completeness; regular independent reviews of the IT Asset Register being carried out, including physical checks of IT assets to ensure they are still held by the intended users; ensuring there is a robust process for identifying staff leavers; ensuring IT assets are recovered when staff leave the council and that the IT Asset Register is promptly updated; an accurate record being prepared of all unallocated IT assets and regular reconciliations taking place to ensure this record is accurate and up to date, with all discrepancies investigated and reported as appropriate; and, all sales/disposals of IT assets being undertaken in accordance with the ICT Disposals Policy.

Management Response/Actions

- 2.6 During the period of the first Covid-19 lockdown, IT staff were under incredible pressure to deploy the equipment required to keep frontline services operational, whilst also ensuring newly issued equipment did not pose a cyber risk to the councils information security.
- 2.7 It is understandable that during this time of high pressure and competing priorities, some items of asset record keeping did not follow the normal procedures of being recorded accurately.
- 2.8 Whilst the audit identified inconsistencies in a few areas, there is not a complete absence of asset data. However, that data is spread over multiple locations and requires consolidation into a single register.
- 2.9 Activity has started to review the data which is held in different areas and consolidate that into a central register.
- 2.10 The new central register will be verified against a staff survey which asks users to confirm the equipment they are using. The survey also gives us the opportunity to re-asses the suitability of current equipment being used in line with the new Hybrid Working Policy and the migration of systems to Microsoft 365.

- 2.11 The staff survey has been built using the councils online forms software (Dash) and will help streamline the processing of responses.
- 2.12 IT Staff will also be working with the HR team to implement a process as part of the starters / leavers / changers process which will better capture the movement of equipment within departments as a result of staff changes.

3. Private Housing Enforcement

Audit Findings

- 3.1 The review considered the following Risk Management Objective: *The council has arrangements in place to ensure effective Private Housing Enforcement is undertaken.*
- 3.2 The review found that while a robust Private Sector Housing Enforcement Policy in place, the procedure notes that underpin it need updating to ensure the working methods used comply with the policy.
- 3.3 Record keeping was identified as the main issue throughout the review, with the storing of information across multiple locations complicating the process for dealing with House of Multiple Occupation (HMO) licence applications received via the GOV.UK website, creating potential issues with enforcement of HMO licencing and also enforcement action against private landlords who have failed to rectify issues with tenanted properties. This increases risks around both the initial licencing and renewal not being completed accurately and the risk of enforcement action being open to challenge and criminal proceedings not being possible in the most serious cases.
- 3.4 The review also identified that the ability to issue Civil Penalties has been available for Private Housing Enforcement since 2016 and is included in the Private Sector Housing Enforcement Policy. However, to date no penalties have been issued.
- 3.5 The service has recently resumed responsibility for the Building Safety Programme which was brought in as a direct result of the Grenfell Tower incident. Kent Fire and Rescue Service (KFRS) have also announced that they are handing back responsibility for fire checks on all purpose-built blocks of flats, though negotiations were still ongoing Kent-wide at the time of the review as to exactly what KFRS will retain.
- 3.6 The team are responsible for tackling hoarding and other unsociable behaviours in the private housing sector and have adopted a multi-agency approach, with the case being discussed at the Gravesham Vulnerability Panel, to ensure a joined-up approach is taken to tackle the issue.
- 3.7 The team has a good relationship with its compliant landlords, and although it was not possible for any Landlord Forum meetings to be held in 2020 due to the Covid-19 pandemic, we were advised that it is intended to improve and relaunch these and use them to educate and inform landlords as well as allowing them an arena for networking and sharing best practices.
- 3.8 Recommendations relate to private Housing procedures being written and tailored to ensure they reflect local priorities; the team investigating digitalisation of Private Housing enforcement processes, including making best use of the systems available and moving away from paper files, as well as reviewing

arrangements to ensure the Public HMO Register is accurate; arrangements being put in place to facilitate the timely renewal of HMO licences and for enforcement action to be taken where this is not the case; arrangements being put in place to ensure the council is able to take robust private housing enforcement action; the necessary work to facilitate the introduction of Civil Penalties being progressed; and, the service exploring alternative means to hold the landlord forums and otherwise engage with landlords.

Management Response/Actions

- 3.9 The Private Sector Housing Team has been under-resourced for a significant amount of time, and this has had an impact on their ability to provide a proactive service. Although the team deliver a service, it is limited and as outlined in the audit findings, the team has directed resources to the most serious of cases including where vulnerable people have been identified.
- 3.10 The resourcing issue within this team is the biggest barrier to delivering a proactive service, and the reason why some aspects the service has not achieved what the Council seek to deliver. This was identified by the Service Manager (Housing Options) recently, before the audit commencing and is currently being addressed through a restructure of the service which will see an increase in resources including the creation of a Private Sector Housing Manager post to effectively manage the team and ensure processes and procedures are aligned to our statutory duties.
- 3.11 The increase in resources will mean that the issues highlighted within the audit report can be properly addressed, and as part of the restructure, IT systems, working practices, and responsibilities will also be reviewed and considered to ensure that officers can work in the most effective and efficient way possible in the future.
- 3.12 Increasing the resource with this team will ensure that a proactive and dynamic service can be delivered to tenants living in the private sector to ensure they are kept safe and secure in their home, and where landlords fail to comply with requirements, robust enforcement action is taken.

4. BACKGROUND PAPERS

- 4.1 Final Audit & Counter Fraud Report – IT Asset Management.
- 4.2 Final Audit & Counter Fraud Report – Private Housing Enforcement.

Anyone wishing to inspect background papers should, in the first place, be directed to Committee & Electoral Services who will make the necessary arrangements.

IMPLICATIONS	APPENDIX 1
Legal	There are no legal implications to this report.
Finance and Value for Money	Positive management action to address the recommendations made by Internal Audit will help to ensure that internal controls are sound in the services reviewed.
Risk Assessment	Failure to address identified control weaknesses could result in financial loss or reputational damage to the council.
Data Protection Impact Assessment	<p data-bbox="416 553 1519 667"><i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i></p> <p data-bbox="416 667 1519 842">a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data? A definition of each type of data can be found on the Information Commissioner’s Office website via the above links.</p> <p data-bbox="416 842 1519 976">b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? N/A</p> <p data-bbox="416 976 1519 1111">c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk. N/A</p>
Equality Impact Assessment	<p data-bbox="416 1111 1519 1279">a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer. N/A</p> <p data-bbox="416 1279 1519 1413">b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer. N/A</p> <p data-bbox="416 1413 1519 1532"><i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i></p>
Corporate Plan	The work of the Audit & Counter Fraud Team supports the council in achieving all of its objectives set out in the Corporate Plan but is particularly relevant to Objective #3 Progress.
Climate Change	There are no climate change implications to this report.
Crime and Disorder	There are no crime & disorder implications to this report.
Digital and website implications	There are no digital implications to this report
Safeguarding children and vulnerable adults	There are no direct safeguarding implications to this report.