



Epping Forest District Council

AUDIT & GOVERNANCE COMMITTEE **Thursday, 25th June, 2020**

You are invited to attend the next meeting of **Audit & Governance Committee**, which will be held at:

Virtual Meeting on Zoom
on **Thursday, 25th June, 2020**
at **7.00 pm** .

Georgina Blakemore
Chief Executive

Democratic Services
Officer

Gary Woodhall
Tel: 01992 564243
Email: democraticservices@eppingforestdc.gov.uk

Members:

Councillors I Hadley, S Heap, R Jennings, P Keska and B Vaz

Independent

WEBCASTING/FILMING NOTICE

Please note: this meeting may be filmed for live or subsequent broadcast via the Council's internet site - at the start of the meeting the Chairman will confirm if all or part of the meeting is being filmed. The meeting may also be otherwise filmed by third parties with the Chairman's permission.

You should be aware that the Council is a Data Controller under the Data Protection Act. Data collected during this webcast will be retained in accordance with the Council's published policy.

Therefore by entering the Chamber and using the lower public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings for web casting and/or training purposes. If members of the public do not wish to have their image captured they should sit in the upper council chamber public gallery area or otherwise indicate to the Chairman before the start of the meeting.

If you have any queries regarding this, please contact the Corporate Communications Manager on 01992 564039.

1. WEBCASTING INTRODUCTION

(Corporate Communications Manager) This virtual meeting is to be webcast, and

Members are reminded of the need to unmute before speaking. The Chairman will read the following announcement:

“I would like to remind everyone present that this meeting will be broadcast live to the internet (or filmed) and will be capable of repeated viewing (or another use by such third parties).

Please also be aware that if technical difficulties interrupt the meeting that cannot be overcome, I may need to adjourn the meeting.”

2. APOLOGIES FOR ABSENCE

(Democratic & Electoral Services Manager) To be announced at the meeting.

3. DECLARATIONS OF INTEREST

(Democratic & Electoral Services Manager) To declare interests in any item on the agenda for the meeting of the Committee.

4. MINUTES (Pages 5 - 18)

(Democratic & Electoral Services Manager) To confirm the minutes of the meeting of the Committee held on:

(a) 25 November 2019 (attached); and

(b) 27 January 2020 (attached).

5. MATTERS ARISING

(Democratic & Electoral Services Manager) To consider any matters arising from the minutes of the previous meeting of the Committee.

6. AUDIT & GOVERNANCE COMMITTEE - WORK PROGRAMME (Pages 19 - 20)

(Chief Internal Auditor) To consider the attached work programme for the Committee.

7. AUDIT & GOVERNANCE COMMITTEE ANNUAL REPORT 2019-20 (Pages 21 - 34)

(Chief Internal Auditor) To consider the attached report (AGC-001-2020/21).

8. ANNUAL REPORT OF THE CHIEF INTERNAL AUDITOR (Pages 35 - 64)

(Chief Internal Auditor) To consider the attached report (AGC-002-2020/21).

9. REVISED INTERNAL AUDIT PLAN 2020/21 (Pages 65 - 78)

(Chief Internal Auditor) To consider the attached report (AGC-003-2020/21).

10. CORPORATE FRAUD TEAM ANNUAL SUMMARY 2019/20 (Pages 79 - 90)

(Chief Internal Auditor) To consider the attached report (AGC-004-2020/21).

11. CORPORATE FRAUD TEAM STRATEGY 2020/21 (Pages 91 - 104)

(Chief Internal Auditor) To consider the attached report (AGC-005-2020/21).

12. RISK MANAGEMENT (Pages 105 - 132)

(Strategic Director) To consider the attached report (AGC-006-2020/21).

13. INTERNAL AUDIT MONITORING REPORT - JUNE 2020 (Pages 133 - 158)

(Chief Internal Auditor) To consider the attached report (AGC-007-2020/21).

14. ANY OTHER BUSINESS

(Democratic & Electoral Services Manager) Section 100B(4)(b) of the Local Government Act 1972 requires that the permission of the Chairman be obtained, after prior notice to the Chief Executive, before urgent business not specified in the agenda (including a supplementary agenda of which the statutory period of notice has been given) may be transacted.

15. EXCLUSION OF PUBLIC AND PRESS

Exclusion:

To consider whether, under Section 100(A)(4) of the Local Government Act 1972, the public and press should be excluded from the meeting for the items of business set out below on grounds that they will involve the likely disclosure of exempt information as defined in the following paragraph(s) of Part 1 of Schedule 12A of the Act (as amended) or are confidential under Section 100(A)(2):

Agenda Item No	Subject	Exempt Information Paragraph Number
Nil	Nil	Nil

The Local Government (Access to Information) (Variation) Order 2006, which came into effect on 1 March 2006, requires the Council to consider whether maintaining the exemption listed above outweighs the potential public interest in disclosing the information. Any member who considers that this test should be applied to any currently exempted matter on this agenda should contact the proper officer at least 24 hours prior to the meeting.

Background Papers:

Article 17 of the Constitution (Access to Information) define background papers as being documents relating to the subject matter of the report which in the Proper Officer's opinion:

- (a) disclose any facts or matters on which the report or an important part of the report is based; and
- (b) have been relied on to a material extent in preparing the report and does not include published works or those which disclose exempt or confidential information and in respect of executive reports, the advice of any political advisor.

The Council will make available for public inspection one copy of each of the documents on the list of background papers for four years after the date of the meeting. Inspection of background papers can be arranged by contacting either the Responsible Officer or the Democratic Services Officer for the particular item.

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee:	Audit & Governance Committee	Date:	Monday, 25 November 2019
Place:	Council Chamber, Civic Offices, High Street, Epping	Time:	7.00 - 8.05 pm
Members Present:	J Knapman, I Hadley, R Jennings and B Vaz		
Other Councillors:	A Patel, C Whitbread and H Whitbread		
Apologies:	N Nanayakkara and S Heap		
Officers Present:	S Marsh (Chief Internal Auditor), N Dawe (Interim Strategic Director & Chief Financial Officer), S Linsley (Senior Auditor), M Hone (Interim Chief Accountant), G Woodhall (Senior Democratic Services Officer) and A Hendry (Senior Democratic Services Officer)		
Also in attendance:	C Wisdom (External Auditor)		

17. WEBCASTING INTRODUCTION

The Chairman made a short address to remind everyone present that the meeting would be broadcast live to the internet, and would be capable of repeated viewing, which could infringe their human and data protection rights.

18. DECLARATIONS OF INTEREST

There were no declarations of interest pursuant to the Council's Code of Member Conduct.

19. MINUTES

Resolved:

- (1) That the minutes of the meeting held on 12 September 2019 be taken as read and signed by the Chairman as a correct record.

20. MATTERS ARISING

There were no matters arising from the minutes of the previous meeting for the Committee to consider further.

21. AUDIT & GOVERNANCE COMMITTEE - WORK PROGRAMME

The Committee noted its Work Programme for 2019/20.

The Chairman felt that Planning Services were not examined sufficiently by the Internal Audit team, and whether Planning Services were providing value for money from their services. The Chairman highlighted three areas that, in his view, should be examined:

- (i) applicants having to pay to speak to a Planning Officer about a pre-planning application – was it working as intended;
- (ii) were the delegated authorities to Planning Officers working, as they appeared to leave the decision for each application until the very last permissible day; and
- (iii) reassurance that the Council had enough capacity in Planning Services as Planning Officers appeared to respond very slowly to queries.

Councillor R Jennings requested that reassurance be given about the Council's Enforcement team as well, whilst Councillor Hadley asked what information could be presented to Councillors – especially regarding planning applications in their ward.

The Chief Internal Auditor informed the Committee that the Corporate Governance Group would consider how to provide the necessary assurances to the Committee.

22. AUDIT & GOVERNANCE COMMITTEE - REVIEW OF TERMS OF REFERENCE & EFFECTIVENESS

The Chief Internal Auditor presented a report on a review of the Committee's Terms of Reference and the effectiveness of the Committee.

The Chief Internal Auditor reminded the Committee that an effective Audit Committee brought many benefits to an organisation and, to ensure that the Council continued to provide an effective Audit & Governance Committee, a review of the Committee's Terms of Reference should be undertaken on an annual basis. The review of the Committee's Terms of Reference undertaken by the Chief Internal Auditor had highlighted two additions to reflect the Group Company structure being set up by the Council and to encompass any future changes to the provision of internal audit services.

The Chief Internal Auditor again reminded the Committee that the effective operation of an Audit & Governance Committee formed a key element of the Council's assurance network. A self-assessment was undertaken by the Chief Internal Auditor to review the effectiveness of the Committee, and this showed that the Council could demonstrate compliance with the recommended best practice for an effective Audit Committee. Two minor weaknesses had been identified: a skills and knowledge analysis should be repeated, as the previous analysis had been undertaken in September 2017; and the engagement of the Committee directly with the responsible Managers when discussing governance, risk or control issues. An Action Plan had been developed to address these minor weaknesses identified from the Effectiveness review.

The Chairman commented that it was important for the Committee to be given assurances about the risks involved with the Group Company structure being set up. It was important for the Committee to receive reports from these companies regarding what activities they were undertaking, what their financial position was, and what were their risks. Councillor R Jennings advised the Committee that the Overview & Scrutiny Committee had examined the Group Company structure at its recent meeting, and would get regular updates in the future - although this could create conflict or duplication between the two Committees. The Chief Internal Auditor reassured the Committee that it could place reliance on the reports from Internal and External Audit, as well as examining the risk registers of the Group

companies; there was a plethora of measures that the Committee could examine to reassure themselves.

Following the recent resignation of the Committee's second co-opted member, the Chief Internal Auditor stated that the Council would soon be advertising again for replacements.

Resolved:

- (1) That the proposed changes to the Committee's Terms of Reference be recommended to the Council for approval, following consideration of the changes by the Constitution Working Group; and
- (2) That the results of the review of the effectiveness of the Committee be noted; and
- (3) That the proposed Action Plan for improvement arising from the review of the effectiveness of the Committee be agreed.

23. RISK MANAGEMENT

The Chief Internal Auditor introduced a report on Risk Management within the Council.

The Chief Internal Auditor stated that the views of the Committee were being sought as to whether there were any new or emerging risks that had not been included on the current Corporate Risk Register, or whether there were any changes to the existing risks that should be considered. The views of the Committee would be considered at the next meeting of the Officer Risk Management Group.

The Chief Internal Auditor informed the Committee that the current format of the Corporate Risk Register was based on an established model and was understood by Officers and Members. However, a new Risk Register template was being trialled with Service Directors based on best practice, which had a number of advantages including the better articulation of risks using an 'if-then' format and the use of colour coding to focus attention on the highest risks. The Committee was being requested to endorse the future use of this new format for the Corporate Risk Register.

The Chief Internal Auditor highlighted that it was best practice for the review of the Corporate Risk Register and subsequent recommendation of amendments to the Cabinet to be undertaken by this Committee, and not the Finance & Performance Management Cabinet Committee as at present. The views of the Chairmen of both Committees had been sought and they had concurred with this proposal. If the Committee was in agreement with this proposal, then a report would be submitted to the next meeting of the Constitution Working Group on 12 March 2020 prior to obtaining the approval of the Council. It was intended for the Audit & Governance Committee to review the Corporate Risk Register on a quarterly basis, with further in-depth reviews of individual risks.

The Chairman stated that Climate Change had been highlighted as the number one priority at Council, but it was not included in the Corporate Risk Register. The Council's impact on Climate Change within the District should be given some consideration. In addition, the Local Plan was due to be adopted nine years after its original implementation date, and the Council should be asking how it could prevent this situation happening again.

Councillor Hadley asked why the Transformation Programme had been removed from the Corporate Risk Register? The Chief Internal Auditor responded that the Transformation Programme had been a huge risk when it had started, but had now been broken down into different areas such as the People Strategy and the Accommodation Strategy. Consequently, the risks were now being dealt with at an operational level and the corporate level risk had been removed.

Councillor Hadley also pointed out that there was no corporate risk in relation to the establishment of the new group company, Qualis. However, the Chief Internal Auditor reassured the Committee that the risk register for the establishment of the new group company would be considered at the next meeting of the Risk Management Group.

Resolved:

- (1) That the Officer Risk Management Group be requested to consider Climate Change and the establishment of the new Group Company, Qualis, as new or emerging risks for inclusion on the Corporate Risk Register;
- (2) That the proposal to enhance the Committee's Risk Management responsibilities be recommended to the Council for approval, following consideration of the issue by the Constitution Working Group; and
- (3) That the proposal to revise the format of the Corporate Risk Register be endorsed.

24. INTERNAL AUDIT MONITORING REPORT - SEPTEMBER TO NOVEMBER 2019

The Chief Internal Auditor presented the Internal Audit Monitoring report for the period September to November 2019.

The Chief Internal Auditor reported that three reports had been issued since the Committee's last meeting on 12 September 2019. The report on Disabled Facilities Grants had been issued with moderate assurance, and the report on Homelessness had been issued with substantial assurance. The third report was a review of Payroll HM Revenues and Customs and BACS payment processes, following three separate incidents. A Management Action Plan, which included four recommendations, had been raised to minimise the risk of such incidents occurring again, and the implementation of these recommendations would be followed up through the standard Internal Audit Recommendation Tracker process.

The Chief Internal Auditor stated that good progress had also been made with the 2019/20 Audit Plan, and the timings of the audits had been agreed with the Leadership Team to ensure a timely flow of reports throughout the year. However, the Audit Recommendation Tracker was showing the number of overdue audit recommendations increasing, with 13 currently past their due date. The overdue High Priority recommendation related to the Business Continuity Planning Project. In other activities, the Internal Audit team was working with Business Services in reviewing Officer delegated authorities, and the Officer Risk Management Group had reconvened to review risks at both the Corporate and Service level. The Group Company and Accommodation Project Risk Registers had also been reviewed prior to their consideration by the Risk Management Group.

The Chief Internal Auditor highlighted the following achievements by the Corporate Fraud Team, since the previous meeting of the Committee:

- (i) five Right-to-Buy applications had been stopped resulting in a discount saving of £414,000 and a potential ongoing rent stream of approximately £260,000;
- (ii) two properties had been recovered from investigations into tenancy related fraud, saving the Council approximately £186,000;
- (iii) a Proceeds of Crime award in the sum of £50,000 arising from a previous investigation was due to be shortly received; and
- (iv) National Fraud Awareness week had been from 17 to 23 November 2019, and the Team had organised a series of activities.

The Chief Internal Auditor informed the Committee that the Council's Anti-Fraud & Corruption Strategy had been revised, to include the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017. The Committee was requested to agree the revised Strategy and recommend its adoption by the Council. Finally, the Chief Internal Auditor outlined the progress that had been made with the issues identified for improvement during the current municipal year in the Annual Governance Statement.

The Committee was concerned with delays for the Business Continuity Project, as it illustrated the Council's previous casual approach to Business Continuity. Business Continuity was very important for the Council, and all of the key players should be involved. The Chief Internal Auditor acknowledged the Committee's concerns and drew the Committee's attention to the progress update on the project from the Commercial & Regulatory Service Director that had been included within the Committee's agenda papers.

Resolved:

- (1) That the progress made against the Internal Audit Plan for the period September to November 2019 be noted; and
- (2) That the revised Anti-Fraud & Corruption Strategy be agreed, and recommended to the Council for approval.

25. ANY OTHER BUSINESS

Resolved:

- (1) That, in accordance with Section 100B(4)(b) of the Local Government Act 1972, the following items of urgent business be considered following the publication of the agenda:
 - (a) Treasury Management & Prudential Indicators – Mid-Year Report 2019/20;
 - (b) Final Accounts Improvement Plan; and
 - (c) Update from the External Auditor.

26. TREASURY MANAGEMENT & PRUDENTIAL INDICATORS - MID-YEAR REPORT 2019/20

The interim Chief Accountant presented the mid-year report on the Council's

Treasury Management function and Prudential Indicators for 2019/20.

The interim Chief Accountant reminded the Committee that the mid-year report was a requirement of the Council's reporting procedures to comply with the Code of Practice on Treasury Management issued by the Chartered Institute of Public Finance & Accountancy (CIPFA). The report covered the Council's treasury activity for the first half of the financial year 2019/20, and the associated risks as well as with how these risks were managed during the year.

The interim Chief Accountant reported that, overall, the Council had managed its Treasury Management function within the previously agreed parameters, and had continued to finance its Capital Programme through the use of internal resources. The five-year Capital Programme was forecasted to be £97million, which would be partly financed by £8million of external borrowing. By the end of this period, the Capital Receipts Reserve was predicted to be £3.9million and the Major Repairs Reserve was predicted to be £500,000. The Committee noted that the Council had £18.3million under investment as at 30 September 2019, and the average net investment position had been approximately £11.75million. The Council did not breach any of the Treasury Prudential Indicators during the first half of the 2019/20 financial year.

The Committee welcomed the continuation of the prudent approach that the Council had traditionally taken toward borrowing, and the operation of the Council's Treasury Management function.

Resolved:

- (1) That the mid-year progress report on the Council's Treasury Management function and the Prudential Indicators for the first half of the 2019/20 financial year, and the management of the risks therein, be noted; and
- (2) That none of the Prudential Indicators had been breached during the first half of the 2019/20 financial year be noted.

27. FINAL ACCOUNTS IMPROVEMENT PLAN

The interim Chief Accountant presented a report on the Final Accounts Improvement Plan.

The interim Chief Accountant reminded the Committee that the conditional report issued by the Council's External Auditors, Deloitte, on 6 September 2019 highlighted several weaknesses in the arrangements for the preparation of the Statutory Statement of Accounts and supporting working papers. Although at that time, there was yet to be found any significant misstatement in the Accounts, a final view could not be given by the External Auditor until all matters had been resolved. These weaknesses were due to many factors that had subsequently been immediately resolved as part of an on-going improvement programme by the Finance Department. There were proposals to further improve the process of Final Account preparation for 2019/20 and subsequent years.

The interim Chief Accountant reported that significant improvements had already been made and none of the planned improvement actions was either late or incomplete at this stage. Further improvements were planned, including the conducting of a dummy Account Closure exercise in January 2020, for the first nine months of the 2019/20 financial year. Additional improvements would also take place

before the end of the financial year, and these activities were taking place as part of a continuous improvement approach in consultation with our External Auditors. Appropriate measures were now in place to ensure all procedure and approaches were well understood by other permanent members of the Accounting Team, and the permanent post holders for the Technical Accounting Team Leader and the Accounting Team Manager roles when appointed.

The Chairman pointed out that the Committee had previously raised concerns about capacity issues and changeover procedures within the Accounts Team. The Council had clearly learnt some very important lessons and now had documentation available for the future. However, the Chairman also highlighted that the External Auditor's report indicated that there were still some issues to be resolved, and in some ways contradicted the Officer's report. The interim Chief Accountant reassured the Committee that the Action Plan had been approved by the External Auditor and that the fundamental financial position of the Council was not in doubt, just the process of producing the Final Accounts. The External Auditor added that they expected to receive responses to the eight outstanding key issues listed in the report within the next two weeks and to be in a position to close the Final Accounts in December.

The Committee welcomed the fact that the Council had recognised the problem and was working to resolve the issues. Councillor R Jennings was surprised that no warnings were sounded when five Senior Finance Officers left the Council within a short space of time, and also wanted to know the cost to the Council from having to implement the Improvement Plan. The Chairman also wanted assurances that if key Finance Officers left the Council in the future then the same problems would not occur. The interim Chief Accountant reminded the Committee that there were several different reasons as to why five Senior Finance Officers left the Council within a short space of time. The Accounts Team was currently codifying all of the Final Accounts processes, including how to produce the supporting working papers. The interim Chief Accountant undertook to respond to the Committee in writing regarding the cost to the Council of implementing the Improvement Plan.

The interim Strategic Director added that it was important to keep to the schedule within the Improvement Plan, and the Committee requested that Officers attend future meetings of the Committee to provide an explanation if any of the target dates were not kept to in the future.

Resolved:

- (1) That the improvement plan, attached as an Appendix to the report and providing an overview of key areas of improvement and the approach being taken to deliver the improvement, be noted;
- (2) That all improvement actions were currently on schedule and were associated with resolving issues in respect of the 2018/19 accounts as well as preparing for future final accounts be noted;
- (3) That the significant contribution made by the lead Technical Team Leader in both completing the accounts and authoring and delivering the Improvement Plan be noted;
- (4) That the improvements were being delivered within current establishment, and by an Officer who was an interim be noted;

(5) That the planned improvements were well documented and a planned exchange of knowledge and procedures would occur in respect of existing and new permanent staff be noted; and

(6) That the scheduled target dates within the Improvement Plan were expected to be adhered to, with the explanation for any missed target dates to be reported back to the Audit & Governance Committee.

28. UPDATE FROM THE EXTERNAL AUDITOR

The External Auditor had provided updates to the Committee as part of the previous item on the agenda, and there was nothing further to discuss.

29. EXCLUSION OF PUBLIC AND PRESS

The Committee noted that there was no business which necessitated the exclusion of the public and press from the meeting.

CHAIRMAN

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Audit & Governance Committee **Date:** 27 January 2020

Place: Council Chamber, Civic Offices, High Street, Epping **Time:** 7.00 - 7.38 pm

Members Present: J Knapman (Chairman), I Hadley, S Heap, R Jennings and B Vaz

Other Councillors: C Whitbread and H Whitbread

Apologies:

Officers Present: N Dawe (Interim Strategic Director & Chief Financial Officer), S Linsley (Senior Auditor), S Marsh (Chief Internal Auditor), J Nolan (Service Director (Commercial & Regulatory Services)), P Seager (Chairman's Officer) and G Woodhall (Democratic & Electoral Services Officer)

30. WEBCASTING INTRODUCTION

The Chairman made a short address to remind everyone present that the meeting would be broadcast live to the internet, and would be capable of repeated viewing, which could infringe their human and data protection rights.

31. DECLARATIONS OF INTEREST

There were no declarations of interest pursuant to the Council's Member Code of Conduct.

32. MINUTES

Confirmation of the minutes of the previous meeting was deferred to the next meeting of the Committee, as the minutes were not attached to the agenda and Members had not received the email notification that the minutes had been published to the Council's website. The Senior Democratic Services Officer undertook to email a copy of the minutes to all members of the Committee.

33. MATTERS ARISING

Consideration of any matters arising from the minutes of the previous meeting was also deferred, pending receipt of the minutes of the previous meeting by Members of the Committee.

34. AUDIT & GOVERNANCE COMMITTEE - WORK PROGRAMME

The Chief Internal Auditor reminded the Committee that it was due to consider a report on the effectiveness of the arrangements for Risk Management at its meeting. However, once the Committee assumed the responsibility for Risk Management from

the Finance & Performance Management Cabinet Committee, then it would be receiving Risk Management update reports at each meeting in the future.

The Section 151 Officer explained to the Committee that a report on the Treasury Management Investment & Strategy Statements was due to be considered at this meeting. However, the Council was in the process of implementing some significant changes in its approach to loans and some further analysis was required. Hence, this report would not be forthcoming until the next meeting of the Committee two months hence.

The Committee noted its Work Programme for 2019/20, including the two revisions as explained to the Committee.

35. INTERNAL AUDIT MONITORING REPORT - NOVEMBER TO JANUARY 2020

The Chief Internal Auditor presented the Internal Audit Monitoring report for the period November 2019 to January 2020.

The Chief Internal Auditor reported that four reports had been issued since the Committee's last meeting on 25 November 2019. The three reports on Recycling Management & Income, Invoices Payments, and Housing Register and Allocations had been issued with substantial assurance, whilst the report on Business Support Reconciliations had been issued with limited assurance. For Business Support Reconciliations, it had been identified that the Building Control, Legal Fees and Industrial & Commercial Rents reconciliations were not being carried out and therefore there was limited assurance that all such transactions had been recorded in the Council's accounts. Weaknesses in the reconciliations that were being performed by Business Support had also been identified. Under the new Business Support arrangement, roles and responsibilities should be clearly defined and clear procedural guidance to ensure controls operated effectively.

The Chief Internal Auditor stated that good progress had been made with the Internal Audit Plan for 2019/20; the deferral of the audit of the Infrastructure Delivery Plan to 2020/21 was being considered, as the Local Plan had not yet been adopted.

The Audit Recommendation Tracker was showing that the number of overdue audit recommendations had increased with 17 currently past their due date in comparison to 13 at the Committee's previous meeting. The overdue High Priority recommendation related to the Business Continuity Planning project; the Service Director for Commercial & Regulatory Services reported that Business Continuity Planning for all Directorates was now complete, and an exercise would be undertaken on 19 February 2020 to test the Business Continuity Plans.

Cllr R Jennings highlighted the use of the word '*should*' throughout the report, was concerned by the number of overdue audit recommendations, and enquired if this situation would be rectified for the next meeting of the Committee in March? The Chief Internal Auditor took this on board. The Chairman was also concerned that the number of overdue medium priority audit recommendations had doubled since August 2019, and proposed that every Officer responsible for an overdue audit recommendation should be summoned to the next meeting of the Committee to explain why the deadline had not been met; the Committee agreed the proposal.

The Chief Internal Auditor informed the Committee that the Internal Audit Charter had been reviewed to ensure that it was fully compliant with the Public Sector Internal Audit Standards. The primary revision had been to ensure the division between assurance and consultancy work was clearly defined. The annual review of the Local

Code of Corporate Governance had also been completed, and the only changes required were to reflect the Council's management restructure and current policies.

The Chief Internal Auditor highlighted the following achievements by the Corporate Fraud Team, since the previous meeting of the Committee:

- (i) two Right-to-Buy applications had been stopped resulting in a discount saving of £166,000 and potential rent revenue streams of £105,000;
- (ii) one ongoing Right-to-Buy investigation had identified safeguarding issues relating to suspected financial abuse of an elderly person;
- (iii) an investigation into the suspected illegal sub-letting of a Council property had now reached the stage where legal options were being explored; and
- (iv) International Fraud Awareness Week had been well received, and had made a number of teams within the Council more fraud aware.

Finally, the Chief Internal Auditor outlined the progress that had been made with the issues identified for improvement during the current municipal year in the Annual Governance Statement.

Cllr S Heap felt that there was no mechanism for oversight of current fraud investigations, and the Committee needed to have some degree of control over this. The Chief Internal Auditor stated that public pronouncements could not be made during the investigation, but the result of major investigations were always reported to the Committee when they were completed. Cllr S Heap stated that some of the investigations were lengthy, and the Committee would not know of its progress or even if it was actually happening. Cllr S Heap felt that there should be a small group of Councillors who should be trusted for the reporting of ongoing fraud investigations. The Chief Internal Auditor undertook to consider this matter further and would discuss this with the Chairman.

The Chairman was pleased that Officers were now accountable to the Committee and would have to provide an explanation if they failed to meet the agreed deadlines for actioning audit recommendations. However, the Councillor was unsure as to the timescale for actioning the audit recommendations for the limited assurance report issued for the Business Support Reconciliations? The Chief Internal Auditor stated that this would normally form part of the audit recommendation tracker process, which listed all overdue audit recommendations and all outstanding high priority audit recommendations, regardless of whether they were overdue or not. This particular high priority audit recommendation was listed on the audit recommendation tracker, but the Chief Internal Auditor agreed that additional detail should have been included in the report to give the Committee that assurance as well. The Senior Auditor added that an action plan was always agreed with the relevant Officer after every audit undertaken, and additional detail regarding the actioning of high priority audit recommendations would be included in the Committee report in the future.

Resolved:

- (1) That the progress made against the 2019/20 Internal Audit Plan and the summary of the work of Internal Audit and the Corporate Fraud Team for the period November 2019 to January 2020 be noted;
- (2) That the revised Internal Audit Charter be approved;

(3) That the revised Local Code of Corporate Governance be approved;
and

(4) That the responsible Officers for all overdue Audit Recommendations at the next meeting of the Committee be invited to attend that meeting to explain to the Committee the circumstances for the deadline not being met.

36. FINAL ACCOUNTS PROGRESS REPORT

The interim Strategic Director presented an update report on progress with the preparation of the Council's Final Accounts to the Committee.

The Director reminded the Committee that the External Auditors had highlighted a number of weaknesses in the Council's arrangements for the preparation of the Statutory Statement of Accounts and supporting working papers. An Improvement Plan had been put in place, and all the specific issues with the 2018/19 Financial Statement had been resolved with the External Auditors. In addition, the following general improvement aspects were being addressed:

- supporting working papers were now well documented and filed under dedicated folders;
- a succession plan and a cultural shift towards the documentation of processes and procedures was being introduced;
- bank mandates had been updated to reflect the recent turnover in key members of staff, and the correct contact information had been provided to the Council's Investment Managers;
- new Accounting Standards were being reviewed to ensure that the Council complied with them;
- the Cash Forecast had been produced and updated on a monthly basis up to the end of period 9; and
- the Finance and Legal teams had agreed on the format for recording any Shared Ownership of Council Dwellings agreements (Rent-to-Mortgage).

The Director stated that the Improvement Plan was currently on schedule and the Committee would receive a full report on the result of the Month Nine Trial Close of the Accounts exercise at its next meeting.

The Chairman commented that this was an excellent report, as it has stated what had been done to resolve the issues and what would be done in the future. Cllr R Jennings also reminded the Committee that he had raised the issue of the cost involved to the Council for resolving these problems with the Final Accounts at the last meeting, and would still like to be advised of this.

The Committee welcomed the report as it indicated that the Council was now in a much better situation than it had been a few months ago.

Resolved:

(1) That the overall progress made with the Plan to improve the speed and accuracy of the Final Account closure be noted;

(2) That the achievement of a Month Nine Trial Close of the Accounts and progress with testing 'Year-End' activities be noted;

- (3) That, following the conclusion of all Trail Closure activities and the production of a dummy set of Accounts, a further progress report on the results of this exercise be submitted to the meeting of the Committee; and
- (4) That the Committee be advised of the cost involved to the Council in resolving these issues with the preparation of the Final Account.

37. ANY OTHER BUSINESS

The Chairman felt that the Committee should be challenging more Service Directors on the risk issues within their areas of responsibility, and proposed that the Service Director for Planning Services should be invited to the next meeting of the Committee to explain the risks involved with the current position of Natural England on planning applications which affected the Special Area of Conservation within Epping Forest. The Leader of the Council acknowledged there was an issue, but assured the Committee that a considerable amount of work was being undertaken behind the scenes to resolve the situation. However, the Committee concurred with the suggestion of the Chairman, and an invitation would be extended to the Service Director for Planning Services to attend the next meeting of the Committee.

Cllr S Heap stated that he was still unsure about certain aspects of the new Group Company structure, and felt that it needed to be more transparent. The Chairman reminded the Committee that this matter had been raised at the last meeting, and felt that there could be a role for the Audit & Governance Committee to ensure that the proper processes were in place. Cllr R Jennings added that the Overview & Scrutiny Committee were receiving regular progress reports on the establishment of the Group Company at every meeting. The Leader of Council reassured the Committee that Qualis was a company wholly owned by the Council, and that there was a Member Workshop scheduled for 3 February 2020 which would explain how the Group Company had been set up. The Chief Internal Auditor added that the Audit Plan for 2020/21 was currently being developed, and the Group Company would feature heavily within the Plan. The shared service had experience of auditing such companies at both Harlow and Broxbourne District Councils.

Cllr I Hadley pointed out that the Corporate Risk Register attached to this agenda was dated September 2019, but the Corporate Risk Register attached to the latest agenda of the Finance & Performance Management Cabinet Committee was dated January 2020. In addition, the corporate risk concerning the establishment of the Group Company had not yet been added and no explanation had been given. The Service Director for Commercial & Regulatory Services confirmed that the Corporate Risk Register attached to the agenda for the Finance & Performance Management Cabinet Committee was the current risk register. The establishment of the Group Company would be added to the Corporate Risk Register for the next update, but it was currently going through the Officer risk analysis process at the current time.

Resolved:

- (1) That the Service Director for Planning Services be invited to attend the next meeting of the Committee to explain the risks involved with the current stance of Natural England on planning applications which affected the Special Area of Conservation within Epping Forest.

38. EXCLUSION OF PUBLIC AND PRESS

The Committee noted that there was no business which necessitated the exclusion of the public and press from the meeting.

CHAIRMAN

Audit & Governance Committee Work Programme 2020/21

25 June 2020

- Annual Report of the Chief Internal Auditor 2019/20.
- Corporate Fraud Team Annual Summary 2019/20
- Audit and Governance Committee Annual Report 2019/20.
- Internal Audit Strategy and Plan 2020/21
- Corporate Fraud Team Strategy 2020/21
- Internal Audit Progress Report.
- Risk Management Report

27 July 2020

- Statutory Statement of Accounts 2019/20
 - Annual Governance Statement 2019/20
 - Internal Audit Progress Report
- ❖ Audit of Accounts Annual Governance Statement 2019/20

28 September 2020

- Treasury Management Annual Outturn Report.
- Internal Audit Progress Report.
- Risk Management Report

23 November 2020

- Treasury Management Mid-Year Report.
 - Internal Audit Progress Report.
 - Risk Management Report
 - Review of the Audit and Governance Committee Terms of Reference.
 - Review of the Audit and Governance Committee Effectiveness.
 - Review of the Anti-Fraud and Corruption Strategy
- ❖ Annual Audit Letter 2019/20

25 January 2021

- Treasury Management Investment & Strategy Statements.
- Internal Audit Progress Report.
- Risk Management Report
- Review of Code of Corporate Governance.
- Review of the Internal Audit Charter.

22 March 2021

- Risk Management Report
 - Internal Audit Progress Report
 - Internal Audit Strategy and Audit Plan 2020/21.
 - Corporate Fraud Team Strategy 2020/21.
- ❖ Planning Letter 2020/21.
- ❖ Audit Plan 2020/21

- ❖ Grant Claims Audit Report 2019/20

Key

- EFDC Officer Report.
- ❖ External Auditor Report.

N.B...In addition, the Committee's annual private meetings with the External (7pm) and Internal (7.15pm) Auditors are scheduled to take place prior to the 23 March 2020 meeting in the Conference Room.

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference: AGC-001-2020/21
Date of meeting: 25 June 2020

Portfolio: Leader of the Council
Subject: Audit and Governance Committee Annual Report for 2019/20
Responsible Officer: Sarah Marsh (01992 564446).
Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) That the Annual Report for the Audit and Governance Committee for 2019/20 be agreed and the report be referred to the Council.**

Executive Summary:

The Annual Report of the Audit and Governance Committee outlines the Committee's work and achievements over the year ending 31 March 2020. The Annual Report helps to demonstrate to residents and the Council's other stakeholders the vital role that is carried out by the Audit and Governance Committee and the contribution that it makes to the Council's overall governance arrangements.

Reasons for Proposed Decision:

To present the Audit and Governance Committee Annual Report for 2019/20 and to recommend that the report be referred to the Council.

Other Options for Action:

None.

Report:

The Committee is invited to comment on the report, in particular, whether the remit of the Committee is adequately reflected in this report. It is suggested that if any substantive changes are required these are agreed with the Chairman prior to the submission of the report to Council.

Resource Implications:

These have been included in the individual reports to the Committee throughout the year.

Legal and Governance Implications:

The effective operation of the Audit and Governance Committee forms a key element of the Council's assurance framework. By fulfilling its responsibilities as detailed in its annual report the Audit Committee helps the Council to maintain a high standard of corporate governance.

There is no legal or constitutional requirement for the Committee to report to the Council on its work, however, it is considered good practice to do so.

Safer, Cleaner and Greener Implications:

No specific implications.

Consultation Undertaken:

Corporate Governance Group

Background Papers:

Minutes of the Audit and Governance Committee.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 1 to the report.

Glossary:

AGS – Annual Governance Statement

CIPFA – Chartered Institute of Public Finance and Accountancy

SOLACE – Society of Local Authority Chief Executives

EPPING FOREST DISTRICT COUNCIL

ANNUAL REPORT

OF THE

AUDIT AND GOVERNANCE COMMITTEE

2019/20

INTRODUCTION

The purpose of the Audit Committee is to:

- provide independent assurance to the Council in respect of the effectiveness of the Council's governance arrangements, risk management framework and the associated control environment; and
- independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment.

Whilst there is no statutory obligation for a local authority to establish an audit committee, they are widely recognised internationally across the public and private sectors as a key component of effective governance. Similarly, it is considered good practice for the Committee to report annually to the Council on its work.

The key benefits of an effective audit committee are:

- increasing awareness regarding the effectiveness and continued development of the Council's governance arrangements;
- providing additional assurance on the robustness of the Council's governance arrangements through a process of independent and objective review;
- reducing the risks of illegal or improper acts;
- increasing public confidence in the objectivity and fairness of financial and other reporting;
- contributing to performance improvements in assurance levels and awareness of the need for strong internal control including the implementation of audit recommendations; and
- reinforcing the importance and independence of internal and external audit and similar review processes.

1. ASSURANCE ACTIVITY 2019/20

To help the Committee draw conclusions about the effectiveness of the Council's internal control framework, governance and risk management it gained assurances from the following sources:

Internal Audit

The Accounts and Audit (England) Regulations 2015 require the Council to maintain an adequate and effective internal audit which is discharged by the Section 151 Officer. Internal Audit is a key source of assurance for both Members and management on the effectiveness of the control framework. The Committee has a responsibility for ensuring that Internal Audit is effective in the provision of this assurance and has worked with the Chief Internal Auditor to ensure the agreed Audit Plan for 2019/20 was delivered.

The Committee considered and agreed reports regarding the Internal Audit Strategy, Internal Audit Charter and Annual Plan 2019/20, and progress by management in implementing audit recommendations. It also received regular progress reports on the work and performance of Internal Audit. These reports have helped in ensuring that reported weaknesses have either been addressed or the identified risks

adequately mitigated by management and that there is an effective system of governance and internal control in place.

Assurance Framework / Annual Governance Statement

The Committee's terms of reference include advising on the effectiveness of the Council's assurance framework including the production of the Annual Governance Statement.

During the year, the Committee has received reports on the control framework and how the annual review and assurance process is undertaken. The Assurance Framework is compiled from various sources of assurance, for instance Directors and other key officers.

The Chief Internal Auditor provides an annual report and opinion regarding the Council's control framework. This opinion is considered by the Committee alongside other sources of assurance.

The Committee reviewed the Annual Governance Statement (AGS) for 2018/19 which identified governance issues requiring further ongoing improvement relating to:

- Business Continuity Planning
- Economic Climate, and in particular the then uncertainty over Brexit;
- The compliance of the Council's statutory posts with relevant legislation
- The close down of the Council's accounts

The assurance framework remained unchanged during 2019/20, except around the restructure of the senior management team through the permanent appointments of two strategic directors and a Chief Operating Officer.

The Council's Code of Corporate Governance was reviewed by the committee in January 2020 to ensure it remains compliant with the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government. The Committee was able to satisfy themselves that there is a robust assurance framework in place to safeguard the Council's resources through reliance on the annual review of the Council's system of internal control and the Chief Internal Auditor's annual opinion.

Anti-Fraud and Corruption

Countering fraud and corruption is the responsibility of every Member and officer of the Council. The Committee's role in this area has been to monitor and support the actions taken by officers to counter fraud, particularly as the Council has its own in-house Corporate Fraud Team, who work in tandem with Internal Audit.

The Committee receives reports and presentations on such work undertaken in the Council and proactive fraud work, for example participation in the National Fraud Initiative (NFI).

The Council continues to send out a strong message that fraud will not be tolerated and that where fraud is proven the strongest possible actions of redress will be taken.

Based on the work to date, coupled with no major incidences of internal fraud and corruption being highlighted by management, the Corporate Fraud Team or Internal Audit, the Committee concludes that there is a sound anti-fraud and corruption framework in place. The Council's anti-fraud strategy was approved by Council, following approval by the Audit and Governance Committee in November 2019.

Risk Management

During the year formal responsibility for oversight of the Council's risk management framework moved from the Finance and Performance Cabinet Committee to the Audit and Governance Committee. The Committee's Terms of Reference are being updated to reflect this. As part of its new role, the Committee agreed a new (and easy to understand) format for the corporate risk register.

Treasury Management

In accordance with its Terms of Reference, the Committee reviewed the Council's Treasury Management Strategy and considered the risks associated with the Council's treasury activity and how these are managed. The Committee also considered progress reports on the treasury management function and performance against prudential indicators.

Statement of Accounts and External Auditors

At its September 2019 meeting the Committee reviewed the Annual Governance Statement, which was noted by not approved as further consideration was required by Officers regarding staff capacity (business resilience) issues.

In the same meeting the Committee considered the draft External Audit Report 2018/19 and draft Statement of Accounts for 2018/19. As further work was required to complete these it was agreed the Chairman of the Audit and Governance Committee was delegated to make any final adjustments to the figures and text of the final accounts, on the advice of the Council's Section 151 Officer, and report all such changes to the Audit and Governance Committee.

2. COMMITTEE WORKING ARRANGEMENTS

The Committee has a rolling and flexible programme of work for its main areas of activity which is proactively reviewed and amended throughout the year to reflect changes in policies, priorities and risks. The Committee met three times in 2019/20, with the March 2020 meeting being postponed due to Covid-19. The Committee considered items which are presented annually, such as audit results, the statement of accounts, the annual governance statement, and audit plans; as well as a number of other items including treasury management as this falls under the committee's remit.

The Committee's work plan is supplemented with periodic bespoke training which is open to all councillors. Risk management training was provided in January 2020. The Committee has an annual in-camera (private) session with the External and Internal Auditors.

Members of the Committee have a wide range of both experience and professional knowledge which, coupled with it having two co-opted persons, has continued to help demonstrate its independence. The Council was in the process of recruiting two new co-opted persons, but this has been put on hold following the outbreak of Covid-19 and subsequent lockdown rules.

In November 2019 the Committee undertook its own effectiveness review and reviewed its Terms of Reference, the results of which concluded its Terms of Reference needed updating to reflect its new role regarding risk management and the Council was able to demonstrate compliance with recommended best practice for an effective Audit Committee.

The Committee has the benefit of being well supported by Council officers. This includes the Section 151 Officer, the Monitoring Officer, and the Chief Internal Auditor as well as the Council's external auditors.

There have been no reported major breakdowns in internal control, governance and risk management that have led to a significant loss in one form or another, nor any major weakness in the governance systems that has exposed, or continues to expose, the Council to an unacceptable level of risk. This includes the period to the end of March 2020 after the government announced on the 23 March 2020 a full-scale lock down of the country due to Covid-19.

The purpose, strategy and work programme of the Committee mitigates against any major failure by the Council to obtain independent assurance in relation to the governance processes underpinning:

- An effective risk management framework and internal control environment including audit;
- The effectiveness of financial and non-financial performance (to the extent that it affects exposure to risk and poor internal control); and
- The compilation and consideration of the Annual Governance Statement.

Outcomes / Achievements

Through its work, the Committee's main outcome is in the additional assurance provided of the robustness of the Council's arrangements regarding corporate governance, risk management and internal controls.

The Committee has added value through its activity and in particular:

- it has continued with the importance placed upon governance issues, particularly risk management, anti-fraud and the assurances sought that key risks are being mitigated; and
- it has continued to raise the profile of internal control issues across the Council and to seek to ensure that audit recommendations are implemented.

Conclusions

The Committee's remit is achieved firstly through it being appropriately constituted, and secondly by the Committee being effective in ensuring internal accountability and the delivery of audit and a robust assurance framework. The Committee has received and challenged reports including those from internal and external audit.

The agreed work programme enables the Committee to provide independent assurance to the Council as to the adequacy of the risk management framework and the associated control environment.

The Committee has continued to have a real and positive contribution to the governance arrangements of the Council. The Committee's key achievement is in the additional assurance provided of the robustness of the Council's arrangements regarding corporate governance, risk management and the control environment.

In order to build upon its achievements to date and to raise awareness of the work of the Committee during the coming year the Committee will focus on the following:

- Continue to review governance arrangements to ensure that the Council adopts best practice;
- Continue to support the work of audit and ensure that appropriate responses are provided to their recommendations;
- Continue to help the Council manage the risk of fraud and corruption;

- Provide effective challenge, particularly to officers, raising awareness of the importance of sound internal control arrangements and giving the appropriate assurances to the Council;
- Consider the effectiveness of the Council's risk management arrangements.
- Provide existing and new members to the Committee with relevant training, briefings etc. to help in discharging their responsibilities

Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:
 - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
 - advancing equality of opportunity between people who share a protected characteristic and those who do not,
 - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
 - age
 - disability
 - gender
 - gender reassignment
 - marriage/civil partnership
 - pregnancy/maternity
 - race
 - religion/belief
 - sexual orientation.
3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy or change.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. All **Cabinet, Council, and Portfolio Holder reports must be accompanied by an EqIA**. An EqIA should also be completed/reviewed at key stages of projects.
8. To assist you in completing this report, please ensure you read the guidance notes in the Equality Analysis Toolkit and refer to the following Factsheets:
 - Factsheet 1: Equality Profile of the Epping Forest District
 - Factsheet 2: Sources of information about equality protected characteristics
 - Factsheet 3: Glossary of equality related terms
 - Factsheet 4: Common misunderstandings about the Equality Duty
 - Factsheet 5: Frequently asked questions
 - Factsheet 6: Reporting equality analysis to a committee or other decision making body

Section 1: Identifying details

Your function, service area and team: **Internal Audit, Chief Executive**

If you are submitting this EqlA on behalf of another function, service area or team, specify the originating function, service area or team: **N/A**

Title of policy or decision: **Annual Report of the Audit and Governance Committee 2019/20**

Officer completing the EqlA: Tel: **01992 564449** Email: **slinsley@eppingforestdc.gov.uk**

Date of completing the assessment: **09/06/20**

Section 2: Policy to be analysed

2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? N/A - report is a summary of the work of the Audit and Governance Committee for 2019/20
2.2	Describe the main aims, objectives and purpose of the policy (or decision): For noting the work and achievements of the Audit and Governance Committee for 2019/20 What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? N/A – Report is for noting and recommending to Council only
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none">• service users• employees• the wider community or groups of people, particularly where there are areas of known inequalities? N/A Will the policy or decision influence how organisations operate? N/A – report is not decision-based, it is for noting only.
2.4	Will the policy or decision involve substantial changes in resources? N/A – report is for noting only
2.5	Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes? N/A

Section 3: Evidence/data about the user population and consultation¹

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	What does the information tell you about those groups identified? N/A – report is for noting only
3.2	Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision? N/A – as above
3.3	If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary: N/A – as above

Section 4: Impact of policy or decision

Use this section to assess any potential impact on equality groups based on what you now know.

Description of impact	Nature of impact Positive, neutral, adverse (explain why)	Extent of impact Low, medium, high (use L, M or H)
Age	N/A	N/A
Disability	N/A	N/A
Gender	N/A	N/A
Gender reassignment	N/A	N/A
Marriage/civil partnership	N/A	N/A
Pregnancy/maternity	N/A	N/A
Race	N/A	N/A
Religion/belief	N/A	N/A
Sexual orientation	N/A	N/A

Section 5: Conclusion

		Tick Yes/No as appropriate	
5.1	Does the EqlA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No <input checked="" type="checkbox"/>	
		Yes <input type="checkbox"/>	If ' YES ', use the action plan at Section 6 to describe the adverse impacts and what mitigating actions you could put in place.

Section 7: Sign off

**I confirm that this initial analysis has been completed appropriately.
(A typed signature is sufficient.)**

Signature of Head of Service: Sarah Marsh

Date: 09/06/20

Signature of person completing the EqlA: Sue Linsley

Date: 09/06/20

Advice

Keep your director informed of all equality & diversity issues. We recommend that you forward a copy of every EqlA you undertake to the director responsible for the service area. Retain a copy of this EqlA for your records. If this EqlA relates to a continuing project, ensure this document is kept under review and updated, eg after a consultation has been undertaken.

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Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference: AGC-002-2020/21
Date of meeting: 25 June 2020

Portfolio: Leader of the Council

Subject: Annual Report of the Chief Internal Auditor

Responsible Officer: Sarah Marsh (01992 564446).

Democratic Services: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

(1) The Committee is requested to note the following report for 2019/20 and the assurance level given;

- (a) Agrees that for the 12 months ended 31 March 2020, the Council has operated adequate and effective governance, risk management arrangements and control processes.

Executive Summary:

This report is presented in support of the Internal Audit opinion on the adequacy of Epping Forest District Council's (EFDC) internal control environment and provides a summary of the work undertaken by Internal Audit for 2019/20.

The Accounts and Audit Regulations 2015 include a requirement for the Council to carry out an annual review of the effectiveness of its system of internal audit as part of the wider review of the effectiveness of the system of governance. This report supports such a review.

Reasons for Proposed Decision:

To support the Committee in its review of the Annual Governance Statement

Other Options for Action:

No other options.

Report:

Introduction

This document summarises the results of internal audit work during 2019/20 and, as required by the Accounts and Audit (England) Regulations 2015, gives an overall opinion of the Council's governance, risk management and control framework.

Overall Opinion

The Chief Internal Auditor is required to provide the Council with a statement on the

adequacy and effectiveness of the organisation's risk management, control and governance processes.

In giving an opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the organisation is a reasonable assurance there are no major weaknesses in the Council's risk management, control and governance processes.

In assessing the level of assurance to be given, the following have been taken into account:

- All audits undertaken during the year;
- Any follow-up action taken in respect of audits from previous periods;
- High priority recommendations not accepted by management or acted upon (there were none) and the consequent risks;
- The effects of any significant changes in the Council's objectives, activities or systems;
- Matters arising from previous reports to the Audit and Governance Committee;
- Any limitations which may have been placed on the scope of internal audit (there have not been any);
- Whether there have been any resources constraints impinged on the Chief Internal Auditor's ability to meet the full audit needs of the Council (the coronavirus lockdown in March 2020 delayed completion of the plan); and
- The results of work performed by other assurance providers including the work of the financial statement auditors.

The Chief Internal Auditor is satisfied that sufficient internal audit work has been undertaken to allow them to draw a reasonable conclusion as to the adequacy and effectiveness (or inadequacy and ineffectiveness) of the Council's risk management, control and governance processes.

Based upon the results of work undertaken during the year it is the Chief Internal Auditor's overall opinion that the Council has adequate and effective governance, risk management arrangements and control processes. Where there have been significant issues these have been accepted by Management and promptly corrected.

Context

This report outlines the work undertaken by Internal Audit covering the period 1 April 2019 to 31 March 2020.

Management is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements i.e. the control environment. Internal Audit plays a vital role in advising the Council that these arrangements are in place and operating effectively. On behalf of the Council, Internal Audit reviews, appraises and reports on the efficiency, effectiveness and economy of these arrangements.

Internal Audit is required by professional standards to deliver an annual internal audit opinion and report to those charged with governance, timed to support the Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report must incorporate:

- the opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

The primary role of Internal Audit is to provide assurance to the Council and ultimately the taxpayers that the Council maintains an effective control environment that enables it to manage its significant organisational risks and has appropriate governance arrangements to support this. Internal Audit helps the Council achieve its objectives and provide assurance that effective and efficient operations are maintained. The assurance work culminates in an annual opinion on the adequacy of the Council's control environment which feeds into the Annual Governance Statement.

Internal Audit Work during 2019/20

The 2019/20 Internal Audit Plan was presented to the Audit and Governance Committee in March 2019. The plan was prepared based on the risks associated with the Council's objectives in consultation with key officers and took into account:

- Knowledge and experience accumulated in Internal Audit, including the results of previous reviews
- A review of audit themes against the Corporate risk register and Council priorities
- The work of other assurance providers both internally and externally
- The external environment including economic climate, government initiatives such as welfare reform and changes in funding

The plan was designed to allow sufficient audit coverage to support the overall opinion for the Council. There have been some variations to the plan, which have been approved by the Audit and Governance Committee, and there has been sufficient internal audit coverage in order to give this opinion.

At the end of each assurance review a report is issued giving a formal audit assurance rating. This rating is based on an assessment of the key management arrangements and internal controls in place and measured using the following scale:

- 'Substantial' assurance – Overall, there is a sound system of control. Any weaknesses which put system/service objectives at risk will be minor and does not lead the Council to significant risk exposure.
- 'Moderate' assurance – Basically sound control, with areas of weakness, which put system/service objectives at risk. (Any high priority recommendations will prevent this level of assessment).
- 'Limited' assurance – There are significant weaknesses in more than one key control area, which could put system/service objectives or the Council at risk.
- 'No' assurance – There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk.

Summary of Assurance Work

A total of 12 assurance reviews were completed and overall the audits are positive with the majority being given Substantial or Moderate assurance. The four limited assurance reports relate to areas where roles and responsibilities have become blurred due to the Council's restructure and action is being taken to address this.

The table below provides a comparison between 2019/20 and previous three financial years. The Moderate assurance rating was re-instated for the 2017/18 Audit Plan.

Whilst the table highlights that the number of reports issued has decreased when compared with previous years this has been as a result of Internal Audit undertaking more advisory work than previously, as the Council has been undergoing a period of significant change, as well as undertaking fewer audits but completing them in greater depth. For example, there were 18 audits planned in 2019/20 compared to 26 in 2018/19. It is not an indication that the Council's control framework has deteriorated.

Assurance rating	2019/20	2018/19	2017/18	2016/17
Substantial	5	14	13	17
Moderate	3	9	6	n/a
Limited	4	1	0	1
No	0	1	0	0
Total	12	25	19	18

Appendix A sets out work carried out by the Internal Audit service during the year in narrative form and compares this to the original plan agreed by the Audit and Governance Committee March 2019. This summary includes individual audit reviews, consultancy and advice and other Internal Audit engagement activities with the Council.

Appendix B lists the individual audit reports issued as part of the 2019/20 Plan.

Tracker process

Recommendations are categorised according to the risks they are intended to mitigate. Categorising recommendations also assists managers in prioritising improvement actions. Recommendation categories, in order of priority are high, medium and low depending on the level of risk involved.

The Audit and Governance Committee receives a report of all overdue recommendations plus any high-risk recommendations from final reports issued, regardless whether they are overdue or not.

The process continues to work well with good commitment by managers to ensure audit recommendations are implemented or there are good business reasons why there has been a delay. There are no significant issues to report regarding the implementation of audit recommendations.

Other Sources of Assurance

The opinion given in this annual report does not rely solely on the formal audits undertaken by the section.

Special investigations: Internal Audit and the Corporate Fraud Team investigate any allegations of fraud and suspected irregularity although there are separate arrangements for reporting, investigating and dealing with benefits fraud. The Audit and Governance Committee would be notified of any significant internal frauds (estimated at more than £10,000). There have been none for 2019/20 fulfilling this criterion; the same as the previous two years. There were no reported whistleblowing allegations.

Advice: Internal Audit is most effective when its advice is utilised to ensure that appropriate controls are incorporated at an early stage in the planning of policy or systems. This includes

Internal Audit represented on key business groups which in 2019/2020 included:

- The Corporate Governance Group
- Risk Management Group
- Information Governance Group
- Corporate Safety Meeting

In addition, Internal Audit raises awareness of control issues throughout the Council particularly through the update of key governance documents and the co-ordination and analysis of service assurance statements which feeds into the Annual Governance Statement.

Anti-Fraud and Corruption work: The Corporate Fraud Team reports directly to the Chief Internal Auditor and ensures a corporate approach to anti-fraud activities as well as ensuring synergies with the Internal Audit team. For example, the Council participates in the National Fraud Initiative (NFI), which is a data matching exercise run every two years. The exercise seeks to identify fraud spanning public bodies and Internal Audit is the key point of contact and facilitates and supports the Council's involvement. Internal Audit works in tandem with the Corporate Fraud Team to look into possible internal (Officer) fraud.

Effectiveness

In line with good practice, the Internal Audit service should, on an annual basis, ensure it is compliant with the 2017 Public Sector Internal Audit Standards (PSIAS), notifying the Audit and Governance Committee of any areas of non-compliance.

Following an external assessment the service was confirmed as being fully compliant in November 2016 and this is still the case as there have been no significant changes in the way the Internal Audit service is delivered or operates, and the Chief Internal Auditor has not taken on any additional responsibilities that could compromise the service's independence and objectivity.

The regular progress reports presented to the Audit and Governance Committee provide Members with the opportunity to monitor Internal Audit's output and effectiveness. Feedback on the implementation of recommendations also provides evidence of the degree of influence Internal Audit has on changes to strengthen the control framework for the Council.

Performance indicators are in place to monitor service performance and reported at each Audit and Governance Committee with a summary for the year presented below:

Aspect of Service	Performance Indicator	Target	2019/20 Year End outcome	2018/19 Year End outcome
Audit Plan	Achievement of the Annual Plan	Sufficient internal audit work in order that the Chief Internal Auditor can give their annual opinion	Achieved	Achieved
Internal Audit processes	<ul style="list-style-type: none"> • Issue of draft report after closing meeting • Issue of final report after agreement 	<ul style="list-style-type: none"> • 10 working days • 5 working days 	<ul style="list-style-type: none"> • 10 days • 3 days 	<ul style="list-style-type: none"> • 4 days • 6 days

	with client to draft			
Effective management engagement	<ul style="list-style-type: none"> • Management responses within 10 working days of draft report • Implementation of agreed audit recommendations 	<ul style="list-style-type: none"> • 10 working days • Within agreed timescales 	<ul style="list-style-type: none"> • 19 days * • Largely met (as reported by tracker) 	<ul style="list-style-type: none"> • 14 days * • Largely met (as reported by tracker)
Continuous Professional Development (CPD)	Auditors maintain and improve their knowledge, skills and other competencies through directed and self-directed activities.	40 hours of CPD activity per auditor	Achieved	Achieved

* There have been a number of complex reports or wider reaching recommendations made that have taken time to finalise to ensure agreed action plans to correct weaknesses identified are right for Epping Forest and are realistic and achievable.

Resource Implications:

Within the report

Legal and Governance Implications:

Within the report

Safer, Cleaner and Greener Implications:

No specific implications

Consultation Undertaken:

Corporate Governance Group

Background Papers:

NB: There are papers referred to in the preparation of the report which are not attached as appendices, but which are available for public or Councillor study.

Public Sector Internal Auditing Standards (PSIAS) 2017
Accounts and Audit Regulations (England) 2015

Risk Management:

Internal Audit has a primary objective to provide an independent and objective opinion on the adequacy of the Council's control environment, including its governance and risk management arrangements. The audit reports referred to in this report assist managers to determine the adequacy and effectiveness of the arrangements in place in their services.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix C to the report.

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Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:
 - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
 - advancing equality of opportunity between people who share a protected characteristic and those who do not,
 - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
 - age
 - disability
 - gender
 - gender reassignment
 - marriage/civil partnership
 - pregnancy/maternity
 - race
 - religion/belief
 - sexual orientation.
3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy or change.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. All **Cabinet, Council, and Portfolio Holder reports must be accompanied by an EqIA**. An EqIA should also be completed/reviewed at key stages of projects.
8. To assist you in completing this report, please ensure you read the guidance notes in the Equality Analysis Toolkit and refer to the following Factsheets:
 - Factsheet 1: Equality Profile of the Epping Forest District
 - Factsheet 2: Sources of information about equality protected characteristics
 - Factsheet 3: Glossary of equality related terms
 - Factsheet 4: Common misunderstandings about the Equality Duty
 - Factsheet 5: Frequently asked questions
 - Factsheet 6: Reporting equality analysis to a committee or other decision making body

Section 1: Identifying details

Your function, service area and team: **Internal Audit, Chief Executive**

If you are submitting this EqIA on behalf of another function, service area or team, specify the originating function, service area or team: **N/A**

Title of policy or decision: **Annual Report of the Chief Internal Auditor 2019/20**

Officer completing the EqIA: Tel: **01992 564449** Email: **slinsley@eppingforestdc.gov.uk**

Date of completing the assessment: **09/06/20**

Section 2: Policy to be analysed

2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? N/A - this is the Chief Internal Auditor's annual report to Audit and Governance Committee on the Council's governance, risk management arrangements and control processes for 2019/20
2.2	Describe the main aims, objectives and purpose of the policy (or decision): For Audit and Governance Committee to note the annual report of the Chief Internal Auditor for 2019/20 What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? N/A – Report is for noting only
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none">• service users• employees• the wider community or groups of people, particularly where there are areas of known inequalities? N/A Will the policy or decision influence how organisations operate? N/A – report is not decision-based, it is for noting only.
2.4	Will the policy or decision involve substantial changes in resources? N/A – report is for noting only
2.5	Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes? N/A

Section 3: Evidence/data about the user population and consultation¹

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	What does the information tell you about those groups identified? N/A – report is for noting only
3.2	Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision? N/A – as above
3.3	If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary: N/A – as above

Section 4: Impact of policy or decision

Use this section to assess any potential impact on equality groups based on what you now know.

Description of impact	Nature of impact Positive, neutral, adverse (explain why)	Extent of impact Low, medium, high (use L, M or H)
Age	N/A	N/A
Disability	N/A	N/A
Gender	N/A	N/A
Gender reassignment	N/A	N/A
Marriage/civil partnership	N/A	N/A
Pregnancy/maternity	N/A	N/A
Race	N/A	N/A
Religion/belief	N/A	N/A
Sexual orientation	N/A	N/A

Section 5: Conclusion

		Tick Yes/No as appropriate	
5.1	Does the EqlA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No <input checked="" type="checkbox"/>	
		Yes <input type="checkbox"/>	If ' YES ', use the action plan at Section 6 to describe the adverse impacts and what mitigating actions you could put in place.

Section 7: Sign off

**I confirm that this initial analysis has been completed appropriately.
(A typed signature is sufficient.)**

Signature of Head of Service: Sarah Marsh

Date: 09/06/20

Signature of person completing the EqlA: Sue Linsley

Date: 09/06/20

Advice

Keep your director informed of all equality & diversity issues. We recommend that you forward a copy of every EqlA you undertake to the director responsible for the service area. Retain a copy of this EqlA for your records. If this EqlA relates to a continuing project, ensure this document is kept under review and updated, eg after a consultation has been undertaken.

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2019/20	Year End position	Status / Assurance
Corporate Framework				
<p>Governance and Probity</p>	<p>The Council's governance framework underpins everything it does; therefore, robust arrangements are key in managing this risk.</p> <p>Local Plan features on the corporate risk register.</p>	<p>Transformation: During 2019/20 provide advice and guidance, and ensure no erosion of controls, as the Council continues its Transformation programme. This includes having an input to organisational process maps as they are produced.</p> <p>Governance – Harlow and Gilston Garden Town: Examine the governance arrangements to support the collaboration between Epping Forest, Harlow and East Herts to deliver the government's Garden Town initiative.</p>	<p>Transformation: Not an audit; instead Internal Audit throughout the year has been working with Business Services as part of a Council-wide review of delegations to align responsibilities with the DMA (Decision Making Accountability) model adopted by the Council as part of the People Strategy and ensure these are reflected in the Council's policies and procedures.</p> <p>Harlow and Gilston Garden Town: Fieldwork almost completed</p> <p>Corporate Governance Group: Active member of the Corporate Governance Group, which during the year has overseen progress against the Annual Governance Statement action plan, updated the Council's anti-fraud and corruption strategy and reviewed the Local Code of Corporate Governance.</p>	<p>Harlow Gilston Garden Town Governance - to be reported as part of the 2020/21 plan</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2019/20	Year End position	Status / Assurance
<p>Fraud, including proactive fraud work</p> <p>Any loss through fraud is a drain on resources which, in turn, reduces the amounts available for service delivery</p>	<p>Financial resilience and providing services are key in relation to the corporate risk register and achievement of the Council's corporate plan</p>	<p>Co-ordinating data matching (National Fraud Initiative), training and awareness, interaction with corporate fraud initiatives, oversight of the delivery of the Council's anti-fraud and corruption strategy and the corporate fraud team. Potential for fraud considered in all audits.</p>	<p>Internal Audit (IA) continued in year work regarding the National Fraud Initiative (NFI).</p> <p>IA undertook one investigation in tandem with the Corporate Fraud Team regarding a potential Officer conflict of interest; the allegation was unfounded.</p>	<p>Completed for 2019/20</p>
<p>Assurance Framework including Risk Management and support to Audit Committee</p>	<p>Risk in achieving corporate priorities as these are underpinned by sound leadership, management of resources, and governance.</p>	<p>Co-ordination of year-end assurance reporting, including the Annual Governance Statement. Member of the Corporate Governance Group. Assistance to the Risk Management Group developing and embedding the Council's risk management framework. Support and training to the Audit Committee.</p>	<p>IA drove the annual Service Assurance Statement review each service undertakes regarding its own effectiveness of its governance; risk management and internal control arrangements. Findings and key themes or common issues were fed into the Annual Governance Statement.</p> <p>Internal Audit continued as an active member of the Officer Risk Management Group and in its regular review of the corporate risk register.</p> <p>Internal Audit provided risk management training to all councillors in January 2020.</p>	<p>Completed for 2019/20</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2019/20	Year End position	Status / Assurance
<p>Information Management and Governance</p> <p>Data protection and security. Data sets, owners and protocols. Governance and data sharing. Training and awareness</p>	<p>Data/information features on the corporate risk register</p> <p>Breach of data protection and other legislation related risks which could lead to significant fines and reputational damage.</p>	<p>Data retention and disposals: A cross cutting review to ensure the Council's data retention and disposal policy is fit for purpose and being complied with.</p> <p>GDPR (General Data Protection Regulation) checklist: Internal Audit will continue to complete a GDPR checklist for each audit, feeding the results back to the DPO.</p>	<p>Data retention and disposals: There is good awareness of data retention and disposal principles within services; however, there is a lack corporate guidance to provide clarity and consistency in its application. This is being addressed through the Information Governance Group.</p> <p>For a sample of audits, Internal Audit completed a GDPR checklist and found overall these areas were generally GDPR compliant. Any control weaknesses or areas for improvement would be shared with the Corporate Governance Group, which the Data Protection Officer sits on.</p>	<p>Data Retention and Disposals – limited assurance</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2019/20	Year End position	Status / Assurance
<p>Performance Management</p> <p>Data integrity and quality (collection, collation, analysis and validation). Use of performance targets.</p>	<p>Risk of non-achievement of corporate priorities</p>	<p>Performance Indicators (PIs) considered within operational audits plus specific review each year on an aspect of Corporate PIs.</p> <p>In 2019/20 the focus will be in the new way customer services is being delivered.</p>	<p>No concerns regarding performance indicators have come out of audits undertaken including recycling, housing rents and HMOs.</p> <p>Customer Services: fieldwork in progress</p>	<p>Customer Services – to be reported as part of the 2020/21 plan</p>
<p>Value for Money (VfM)</p> <p>Guiding principle of the Council.</p>	<p>Financial resilience and providing services are key in relation to the corporate risk register and achievement of the Council's corporate plan</p>	<p>Data analytics, including invoice authorisation and scheme of delegation</p>	<p>Invoice Payments and Schedule of Delegation: Good use of purchase orders in line with delegated authorities, with good segregation of duties between order and invoice approval. Value for money for purchases is demonstrated through quotes or tenders obtained in accordance with the Council's Procurement Rules.</p>	<p>Invoice Payments and Schedule of Delegation – substantial assurance</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2019/20	Year End position	Status / Assurance
Joint Working, Shared Services, Outsourcing and Partnerships	Reducing duplication of services across partners and seeking out value for money for service delivery is a feature of the Corporate Plan	Ensure joint arrangements are working in the best interests for the Council with appropriate governance/ monitoring arrangements in place. In 2019/20 this will be covered in the governance review of the Garden Town arrangements (see start of Plan).	Covered in the governance review of the Garden Town arrangements (see start of Plan).	Completed for 2019/20

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2019/20	Year End position	Status / Assurance
<p>Projects</p> <p>Business case, project methodology, governance arrangements, contract management and viability</p>	<p>Poor project management increases risk of projects not being delivered on time, to budget or not meeting the needs of the Council</p> <p>Strategic sites features on the corporate risk register</p>	<p>Time is set aside each year for Internal Audit to attend appropriate project meetings, as well as providing ad hoc advice and support. This will include St Johns Road for 2019/20. Also, in 19/20 IA will be facilitating an overhaul of both the Council's risk management framework and business continuity arrangements.</p>	<p>St John's Road: Internal Audit has kept a watching brief as the direction and delivery has significantly changed during the year.</p> <p>Risk management – see assurance framework section above</p> <p>Business continuity (BC) – see BC section later</p> <p>Sundry debt system: Internal Audit has had oversight of the implementation of the Council's new sundry debt IT system, Ash Information Systems.</p>	<p>Completed for 2019/20</p>
<p>Contingency</p>	<p>Annual provision for responsive work, special investigations or key/emerging risk areas.</p>	<p>Will also take into account themes/issues coming out of the Annual Governance Statement.</p>	<p>Contingency has been used on one special investigations (see fraud section above). In addition, Internal Audit undertook a review of Payroll BACS and HMRC Payments as control failings led to three payroll related incidences relating to late payment to HMRC, payment of June's payroll four days earlier than planned and a duplicate payment made to the Essex Pensions Fund (which has subsequently been refunded). Recommendations made have been implemented to reduce the risk of further occurrences.</p>	<p>Completed for 2019/20</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2019/20	Year End position	Status / Assurance
Themed/cross cutting audits				
<p>Income Streams</p> <p>To ensure financial resilience the Council needs to protect and maximise its income streams</p>	<p>Finance – income features on the corporate risk register</p>	<p>Each year a portion of Internal Audit work will focus on ensuring key income streams for the Council are maintained and adequately controlled. For 2019/20 this was Third party re-use and recycling credits scheme</p>	<p>Recycling management and income: The Waste Management Partnership Board (WMPB) provides strategic oversight and robust challenge over the contract. Operationally, the contract is managed through Waste Contract Managers meetings and issues are escalated to the WMPB if they are unable to be satisfactorily resolved at manager level. Contract performance is monitored through a set of operational statistics and performance indicators and contract payments are verified prior to approval for payment. Robust controls ensure monthly recycling credits claimed by the Council are complete and accurate</p>	<p>Recycling Management and Income – substantial assurance</p>
<p>Procurement</p> <p>Themed audits - compliance, vfm, fraud, goods and services. End to end processes (need, selection, appointment, contract management and exit strategies)</p>	<p>Risks include noncompliance with legislation, fraud and not achieving value for money.</p>	<p>Annually focus on an aspect of procurement which could range from need, selection, appointment, contract management and exit strategies. For 2019/20, IA will review contract management processes.</p>	<p>Covered in the recycling management audit above. In addition, Internal Audit has monitored the update of procurement practices following its transfer from Business Services to Contracts and Technical Services and given advice on a range of contracts to ensure compliance with the Council's Procurement Rules.</p>	<p>Completed for 2019/20</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2019/20	Year End position	Status / Assurance
Health & Safety (H&S)	Risk of compromising the health and safety of individuals and noncompliance with H&S legislation leading to fines or imprisonment	Staff H&S of those located in the Council's satellite offices: IA will ensure the health and safety of staff working away from the Civic Offices is not being compromised	Health and Safety satellite offices: As a direct result of the audit the Council's Corporate Safety Group has been re-established. The Group is working through the recommendations which include mechanisms to ensure positive assurance is in place that H&S measures are working effectively.	Health and Safety satellite offices – limited assurance
Business Continuity Planning (BCP)	Business continuity is on the corporate risk register	Business Continuity Planning (last audit 2018/19): As detailed under projects, IA will provide advice and guidance as business continuity arrangements are revamped.	Significant improvements in the Council's business continuity arrangements since the 2018/19 no assurance audit, which Internal Audit have been keeping watching brief on. This has included the completion of a corporate and service level business continuity plans, a review of IT disaster recovery arrangements, and a desk top exercise of the plans. This meant the Council was in a good position and able to react positively as a result of Covid-19	Completed for 2019/20

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2019/20	Year End position	Status / Assurance
<p>Key Financial Controls (KFC)</p> <p>Rolling programme of full system and key financial control audits (unless significant change in process/system or poor audit outcome)</p>	<p>Finance – income features on the corporate risk register</p>	<p>A rolling programme of key financial control (KFC) audits. For 2019/20 these are:</p> <ul style="list-style-type: none"> • Fixed assets (last audit 15/16): • Housing Rents and Arrears (last audit 16/17) 	<p>Fixed assets: In progress</p> <p>Housing rents and arrears: There are effective processes regarding rent setting, calculation and collection of these. With effective debt management of current and former arrears. However, procedure notes to accompany these need to be created. Whilst it has been collecting service charges, it has been recognised that the Council is not fully recovering its costs. There is a comprehensive plan to address this.</p>	<p>Fixed Assets – to be reported as part of the 2020/21 Plan</p> <p>Housing Rents and Arrears – moderate assurance</p>
<p>IT Audits:</p> <p>IT Governance, IT Regulation, Security/Privacy, Business Systems, DRP/BCP, Network, Emerging Technologies e.g. mobile devices, IT Applications and Projects</p>	<p>Risks around data and asset security and loss of service.</p> <p>Opportunity for IT to be an enabler for delivering the Council's priorities.</p>	<p>IT Change and Patch Management: A specialist IT Auditor will be brought in to ensure there are judicious, well-designed and executed change and patch management processes.</p>	<p>IT Change and Patch Management: Most infrastructure devices (PCs, workstations, servers, switches) were up to date in terms of firmware and security patch versions. However, some areas were not meeting control standards expected:</p> <ul style="list-style-type: none"> • The operation of the Change Advisory Board has become less robust with many approvals being undertaken by only one person. • Lack of up to date policy or procedure documentation in relation to change and patch management activities; and • The procedure documentation reviewed was no longer operationally relevant 	<p>IT Change and Patch Management – limited assurance</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2019/20	Year End position	Status / Assurance
<p>Community and Partnerships</p> <ul style="list-style-type: none"> • Community and partnerships • Community resilience 	<p>Building stronger communities is one of three Corporate objectives for the Council</p>	<p>Private sector care and grants programme (last audit 15/16): Will consider the use of Disabled Facilities Grants given to eligible homeowners and tenants to make appropriate adaptations to their homes to enable them to remain in their property where possible. Also, repayable assistance which is secured against the property and repayable when the property is sold.</p>	<p>Disabled Facilities Grant: Overall there is a sound control framework to manage and monitor the assessment and award of Disabled Facilities Grants. However, an error was found in that a Housing Association agreed contribution towards the cost of the disabled facilities works had not been collected (it has now). Following the audit, further investigation by the service found this was an isolated incidence.</p>	<p>Disabled Facilities Grants – moderate assurance</p>
<p>Commercial and Regulatory</p> <ul style="list-style-type: none"> • Commercial • Regulatory <p>Several areas underpinning these are covered elsewhere in this Plan e.g. H&S, business continuity, projects and income</p>	<p>In this highly regulated area, key risk is non-compliance with legislation</p>	<p>Private sector housing: Houses in Multiple Occupation (HMO) licences: In 2019/20 audit of HMOs due to recent changes in legislation.</p>	<p>HMOs: The audit confirmed there is a robust control framework for licence applications, fees collection and the issue of licences and the associated conditions.</p>	<p>Houses in Multiple Occupation Licences – substantial assurance</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2019/20	Year End position	Status / Assurance
<p>Housing and Property</p> <ul style="list-style-type: none"> • Property maintenance • Housing • Development 	<p>Housing capital, welfare reform and safeguarding feature on the corporate risk register</p>	<p>Housing Register and Allocations (last audit 2014/15): Examine the end to end process to ensure bona fide customers are allocated housing, taking into account the outcomes from the 2018/19 homelessness audit.</p> <p>Housing H&S – asbestos management: Ensure there is a robust asbestos management framework to protect tenants and visiting Officers and contractors.</p>	<p>Housing register and allocations: Overall there is a sound control framework over the process and controls for admission of eligible applicants to the Housing Register and for the allocation of available properties in accordance with the Council's Housing Allocation Scheme.</p> <p>Housing H&S - asbestos management: An asbestos register and programme of works for asbestos management surveys and inspections is in place for the Council's housing stock. The corporate asbestos policy needs to be assigned to Property Maintenance to ensure it is kept up to date. As a result of the audit staffing arrangements are being reviewed to ensure there is necessary to cover key asbestos management tasks and any emergency incidents should they arise. In addition, asbestos management processes and procedures are being documented to ensure there are clear roles and responsibilities of how and when information is shared between both the Housing Assets and Housing Repairs teams to maintain the accuracy of the asbestos register.</p>	<p>Housing Register and Allocations – substantial assurance</p> <p>Housing H&S asbestos management – moderate assurance</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2019/20	Year End position	Status / Assurance
Planning <ul style="list-style-type: none"> • Planning Policy • Development Management 	Local Plan features on the corporate risk register	Infrastructure Delivery Plan (as part of Local Plan): Internal Audit will assess the processes in place to deliver the Local Plan in 2019/20, in particular the Infrastructure Delivery Plan, the impact on planning obligations and funding arrangements.	Infrastructure Delivery Plan: Not undertaken as the Local Plan has yet to be formally approved by the Inspectorate	Infrastructure Delivery Plan – audit deferred
Contracts and Technical <ul style="list-style-type: none"> • Technical • Contracts 	Keeping the District clean and green is a feature of the Corporate Plan	Recycling management (waste management last audit 15/16): The 2019/20 recycling audit links with the third-party re-use and recycling credit scheme detailed under income.	See recycling management and income audit, earlier under Income Streams	Recycling Management and Income – substantial assurance

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2019/20	Year End position	Status / Assurance
<p>Business Services</p> <ul style="list-style-type: none"> • ICT and Business Support • Accountancy • Legal (shared service) • People Team (HR) <p>Note: IT audits covered elsewhere in the Plan</p>	<p>Efficient use of the Council's financial resources, building and assets is a key feature of the Corporate Plan. As well as enhancing skills and flexibility of our workforce</p>	<p>Reconciliations and housing rent uploads:</p> <p>In 2019/20, the reconciliations and housing rents uploads processes that have been centralised as part of Transformation will be reviewed.</p>	<p>Business support and reconciliations: Building Control, Legal Fees and Industrial and Commercial rents reconciliations are not being carried out and as such there is limited assurance that all transactions in these areas are recorded in the Council's accounting records. This predates the formation of the Business Support Team. The new Business Support arrangement gives the opportunity to clearly define roles and responsibilities, and develop clear procedural guidance, to ensure controls operate effectively.</p> <p>Testing on eight reconciliations carried out by Business Support also identified weakness as follows:</p> <ul style="list-style-type: none"> • No adequate procedure notes; • Reconciliations not signed by the originators; • Reconciliations not signed-off to evidence management review; and • Reconciliation differences not resolved by the service areas. 	<p>Business Support Reconciliations – limited assurance</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2019/20	Year End position	Status / Assurance
<p>Customer Services</p> <ul style="list-style-type: none"> • Governance • Revenue and Benefits (covered under key financial controls) • Customer Services 	<p>Engaging with the changing needs of our customers and having robust local democracy and governance is a key feature of the Corporate Plan.</p>	<p>Customer Services: The 2019/20 customer services review is covered under Performance Management (see earlier on).</p>	<p>Customer Services – covered earlier on under Performance Management</p>	<p>Customer Services – to be reported as part of the 2020/21 plan</p>
<p>Follow Up Audits</p> <p>Review of progress against recommendations on the tracker.</p>	<p>Tracker process ensures risks identified in audits have been managed to an acceptable level.</p>	<p>Includes specific follow up audits especially where Limited assurance previously given. Includes maintenance of the recommendation tracker.</p>	<p>Implementation of all recommendations continues to be scrutinised as part of the tracker process.</p> <p>Recommendations made in previous reports are routinely followed up when the audit is next undertaken, for example housing register and allocations, H&S and housing rents.</p>	<p>Completed for 2019/20</p>

Appendix 1 - Audit Plan Monitoring 2019-20
YEAR-END POSITION

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	Service	Plan Days	Status	Fieldwork started	Report issued to Management	Finalised	Opinion: Level of Assurance	High Priority Recs	Medium Priority Recs	Low Priority Recs
Access to Housing (Homelessness)	Housing and Property	15	Final report	n	n	n	Substantial	0	3	2
Housing Register and Allocations	Housing and Property	12	Final report	n	n	n	Substantial	0	0	2
Recycling management and income	Contract and Technical	10	Final report	n	n	n	Substantial	0	1	0
vfm - data analytics - purchases, including scheme of delegation	Business Services	12	Final report	n	n	n	Substantial	0	1	2
HMOs (Houses of Multiple Occupancy)	Commercial and Regulatory	12	Final report	n	n	n	Substantial	0	0	1
Private sector care and grants programme	Commercial and Regulatory	12	Final report	n	n	n	Moderate	0	1	1
KFC - Housing rents	Housing and Property	15	Final report	n	n	n	Moderate	0	1	0
Housing H&S – asbestos management	Housing and Property	12	Final report	n	n	n	Moderate	0	5	0
Business support - reconciliations and rents	Business Services	20	Final report	n	n	n	Limited	1	5	0
IT - change and patch management	Business Services	10	Final report	n	n	n	Limited	1	2	1
Information Management - data retention and disposals	Customer Services	20	Final report	n	n	n	Limited	2	3	3
H&S - Staff H&S in satellite offices	Commercial and Regulatory	15	Final report	n	n	n	Limited	2	4	0
Governance – Harlow and Gilston Garden Town	Chief Executive	15	In progress	n						
KFC - fixed assets	Business Services	12	In progress	n						
Performance Management - Customer Services	Customer Services	15	In progress	n						
Procurement - Contract management	Commercial and Regulatory	20	Completed				n/a			
Infrastructure Delivery Plan	Planning	12	For deferral							
TOTAL								6	26	12

Key
H&S = Health and Safety
KFC = Key Financial Controls
vfm = Value for Money

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Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference: **AGC-003-2020/21**
Date of meeting: **25 June 2020**

Portfolio: Leader of the Council

Subject: Revised Internal Audit Plan 2020/21

Responsible Officer: Sarah Marsh (01992 564446).

Democratic Services: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) The revised Internal Audit Plan for 2020/21 be approved.

Executive Summary:

The Internal Audit plan for 2020/21 has been revised in light of Covid-19. It is based on a risk assessment of internal and external factors, including those relating to Covid-19, which could affect the Council in achieving its objectives. It is important that sufficient work is undertaken by Internal Audit in order for the Chief Internal Auditor to give their annual opinion on the Council's internal control, risk management and governance arrangements.

Reasons for Proposed Decision:

To approve the Council's Internal Audit Plan as required in the Audit and Governance Committee's Terms of Reference.

Other Options for Action:

None.

Report

INTRODUCTION

1. At its 23 March 2020 meeting the Audit and Governance Committee was to be asked to approve Internal Audit's strategy and plan for 2020/21. These had been created before the Prime Minister's 23 March 2020 Covid-19 lockdown announcement and were never formally presented as the committee meeting was cancelled.
2. Since lockdown the Internal Audit function has been working remotely, along with most Council employees. This has severely hampered delivery of the original plan. However, more importantly, the focus of Internal Audit's work has significantly changed as set out below and there is a need to adopt a new plan for 2020/21.

THE INTERNAL AUDIT APPROACH

3. While Internal Audit provides assurance through completing a programme of planned work the service is also flexible and responsive to changing and emerging issues. Some audit work is delivered on an advisory basis, contributing advice on risk and controls, for example ex-officio attendance at project meetings or undertaking a specific investigation of a newly identified issue. This mix of assurance and advisory work has continued being the case during lockdown and as the Council commences its recovery phase.

KEY DELIVERABLES

4. The key deliverables for the Internal Audit service during 2020/21 remain the same as would of have been reported to the March 2020 Committee, being:
 - *Delivery of the Audit Plan* - the Chief Internal Auditor will ensure there is sufficient audit coverage in order to provide an annual Internal Audit opinion and report, which feeds into the Council's Annual Governance Statement
 - *Integrated approach to assurance* – Providing ongoing assurance to management on the integrity, effectiveness and operation of the Council's internal control, governance and risk management processes. Working with other assurance providers including External Audit to prevent duplication of work
 - *Management commitment* - Ensure agreed management responses to audit recommendations made are implemented thereby improving the overall control framework
 - *Continually develop our approach* – To develop, improve and deliver a quality assurance and improvement programme for the service, including working more closely with the Audit and Governance Committee
 - *Business insight* - working more closely with Officers, Members and services to establish greater relevance to what matter most to the Council by contemplating current and future key risks and challenges.

PRIORITY AREAS FOR THE REVISED 2020/21 PLAN

5. There is a need to focus on core financial controls, especially where processes have been adapted to allow them to be carried out remotely. Internal Audit will assess the suitability and appropriateness of these controls as the Council moves into its recovery phase and whether this allows for greater agile working in the longer term, whilst ensuring they remain robust. Initial focus will be on purchases (Accounts Payable), payroll and Treasury Management.
6. In addition, the Chief Internal Auditor is on hand to provide advice on internal controls, risk management and governance during recovery. Internal Audit will ensure lessons learnt from Covid-19 are captures and used to enhance the business continuity framework. An audit of IT disaster recovery formed part of the original 2020/21 Plan and therefore will continue as planned.
7. Appendix A sets out the revised plan for 2020/21 and clearly identifies those audits that are new as a result of Covid-19, those that should continue as well as those that could be deferred. The plan is based on the assumption of the full resumption of Internal Audit from 01 September 2020, and that Council staff will have the capacity to fully engage in the process. In the meantime, Internal Audit continues to progress those outstanding audits from the 2019/20 Plan, provide advice and guidance and where possible make a start on the 2020/21 plan.
8. However, the plan is only indicative and can be changes or flexed as the risk profile and

priorities of the Council change. This will be achieved by ongoing review and amendment in consultation with relevant officers. Any significant changes will be brought to the Chairman of the Audit and Governance Committee attention in the first instance due to the current fast pace of change and notified to the next available Committee for formal approval.

RESOURCES

9. The Internal Audit function consists of the Chief Internal Auditor (1.0 f.t.e), three Senior Auditors (2.8 f.t.e) and three Auditors (each 1.0 f.t.e). One of the Auditor posts is being covered by an apprentice with a view to take them on permanently subject to performance. This was the same route taken by one of the other Auditors, who was made permanent in September 2019. In addition, the service has a call off contract with an external provider of Internal Audit to undertake more specialist audits when required.
10. The Audit Plan that was to be presented to the March 2020 Committee required 440 days (the same as last year). The revised plan requires 277 days and covers a six-month period (September 2020 to March 2021).

Resource Implications:

No additional resources required.

Legal and Governance Implications:

The responsibilities, duties and obligations of Internal Audit are set out in the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (2017) against which Internal Audit activity should be measured and determined.

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

Corporate Governance Group

Background Papers:

Public Sector Internal Audit Standards, Internal Audit Charter, Internal Audit resource plan and risk assessment.

Risk Management:

Failure to achieve the audit plan may lead to a lack of assurance that internal controls are effective and risks properly managed.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix B to the report.

Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:
 - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
 - advancing equality of opportunity between people who share a protected characteristic and those who do not,
 - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
 - age
 - disability
 - gender
 - gender reassignment
 - marriage/civil partnership
 - pregnancy/maternity
 - race
 - religion/belief
 - sexual orientation.
3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy or change.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. All **Cabinet, Council, and Portfolio Holder reports must be accompanied by an EqIA**. An EqIA should also be completed/reviewed at key stages of projects.
8. To assist you in completing this report, please ensure you read the guidance notes in the Equality Analysis Toolkit and refer to the following Factsheets:
 - Factsheet 1: Equality Profile of the Epping Forest District
 - Factsheet 2: Sources of information about equality protected characteristics
 - Factsheet 3: Glossary of equality related terms
 - Factsheet 4: Common misunderstandings about the Equality Duty
 - Factsheet 5: Frequently asked questions
 - Factsheet 6: Reporting equality analysis to a committee or other decision making body

Section 1: Identifying details

Your function, service area and team: **Internal Audit, Chief Executive**

If you are submitting this EqIA on behalf of another function, service area or team, specify the originating function, service area or team: **N/A**

Title of policy or decision: **Revised Internal Audit Strategy and Audit Plan 2020/21**

Officer completing the EqIA: **Tel: 01992 564449 Email: slinsley@eppingforestdc.gov.uk**

Date of completing the assessment: **09/06/2020**

Section 2: Policy to be analysed

2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? Update to the Internal Audit Strategy and Plan 2020/21
2.2	Describe the main aims, objectives and purpose of the policy (or decision): To set out the approach and key aims for the delivery of the Internal Audit service 2020/21 What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? Provision of an effective Internal Audit Service
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none">• service users• employees• the wider community or groups of people, particularly where there are areas of known inequalities? No Will the policy or decision influence how organisations operate? No
2.4	Will the policy or decision involve substantial changes in resources? No
2.5	Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes? Internal Audit is part of the Council's assurance framework

Section 3: Evidence/data about the user population and consultation¹

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	What does the information tell you about those groups identified? N/A – affects operational delivery of Internal Audit Service
3.2	Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision? N/A
3.3	If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary: N/A

Section 4: Impact of policy or decision

Use this section to assess any potential impact on equality groups based on what you now know.

Description of impact	Nature of impact Positive, neutral, adverse (explain why)	Extent of impact Low, medium, high (use L, M or H)
Age	Neutral – no change in service delivery to the public	L
Disability	Neutral – as above	L
Gender	Neutral – as above	L
Gender reassignment	Neutral – as above	L
Marriage/civil partnership	Neutral – as above	L
Pregnancy/maternity	Neutral – as above	L
Race	Neutral – as above	L
Religion/belief	Neutral – as above	L
Sexual orientation	Neutral – as above	L

Section 5: Conclusion

		Tick Yes/No as appropriate	
5.1	Does the EqlA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No <input checked="" type="checkbox"/>	
		Yes <input type="checkbox"/>	If ' YES ', use the action plan at Section 6 to describe the adverse impacts and what mitigating actions you could put in place.

Section 7: Sign off

**I confirm that this initial analysis has been completed appropriately.
(A typed signature is sufficient.)**

Signature of Head of Service: Sarah Marsh	Date: 09/06/20
Signature of person completing the EqlA: Sue Linsley	Date: 09/06/20

Advice

Keep your director informed of all equality & diversity issues. We recommend that you forward a copy of every EqlA you undertake to the director responsible for the service area. Retain a copy of this EqlA for your records. If this EqlA relates to a continuing project, ensure this document is kept under review and updated, eg after a consultation has been undertaken.

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APPENDIX A: REVISED PROPOSED INTERNAL AUDIT (IA) PLAN FOR 2020/21

This table sets out the proposed audits for 2020/21 and those to be deferred. Those *underlined in italics* are new from those that were to be presented to the March 2020 Audit and Governance Committee.

Audit	Audit Sponsor	Outline/Scope taken from the Audit Plan	Audit Days	Comment
Completion of the 2019/20 Audit Plan				
Completion of audits from 2019/20 that were put on hold due to Covid-19	Various	<ul style="list-style-type: none"> • Harlow and Gilston Garden Town • Customer services • Fixed assets 	12	Fieldwork in progress
Proposed 2020/21 audits in order of priority. New audits from the original 2020/21 plan are underlined in italics				
<i>Key Financial Controls (KFC) - Accounts Payable</i>	Service Director Business Services	<i>Review of the robustness and effectiveness of internal controls (and transactions) as the Council enters its recovery phase and whether these are suitable for new and future ways of working</i>	12	
KFC - Payroll	Service Director Business Services	Rolling programme of key financial control (KFC) audits	12	Last audit 2017/18
KFC - treasury management	Service Director Business Services	Rolling programme of key financial control (KFC) audits.	12	Last audit 2016/17
Business continuity planning (follow/up)	Strategic Director (S151 Officer)	A follow up of the 2019/20 Business Continuity (BC) audit to ensure adequate progress has been made to further develop the Council's BC framework.	10	As well as assessing the formal BC framework in place, IA will assist the Council to ensure lessons are learnt (and changes implemented) from the recent Covid-19 lockdown
IT Disaster Recovery	Service Director Business Services	IT Disaster Recovery is a technical review and will be undertaken by a specialist.	10	This audit links with the BC audit above

Audit	Audit Sponsor	Outline/Scope taken from the Audit Plan	Audit Days	Comment
Strategic Governance - Qualis	Strategic Director (S151 Officer)	Internal Audit (IA) will assess the governance arrangements in place for Qualis (Group and individual subsidiaries).	12	
Housing H&S – gas safety	Strategic Director and Service Manager Housing Management	To assess the adequacy of the Council's arrangements to ensure it meets its gas safety requirements.	15	
Health & Safety - H&S council building and depot compliance	Strategic Director and Service Manager Housing Management	This audit will assess the adequacy of the Council's arrangements to ensure statutory H&S testing is being complied with.	20	
Procurement - Contract Management	Service Director Contract and Technical	Internal Audit will examine a sample of medium to small contracts to ensure there are adequate contract management processes in place, including exit strategies should the need to do so arise.	20	
IT - storage area network (SAN)	Service Director Business Services	The SAN is integral to the smooth running of the Council's ICT infrastructure because it is the main data storage function for the Council. It's under or non-performance would jeopardise efficient and effective service delivery.	10	To be undertaken by a specialist IT auditor
IT - active directory management	Service Director Business Services	The active directory audit will ensure this reflects the Council's new structure and is working as intended.	10	To be undertaken by a specialist IT auditor
Joint working - Qualis Commercial	Strategic Director (Section 151 Officer)	To ensure joint arrangements are working in the best interests for the Council with appropriate governance/monitoring arrangements in place. In 2020/21 Internal Audit will review the delegations and approval processes regarding the Council's development company, Qualis Commercial.	15	Depending on progress with Qualis Commercial, this audit could slip into 2021/22
Other Internal Audit work during 2020/21				
Scheme of delegation	Section 151 Officer	IA will continue to assist in the Council's review of its scheme of delegation and incorporate a review of delegations within individual audits.	20	Not an audit

Audit	Audit Sponsor	Outline/Scope taken from the Audit Plan	Audit Days	Comment
Internal Audit recommendation tracker	Section 151 Officer	Maintenance of the tracker ensures risks identified in audits have been managed to an acceptable level. Includes time for specific follow up audits especially where Limited assurance previously given.	30	All high and outstanding recommendations are reported routinely to the Audit and Governance Committee
Fraud	Section 151 Officer	Co-ordinating data matching (National Fraud Initiative), training and awareness, interaction with corporate fraud initiatives, oversight of the delivery of the Council's anti-fraud and corruption strategy and the Corporate Fraud Team. Potential for fraud considered in all audits.	11	
Risk Management	Section 151 Officer	Assistance to the Risk Management Group who continue to develop and embed the Council's risk management framework.	6	
Information Management and Governance	Data Protection Officer (DPO) and the Council's Senior Information Risk Officer (SIRO)	Continue to assist the Council's DPO by providing assurance in targeted areas. During 2020/21 Internal Audit will continue to complete a GDPR checklist for each audit, feeding the results back to the DPO. In addition, IA will actively assist in the delivery of the Information Governance Group's (IGG) action plan, of which it is a member. The IGG is chaired by the Council's SIRO.	6	
Other assurance work	Section 151 Officer	Includes co-ordination of year-end assurance reporting, including the Annual Governance Statement, member of the Corporate Governance Group, servicing the Audit and Governance Committee, contingency and providing ad hoc advice	34	
		Total days to be delivered in 2020/21	277	

Audit	Audit Sponsor	Outline/Scope taken from the Audit Plan	Audit Days	Comment
Audits to be postponed (subject to approval)				
Project - Council House Building	Service Director Housing and Property	IA will revisit the Council's house building programme and assess the adequacy of reporting (financial and non-financial) and level of scrutiny to ensure the programme is meeting its objectives.	12	
Housing voids	Service Director Housing and Property	In 2020/21 IA will ensure there is a joined-up process to ensure voids are kept as low as possible.	15	
Housing H&S - Fire Risk Assessments (FRA)	Service Director Housing and Property	This audit will assess the adequacy of the Council's arrangements to ensure it meets its fire risk assessment requirements.	15	IA has not been informed of any significant concerns regarding FRAs
Income - leisure contract	Service Director Contract and Technical	The leisure management contract audit is to ensure that income streams are maintained and adequately controlled, and the expected benefits (both financial and non-financial) are being realised.	12	
Building Control	Service Director Commercial and Regulatory	Following the restructure, Building Control now falls within the Commercial and Regulatory Service	15	
KFC - cash and banking	Service Director Customer Services	Rolling programme of key financial control (KFC) audits. Last audit 2016/17	15	
Local Plan and Planning Performance Agreements	Service Director Planning	IA will assess the processes in place to deliver the Local Plan, in particular the effectiveness of Planning Performance Agreements (PPAs)	15	
Performance Management - framework	Service Manager People and Performance	To assist the Service Manager People and Performance in enhancing the Council's performance management framework.	10	Not an audit

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference: AGC-004-2020/21
Date of meeting: 25 June 2020

Portfolio: Leader of the Council
Subject: Corporate Fraud Team Annual Summary for 2019 / 2020
Responsible Officer: Sarah Marsh (01992 564446).
Democratic Services: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

(1) That the Corporate Fraud Team Annual Summary for 2019 / 2020 be noted.

Executive Summary:

This report summarises the key achievements of the Corporate Fraud Team for the year 2019 / 2020.

Reasons for Proposed Decision:

To note the Corporate Fraud Team Annual Summary for 2019/ 2020

Other Options for Action:

No other options.

Introduction

The Corporate Fraud Team (CFT) sits alongside the Internal Audit team and therefore both together support and contributes to the achievement of the Council's 2015-20 strategic aims. The purpose of the Corporate Fraud Team is:

- To ensure that the Council has sufficient and appropriate resources on an ongoing basis to protect the delivery of its statutory duties and discretionary services from fraud, abuse and corruption.
- To contribute to the commitment of keeping Council Tax low by preventing and detecting frauds which deliberately target and affect the Authority's tax base
- To ensure that the Council adopts a modern and innovative approach to the delivery of its services and that they are not comprised by fraud.
- To provide independent and professional investigations into all aspects of fraud

affecting the Council, preventing fraud and abuse and taking fair and consistent action against those committing offences.

- Support the Council's anti-fraud culture and framework.

Deliver a corporate anti-fraud service that is innovative, professional and compliant with the relevant legislation.

General Overview of 2019/2020 Activity

Investigations Opened 2018/19 by Types of Fraud:

Social Housing Fraud (All Types)	Council Tax Support / Exemptions	Council Tax	Internal	Corporate	Non Domestic Rates / Exemptions	External	Benefit	Total
90	109	16	8	1	1	1	1	227

Investigations Closed 2019/2020 by Types of Fraud:

Social Housing Fraud (All Types)	Local Council Tax Support / Exemptions	Council Tax	Internal	Corporate	Non Domestic Rates / Exemptions	Benefit	Business Rates	External	Total
95	109	14	9	1	1	1	1	1	232

Success Rates:

Of the 232 Investigations completed during 2019/2020, 53 were closed as "Fraud Proven" (30%), however when the 109 Student Exemption cases are extrapolated, this figure is 123 closures with a fraud proven rate of 43%.

Notable Examples of Types of Fraud Investigated during 2019/20

Right to Buy

During the period 1/4/19 to 31/3/20, a total of 46 applications were received by the Home Ownership Team from tenants wishing to purchase their property under the Right to Buy Scheme. As part of the ongoing commitment to positively vet 100% of these applications, all of the applicants were visited by officers of the Corporate Fraud Team.

As a result of these procedures, a total of 24 Right to Buy applications have been stopped and / or withdrawn due to this involvement. A number of these applications have been identified as having issues which would impact on the property purchase going ahead being tenancy related issues (suspected subletting, not utilising it as their main or principle home etc.) or significant concerns over the origin of the funding giving rise to suspicions of money laundering.

One application was investigated whereby it was found that the tenant had purchased a property in Cambridgeshire for their partner to live in. This was despite the fact that the partner was

named on the Right to Buy application and claimed to have lived at the EFDC property for over 12 months. Investigations showed that the partner was the named Council payer at the Cambridgeshire property and had been since it was purchased. Our investigations also found indications that the property may have also been used for the growing of cannabis and reported to the Police. The Right to Buy application was stopped due to issues surrounding the purchased property and subsequently, the origin of the partner's funds.

Another application was stopped following an investigation into the residency of one of the applicants. A married couple had included their son in the Right to Buy application and asserted that it was he who would be obtaining the funding for the purchase. The son, who had stated on the application that he had lived at the property all of his life was subsequently found to be living in another county and had been for some time. As the circumstances of the application were false the tenants were unable to fund the purchase themselves and the application was terminated.

One further point of interest is that a Right to Buy application that was submitted by a pair of joint tenants was withdrawn by them without any notice or reasons being given. When looked at in a bit more depth by the Corporate Fraud Team, it was discovered that the applicants were, in fact, the parents of a tenant whose own Right to Buy was stopped in the previous year whereby they were found to be living with their partner in Harlow leading to their EFDC property being subsequently recovered. It was noted that the parent's application was submitted just prior to the discovery that their daughter's own one was false and the contact that brought because of the investigation.

As a result of these applications being stopped or withdrawn, approximately £2 million of potential Right to Buy discount has been saved by the Council (based on the revised maximum discount amount of £84,200).

As purchases did not go ahead on the 24 EFDC properties, these properties continue to remain as valuable public assets allowing the Council to potentially utilise them at a later date to house applicants from the waiting list. Furthermore, keeping them within the housing stock means that these properties continue to provide significant revenue streams in the form of on-going rent payments which have been calculated to be worth approximately £1.5 million to the Council going forward.

It is noteworthy that the amount of Right to Buy applications received by the Council exhibited a significant decrease in the 2019 / 2020 period, compared to the year before (53 applications) and even greater when compared to the last three financial years before that (when they averaged around 80 applications per annum). Despite this however, the amount of applications withdrawn / stopped as a result of CFT involvement, has remained proportionate at approximately one third of all applications however in this period, this percentage has increased significantly to 52%.

Tenancy Successions

Working in conjunction with Housing Management, the Corporate Fraud Team operates a policy of undertaking enquiries on each application to succeed a tenancy (succession normally applies when a tenant dies). This is due to previous levels of fraudulent applications being high. As a result, 13 investigations into tenancy successions were opened during 2019/2020 with four being found as fraudulent. These applications were then terminated and the properties duly recovered. By recovering these properties, they can (and in most cases, have been) be re-let to priority cases on the waiting list and saving the Council approximately £3 million (based on current National Fraud Initiative figures of £93,000 per recovered property

Housing Applications

Following referrals from Housing Staff, five investigations have been undertaken into applications made to the Council for housing. As a result of these investigations, two applications were found to be fraudulent and removed from the waiting list with one investigation still ongoing. Predominantly, investigations found that applicants were not being truthful about owning other property and / or retaining capital in excess of the established limit for consideration.

Recovered Properties

For the 2019/2020 period, the Corporate Fraud Team has been instrumental in recovering four Council properties from tenants who were investigated for suspected housing fraud. As well, as the examples given previously, these properties were recovered from tenants who were suspected of being involved in issues such as illegal subletting, not using the property as their main or principle home or in some cases, having abandoned the property all together and were living elsewhere.).

Council Tax Discounts and Exemptions

CFT officers have undertaken a large proactive exercise this year targeting Council Tax Student Exemptions. As the typical university course lasts at least three years, an exemption from Council Tax can equate to up to three years "lost" revenue. These exemptions usually require confirmation from the educational body that the recipient is in a qualifying educational course, however they are a significant fraud risk both internally and externally. Each exemption was looked at independently by a CFT officer as part of a fraud resilience check to ensure that each one was legitimate and that the necessary documentation was obtained (and retained) by the Council. It appears that from the cases looked at so far (over 100) this process is dealt with very well by the Revenues Team and has found to be extremely resilient to fraud. It is pleasing that in all the exemptions looked at so far by the CFT, no fraud has been found. There are a small number of exemptions still to be looked at.

Joint Working Initiative with Brentwood Borough Council

In September 2017, the Corporate Fraud Team entered into a joint working initiative with Brentwood Borough Council to provide them with two days week of fraud investigation work, advice and training to compliment and assist their existing anti-fraud resources. This work is being provided on a paid for basis and was carried out throughout the 2019/20 period. This initiative continues to be successful and has generated a number of successful outcomes for Brentwood such as withdrawn Right to Buy applications and three council properties being recovered due to fraudulent succession applications.

A Whistleblowing / Disciplinary investigation was also undertaken jointly with the EFDC Corporate Fraud Manager giving evidence to the hearing on the findings of the investigation. The findings of the investigation were instrumental in the hearing deciding to impose sanctions on the relevant employee.

In addition to the revenue received for providing these services, the work and outcomes achieved provide distinct and tangible learning opportunities that benefit EFDC. For example, the decision to conduct a fraud resilience check on Council Tax Student Exemptions was made and regular checks of the EFDC income account are made for unauthorised payments and direct debits, both following discovery of these types of frauds at Brentwood.

Joint Working Arrangements with Chelmsford City Council

The informal joint working arrangement with the fraud section at Chelmsford City Council has

continued this year and sets to continue. This is an informal arrangement relating to the sharing of anti-fraud staff and resources. Chelmsford City Council also provide Proceeds of Crime Act / Financial Investigations to the CFT as part of this arrangement.

Other work of the Corporate Fraud Team

In addition, to the above:

- As part of the team's involvement in International Fraud Awareness Week during November 2019, the CFT undertook a series of meetings with a number of Service / Team Managers in order to identify and better understand the fraud risks applicable to their respective services. Using this Information, the CFT plan on undertaking tailored fraud awareness training for individual teams as well as looking at proactively targeting areas of potential fraud that previously were unidentified.
- The team is continuing to provide training and advice to both departments within EFDC and external organisations. During the year, CFT officers have provided external training (free of charge) to both staff of Harlow Council and Brentwood Borough Council.
- The team are also continuing to explore all suitable joint working and potential revenue raising opportunities, not just for the CFT but in other areas of the Council as well. In the last year, through the CFT, Business Services have undertaken several typed interview transcriptions for other Local Authorities for which they have been remunerated.

Corporate Fraud Team make-up

The Corporate Fraud Team consists of a Corporate Fraud Manager and three investigators. All the team are fully qualified and accredited Counter Fraud Specialists with experience of criminal investigation work across the public and private sectors.

Resource Implications

None, Within the existing budgets

Legal and Governance Implications:

None

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

Corporate Governance Group

Background Papers:

Corporate Fraud Strategy

Risk Management:

The occurrence of fraud may expose the Council to financial loss and the substantive risks associated with an inadequate control framework. The Corporate Fraud Team assists the Council in managing the risk of fraud both internally and externally.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 1 to the report.

Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:
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 - Factsheet 5: Frequently asked questions
 - Factsheet 6: Reporting equality analysis to a committee or other decision making body

Section 1: Identifying details

Your function, service area and team: **Corporate Fraud Team**

If you are submitting this EqIA on behalf of another function, service area or team, specify the originating function, service area or team: **N/A**

Title of policy or decision: **Corporate Fraud Team Annual Summary 2019/20**

Officer completing the EqIA: Tel: **01992 564170** Email: **mcrowe@eppingforestdc.gov.uk**

Date of completing the assessment: **09/06/2020**

Section 2: Policy to be analysed

2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? Updated Corporate Fraud Team Annual Summary 2019/20
2.2	Describe the main aims, objectives and purpose of the policy (or decision): Audit and Governance Committee to note the Corporate Fraud Team annual summary 2019/20 What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? N/A
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none">• service users• employees• the wider community or groups of people, particularly where there are areas of known inequalities? No Will the policy or decision influence how organisations operate? N/A
2.4	Will the policy or decision involve substantial changes in resources? No
2.5	Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes? N/A

Section 3: Evidence/data about the user population and consultation¹

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	What does the information tell you about those groups identified? N/A
3.2	Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision? N/A
3.3	If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary: N/A

Section 4: Impact of policy or decision

Use this section to assess any potential impact on equality groups based on what you now know.

Description of impact	Nature of impact Positive, neutral, adverse (explain why)	Extent of impact Low, medium, high (use L, M or H)
Age	N/A	N/A
Disability	N/A	N/A
Gender	N/A	N/A
Gender reassignment	N/A	N/A
Marriage/civil partnership	N/A	N/A
Pregnancy/maternity	N/A	N/A
Race	N/A	N/A
Religion/belief	N/A	N/A
Sexual orientation	N/A	N/A

Section 5: Conclusion

		Tick Yes/No as appropriate	
5.1	Does the EqlA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No <input checked="" type="checkbox"/>	
		Yes <input type="checkbox"/>	If ' YES ', use the action plan at Section 6 to describe the adverse impacts and what mitigating actions you could put in place.

Section 7: Sign off

**I confirm that this initial analysis has been completed appropriately.
(A typed signature is sufficient.)**

Signature of Head of Service: Sarah Marsh

Date: 09/06/2020

Signature of person completing the EqlA: Martin Crowe

Date: 09/06/2020

Advice

Keep your director informed of all equality & diversity issues. We recommend that you forward a copy of every EqlA you undertake to the director responsible for the service area. Retain a copy of this EqlA for your records. If this EqlA relates to a continuing project, ensure this document is kept under review and updated, eg after a consultation has been undertaken.

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference: AGC-005-2020/21
Date of meeting: 25 June 2020

Portfolio: Leader of the Council
Subject: Corporate Fraud Team Strategy 2020/21
Responsible Officer: Sarah Marsh (01992 564446).
Democratic Services: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) The Corporate Fraud Team strategy for 2020 / 2021 be approved.**

Executive Summary:

This report sets out to members the focus and approach of the Corporate Fraud Team for the year 2020 / 2021

Reasons for Proposed Decision:

To approve the Corporate Fraud Team's strategy for 2020/ 2021 as the Audit and Governance Committee has a role in ensuring anti-fraud arrangements are in place as per their Terms of Reference.

Other Options for Action:

None

Report:

Introduction

1. The Corporate Fraud Team brings a uniform approach to fraud investigation work within EFDC, ensuring the Council has adequate resources dedicated to anti-fraud activity.
2. This strategy summarises the key principles for the Corporate Fraud Team (CFT) for the forthcoming 2020 / 2021 period along with some longer term aims.
3. The Corporate Fraud Team sits alongside the Internal Audit team and therefore both together supports and contributes to the achievement of the Council's 2018-23 strategic aims. These have been taken into account when developing the Corporate Fraud Strategy and Plan being:

- To ensure there is efficient use of Council resources which is protected from fraud, abuse and corruption
- To contribute to the commitment of keeping Council Tax low by preventing and detecting frauds which deliberately target and affect the Council's tax base
- To ensure that the Council adopts a culture of innovation which is not compromised by fraud.

Purpose

4. The purpose of the Corporate Fraud Team Strategy is to document the Corporate Fraud Team's approach to:
 - Provide independent and professional investigations into all aspects of fraud affecting the Council, preventing fraud and abuse and taking fair and consistent action against those committing offences.
 - Supporting the Council's anti-fraud culture and framework.
 - Deliver a corporate anti-fraud service that is innovative, professional and compliant with the relevant legislation.

The Corporate Fraud Team Approach

This strategy sets out the main focus of work that will be undertaken by the team during the period 2020 / 2021:

Proactive Work

- The process of vetting 100% of Right to Buy Applications will continue into 2020 / 2021 due to the high levels of success already experienced in this area since its inception in 2014 and the amount of financial savings this area of work generates. It has been found that each year since 2014, approximately one third of all applications are stopped / withdrawn as a result of fraud team involvement. For example, for the year 2018 / 2019, a total of 18 applications (out of 50) were stopped / withdrawn and as a result approximately £1.5 million of potential Right to Buy discount has been saved (based on the maximum discount amount (at that time) of £82,800). Furthermore, keeping them within the housing stock means that these properties continue to provide significant revenue streams in the form of on-going rent payments which have been calculated to be worth approximately £1 million to the Council going forward. The regular increases in the maximum amount of discount available to tenants wishing to purchase their council properties means that the Right to Buy remains an attractive prospect to individuals who plan to abuse the system.
- In line with the strategy of reviewing other areas of high fraud risk within the Council, most notably where any fraud and / or abuse represents a significant risk to the Council's financial position, the Corporate Fraud Team plan to continue with already ongoing proactive exercises targeting Revenue. This includes areas such as Non-Domestic Rates fraud and fraud within Council Tax discounts and exemptions. Work undertaken in conjunction with the Council Tax department since 2018 has yielded

good results and resulted in a number of cases whereby previously uncollected revenue has / is being recovered. As a result of the work completed so far in this area, further resources are to be deployed in order to identify cases of more serious, persistent or organised fraud within the scheme. This will be undertaken with a view, where it is deemed appropriate to prosecute.

- The team will continue with the good working relationship it already has with the Housing Department, which has been instrumental in forging closer working arrangements between the investigators and their housing officer colleagues when dealing with issues surrounding suspected social housing fraud. Regular meetings are now held between the Housing and CFT management and will continue into the forthcoming year. Work has already commenced in conjunction with colleagues in the Housing, Estates and Land Team in order to undertake a long-term programme of ongoing Tenancy Audits for the forthcoming year and beyond.
- The ongoing process of engaging other key stakeholders across the Council will continue in order to raise awareness and encourage the reporting of suspicions. A programme arising from the activities undertaken by the team before Christmas 2019 as part of International Fraud Awareness Week has commenced with meetings with Service / Team Managers. This enables the Corporate Fraud Team to have a better understanding of the various processes employed within each service area in order to identify potential areas of fraud risk with input into policy revisions where appropriate. This is of particular importance as the Council continues to evolve as part of the current transformation plan and the restructuring of services.
- The implementation of a rolling fraud awareness programme providing coverage not just in significant areas of expenditure such as finance, procurement and payroll but for all staff including Members and contractors. In conjunction with Human Resources, a project is to commence in order to devise an Anti-Fraud E-Learning Module with a view to becoming part of a mandatory fraud awareness session for all new starters as part of their induction into working for the Council. It is also planned for a variation of this module to become available to Members.
- In the next 12 months, the CFT also wish to engage further within the outside community (for example, attending meetings of resident's associations etc.) in order to promote the service and raise awareness of fraud issues affecting the Council. This will be done with a view to forging ongoing links within the community and as a useful vehicle for undertaking the research needed for a new advertising campaign (as referenced in the next section).
- The CFT in conjunction with colleagues from the Internal Audit service are planning to undertake a number of "Fraudits" in the forthcoming year targeting areas that are either outside the scope of the Audit plan, have not been looked at in the last two to three years or have been identified as being a potential risk for fraud or abuse.

Reactive Work

- The team will review, and risk assess 100% of the referrals it receives in order to

ensure efficient allocation of resources and ensure the highest risk referrals are prioritised.

- The team will be continuing with its programme of engaging with other teams within the Council in order to provide advice, training and support. The team continues to provide advice and training to staff and the team can provide tailored training packages to services. As part of the aforementioned Tenancy Audit collaboration with Housing, anti-fraud training is to be undertaken with all Housing staff participating the Tenancy Audit processes.
- The “Know a Cheat in your Street” advertising campaign has been run successfully over the last six years and has been instrumental in heightening awareness and encourage members of the public to report fraud and abuse. This has been achieved by enclosing leaflets in the run of Council Tax / Non-Domestic Rates Bills and making use of other resources such as the EFDC website and the Council’s social media presence. In order to “freshen up” and keep the campaign relevant, work is to commence (in conjunction with the Corporate Communications Team) to explore new designs and ideas with a view of rolling out a new leaflet and media campaign in time for the 2021 / 2022 Council Tax billing run.
- The team will also continue to publicise its work including successful prosecutions by maintaining a policy of utilising press releases, existing mediums such as “Housing News” and the corporate website and social media platforms.

In addition to the above, the Corporate Fraud Team also plans to undertake the following areas of work in the forthcoming year:

National Fraud Initiative Exercise

The data matches for the current National Fraud Initiative exercise were received during February 2019 and work in this area (including the periodic data set updates) is an incorporated part of the CFT work programme for 2020 / 2021. As is usual for this exercise and in line with already established procedures, any matches that potentially involve staff will be given the highest priority closely followed by the remaining matches that are qualified and / or identified as “high risk”. The CFT will continue to work closely with their colleagues in the Housing, Revenue and Benefits and Human Resources departments as well as other local authorities and public-sector organisations to review these data matches and undertake any resulting investigations as appropriate.

Explore and pursue joint working / shared service arrangements.

- Joint Working arrangement with Brentwood Borough Council

In September 2017, the Corporate Fraud Team commenced a joint working arrangement with Brentwood Borough Council whereby an investigator from EFDC is deployed to work for Brentwood for two days per week providing investigatory work, advice and training. This arrangement is on a “paid for” basis and is proving to be highly effective for both Councils. A number of successful investigations have been carried out leading to positive results in the areas of social housing, Council Tax and Non- Domestic Rates fraud. In the last 12 months, CFT officers have also assisted Brentwood Council with three internal investigations including one

successful disciplinary investigation. This arrangement is subject to continued review by both EFDC and Brentwood and is set to continue into 2020 / 2021.

- Joint working with Chelmsford City Council

The team also operates an informal joint working initiative with the anti -fraud team at Chelmsford City Council with the working relationship focussing on the sharing of investigative resources, exploring the potential for joint proactive initiatives and providing a “peer support” service for investigators. Again, this initiative will continue into the forthcoming year.

- Joint working with Harlow Council

Like with the above-mentioned arrangement with Chelmsford City Council, in the last 18 months, the team has also embarked on a similar initiative with Harlow Council which will continue into 2020 / 2021.

Other areas of work

Since 2016 the Corporate Fraud Team has utilised its skillsets by undertaking a number of Standards Investigations on behalf of the Council’s Monitoring Officer for which remuneration has been received. Due to the success of this, the team will continue to make itself available to take on this type of work.

Furthermore, ongoing exploration of further opportunities to increase the team’s revenue by undertaking fraud and employment related investigations for outside bodies such as other local authorities and public-sector organisations will continue thus increasing its capacity for revenue raising activities and allowing for diversification into other forms of investigation work outside of the traditional criminal area. Due to the CFT’s activities, several pieces of chargeable work (in the form of interview transcriptions) have been undertaken by the Business Support Team for which they have charged the respective customers.

The team will continue to provide training and advice to external organisations and the team are constantly working to identify areas where potential exists to engage in joint working and / or shared service protocols, with such agreements giving the possibility of revenue raising opportunities.

Staff Development

All members of the Corporate Fraud Team are required to undertake a set number of hours of Continued Professional Development so that their existing knowledge and skills remain up to date and they are given an opportunity to develop new skills. Further to this, the possibility of further professional development is being explored relating to involvement with the Government’s new “Counter Fraud Profession” programme.

To promote best practice, information sharing and support to the wider anti - fraud community

The Corporate Fraud Team continue to host the meetings of The Eastern Corporate Fraud

Group, which it founded in 2016 with its on-going aim to bring together counter fraud professionals from local authorities in Essex, Suffolk and Norfolk in a meaningful forum to discuss and promote best practice, form agreements and partnerships for information sharing and offer support and resources to carry out investigations etc. The group continues to move forward and is now firmly established with its main focus being opportunities for cross authority working, training and information sharing.

Longer Term Projects

Several longer-term projects are currently being considered for 2020/ 2021 and beyond. These include:

- Consultation is ongoing with Human Resources (as part of the Recruitment Strategy) to look into pre-employment vetting procedures with a view to possibly developing and incorporating a more robust process. This may also lead to a training programme for recruiting managers.
- Collaborative work between the Corporate Fraud Team and Internal Audit into specific areas of identified risk. This will also include the possibility of developing and utilising data mining / matching techniques into areas that are not covered by currently used data matching tools such as NFI etc. It is hoped that existing software already used by the Internal Audit team will be utilised for this, thus not requiring any new resources.
- A review of documents utilised by the Council for access to its services (such as application forms etc) to ensure that they are as “fraud proof” as possible.

Resources

The Corporate Fraud Team consists of a Corporate Fraud Team Manager and three investigators. All the team are fully qualified and accredited Counter Fraud Specialists with experience of criminal investigation work across the public and private sectors.

Covid 19 “Coronavirus” Pandemic

Since the initial draft of this strategy in early March 2020, the business operations of the Council have changed dramatically as a result of the Covid 19 pandemic. This has meant that the Corporate Fraud Team has had to revise a number of it’s normal working practices, most significantly that relating to visiting property and premises in order to carry out enquiries, interviews etc. At present, the team is not conducting any visits in line with the current guidance and as a result, these circumstances are impacting the team’s ability to carry out a number of the actions contained within this strategy document. However, the strategy is only indicative and can be changed or flexed as the risk profile and priorities of the Council change. This will be achieved by ongoing review and amendment in consultation with relevant officers. Any significant changes will be brought to the Chair of the Audit and Standards Committee’s attention in the first instance, due to the current fast pace of change, and notified to the next available Committee for formal approval.

Resource Implications

None, Within the existing budgets

Legal and Governance Implications:

None

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

Corporate Governance Group

Background Papers:

Corporate Fraud Strategy

Risk Management:

The occurrence of fraud may expose the Council to financial loss and the substantive risks associated with an inadequate control framework. The Corporate Fraud Team assists the Council in managing the risk of fraud both internally and externally.

Equality Analysis:

The Equality Act 2010 requires that the Public-Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 1 to the report.

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Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:
 - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
 - advancing equality of opportunity between people who share a protected characteristic and those who do not,
 - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
 - age
 - disability
 - gender
 - gender reassignment
 - marriage/civil partnership
 - pregnancy/maternity
 - race
 - religion/belief
 - sexual orientation.
3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy or change.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. All **Cabinet, Council, and Portfolio Holder reports must be accompanied by an EqIA**. An EqIA should also be completed/reviewed at key stages of projects.
8. To assist you in completing this report, please ensure you read the guidance notes in the Equality Analysis Toolkit and refer to the following Factsheets:
 - Factsheet 1: Equality Profile of the Epping Forest District
 - Factsheet 2: Sources of information about equality protected characteristics
 - Factsheet 3: Glossary of equality related terms
 - Factsheet 4: Common misunderstandings about the Equality Duty
 - Factsheet 5: Frequently asked questions
 - Factsheet 6: Reporting equality analysis to a committee or other decision making body

Section 1: Identifying details

Your function, service area and team: **Corporate Fraud Team**

If you are submitting this EqIA on behalf of another function, service area or team, specify the originating function, service area or team: **N/A**

Title of policy or decision: **Corporate Fraud Team Strategy 2020/2021**

Officer completing the EqIA: Tel: **01992 564170** Email: **mcrowe@eppingforestdc.gov.uk**

Date of completing the assessment: **09/06/2020**

Section 2: Policy to be analysed

2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? Updated Corporate Fraud Team Strategy 2020/2021
2.2	Describe the main aims, objectives and purpose of the policy (or decision): Audit and Governance Committee to approve the approach and focus for the Corporate Fraud Team in 2020/2021 What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? N/A
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none">• service users• employees• the wider community or groups of people, particularly where there are areas of known inequalities? No Will the policy or decision influence how organisations operate? N/A
2.4	Will the policy or decision involve substantial changes in resources? No
2.5	Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes? N/A

Section 3: Evidence/data about the user population and consultation¹

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	What does the information tell you about those groups identified? N/A
3.2	Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision? N/A
3.3	If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary: N/A

Section 4: Impact of policy or decision

Use this section to assess any potential impact on equality groups based on what you now know.

Description of impact	Nature of impact Positive, neutral, adverse (explain why)	Extent of impact Low, medium, high (use L, M or H)
Age	N/A	N/A
Disability	N/A	N/A
Gender	N/A	N/A
Gender reassignment	N/A	N/A
Marriage/civil partnership	N/A	N/A
Pregnancy/maternity	N/A	N/A
Race	N/A	N/A
Religion/belief	N/A	N/A
Sexual orientation	N/A	N/A

Section 5: Conclusion

		Tick Yes/No as appropriate	
5.1	Does the EqIA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No <input checked="" type="checkbox"/>	
		Yes <input type="checkbox"/>	If ' YES ', use the action plan at Section 6 to describe the adverse impacts and what mitigating actions you could put in place.

Section 7: Sign off

**I confirm that this initial analysis has been completed appropriately.
(A typed signature is sufficient.)**

Signature of Head of Service: Sarah Marsh

Date: 09/06/2020

Signature of person completing the EqlA: Martin Crowe

Date: 09/06/2020

Advice

Keep your director informed of all equality & diversity issues. We recommend that you forward a copy of every EqlA you undertake to the director responsible for the service area. Retain a copy of this EqlA for your records. If this EqlA relates to a continuing project, ensure this document is kept under review and updated, eg after a consultation has been undertaken.

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference: AGC-006-2020/21
Date of meeting: 25 June 2020

Portfolio: Leader of the Council
Subject: Risk Management
Responsible Officer: Andrew Small (01992 564000).
Democratic Services: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

(1) To review the current risk register and consider whether there are any new or emerging risks that are not on the current Corporate Risk register that should be referred to the officer Risk Management Group

Executive Summary:

This report gives the Audit and Governance Committee the opportunity to comment on and suggest changes to the Corporate risk register.

Reasons for Proposed Decision:

To enhance the Council's risk management framework.

Other Options for Action:

None. Formal responsibility for making recommendations to Cabinet on risk management issues has transferred from the Finance Performance Management Cabinet Committee to the Audit and Governance Committee

Report:

1. At the committee level formal responsibility for risk management lies with Audit and Governance Committee to monitor the effective development and operation of risk management in the Council.
2. CIPFA (the Chartered Institute of Public Finance and Accountancy) audit committees – practical guidance for Local Authorities and Police 2018 edition states that Audit Committees should 'consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations'.

Corporate Risk Register

3. The corporate risk register was reviewed by the Council's Officer Risk Management

Group at their meeting of 4 June 2020 where all risks were reviewed, especially in light of Covid-19. This led to a new overarching Covid-19 risk being added and the waste management risk removed, being monitored at the service level instead.

4. The table below outlines the direction of travel for each risk since it was updated for the March Audit and Governance, with a brief commentary supporting each risk. The papers for the March Committee were issued but the meeting was subsequently cancelled due to Covid-19.

No	Risk	Residual risk rating (i.e. after controls)		Commentary
		March 2020	June 2020	
1	Local Plan	B1	B1	Still waiting for adoption of the Local Plan
3	Welfare Reform	A2	A2	Updated in light of Covid-19, which has curtailed the activities of the multi-agency hub in Waltham Abbey as a one stop shop for vulnerable residents
4	Finance Resilience	C2	C2	Takes into account the impact of Covid-19 on income and expenditure
5	Economic Development	A2	A1	Rating increased in light of Covid-19 and its impact on local high streets, which is now seen as the priority for Economic Development
6	Data/information	C2	C2	Actions being progressed through the officer Information Governance Group
7	Business continuity	B1	B1	The Council responded well to the challenges posed by Covid-19, with little disruption to critical/essential services
10	Housing capital finance	C2	C2	Oversight through the House Building Cabinet Committee
12	Waste management	C2	n/a	Contract performing well and there was little disruption to services because of Covid-19. Risk to be monitored at service level
13	Cyber security	C2	C2	Risk being actively managed
14	Delays in issuing Planning Permissions	A1	A1	The Council is still in discussions with Natural England
15	Climate emergency	B2	B2	The Council is to develop an action plan with

				short, medium and long term objectives to mitigate this risk
16	Accommodation project	B2	C2	Downgraded following Cabinet's award of the contract at their 1 June 2020 meeting
17	Travel plan	B2	B2	Links with the accommodation project above but still some way off an agreed travel plan
18	Qualis	C2	C2	Risk to be reassigned to the recently appointed Section 151 Officer, who will review it with the Chief Operating Officer
19	Covid-19	n/a	B1	New overarching risk to encapsulate internal and external risks to the Council

5. Members are now asked to consider the attached updated Corporate Risk Register (Appendix 1) and whether the risks listed are scored appropriately and whether there are any additional risks that should be included.

Resource Implications:

Within the report

Legal and Governance Implications:

The Corporate Risk Register is an important part of the Council's overall governance arrangements and that is why this Committee considers it on a regular basis.

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

The Risk Management Group and Leadership Team were involved in the process.

Background Papers:

CIPFA audit committees – practical guidance for Local Authorities and Police 2018 edition

Risk Management:

If the Corporate Risk Register was not regularly reviewed and updated a risk that threatened the achievement of corporate objectives might either not be managed or be managed inappropriately. In addition, new or emerging risks are not considering which could threatened achievement of the Council's corporate objectives.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided as appendix 2 to the report.

Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:
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 - Factsheet 5: Frequently asked questions
 - Factsheet 6: Reporting equality analysis to a committee or other decision making body

Section 1: Identifying details

Your function, service area and team: **Strategic Director**

If you are submitting this EqlA on behalf of another function, service area or team, specify the originating function, service area or team:

Title of policy or decision: **Risk Management report**

Officer completing the EqlA: Tel: **01992 564446** Email: **smarsh@eppingforestdc.gov.uk**

Date of completing the assessment: 09/06/20

Section 2: Policy to be analysed

2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? No
2.2	Describe the main aims, objectives and purpose of the policy (or decision): N/A What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? N/A
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Gender reassignment	N/A	N/A
Marriage/civil partnership	N/A	N/A
Pregnancy/maternity	N/A	N/A
Race	N/A	N/A
Religion/belief	N/A	N/A
Sexual orientation	N/A	N/A

Section 5: Conclusion

		Tick Yes/No as appropriate	
5.1	Does the EqIA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No <input checked="" type="checkbox"/>	
		Yes <input type="checkbox"/>	If ' YES ', use the action plan at Section 6 to describe the adverse impacts and what mitigating actions you could put in place.

Section 6: Action plan to address and monitor adverse impacts

What are the potential adverse impacts?	What are the mitigating actions?	Date they will be achieved.

Section 7: Sign off

**I confirm that this initial analysis has been completed appropriately.
(A typed signature is sufficient.)**

Signature of Head of Service: Andrew Small

Date: 09/06/20

Signature of person completing the EqlA: Sarah Marsh

Date: 09/06/20

Advice

Keep your director informed of all equality & diversity issues. We recommend that you forward a copy of every EqlA you undertake to the director responsible for the service area. Retain a copy of this EqlA for your records. If this EqlA relates to a continuing project, ensure this document is kept under review and updated, eg after a consultation has been undertaken.

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CORPORATE RISK REGISTER (June 2020)

LIKELIHOOD	A Very High			3	5 14
	B High			15 17	1 7 19
	C Medium			4 6 10 13 16 18	
	D Low / Very Low				
		4 Insignificant	3 Minor	2 Moderate	1 Major
IMPACT					

RISK NO.	RISK SCORE	DESCRIPTION
1	B1	Local Plan
3	A2	Welfare Reform
4	C2	Finance Resilience
5	A1	Economic Development
6	C2	Data/Information
7	B1	Business Continuity
10	C2	Housing Capital Finance
13	C2	Cyber Security
14	A1	Delays in issuing Planning Permission
15	B2	Climate Emergency
16	C2	Accommodation project
17	B2	Travel plan
18	C2	Qualis
19	B1	Covid-19

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 1 Local Plan	<p>Vulnerability: Without an adopted Local Plan and with the introduction of the Housing Delivery Test from November 2018, the Council's ability to deliver housing at the required rate will lead to the presumption in favour of sustainable development being applied and the requirement to prepare an action plan.</p> <p>Consequence: Without an adopted plan setting the Council's housing requirement at 518 the measurement used will be the 2014 household projection figures/standard method for assessment with an annual requirement of 923 homes. This will result in vulnerability to planning appeal decisions and potential development in the Green Belt as the presumption in favour of sustainable development will apply.</p>	<p>The failure to deliver at the required threshold set out in the NPPF of 95% of the housing requirement over the previous three years triggers a requirement for the Council to prepare an action plan in line with national planning guidance to assess the causes of under delivery and identify actions to increase delivery. Although there are transitional arrangements with lower thresholds for November 2018 and 2019, the delay in submitting the Local Plan as a result of the Judicial Review and Natural England's requirement not to issue planning decisions until a mitigation strategy is in place for Epping Forest SAC, is likely to have ongoing consequences for delivery. There is now further delay as a result of Natural England's objections to the Habitat Regulations Assessment, which has led to the Inspector's advice that further work is required to inform the mitigation strategy, which is now underway.</p>	VERY HIGH	MAJOR	A1	<p>1) Local Plan Submission Version 2017 agreed by Council on 14 December 2017 and published between 18 December 2017 and 29 January 2018. Following the JR the plan was submitted for examination in September 2018 and hearings have now taken place between February & June 2019. The Inspector's advice issued on 2 August 2019 requires the Council to undertake further work to support the Local Plan, which is now underway.</p> <p>2) Revised Local Development Scheme (LDS) adopted by Local Plans Cabinet Cttee 22 November 2018 following submission of plan for independent examination. this will be updated once there is some certainty on programme for consultation on MMs.</p> <p>3) Systematic approach to Duty to Co-operate, engaging public bodies including Natural England and the Conservators.</p> <p>4) Consultants in place to support project management, resource planning, Sustainability Assessment, transport modelling, master planning.</p> <p>5) Regular reports at officer and Member level through the Cooperation for Sustainable Development Group.</p>	HIGH	MAJOR	B1	<p>1) A revised timeline of the programme of work for the final tranche of the Main Modifications agreed with the Local Plan Inspector. Regular updates are provided and posted on the Council's website. However, a few other unresolved issues may delay the final tranche of MMs to the Inspector which are due the first week in September for a MM consultation in late October for 6 weeks and likely adoption early in January 2021. A revised timeline programme is currently with the Inspector.</p> <p>2) Review progress against new key milestones</p> <p>3) Important that key decisions do not precede Duty to Co-operate i.e. "fait accompli".</p> <p>4). Scrutiny Function to be undertaken by Stronger Place Select Committee.</p>	Planning Services Director	1) Regular programme meetings to monitor progress – initially weekly but then monthly

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 3 Welfare Reform	<p>Vulnerability: The government has pledged to make substantial savings from the overall welfare bill. This will require a major reform of the welfare system which is likely to have serious impacts on the Council and the community. This includes Universal Credit, changes to Council Tax and other benefits and direct payments to tenants.</p> <p>Consequence:</p> <ul style="list-style-type: none"> • Tenants no longer able to afford current/new tenancies. • Increase in evictions and homelessness • Increased costs of temporary accommodation • Unable to secure similar level of income due to payment defaults • Increase in rent and Council Tax arrears • Public dissatisfaction • Criticism of the Council for not mitigating the effects for residents. 	Welfare reform changes have a detrimental effect on the Council and community.	VERY HIGH	MAJOR	A1	<p>Cross-service and sector working group established to access impacts of the introduction of Universal Credit and to produce an action plan to mitigate the effects.</p> <p>Working group has been created to meet on a regular basis.</p>	VERY HIGH	MODERATE	A2	<p>Action Plan to be developed by the end of 2019/20 by baselining the effects of Universal Credit for implementation in 2020/21.</p> <p>A multi-agency hub has been created in Waltham Abbey to act as a one stop shop for vulnerable residents and is seen as a potential model for the district in affected areas. Covid lockdown has temporarily curtailed this. Options are being looked at for operating a similar facility in a virtual environment.</p>	Customer Services Director	Monthly

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 4 Finance Resilience	<p>4A. The Authority is financially strong on a reserve and balance sheet basis and has significantly reduced its reliance on central funding and central mechanisms such as Council Tax and Business rates Growth going forward.</p> <p>There are however two major risk issues, and these are:</p> <p>The reliance on external income flows from Qualis, initially in the form of margins made on the giving of loans need to be confirmed.</p> <p>General financial control on expenditure and income budgets needs to be maintained.</p> <p>4B. Immediate impact of Covid 19 will impact on income, and expenditure taking-into-account supplementary grants received by Government and areas of both increased and reduced spend.</p> <p>There is an obvious immediate, till the end of June 2020, intermediate July 2020 – March 2021 and long-term issues associated with this.</p>	<p>Qualis income and benefits uncertainty, especially around timing.</p> <p>Maintenance of financial control (see risk 4B).</p> <p>Improved Monitoring and information.</p> <p>Debt owing notifications, initially for information but returning to formal date chasing.</p> <p>Linking with upside Post Covid 19 recovery plan.</p>	MEDIUM	MODERATE	C2	<p>Regarding Qualis Income the risk is managed / mitigated by ensuring developments (funded) by this income are in line with income receipt and finalising the initial loan agreements by the end of June 2020 (latest).</p> <p>Further improving the managing and maintenance of spend through support and review.</p> <p>Report to Cabinet 1 June 2020 with subsequent review and post Covid 19 Action Plan to Cabinet July 2020.</p> <p>Continued improvement in monitoring</p>	MEDIUM	MODERATE	C2	<p>No additional actions or change in risk identified at this stage.</p> <p>Post Covid 19 task responsibilities currently being confirmed.</p>	Director - Business Services	Weekly review of Qualis income and general financial control issues.

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 5 Economic Development	<p>Vulnerability: Economic development and employment is very important, particularly in the current economic climate. The Council needs to be able to provide opportunities for economic development and employment (especially youth employment) in the District.</p> <p>Consequence:</p> <ul style="list-style-type: none"> • Unable to secure sufficient opportunities • Local area and people lose out • Insufficient inward investment • Impact on economic vitality of area • Loss of revenue 	Risk that Council performs relatively poorly compared to other authorities.	VERY HIGH	MAJOR	A1	<p>Economic Development Plan (Nurturing Growth) was drafted and presented to Economic Development Board and subsequently to Cabinet Cttee for approval. Cabinet requested further consultation with stakeholders, and this was carried out through October & November, culminating in a consultation event on November 13th. A revised Economic Strategy and associated report was submitted to Cabinet in May which was agreed and contained a request for additional staff to undertake High Street Recovery work.</p> <p>With the impact of Covid 19 a completely new action plan has been developed which considers a range of options for recovery of local high streets as this is now seen as the priority for Economic Development.</p>	VERY HIGH	MAJOR	A1	<p>Cabinet are due to consider a range of options for Economic/High Street recovery at their meeting in July. Although funding has been allocated within the DDF priority list (for a role and capital funding) to support local high streets to recover, Cabinet will be deciding on whether this funding will be finally confirmed. In the meantime, extensive work is being undertaken to support the safe re-opening of the High Streets</p>	Community and Partnerships Service Director	Monthly

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 6 Data / Information	<p>Vulnerability: The authority handles a large amount of personal and business data. Either through hacking or carelessness, security of the data could be compromised.</p> <p>Consequence:</p> <ul style="list-style-type: none"> Breach of the 2018 Data Protection Act (DPA) and the General Data Protection Regulations leading to significant fines or/and intervention by the Information Commissioner's Office (ICO) Increased costs and legal implications Reputation damaged and loss of public confidence 	Risk of data held by the Council ends up in inappropriate hands. System loss. Generally effective to date, with no significant lapses since the introduction of the 2018 DPA	HIGH	MAJOR	B1	<p>Significant work was undertaken by the Council to ensure it was compliant in time for the introduction of the GDPR in May 2018. This included review of policy and procedures, staff and Member training and awareness, completing an information asset register/register of processing activities and reviewing security of data arrangements.</p> <p>The Council continues to have a designated Data Protection Officer in post and a system of data breach and subject access request monitoring in place.</p> <p>A recent audit on data retention and disposals has been completed which identified a number of actions. The actions will be reviewed and monitored through the Information Governance Group</p>	MEDIUM	MODERATE	C2	The introduction of the Corporate Information Governance Group will review current arrangements and ensure these are strengthened where required.	Service Director – Business Services (SIRO)	Quarterly

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 7 Business Continuity	<p>Vulnerability: The Council is required to develop and implement robust Business Continuity Plans in line with the requirements of the Civil Contingencies Act.</p> <p>Following the re-organisation and negative outcomes from Internal Audit's review plans need to be updated and changes in responsibilities confirmed.</p> <p>Consequence:</p> <ul style="list-style-type: none"> • Services disrupted / Loss of service • Possible loss of income • Staff absence • Hardship for some of the community • Council criticised for not responding effectively 	<p>An Internal Audit of Business Continuity arrangements identified a number of weaknesses which are being addressed through the BC project.</p> <p>An external consultant has been engaged to develop the strategy and provide coaching to staff to develop plans. This has largely been completed and an exercise to test was undertaken in Feb 2020.</p> <p>All departments now have their own departmental BC plans</p> <p>Corporate strategy now sits above all plans and has been tested</p>	VERY HIGH	MAJOR	A1	<p>Improvement of current business continuity (BC) management arrangement is currently in progress.</p> <p>BC management is ongoing successfully</p>	HIGH	MAJOR	B1	<p>Following the desktop exercise scenario earlier this year, and as a result of covid-19 emergency, Service Plan owners are tasked with reviewing their plans and amending and adjusting accordingly. Our organisational response to the current covid-19 emergency demonstrates a generally effective BCP</p> <p>Current COVID 19 crisis is preventing the need for exercising all plans at this time. Current BC is successful and essential services / critical functions are continuing.</p> <p>Next phase is to co-ordinate the review and updating of plans on an ongoing progressive program.</p>	Business Services Director	Quarterly

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 10 Housing Capital Finance	<p>Vulnerability: If the Council is unable to spend right to buy receipts in set timescale on qualifying capital schemes, we will have to pay the money to the Government along with interest at a penalty rate.</p> <p>Changes to legislation which reduce income to the HRA.</p> <p>Consequence:</p> <ul style="list-style-type: none"> Loss of capital resources Revenues cost of penalty interest Loss of rental income Delays in provision of new social housing Increase in housing waiting list Current 30-year business plan may become unsustainable. 	<p>Risk schemes are delayed by either the planning process or unanticipated site problems.</p> <p>Imposition of further restrictions on rent levels.</p>	HIGH	MODERATE	B2	<p>1) Position being monitored by the House Building Cabinet Committee and a number of contingency options are available including purchasing homes or land on the open market or purchasing from S106 developments. A Consultant has been engaged to work to utilise the receipts before the deadline of the end financial year.</p> <p>2) The Council belongs to the Association of Retained Council Housing which lobbies on such issues.</p> <p>3) The development team are working with finance to develop reports to enable clear visibility around capital funding</p>	MEDIUM	MODERATE	C2	<p>1) Loss of right to buy receipts is minimised.</p> <p>2) Impact of Policy changes is minimised as far as possible.</p> <p>3) Financial reporting requirements to be developed to ensure clear accounting and governance</p>	Service Manager Housing Management and Home Ownership	Monthly

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 13 Cyber Security	<p>Vulnerability: The Authority handles a large amount of personal and business data. Either through hacking or carelessness, security of the data could be compromised.</p> <p>Consequence:</p> <ul style="list-style-type: none"> Loss of system access and/or data Unable to provide Council services Increased costs Reputation damaged Ransomware payment 	<p>Risk of data held by the Council ends up in inappropriate hands. System loss. However, no loss of data. Systems have remained protected from cyber-attack.</p>	VERY HIGH	MAJOR	A1	<p>Security Officer is continually monitoring situation and potential risks. Most systems have in built controls to prevent unauthorised access.</p> <p>Controls in systems have been strengthened in response to specific occurrences.</p> <p>Data is backed up daily with forty days retained. Three backups are also stored off site.</p> <p>Staff training.</p> <p>The implementation of the DR solution is confirmed; the works start in June. EFFDC</p>	MEDIUM	MODERATE	C2	<p>Continued funding for robust perimeter protection system.</p> <p>Continued investment in training to ensure that staff recognises potential cyber threats. Ensure that there is "buy in" by both user and management as cyber security is not just the responsibility of IT.</p> <p>The implementation of the DR solution is confirmed; it will be in place in May ready for the works starting in June. EFFDC have provided all the necessary information and access for the work to take place</p>	Business Services Director	Quarterly

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 14 Delays in issuing Planning Permission	<p>Vulnerability: Delays in issuing Planning Permission for development due to objections by Natural England regarding the impact of development on air quality in Epping Forest SAC.</p> <p>Consequence:</p> <ul style="list-style-type: none"> Delays in granting Planning Permission in the District and getting an adopted Local Plan in place. Loss of New Homes Bonus Restricted Business Rates tax base growth Reputation damaged 	The Habitats Regulations Assessment (HRA) January 2019 found that the Plan would be likely to have a significant effect upon the Epping Forest Special Area of Conservation (the SAC) in respect of both atmospheric pollution and disturbance from recreation & urbanisation.	VERY HIGH	MAJOR	A1	<p>Regular meetings held with key stakeholders including Natural England to update the HRA and develop a mitigation strategy. Interim mitigation strategy has been agreed by Council in October 2018 to mitigate the impact of recreational pressure on the Forest and Natural England have confirmed it is appropriate. Draft Air Quality Strategy developed but further work required to finalise as a result of additional work to update the HRA following the advice from the Inspector.</p> <p>Traffic/fleet survey completed in October 2019, modelling based on data being undertaken in Q1 of 2020 to support agreement of an interim air quality mitigation strategy with Natural England in advance of the adoption of the local plan. Budget has been set aside to buy in additional resource to assist with issuing planning decisions once this strategy has been agreed.</p>	VERY HIGH	MAJOR	A1	Mitigation strategy in place for both recreational pressure and air quality issues. Interim air quality strategy being pursued with Natural England, and be reported to July Cabinet, although do not anticipate it will necessarily be signed off by Natural England by then, so it may be Autumn 2020 before it is implementable.	Planning Services Director	Monthly – regular updates are being provided to the inspector

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 15 Climate Emergency	<p>Vulnerability: The Council declared a climate emergency and has pledged to do everything within its power to make the Epping Forest District carbon neutral by 2030.</p> <p>The Council has identified a number of initial areas of focus, including: Local Plan site allocations achieving high standards of sustainability; carbon reduction of council owned properties; the promotion of sustainable transport and implementing an air quality strategy.</p> <p>Consequence:</p> <ul style="list-style-type: none"> Reputational damage. 	Failure in achieving identified carbon reduction targets/actions.	VERY HIGH	MODERATE	A2	A Climate Change Officer has been successfully appointed together with a Sustainable Transport Officer. Likely start mid to late summer	HIGH	MODERATE	B2	To develop an action plan with short, medium and long term targets towards overall objective of carbon neutral by 2030 when the new Climate Change Officer is in post. In the meantime, the move to staff working from home and covid-19 associated projects including increasing active travel as part of the Safer Places project for High Street recovery, will contribute towards a positive impact on carbon reduction	Chief Operating Officer	Quarterly

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 16 Accommodation project	<p>Failure of the accommodation project to deliver:</p> <ul style="list-style-type: none"> • New ways of agile working • Better use of Council assets • Financial savings <p>which ultimately impacts on the Council's objectives and delivery of services</p>	<p>Background: The Council has embarked on ambitious plan for the renovation and refurbishment of the civic offices that will involve a decant and repopulation of staff and Members. As well as offering space to external partners.</p> <p>Effects</p> <ul style="list-style-type: none"> • Affecting staff wellbeing leading to a loss of staff and organisational knowledge, which impacts on delivery of Council services • Need to ensure IT resilience that supports agile working practices 	VERY HIGH	MAJOR	A1	<ul style="list-style-type: none"> • Monthly meetings of the newly created Accommodation Board, which will oversee the workstream action plans • Dedicated programme manager • Use of specialist for procurement and major works • Covid 19 supplementary plan from the contractor agreed to underpin the programme extension. • Contract award to ISG under budget approved by 1 June Cabinet. 	HIGH	MODERATE	Q2	Creation and monitoring of workstream action plans	Strategic Director	Monthly

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 17 Travel plan	Failure of the Travel Plan compromises the Council's Accommodation Strategy	<p>If staff are unable/unwilling to work and travel flexibly due to a poorly designed or implemented Travel Plan this could impede the delivery of the Council's Accommodation Strategy.</p> <p>Failure to develop and implement a parking solution at NWA. This could be due to cost, not getting planning permission, staff being unwilling to park at NWA, not finding a way to transport staff from NWA to Civic.</p>	HIGH	MAJOR	B1	Staff engagement with the Travel Plan through the survey and key messages delivered through staff communications	HIGH	MODERATE	B2	<p>Develop and implement processes to deliver the Travel Plan including understanding the implications of car sharing to and from NWA, and reviewing car parking arrangements</p> <p>Explore options for digital booking solution at Civic</p> <p>Increased number of staff working from home</p>	Service Director Contracts and Technical Services	Monthly

REF	RISK (IF - THEN)	BACKGROUND - CAUSE/EFFECT	LIKELIHOOD	IMPACT	INHERENT RISK RATING	MITIGATION / CURRENT CONTROLS	LIKELIHOOD	IMPACT	RESIDUAL RISK RATING	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 18 Qualis	The Council is heavily reliant on income from Qualis e.g. margin on loans, shared services and ultimately dividends from 2020/21.	<p>Much of the income from Qualis is relatively risk free but delays in development planning approvals could significantly impact on the timing of income; also for asset purchase and construction finance leading to a loss of Council income in 202/21 meaning developments cannot go ahead.</p> <p>The set-up of the Qualis Management company is underway with an operational date 'go live' of July 2020</p>	VERY HIGH	MAJOR	A1	<p>Oversight through the Group Company Steering Group/ interim Board until the Qualis Board is in place.</p> <p>Annual review of Qualis business cases and Business Plans by Cabinet.</p> <p>Impact of the Qualis annual business case feeds into EFDC's Annual Budget for approval by Cabinet and recommended for approval to Council.</p> <p>Cabinet decision on any loans to Qualis.</p> <p>Quarterly progress reports from Qualis to Cabinet.</p> <p>Section 151 Officer able to exercise the "open book" requirement and report to Cabinet.</p>	MEDIUM	MODERATE	C2	The Section 151 Officer will act on behalf of EFDC as the main conduit with Qualis Group and other Qualis Companies.	Section 151 Officer	March 2020

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Risk No 19 Covid-19	Covid-19 and recovery from it prevents the Council providing services and achieving its objectives	<p><u>Range of potential and actual impacts on the Council:</u></p> <p>Financial – loss of income (e.g. parking) and increased costs (helping town centres recover)</p> <p>Economic downturn e.g. loss of business rates and commercial income, increased rent arrears</p> <p>Greater demand on Council services (e.g. benefits, housing needs)</p> <p>Risk of the Council's contractors not surviving the crisis, leads to loss of services, costs from retendering and further reduction in anticipated revenues.</p> <p>Workforce ability to work safely including when interacting with the public</p> <p>Reliance of IT, especially for staff working remotely. Risk of cyberfraud</p> <p>Risk to the success of Quails</p> <p>Needing to respond to central government Covid-19 initiatives e.g. business grants, track and trace, homelessness.</p>	VERY HIGH	MAJOR	A1	<p>Covid-19 H&S risk assessments; staff and public</p> <p>Daily meetings of senior leadership team</p> <p>Variety of recovery plans e.g. staff working remotely, opening up of town centres, leisure facilities</p> <p>Financial handouts from central government</p> <p>Higher levels of Council reserves and balances</p> <p>Keeping abreast of government initiatives</p> <p>Regular reviews and monitoring of contracts</p> <p>Cybersecurity measures and IT</p> <p>Disaster recovery plan</p> <p>Designated Portfolio Holder dealing with Covid-19 at Cabinet</p>	HIGH	MAJOR	B1	Ongoing review and interaction with Members	Chief Executive	Weekly (if not daily)

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Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference: AGC-007-2020/21
Date of meeting: 25 June 2020

Portfolio: Leader of the Council
Subject: Internal Audit Monitoring Report June 2020
Responsible Officer: Sarah Marsh (01992 564446).
Democratic Services: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) The Committee notes the summary of the work of Internal Audit for the period January to June 2020**
- (2) The Committee approves the deferral of the Infrastructure Delivery Plan audit from the 2019/20 Audit Plan**

Executive Summary:

This report updates Members on the work completed by Internal Audit since the January 2020 Audit and Governance Committee and provides the current position in relation to overdue recommendations.

Approval is sought to defer the Infrastructure Delivery Plan audit until after adoption of the Council's Local Plan.

Reasons for Proposed Decision:

Monitoring report as required by the Audit and Governance Committee Terms of Reference.

Other Options for Action:

No other options.

Report:

2019/20 Internal Audit Plan

1. The audit plan for 2019/20 is almost complete and enough work has been undertaken for the Chief Internal Auditor to give their annual report and assurance opinion which is reported elsewhere in the agenda.
2. When the 2019/20 audit plan was approved in March 2019 it was anticipated that the Council's Local Plan would be adopted during the year. On the basis that the Local Plan has not yet been approved, it is proposed to defer the audit of the Infrastructure Delivery

Plan.

2020/21 Internal Audit Plan

3. Work on the 2020/21 Audit Plan, which is subject to approval at this meeting, has been delayed as a result of Covid-19. Internal Audit has been providing advice and guidance (see the other Internal Audit activities in paragraphs 11 to 15) as well as completing audits from the 2019/20 plan.

Internal Audit Reports

4. The following seven reports have been issued since the Committee received its last update in November 2019:

Houses in Multiple Occupation (HMO) Licences – Substantial assurance

The control framework for licence applications, fee collection and issue of licences is operating effectively. The Council has detailed guidance on Enforcement and Service Standards in Private Sector Housing, which includes the licencing of HMOs, and has adopted the Essex Amenity Standard to ensure there are adequate facilities and living space based on the number of occupants.

Licence applications are now all online and include the requirement to upload supporting documentation. Fees payable are calculated automatically based on the units of accommodation in the property and the payment is taken online at the end of the application process. Visits of all properties are undertaken, and conditions are attached to the licence if issues are identified at the visit. There is a formal management review and sign off process before a licence is issued.

Environmental Health Officers monitor potentially unregistered HMOs through a review of room rental and letting agency websites, and penalties are issued for failure to licence an HMO.

An issue with one incomplete record on the public register of HMO licences published on the Council's website was identified and corrected immediately. A new HMO public register application is now live on the Council's website, which means that the data is always up to date.

Housing Register and Allocations – Substantial assurance

The arrangements regarding the Housing Register and allocations are well managed. The Council's Housing Allocation Scheme was updated in July 2018 and is available on the Council's website.

Valid applicants are admitted onto the Housing Register in accordance with the Council's eligibility criteria on residency, housing need and financial situation. The audit recommended that all applicants (and not just those where there was judged to be a risk or concern) are subject to Experian credit checks as part of the verification procedure. The re-distribution of tasks within the Rehousing Team new structure has enabled this to be implemented with immediate effect.

Applicants are correctly banded as to their housing need status in line with the Housing Allocation Scheme criteria, and housing is allocated in priority order to those who bid on each available property. Checks for compliance with the Allocation Scheme conditions before an offer of tenancy is made can lead to delays in re-letting properties. Changes have already been introduced and a process of pre-verification is now in place for new applicants. An action is in progress to ensure all applicants who make successful bids on properties will have been subject to pre-verification. As this is resource dependent, a concerted effort to pre-verify the 'backlog' of all likely successful applicants is to be

completed by the end of June 2020.

Housing Rents and Arrears – Moderate assurance

The processes for the setting of housing rents and the collection of current and former tenants' rents are operating effectively, ensuring that:

- Rents are set in accordance with the prevailing rent-setting regime;
- Rents are calculated correctly;
- Rents are collected in a timely manner; and
- There is effective debt management of current and former tenants' arrears.

Prior to commencement of the 2020/21 rent-setting process, procedure notes were not available. Given the significant staffing changes as a result of the restructure, the need for up to date and accurate procedure notes is of increasing importance. Policies relating to rent arrears and collection are being drafted, and procedure notes around rent setting are in the process of being updated. An action plan has been prepared by the Service Manager to ensure these are achieved within appropriate timescales.

Whilst it has been collecting service charges, it has been recognised that the Council is not fully recovering its costs. Through discussions with management it was noted that there is an adequate plan in place to address this matter and consequently no recommendation has been made.

Asbestos Management – Moderate assurance

An asbestos register and programme of works for asbestos management surveys and inspections is in place for the Council's housing stock. Housing asset movements, acquisitions and disposals records are updated on a periodic basis to ensure the records of properties requiring asbestos surveys are up to date.

Asbestos management processes and procedures require formally documenting to provide clear roles and responsibilities of how and when information is shared between the Housing Assets and Housing Repairs teams to ensure there is a robust process to maintain the accuracy of the asbestos register. In addition, a review of asbestos management team roles is to be undertaken by the Service Manager Property Maintenance to ensure that there is an adequate cover for staff absences and asbestos incidents occurring out of normal business operating hours.

The corporate asbestos policy was last reviewed in 2016 and currently resides with Human Resources, as they were previously responsible for corporate health and safety. It has been agreed that the policy will be formally assigned to Property Maintenance who will take ownership of the policy to ensure it remains current and the Council is complying with asbestos health and safety law.

Housing Assets and Housing Repairs Officers receive asbestos awareness training and records of staff that have completed training are maintained. Asbestos awareness training is to be introduced to all visiting Housing Officers and training records maintained for these to ensure all relevant staff are aware of requirements.

Data Retention and Disposals – Limited assurance

There is good awareness of data retention and disposal principles within services; however, there is a lack corporate guidance to provide clarity and consistency in its application. In order to demonstrate compliance with data protection requirements, the

Council needs to identify appropriate data retention periods for all categories of data and ensure that adequate processes are in place to dispose of the data securely when the retention periods expire. These will be formalised in a corporate data retention and disposals policy and procedures, which is being currently being drafted.

Services have reviewed and disposed of manual data as part of transformation but the approach to dealing with electronic data, including emails, differs across the Council, although some teams are applying good practice through local policies and service specific retention schedules. Services have been asked to review their document retention schedules as part of updating their Register of Processing Activities (RoPAs) and develop mechanisms to ensure retention periods are complied with. This will be monitored by the Information Governance Group.

Development of information governance policies and procedures is being addressed through the Information Governance Group (IGG) action plan and will be supplemented by a programme of training and awareness.

IT Change and Patch Management – Limited assurance

Overall a level of operational control is being maintained, including a clear allocation of roles and responsibilities, and the majority of IT devices (PCs, workstations, servers, switches, firewall), and business applications are up to date in terms of security patches and firmware upgrades. A small number are not as up to date, mainly servers that are required to be manually updated. There is a programme in place to manage these and bring them up to date.

The operation of the Change Advisory Board (CAB) had become less robust with many approvals being undertaken by the ICT Infrastructure and Compliance Manager, resulting in a single point of failure. The formal CAB has been re-constituted as a result of the audit and is now Information Technology Infrastructure Library (ITIL) compliant, ensuring priorities are adequately determined and providing a segregation of duties.

Policy and procedure documentation in relation to change and patch management activities were found to be out of date. These will be reviewed and developed as part of the overall review and ICT transformation to reflect the new operational processes and controls.

Work has started on implementing a previous Internal Audit recommendation to address the lack of an annual verification of IT assets but there are still some assets that have old or missing 'last audit' verification dates. ICT will undertake a full IT asset audit over the next six months during the office moves taking place as part of transformation.

Health and Safety Satellite Offices – Limited assurance

Policies and procedure notes are in place to ensure the health and safety framework for staff working away from the Civic Office is defined, documented and communicated to staff working remotely.

The audit found that the Corporate Safety Group was no longer meeting. The Group, chaired by the Chief Executive, has now been re-established and will meet quarterly to ensure the Council is receiving the information required to enable it to gain assurance that health and safety risks are being appropriately managed.

Risk assessments have been prepared by managers to ensure health and safety measures are in place. However, in some cases these have not been regularly reviewed to ensure they remain relevant and reflect current risks. A formal monthly checking programme is to be introduced with immediate effect to ensure this takes place.

Health and safety training records maintained locally are inconsistent, and records held centrally by the People Team relate only to training arranged or facilitated by the People Team. Consequently, for some satellite offices it is not clear as to what training is required and what has been delivered. Each satellite office has now created a training matrix showing training needs and details of all training delivered and these will be submitted to the Contingency Planning and Corporate Safety Officer for review and monitoring.

At a local level there is accurate and timely recording and reporting of accidents, incidents and near misses to the Contingency Planning and Corporate Safety Officer to prevent a reoccurrence. However, the previous upward reporting arrangements to the Leadership Team, Chief Executive and elected Members have fallen into abeyance. This will be provided going forward through monthly verification checks and quarterly certification of compliance with the Health and Safety Policy and Procedures reported to the Corporate Safety Group. Meetings of the Corporate Safety Group have recommenced as a consequence of the audit.

There is a framework of controls to ensure the Council is discharging its duty of care in compliance with legislative and other requirements in relation to gas, electrical and fire safety, and current valid Gas Safety Certificates for each of the satellite offices visited as part of this review were evidenced during the audit.

Recommendation Tracker

5. The Audit and Governance Committee continues to receive details of all overdue recommendations, plus any high priority recommendations from final reports regardless of whether they are overdue or not.
6. The current tracker is shown at Appendix 1 and contains 14 recommendations which have passed their due dates and two high priority recommendations which are not yet due as detailed in table 1.

Table 1. Summary of tracker as at June 2020.

Recommendation type	Number (June 2020)	Number (March 2020)	Number (January 2020)	Number (November 2019)	Number (August 2019)	N (
High Priority not passed its due date	2	1	1	0	1	
High Priority passed its due date	1	0	1	1	0	
Medium Priority passed its due date	6	7	10	7	5	
Low Priority passed its due date	7	4	5	5	5	
Total	16	12	17	13	11	

7. The two new high priority recommendations (not overdue) concern data retention and disposals. There is a need to develop a corporate data retention and disposals policy and ensure this is communicated to staff. Services need to review the basis for keeping their data (manual, electronic and emails) in line with legislation and service requirements and formalise these in service-specific data retention schedules. These actions will be overseen

by the Information Governance Group.

8. The overdue high priority recommendation relates to team managers updating health and safety risk assessments and training records and reporting these on a regular basis to the Contingency Planning and Corporate Safety Officer. The action, which was due for completion by 31 March 2020, had not been fully implemented before the start of the pandemic.
9. Other recommendations are not progressing as quickly as first agreed with the relevant manager. Internal Audit, with the assistance of the Corporate Governance Group, continues to actively monitor progress of all recommendations.

Other Internal Audit activities

10. **Business Grant Funding Schemes:** Internal Audit and the Corporate Fraud Team are providing advice and assistance on the Small Business Grant Fund (SBGF) and Retail, Hospitality and Leisure Grant Fund (RHLGF) schemes introduced by the Department for Business, Energy & Industrial Strategy in March 2020 in response to Covid-19.

Work has included pre-award checks using the Cabinet Office tool, Spotlight, to determine whether limited companies were dissolved or liquidated at 11 March 2020 and therefore not eligible for a grant.

Post-award checks are ongoing with regards to companies with no company number recorded on Academy (the Business Rates IT system) and those businesses with a different business and billing address.

Further advice is now being provided with regards to the Local Authority Discretionary Grants Fund, aimed at small and micro businesses who were not eligible for the SBGF or the RHLGF.

11. **Finance related work:** Internal Audit and Corporate Fraud resource is being used to assist Finance with their year-end processes and reconciliation of the business grant payments.
12. **Accounts Payable:** Internal Audit has been advising on processes and controls around Accounts Payable where these have had to be flexed to allow for staff working remotely. Additional work has included a review of Marketplace purchase orders and invoice payments to check for duplicates and compliance with revised processes.
13. **Payroll Processes:** A review of payroll processes is being carried out to streamline and align these with the new structure.
14. **Service Assurance Statements:** Internal Audit co-ordinated the process to ensure service assurance statements are completed by each Service Director as part of year-end processes. The results of these have been analysed by Internal Audit, shared with the Corporate Governance Group and the results contributed to the 2019/20 Annual Governance Statement which will be presented to the committee in due course.

Legal and Governance Implications:

None

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

Corporate Governance Group

Background Papers:

2019/20 Audit and Resource Plan

Risk Management:

Failure to achieve the audit plan and poor follow up of audit recommendations may lead to a lack of assurance that internal controls are effective and risks properly managed, which ultimately feeds into the Annual Governance Statement.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 2 to the report.

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Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:
 - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
 - advancing equality of opportunity between people who share a protected characteristic and those who do not,
 - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
 - age
 - disability
 - gender
 - gender reassignment
 - marriage/civil partnership
 - pregnancy/maternity
 - race
 - religion/belief
 - sexual orientation.
3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy or change.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. All **Cabinet, Council, and Portfolio Holder reports must be accompanied by an EqIA**. An EqIA should also be completed/reviewed at key stages of projects.
8. To assist you in completing this report, please ensure you read the guidance notes in the Equality Analysis Toolkit and refer to the following Factsheets:
 - Factsheet 1: Equality Profile of the Epping Forest District
 - Factsheet 2: Sources of information about equality protected characteristics
 - Factsheet 3: Glossary of equality related terms
 - Factsheet 4: Common misunderstandings about the Equality Duty
 - Factsheet 5: Frequently asked questions
 - Factsheet 6: Reporting equality analysis to a committee or other decision making body

Section 1: Identifying details

Your function, service area and team: **Internal Audit, Chief Executive**

If you are submitting this EqIA on behalf of another function, service area or team, specify the originating function, service area or team: **N/A**

Title of policy or decision: **Internal Audit Monitoring Report January – June 2020**

Officer completing the EqIA: Tel: **01992 564449** Email: **slinsley@eppingforestdc.gov.uk**

Date of completing the assessment: **09 June 2020**

Section 2: Policy to be analysed

2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? N/A - report is an update to Audit and Governance Committee on the work of Internal Audit Service
2.2	Describe the main aims, objectives and purpose of the policy (or decision): For Audit and Governance Committee to note the work of Internal Audit Service between January and June 2020 What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? N/A – Report is for noting only
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none">• service users• employees• the wider community or groups of people, particularly where there are areas of known inequalities? N/A Will the policy or decision influence how organisations operate? N/A – report is not decision-based, it is for noting only.
2.4	Will the policy or decision involve substantial changes in resources? N/A – report is for noting only
2.5	Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes? N/A

Section 3: Evidence/data about the user population and consultation¹

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	What does the information tell you about those groups identified? N/A – report is for noting only
3.2	Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision? N/A – as above
3.3	If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary: N/A – as above

Section 4: Impact of policy or decision

Use this section to assess any potential impact on equality groups based on what you now know.

Description of impact	Nature of impact Positive, neutral, adverse (explain why)	Extent of impact Low, medium, high (use L, M or H)
Age	N/A	N/A
Disability	N/A	N/A
Gender	N/A	N/A
Gender reassignment	N/A	N/A
Marriage/civil partnership	N/A	N/A
Pregnancy/maternity	N/A	N/A
Race	N/A	N/A
Religion/belief	N/A	N/A
Sexual orientation	N/A	N/A

Section 5: Conclusion

		Tick Yes/No as appropriate	
5.1	Does the EqlA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No <input checked="" type="checkbox"/>	
		Yes <input type="checkbox"/>	If ' YES ', use the action plan at Section 6 to describe the adverse impacts and what mitigating actions you could put in place.

Section 7: Sign off

**I confirm that this initial analysis has been completed appropriately.
(A typed signature is sufficient.)**

Signature of Head of Service: Sarah Marsh

Date: 09 June 2020

Signature of person completing the EqlA: Sue Linsley

Date: 09 June 2020

Advice

Keep your director informed of all equality & diversity issues. We recommend that you forward a copy of every EqlA you undertake to the director responsible for the service area. Retain a copy of this EqlA for your records. If this EqlA relates to a continuing project, ensure this document is kept under review and updated, eg after a consultation has been undertaken.

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EFDC Internal Audit Recommendation Tracker (Overdue and High Priority in Progress)

Last updated: 12 June 2020

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer	Original Imp Date	Revised Imp Date	Status Update from Management	Status
<p>Software Licencing Report No. 06.18/19 (February 2019)</p>	3	<p>Reports should be produced on a regular basis to identify the number of users with Administrative access and access requirements questioned. In addition, software utilisation should be assessed on an annual basis with limited use being investigated by ICT and discussed with the relevant department/user.</p>	Med	Agreed	<p>Software Asset Licencing Officer/ Service Manager Business Support and ICT</p>	30/09/19	<p>04/04/20 31/05/20 31/08/20</p>	<p>Oct 19: Software utilisation assessments are already occurring for many products, both on a quarterly basis as a part of our SAM managed service compliance reviews and internally when licence or maintenance renewals become due.</p> <p>ICT is exploring the opportunities with the current system supplier (HOTH) regarding which elements it can deliver on, including software licences, asset inventory and supplier contracts.</p> <p>Dec 19: An initial meeting has been held with the system supplier and will be taken forward in conjunction with procurement.</p> <p>Feb 20: A project is underway to re-implement HOTH, which will include an ICT Asset Management/licensing module as standard, as well as reporting tools. ICT are also in the process of building a portfolio of our 90 plus applications, including user groups, licenses etc. Both of these pieces of work feature in the proposed revised ICT Strategy which is due to go to Cabinet in March 2020.</p> <p>Apr 20: The revised ICT Strategy was agreed at Cabinet. The reimplementation of HOTH is due for 19th May, where these</p>	Overdue

EFDC Internal Audit Recommendation Tracker (Overdue and High Priority in Progress)

Last updated: 12 June 2020

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer	Original Imp Date	Revised Imp Date	Status Update from Management	Status
Page 10								<p>modules will help considerably. The Licencing Officer does carry out weekly utilisation reports with the software we currently have.</p> <p>Jun 20: Following on from the above, a soft launch of the revised version of HOTH is due for the end of June; as per the timeline in the ICT Strategy. Further modules will then follow (such as assets), slightly behind course, as resources have been focused on the technology response to CV-19.</p>	
	<p>Personal Data Shared by Email with Members Report No. 24.18/19 (March 2019)</p>	1	<p>The Council should ensure that all Members are issued with an Epping Forest District Council email address and that all communication from Officers is sent via this corporate email address. Until the corporate email accounts have been introduced officers should use the Mimecast secure email facility when sending any personal/sensitive data to Members. As part of the wider review of IT provision, consideration should be given to issuing Members with a corporate device</p>	Med	<p>Members will be issued with an EFDC password and a corporate device.</p>	<p>Service Director- Customer Services</p>	31/05/19	<p>30/09/19 01/12/19 31/03/20 30/09/20</p>	<p>Jun 19: The roll-out of 'locked-down' devices has commenced, and the vast majority of Members are now in receipt of and i-pad for this purpose. The work around e-mails has been paused. It is recognised that there needs to be more flexibility for Members to enable them to access e-mails on their personal phones so they can undertake their duties effectively. Officers are assessing options to allow this flexibility whilst retaining the necessary security. An update on the final position will be provided by September 2019.</p> <p>Oct /Dec 19: The solution has been installed and tested on a testbed of members and will be rolled out in January 2020.</p> <p>Feb 20: The solution for Members who wish to receive</p>

EFDC Internal Audit Recommendation Tracker (Overdue and High Priority in Progress)

Last updated: 12 June 2020

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer	Original Imp Date	Revised Imp Date	Status Update from Management	Status
Page 149		(phone, tablet etc) to access their corporate emails, similar to that in place at Broxbourne and Harlow Councils.						<p>Council e-mails on their personal devices was rolled out in January and is continuing. The use of private emails will cease at the end of March, to afford the IT team sufficient time to resolve any outstanding issues with iPads and personal devices.</p> <p>Jun 20: There remain concerns over the solutions available in totality to Members. A new package is being brought together after discussions between Senior Management and the Portfolio Holder. It is anticipated that the new package will be developed by September 2020.</p>	
	2	H&S Corporate Strategy, Policy and supporting procedures should be reviewed at appropriate level and refreshed if necessary.	Low	There is in the Commercial and Regulatory Services Service Plan for 2019/20 a requirement for corporate risk assessments to be reviewed by March 2020. This requirement will be extended to include a review of the Corporate strategy.	Service Director-Business Services	31/03/20	31/10/20	Jun 20: The Council has recently appointed an additional H&S officer to provide the capacity to enable this and other outstanding actions to be progressed, alongside day to day activity.	Overdue
	2	Representatives from the Local Gazetteer and Licensing teams should be invited to attend the information sharing working group to discuss the commercial property information they hold within the GeoPlace	Low	Due to long-term sickness the organiser will not be able to re-commence this working group until late summer.	Business Rates Specialist	30/09/19	01/04/20 31/10/20	<p>Oct 19/Feb 20: Due to long-term sickness it has not been possible to re-commence this working group.</p> <p>Jun 20: The Business Rates Specialist returned to work in April 2020 and the priority has been dealing with the Council's response to central</p>	Overdue

EFDC Internal Audit Recommendation Tracker (Overdue and High Priority in Progress)

Last updated: 12 June 2020

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer	Original Imp Date	Revised Imp Date	Status Update from Management	Status	
Page 1		and M3 databases and how this might better be used to the benefit of the Council including but not limited to maximising business rates income. Data Protection Officers / Legal representatives should also be involved to help ensure that any actions recommended by the Forum are GDPR compliant.						government's grants initiatives for small businesses.		
	Business Rates – Council Wide Approach Report No. 13.18/19 (April 2019)	3	The Business Rates Team to request bespoke reports to be written from the M3 system used by the Planning Team that only identifies information in respect of commercial properties which would eliminate the need for the Business Rates Team spending their time sifting through lengthy reports.	Low	Accepted – officers will look at options information from M3 and adapt the reports accordingly	Revenues and Benefits Manager	30/06/19	01/10/19 01/04/20 31/10/20	Jun 19/Dec 19/Feb 20: There has been no progress with the Planning M3 system due to the lack of resources and the migration of staff into the Business Support Unit. Jun 20: The Business Rates Specialist returned to work in April 2020 and the priority has been dealing with the Council's response to central government's grants initiatives for small businesses.	Overdue
	Business Rates – Council Wide Approach Report No. 13.18/19 (April 2019)	5	The format of the Planning Information Input Log should be amended so that it takes account of information received from other Council	Low	Accepted - officers will look at options for pulling this information together and adjust processes accordingly	Revenues and Benefits Manager	31/05/19	01/10/19 01/04/20 31/10/20	Jun 19: There has been little progress in developing the Planning Information Input Log, due to the lack of resources. The team has received a considerable amount of	Overdue

EFDC Internal Audit Recommendation Tracker (Overdue and High Priority in Progress)

Last updated: 12 June 2020

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer	Original Imp Date	Revised Imp Date	Status Update from Management	Status
Page 151		<p>departments (such as Economic Development, Local Gazetteer, Licensing and Legal for example). The Business Rates Manager should review the Information Input Log on a more regular basis so that he can encourage the business rates officers to keep up to date with processing tasks.</p>						<p>information from the Council's Licensing Team, which they are comparing to the information held by the Business Rates system.</p> <p>Oct /Dec19: Due to long-term sickness it has not been possible to progress this.</p> <p>Feb 20: There has been some progress on aspects of this work, although it has not been possible to complete it yet.</p> <p>Jun 20: The Business Rates Specialist returned to work in April 2020 and the priority has been dealing with the Council's response to central government's grants initiatives for small businesses.</p>	
	<p>Council Tax and Business Rates Report No. 11.18/19 (May 2019)</p>	4	<p>Similar to the control operated over Council Tax, the Business Rates Team should undertake a periodic review (ideally annually) of reliefs claimed to ensure that businesses remain eligible.</p>	Low	<p>A program of canvassing will be undertaken for 2019/20</p>	<p>Services Director (Customer Services)</p>	31/03/20	30/09/20	<p>Jun 20: The program was due to be introduced in December 2019, before annual billing, but was delayed due to the lack of resources. Ideally it would then have been introduced immediately after annual billing, but this has not been possible due to Covid-19 and the administration of Business Support Grants. The canvass will be carried out before 1 October, in time for the second half-year.</p>

EFDC Internal Audit Recommendation Tracker (Overdue and High Priority in Progress)

Last updated: 12 June 2020

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer	Original Imp Date	Revised Imp Date	Status Update from Management	Status
Page 152	3	<p>There should be a Staff Communication from Business Support to include the following:</p> <ul style="list-style-type: none"> • the procedures for ordering, receipting and processing invoices • new suppliers should be set up promptly and preferably in advance of invoices • staff should not hold onto invoices • staff should request that suppliers include a contact name or department on invoices. 	Low	A staff communication is being drafted.	Service Manager Business Support and ICT/ Service Director – Business Services	31/07/19	30/11/19 31/01/20 31/03/20 31/05/20 31/07/20	<p>Oct 19: The communication has been drafted. This will be shared with Internal Audit prior to issuing to ensure all issues identified during the current Invoice Payments audit are captured.</p> <p>Dec 19/Jan 20: The communication will be issued once the supporting firmstep form has been finalised with ICT so that instructions for completion of the form can be included in the communication.</p> <p>Apr 20: Firmstep form is not yet in place and will be communicated once it is.</p> <p>June 20: Development of the firmstep form is underway with the IT team.</p>	Overdue
	4	<p>Airfield Manager to liaise with Finance and IT to include facility to enable landing fees to be paid on the Council website or via card payments.</p> <p>A date should be agreed regarding when it is practical for the new arrangements to be publicised and enforced.</p>	Med	A report addressing this issue will be made to Cabinet with a fee regime introduced following call in.	Airfield Manager Service Director Commercial and Regulatory	05/09/19	31/12/19 31/05/20 31/07/20	<p>Oct 19: The Airfield Manager is currently working with the Payment Solutions Team to identify the most appropriate methods of collecting fees. The report for Cabinet has been formulated and submitted.</p> <p>Feb 20: Work is still ongoing, and the aim is to implement a scheme in April/May 2020.</p> <p>Jun 20: The implementation of landing fee payments has stalled because the Payment Solution Team is unable able to train the Operations Team at NWA due to the Covid-19</p>	Overdue

EFDC Internal Audit Recommendation Tracker (Overdue and High Priority in Progress)

Last updated: 12 June 2020

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer	Original Imp Date	Revised Imp Date	Status Update from Management	Status
								lockdown restrictions. The payment method requires some changes that are currently being looked at by the Payment Solutions Team.	
North Weald Airfield 2018/19 Report No. 20.18/19 (April 2019)	5	Airfield Manager to liaise with IT regarding the fixing of the NWA webpage. This will enable instructions regarding payment of landing fees and a link to the Council website to enable prior payment or card payment to be included.	Med	The airfield manager will meet with IT to address this matter.	Airfield Manager Service Director Commercial and Regulatory	30/07/19	31/12/19 31/01/20 31/03/20 31/07/20	Oct 19: The content for the Airfield's microsite has been submitted to PR and we are awaiting feedback. Dec 19/ Feb 20: The basics of the website are complete, and the content is ready to be input. The Council is changing website host and meetings with potential new host are currently taking place. Jun 20: The website is currently in the test phase and due to go live once all changes to the microsite have been made.	Overdue
Health and Safety – Satellite Offices 2019/20 Report No. 06.19/20 (February 2020)	2	Managers are formally reminded of the need to bring risk assessments up to date and for these to be reviewed and updated at least annually thereafter, or earlier if circumstances change. Centrally an officer is designated to carry out quarterly check that satellite office/depot risk	High	All team managers have been instructed with immediate effect to record all training and training needs, risk assessments and upload these onto a matrix based on that of Oakwood Hill. They will also be tasked with discussing H&S at each team meeting and all records will be required to be sent to their Level 2 Service Manager ahead of the quarterly Corporate Safety Team to be checked	Contingency Planning and Corporate Safety Officer.	30/03/20	31/12/20	Jun 20: The Council's immediate response to Covid19 has caused a significant shift in working arrangements which has altered the risk in relation to this recommendation. The current risks in satellite offices has reduced as work from these locations has been either suspended or reduced. The focus of H&S officers has been in ensuring that staff are working safely from home and all staff are being asked to complete a home safety assessment. An additional Health and Safety Officer has recently joined	Overdue

EFDC Internal Audit Recommendation Tracker (Overdue and High Priority in Progress)

Last updated: 12 June 2020

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer	Original Imp Date	Revised Imp Date	Status Update from Management	Status
Page 10		assessments are up to date. A Lone Working Risk Assessment is undertaken at Norway House A fire risk assessment be undertaken at the Oakwood Hill Depot to assess whether there is an increased risk whilst the current building works are taking place.		for compliance with HSAWA Fire Risk assessment in the hands of Facilities Management.				Epping Forest District Council and a priority task will be addressing these outstanding recommendations, once work on ensuring staff are working safely at home has been completed.	
Health and Safety – Satellite Offices 2019/20 Report No. 06.19/20 (February 2020)	6	At least quarterly, the Contingency Planning and Corporate Safety Officer to receive the training matrices referred to above, to ensure that the appropriate H&S training is being identified and delivered in a timely manner.	Med	All points above are relevant to this and will ensure all training needs are identified in a timely manner.	Contingency Planning and Corporate Safety Officer.	30/03/20	31/12/20	Jun 20: Linked to the action above. A corporate health & safety officer post has been created and they will implement the issues arising from this audit. The person commenced on 2 June 2020, and a complete review of the audit will be conducted as priority.	Overdue
Homelessness 2018/19 Report No. 23.18/19 (February 2020)	2	The Benefits team and Housing Options team to work together to increase the uptake of Discretionary Housing Payments through regular meetings and raising awareness of potential suitable DHP applicants.	Med	The Housing Options Team is coming to the end of a restructure consultation which will rebrand the team into the Housing Needs Service with 3 distinct teams: Homelessness, Rehousing & Temporary Accommodation. A Homelessness Team Manager is in the process of being recruited and the	Service Manager Housing Needs and Older People's Services	01/04/20	30/09/20	Jun 20: The recruitment to a Private Sector Lettings Officer is currently on hold as a result of the current CV-19 crisis. However, discussion between the Revenues and Benefits and Housing Needs & Older People's Service Managers about how best Housing Needs and Benefits can work more effectively to increase the impact of DHPs for local residents are ongoing although it is worth	Overdue

EFDC Internal Audit Recommendation Tracker (Overdue and High Priority in Progress)

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Page 155				<p>restructured Homelessness Team will include a Private Sector Lettings Officers tasked with establishing, branding & promoting a private rented sector access schemes to support & increase homelessness prevention activity. This will have a close link with colleagues administering DHPs as the quick assessment and payment of DHPs will be an integral part of increasing access to private rented accommodation for clients.</p> <p>Depending upon recruitment it is hoped to launch a new scheme wef 1st April 2020. In the meantime, Homelessness Officers have been reminded to apply for DHPs in all appropriate cases for clients.</p> <p>A relationship between homelessness and DHP colleagues already exists and consideration is being given to the colocation of a DHP Officer within the team once a week to strengthen relationships and encourage an increased uptake of DHP provision.</p>				<p>mentioning that the DHP allocation has reduced from £250K to £143K in 2020-21 as a result of sustained underspending of full allocation in previous years.</p> <p>Homelessness recovery planning is underway as a result of the public health crisis & the impact this will have on varying cohorts of clients and I am still keen that the links between Housing Needs and Benefits are strengthened in order to provide a coherent, joined up approach to the prevention of homelessness.</p> <p>Jun 20: Work continues around understanding the payment of DHPs and challenging refusals where payment could prevent homelessness. HB Team Manager also providing training for homelessness officers in order to make more effective use of this resource.</p> <p>Homelessness recovery planning is underway as a result of the public health crisis & the impact this will have on varying cohorts of clients and I am still keen that the links between Housing Needs and Benefits are strengthened in order to provide a coherent, joined up approach to the prevention of homelessness.</p>	

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Change and Patch Management 2019/20 Report No. 07.19/20 (February 2020)	4	Further develop the reporting utilities in the service desk application (Hoth) to identify assets with 'audit' dates over a year old, with missing or empty data fields, when purchased, end of life approaching, and other useful management information.	Low	EFDC is currently re-implementing its IT Service Management system (HOTH) which includes the restructuring and categorisation of asset data. Asset data will be further validated through IT service management interactions and a full audit will be undertaken as described above, to validate data accuracy.	IT Management Consultant; Service Manager Business Support and ICT	31/03/20	31/05/20 31/08/20	Apr 20: The reimplementation of HOTH is due for 19 May, where these modules will help considerably. June 20: A soft launch of the revised version of HOTH is due for the end of June; as per the timeline in the ICT Strategy. Further modules will then follow (such as assets), slightly behind course, as resources have been focused on the technology response to CV-19.	Overdue
Data Retention and Disposals 2019/20 Report No. 10.19/20 (February 2020)	1	Corporate data retention and disposals policy and procedures should be produced, published on the intranet and communicated to staff. The policy should be developed with reference to the Information Commissioners Office (ICO) guidance, setting out the purpose, scope, roles and responsibilities relating to data retention, covering all data types, and be subject to annual review by the Information Governance Group (IGG).	High	The policy will be developed as part of the Information Governance Group.	Business Services Director (As Chair of IGG)	31/07/20			In progress

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Data Retention and Disposals 2019/20 Report No. 09.19/20 (February 2020)	2	Services should review the bases for keeping all data types (manual, electronic and emails) in line with legislation and service requirements and formalise these in a service specific data retention schedule. Advice should be sought from ICT as necessary This should include a mechanism for checking compliance with the retention and disposals guidelines.	High	This will be overseen and monitored by the Information Governance Group.	Business Services Director (As Chair of IGG)	30/09/20			In progress

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