



Epping Forest District Council

AUDIT AND GOVERNANCE COMMITTEE Monday, 28th January, 2019

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

**Council Chamber, Civic Offices, High Street, Epping
on Monday, 28th January, 2019
at 7.00 pm .**

**Derek Macnab
Acting Chief Executive**

**Democratic Services
Officer**

Democratic Services Manager
Tel: 01992 564243 Email:
democraticservices@eppingforestdc.gov.uk

Members:

Councillors J Knapman (Chairman), P Bolton, A Jarvis, L Hughes, R Jennings,
J M Whitehouse and N Nanayakkara (Vice-Chairman)

Independent

WEBCASTING/FILMING NOTICE

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1. WEBCASTING INTRODUCTION

This meeting is to be webcast. 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 third parties).

If you are seated in the lower public seating area then it is likely that the recording cameras will capture your image and this will result in the possibility that your image will become part of the broadcast.

This may infringe your human and data protection rights and if you wish to avoid this then you should move to the upper public gallery.

Could I please also remind Members to activate their microphones before speaking”.

2. APOLOGIES FOR ABSENCE

To be announced at the meeting.

3. DECLARATIONS OF INTEREST

To declare interests in any item on the agenda for the meeting of the Committee.

4. MINUTES (Pages 5 - 10)

To confirm the minutes of the meeting of the Committee held on 26 November 2018.

5. MATTERS ARISING

To consider any matters arising from the minutes of the previous meeting of the Committee.

6. AUDIT & GOVERNANCE COMMITTEE - WORK PROGRAMME (Pages 11 - 12)

To consider the attached work programme for the Committee for 2018/19.

7. INTERNAL AUDIT MONITORING REPORT - DECEMBER 2018 TO JANUARY 2019 (Pages 13 - 88)

To consider the attached report.

8. TREASURY MANAGEMENT STRATEGY STATEMENT

Report to Follow.

9. ANY OTHER BUSINESS

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.

10. EXCLUSION OF PUBLIC AND PRESSExclusion:

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):

<i>Agenda Item No</i>	<i>Subject</i>	<i>Exempt Information Paragraph Number</i>
<i>Nil</i>	<i>Nil</i>	<i>Nil</i>

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.

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EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Audit and Governance Committee **Date:** 26 November 2018

Place: Council Chamber, Civic Offices, High Street, Epping **Time:** 7.00 - 7.55 pm

Members Present: Councillor J Knapman (Chairman), N Nanayakkara (Vice-Chairman), Councillor P Bolton, A Jarvis, Councillor L Hughes, Councillor R Jennings, Councillor J M Whitehouse

Other Councillors: None

Apologies: None

Officers Present: J Bell (Principal Accountant), M Crowe (Corporate Fraud Manager), S Hill (Service Director (Governance & Member Services)), S Linsley (Senior Auditor), P Maddock (Chief Finance Officer), S Marsh (Chief internal Auditor), S Tautz (Democratic Services Manager) and S Mitchell (Webcasting Officer)

24. 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.

25. DECLARATIONS OF INTEREST

Councillor J. M. Whitehouse declared a personal interest in item 9 (Internal Audit Monitoring Report) of the agenda for the meeting, by virtue of being a member of Epping Town Council and a resident of St. John's Road, Epping. Councillor Whitehouse had determined that his interest was not prejudicial and indicated that he would remain in the meeting for the consideration of the report and voting thereon.

26. MINUTES

RESOLVED:

That the minutes of the meeting of the Committee held on 24 September 2018 be taken as read and signed by the Chairman as a correct record.

27. MATTERS ARISING

The Chief Finance Officer confirmed that an explanation of the variation between the initial budget proposal and the actual outcome relating to fixed rates of return on investments (Minute 22 (2)), had been issued to the Chairman of the Committee and to the Finance and Performance Management Cabinet Committee, following consideration of the Treasury Management and Prudential Indicators outturn report at the previous meeting.

28. AUDIT & GOVERNANCE COMMITTEE - WORK PROGRAMME 2018/19

The Committee reviewed progress against the achievement of its work programme for 2018/19.

The Chief Internal Auditor reported that a revised version of the Council's Anti-Fraud and Corruption Strategy would be considered later in the meeting as part of the regular Internal Audit progress report.

Members were advised that a combined review of the terms of reference of the Committee and its ongoing effectiveness, was also included in the agenda for the meeting. The Chief Internal Auditor reported that reference to the Annual Audit Letter within the work programme related to the audit letter for 2017/18, which had been considered by the Committee at its meeting in September 2018.

29. EXTERNAL AUDITORS

The Committee was reminded that Deloitte LLP had been appointed as the Council's external auditors for the audit of its accounts for the 2018/19 financial year. The Chairman welcomed Craig Wisdom (Risk Advisory Partner) of Deloitte to the meeting.

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

The Committee considered a review of its terms of reference and effectiveness, in order to ensure that it satisfied the core functions of an audit committee as prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and remained effective as a key component of the Council's assurance and governance framework. The Chief Internal Auditor reported that no changes to the terms of reference of the Committee were proposed as a result of the review and that an action plan had been developed to address minor weaknesses identified as part of the review process.

Members were advised that the Committee normally reviewed its terms of reference and effectiveness on an annual basis, but that the review for 2017 had been deferred to await the issue of new guidance on the operation of local authority audit committees by CIPFA. The Committee noted that such guidance, which had been published in Spring 2018, updated the core functions of audit committees in relation to governance, risk management, internal control and audit, and included new legislation affecting audit committees in combined authorities, alongside revisions to regulations, standards and statutory guidance.

The Chief Internal Auditor reported that the Committee had last reviewed its terms of reference in November 2016 and had proposed that no changes be made, as it had been considered that they remained fit for purpose at that time. Members noted that the Chief Internal Auditor had recently carried out a comparison of the current terms of reference of the Committee with the latest model terms of reference recommended by and had undertaken appropriate benchmarking with the terms of reference of the audit committees operated by Broxbourne Borough Council and Harlow District Council. The Committee was advised that no changes to the current terms of reference were proposed as a result of the latest review, as they were considered to continue to remain fit for purpose.

The Chief Internal Auditor indicated that effective audit committees were characterised by a membership that was balanced, objective, independent of mind, knowledgeable and properly trained to fulfil its role, whilst also achieving a mix of apolitical expertise. Members were advised that CIPFA endorsed the appointment of independent members to audit committees, although there appeared to be little consistency in the size of audit

committees across the local government sector. Members noted that the Council had five councillor members on its committee, which was fewer than both Broxbourne Borough Council and Harlow District Council, although neither authority currently appointed independent members to their committees.

The Chief Internal Auditor reported that the current terms of reference for the Committee provided that co-opted members serve for a period of three years from appointment and could serve for a total of two such terms as of right, but might be considered for two further three-year terms, provided they were successful after open competition. The Committee noted that both current co-opted members were in their second three-year term of membership and that Mr. T. Jarvis could be considered for a further three-year term of membership in October 2019, subject to open competition and that it would be necessary to consider arrangements for public advertisement of Mr. Jarvis' position in early 2019. The Chief Internal Auditor reported that no statutory guidance existed in relation to the membership of audit committees.

Members were advised that a review of the effectiveness of the Audit and Governance Committee had last been undertaken in November 2016 and that the review had identified several minor areas for improvement, all of which had been completed. The Chief Internal Auditor reported that checklists developed by CIPFA supported assessment against recommended practice to inform and support the Audit and Governance Committee and that the results of such self-assessment indicated that the Council was able to demonstrate compliance with recommended best practice for an effective audit committee. Members noted that, arising from the review, two areas for improvement had been identified around skills and knowledge analysis and committee engagement. The Committee was advised that a skills and knowledge analysis had last been undertaken in September 2017 and would be repeated as soon as possible, as the membership of the Committee had changed in the interim period. The Chief Internal Auditor reported that the Committee was most effective in supporting internal accountability when it discussed governance, risk or control issues directly with responsible managers and that arrangements to achieve both areas for improvement had been included within an appropriate action plan. Members were advised however that it was a matter for the Committee to determine the extent to which it required engagement with officers of the Council in relation to the results of audit activity.

The Committee suggested that its effectiveness, particularly in terms of the development of internal audit priorities and the annual Audit Plan, would be improved through greater understanding of the key corporate and strategic risks identified by the Council and its arrangements for monitoring the effective operation of risk management in relation to the priorities of the authority.

RESOLVED:

- (1) That the current terms of reference of the Audit and Governance Committee be endorsed and that no recommendation for changes be made to the Council;
- (2) That the results of the review of the effectiveness of the Committee be noted;
- (3) That the proposed action plan for improvement arising from the review of the effectiveness of the Committee, be agreed; and
- (4) That the Council's corporate Risk Register be supplied to the Committee as a standing agenda item, to support the development of internal audit priorities and the annual Audit Plan.

31. INTERNAL AUDIT MONITORING REPORT (SEPTEMBER-NOVEMBER 2018)

The Committee considered the internal audit monitoring report for the period from September to November 2018, which updated members on work undertaken by the Internal Audit Shared Service and the Corporate Fraud Team since the previous meeting and detailed the current position in relation to overdue recommendations arising from internal audit activity.

The Chief Internal Auditor reported that she was currently encountering difficulties with regard to the delivery of the Audit Plan for 2018/19, as a result of resource and capacity issues within the Internal Audit Unit. The Committee was advised that specialist external support had been engaged to deliver elements of the Audit Plan, but that it was likely that the deferral of some audit activity into 2019/20 would need to be sought, for which criteria had been developed for consideration by the Committee, alongside the seeking of additional resources from the Cabinet to facilitate the delivery of the Audit Plan in full.

Members were advised that five audits had been completed since the last meeting of the Committee, four of which had received moderate assurance and one of which (St. John's Road, Epping - Redevelopment) had received limited assurance. The Committee queried why the review of the governance arrangements and project management processes employed for the St. John's Road project had raised concerns that did not appear to have arisen in relation to other similar projects supported by the Council, including the development of the Epping Forest Shopping Park. The Chief Internal Auditor advised members that the project management of the Epping Forest Shopping Park development had been outsourced to specialist external consultants, but that the St. John's Road project had been managed by an in-house project management team and that a number of learning points had been identified from this arrangement. The Committee raised concern with regard to the findings of recent audit activity with regard to software licensing, which it considered to be unacceptable for an authority of the size of the Council and should be addressed as a matter of urgency. Members expressed disappointment that none of the recent audits had received substantial assurance, but were advised that there were no underlying themes behind the findings of each report, although the Chief Internal Auditor would keep this situation under review.

The Committee endorsed the need for additional resources to be directed to the activities of the Internal Audit Unit to support the achievement of the audit plan, particularly in view of the level of assurance awarded to recent areas of audit. The Chief Internal Auditor emphasised that the development of the annual Audit Plan was designed to reflect all of the Council's high-risk priorities and that the plan retained flexibility to react to developing situations that might arise during the year.

The Chief Internal Auditor reminded the Committee that it received details of all overdue recommendations and high-priority recommendations arising from audit activity, as part of its regular review of the Internal Audit Recommendation Tracker. Members were advised that there were currently nine issues included in the tracker, although none of these contained high-priority recommendations and that the progress of all outstanding recommendations was regularly monitored in liaison with the relevant service director to ensure completion at the earliest opportunity. The Committee was advised that many of the outstanding recommendations had not been completed as a result of resource and capacity issues within service areas. The Chief Internal Auditor reported that revised completion dates for the outstanding recommendations were agreed in consultation with the relevant service manager, on a risk-based arrangement. Members raised concern that the level of overdue recommendations had more than doubled since the last meeting of the Committee and that performance on the implementation of Internal Audit recommendations appeared to be in decline. The Committee requested that, for the purposes of assurance, evidence should be provided to support the inability of service

managers to implement recommendations to an agreed deadline or the seeking of additional resources to address recommendations by a revised deadline. The Chief Internal Auditor agreed to consider these matters in the development of the recommendation tracker.

The Committee was advised that since September 2018, five Right To Buy applications had been prevented as a result of intervention by the Corporate Fraud Team, which had resulted in a discount saving of approximately £399,000 and ongoing rent revenue streams of around £200,000. The Corporate Fraud Manager reported that two Council properties that had been the subject of tenancy related fraud investigations, had been recovered, saving around £186,000. Members were advised that areas of potential fraud relating to Council Tax discounts and exemptions were currently being investigated, focussed on Single Persons Discount, Second Home Premiums and Student Discounts and that savings as a result of this work were currently around £32,000. The Corporate Fraud Manager reported that the Council was working with the Police Hub to establish information sharing protocols to assist joint investigations and that the investigation of social housing tenancy fraud and safeguarding concerns was currently ongoing. The Committee was advised that the joint fraud service arrangements with Brentwood Borough Council was operating well and that a number of successful investigations had been concluded.

The Committee considered a revised version of the Council's Anti-Fraud and Corruption Strategy, which incorporated amendments around the prevention of bribery introduced by the Public Contracts Regulations 2015 and strengthened anti-corruption elements in light of the United Kingdom Anti-Corruption Strategy for 2017 to 2022, which set out a long-term framework for tackling corruption. Members were advised that the Chartered Institute of Public Finance and Accountancy had identified that growth areas in public sector fraud also included business rates and cyber-crime and suggested that these issues should be afforded appropriate significance in the Anti-Fraud and Corruption Strategy, alongside the importance of the Council's whistleblowing and reporting arrangements. The Corporate Fraud Manager reported that business rates fraud was already included within the Corporate Fraud Team Plan for 2018/19 and that specialist investigation experience would be necessary to assess and mitigate risk related to cyber crime.

The Committee considered that the Anti-Fraud and Corruption Strategy should specify the Council's arrangements for mitigating fraud risk and identify relevant criteria and evaluation measures to determine the success of the Strategy and that the potential for fraud in the planning application process should be incorporated within Section 3 (Prevention) of the Strategy. Members also considered that the Strategy should be available to all stakeholders and contain links to associated policies and procedures.

RESOLVED:

- (1) That progress against the Internal Audit plan for 2019/19 and the work undertaken by the Internal Audit Unit and the Corporate Fraud Team for the period from September to November 2018, be noted;
- (2) That the Cabinet be requested to provide appropriate additional resources to facilitate the full delivery of the adopted Audit Plan for 2018/19, in light of slippage in the delivery of the Audit Plan for the current and previous year; and
- (3) That the Anti-Fraud and Corruption Strategy be further amended as agreed at the meeting and, subject to the prior circulation of the revised version of the Strategy to the Chairman of the Committee, be referred to the Council for adoption.

32. TREASURY MANAGEMENT - MID-YEAR REPORT 2018/19

The Chief Finance Officer presented a report in relation to the Council's treasury management activities for the first half of the 2018/19 financial year, which was a requirement of the Code of Practice on Treasury Management issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and informed the Committee about the risks associated with treasury management activity and how the Council had sought to manage such risks. The Committee considered the mid-year position of the treasury function in accordance with the revised CIPFA Treasury Management Code and Prudential Code.

Members were advised that during the first half of the year, the Council had continued to finance all capital expenditure from within internal resources. Members noted that the average net investment position had been approximately £19.75m and there had been no significant breaches of the prudential indicators. The Chief Finance Officer reported that the Council's treasury management activities were regulated by statutory requirements and a professional code of practice, which included a requirement for the determination of a treasury strategy on the likely financing and investment activity for the current year.

The Committee questioned whether any treasury management risks were likely to arise in the event of the United Kingdom leaving the European Union on a 'no deal' basis. The Chief Finance Officer confirmed that Brexit-related issues, including risks to investments and the effect on income received from commercial property, were currently included in the Council's risk 'watch-list' and would be assessed for likely impact as further detail concerning the departure of the United Kingdom from the European Union became clearer. Members were advised that the Council's treasury management advisors had not currently made any recommendations for the re-alignment of the authority's investments to address Brexit eventualities.

RESOLVED:

- (1) That the management of risks associated with the Council's treasury management activity in the first half of the 2018/19 financial year, be noted; and
- (2) That no comments or suggestions on the management of risks associated with treasury management activity in the first half of the year be made to the Finance and Performance Management Cabinet Committee.

33. S. HILL - SERVICE DIRECTOR (GOVERNANCE & MEMBER SERVICES)

On behalf of the Committee, the Chairman expressed the appreciation of members to Simon Hill (Service Director (Governance and Member Services)), the current lead officer for the Audit and Governance Committee, who was shortly to leave the Council after many years of service to the authority.

34. ANY OTHER BUSINESS

No other business was raised for consideration by the Committee.

CHAIRMAN

Audit & Governance Committee Work Programme 2018/19

30 July 2018

- Annual Report of the Chief Internal Auditor 2017/18.
- Audit and Governance Committee Annual Report 2017/18.
- Internal Audit Progress Report.
- Statutory Statement of Accounts 2017/18
- Annual Governance Statement 2017/18
- Corporate Fraud Team Strategy 2018/19 (deferred from March 2018)

- ❖ Audit of Accounts Annual Governance Statement 2017/18

24 September 2018

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

26 November 2018

- Treasury Management Mid-Year Report.
- Internal Audit Progress Report.
- Review of the Audit and Governance Committee Terms of Reference.
- Review of the Audit and Governance Committee Effectiveness.
- Anti-Fraud and Corruption Strategy

- ❖ Annual Audit Letter 2017/18 (considered on 24 September 2018)..

28 January 2019

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

25 March 2019

- Effectiveness of Risk Management.
- Internal Audit Progress Report
- Internal Audit Strategy and Audit Plan 2019/20.
- Corporate Fraud Team Strategy 2019/20.

- ❖ Planning Letter 2019/20.
- ❖ Audit Plan 2018/19.
- ❖ Grant Claims Audit Report 2017/18.

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 25 March 2019 meeting in the Conference Room.

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Report to the Audit and Governance Committee

Report reference: AGC-012-2018/19

Date of meeting: 28 January 2019



Portfolio: Leader of the Council

Subject: Internal Audit Monitoring Report December 2018 to January 2019

Responsible Officer: Sarah Marsh (01992 564446)

Democratic Services: Adrian Hendry (01992 564246)

Recommendations/Decisions Required:

- (1) The Committee notes the progress made against the 2018/19 Internal Audit plan and the summary of the work of Internal Audit and the Corporate Fraud Team for the period December 2018 to January 2019.**
- (2) The Committee approves the revised Internal Audit Charter.**
- (3) The Committee approves the revised Code of Corporate Governance.**
- (4) The Committee notes the revised Whistleblowing policy and procedure.**

Executive Summary:

This report updates Members on the work completed by the Internal Audit Shared Service and the Corporate Fraud Team since the November 2018 Audit and Governance Committee, and provides the current position in relation to overdue recommendations.

The Internal Audit Charter has been updated to reflect the revised reporting lines following the recent restructure and is attached at appendix 5.

The Code of Corporate Governance has been reviewed with only minor changes required and is attached at appendix 6.

The Whistleblowing policy (appendix 7) has been revised to ensure the list of Officers that staff can contact with a concern is current.

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:

2018/19 Internal Audit Plan

1. Work continues on the 2018/19 Audit Plan and timings have been agreed with Senior Management to ensure a steady flow of reports throughout the year.
2. Progress with the plan had been hampered because the Internal Audit service is currently carrying a vacancy (and the recent recruitment campaign was unsuccessful) and one team member is long term sick. In the short term, specialist services have been brought in to undertake a set number of audits. The situation is being closely monitored by the Internal Audit Shared Service Board.
3. The current audit plan has been reviewed and Appendix 1 sets out the current status and the priority in which the audits will be completed based on their risk profile.
4. As requested by the Committee the current risk register is attached at Appendix 2. This is currently being updated ready for presentation to the 24 January 2019 Finance and Performance Management Cabinet Committee.
5. In addition, Appendix 3 provides an assurance map for the current corporate risks. Assurance maps are useful tools that provide a structured way to identify the main sources and types of assurance in an organisation, and to ensure they are coordinated.

Internal Audit Reports

6. The following three reports have been issued since the Committee received its last update in November 2018:

System access and mobile working – Substantial assurance

At a technical level there are robust processes in place to ensure only authorised personnel have access to the Council's systems, including remote access, and over the security of data in transit. In addition, mobile devices are properly and securely managed centrally so their use can be monitored.

The internal audit review found the IT Strategy to be comprehensive and a commitment to the delivery of the content in terms of mobile devices and systems access therefrom. The roll-out of the strategy had been hampered by two significant events; firstly, some internal changes at senior management team level; and secondly, an issue which the Council is facing in terms of the estate's rationalisation within the accommodation review and which is a key feature of the technical strategy; i.e. remote working, working from home or on site etc.

There is now a clear effort to push forward the roll out of mobile devices. The Council needs to ensure it keeps up the momentum, not just with the hardware roll out but also with the applications that should follow. The knowledge that there is no imminent likelihood of staff being forced to work elsewhere than the office (due to the accommodation review), should not be used as a reason not to implement this programme.

Council Tax and Business Rates – Substantial assurance

There is effective management and administration of Council Tax and Business Rates with both teams having knowledgeable and experienced staff in their respective areas. There are effective controls in place over processing valuation listings, discounts, annual billing, refunds and arrears.

Recommendations have been raised in respect of the need to review and clear the Council Tax suspense account, recording and explaining arrears action taken on the Council's Advantage system, periodically reviewing the eligibility of businesses to claim reliefs and reviewing the level of delegation within Financial Regulations for approving business rates write offs as the level of delegation appears low, and does reflect current practice.

Staff Code of Conduct and Gifts & Hospitality (Staff and Members) - Moderate assurance

The Council's Staff Code of Conduct is supported by a framework of policies and procedures, and clearly sets out the ethical and behavioural framework for staff. Any breaches of the Code, of which there have been very few, are dealt with under the Council's disciplinary procedure to ensure standards of behaviour are maintained. The Code of Conduct is issued to all new employees, including casual and temporary staff, as part of the induction programme and is published on the intranet for future reference.

Testing identified that not all declaration forms, which employees sign as confirmation of having read the Code of Conduct, had been returned to Human Resources. Recommendations have been made to ensure agency staff and consultants are formally made aware of, and employees are periodically reminded about, the Staff Code of Conduct.

The processes around staff gifts and hospitality are generally operating well. Of the registers reviewed, gifts and hospitality declared by staff are fully recorded and appropriately authorised by the relevant manager or director, although one register (for the former Neighbourhoods directorate) could not be located during the audit. More detailed guidance should be issued to provide clarity around the types of gifts and hospitality which can be accepted, and a high level independent review of the registers to ensure compliance with Council policy and to identify any potential risk areas. As part of the update required to the registers to reflect the recent restructure, the Council should consider taking the opportunity to introduce an electronic gifts and hospitality register. This will facilitate prompt recording and approval of gifts and hospitality, prevent the loss of registers and improve corporate oversight.

Full details of Members gifts and hospitality is recorded on their Register of Interests form, which is open for public inspection on the Council's website in line with legislation. Members are reminded through regular training, and annually through the Council Bulletin, of the requirement to notify the Monitoring Officer within 28 days of any amendments to their Register of Interests, including the receipt of gifts and hospitality.

Members should be reminded of the requirement to update their Register of Interests upon re-election to ensure they are current. Gifts and hospitality guidance for Members should be updated, published in the Council's Constitution and communicated to Members to ensure compliance with the Member Code of Conduct.

Recommendation Tracker

7. 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. This tracker does not feature those recommendations made in very recent reports as these are in the process of being finalised.
8. The current tracker is shown at Appendix 4 and contains six medium and three low priority recommendations which have passed their due dates (compared to four medium and five low priority recommendations in November 2018).

Table 1. Summary of tracker as at January 2019.

Recommendation type	Number (January 2019)	Number (November 2018)	Number (September 2018)	Number (July 2018)	Number (March 2018)
High Priority not passed its due date	0	0	0	0	0
High Priority passed its due date	0	0	0	0	1
Medium Priority passed its due date	6	4	2	2	1
Low Priority passed its due date	3	5	2	0	2
Total	9	9	4	2	4

Other Internal Audit Activities

9. A number of assignments in the Audit Plan are included to provide advice and guidance throughout the year on current and future issues relevant to the Council, and ultimately help to inform the Chief Internal Auditor's annual opinion. These do not result in a traditional audit report and are summarised here for information.

National Fraud Initiative: The mandatory biennial National Fraud Initiative (NFI) exercise for 2018/19 has commenced. Data has been extracted and uploaded to the NFI site. Officers within individual departments have been responsible for extracting their own data and uploading it with assistance from Internal Audit. All matches are expected to be released in January 2019.

Internal Audit plan 2019/20: The annual planning process has commenced. The Audit Needs Assessment is being reviewed and Service Directors across the Council have been contacted to ensure that all service areas are captured and audits planned in accordance with risk.

General Data Protection Regulation: Work is ongoing in conjunction with ICT to identify and implement effective IT solutions to further ensure General Data Protection Regulation compliance.

Corporate Fraud Team Update

10. Since November 2018, a further three Right To Buy applications have been stopped / withdrawn as a result of Corporate Fraud Team (CFT) intervention resulting in a discount saving of approximately £237,000 and ongoing rent revenue streams of around £150,000. A further two Council properties, which were the subject of tenancy related fraud investigations, have been recovered, saving around £186,000.
11. Work is continuing into several areas of potential fraud relating to Council Tax discounts and exemptions, which includes some joint working with the Council's Compliance Team.
12. The CFT is working with the Police Hub within the Safer Communities Team and the two Teams have established processes for information sharing to assist with one another's

investigations. Joint working regarding the investigation of social housing tenancy fraud and safeguarding concerns is currently ongoing.

13. The joint working arrangement to provide a fraud service, on a fee basis, for two days per week to Brentwood Borough Council is operating well with a number of successful investigations and outcomes being achieved for them. The prevention of a Business Rates fraud, through the identification of refund scam, has highlighted possible improvements to the control environment in this area with potential learning points for Epping Forest.
14. Work has begun on producing a new Corporate Fraud, Bribery and Corruption Prosecution and Sanction policy to complement the existing Corporate Enforcement policy.

Internal Audit Charter

15. The Internal Audit Charter sets out the common practices of Internal Audit and requires annual review in accordance with the Public Sector Internal Audit Standards. This was last undertaken in February 2018.
16. The Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Committees practical guidance for Local Authorities and Police 2018 edition states that an Audit Committee (the Committee) should have a role in reviewing and approving the internal audit charter. In addition, the Committee has a role in overseeing the independence, objectivity, performance and professionalism of the Internal Audit function.
17. A review of the current Internal Audit Charter (Appendix 5) has been undertaken. Changes to reflect the revised reporting lines following the recent restructure are proposed. Internal Audit now reports into the Chief Executive; previously this was the Director of Governance and this post no longer exists.

Code of Corporate Governance

18. The Code of Corporate Governance forms part of the Council's governance arrangements, and was updated in February 2017 to reflect the new framework for corporate governance published by CIPFA (Chartered Institute of Public Finance and Accountancy) and Solace (Society of Local Authority Chief Executives) in 2016.
19. The Audit and Governance Committee approved the Council's revised Code of Corporate Governance in February 2017 and agreed that it would review the Code annually. No changes were required in February 2018. The only changes required to the Code, attached at Appendix 6 and minor (see underlined and bold narrative).

Whistleblowing policy

20. The Council's whistleblowing policy and procedure has been updated to ensure the names and contact details of Officers that staff can approach should they have a concern is current (see Appendix 7). This will be communicated to staff through a poster campaign and article in the staff newsletter, District Lines.

Progress against the Annual Governance Statement

21. In July 2018, the Audit and Governance Committee approved the Annual Governance Statement (AGS) which accompanies the Council's Statement of Accounts. The AGS outlines the proposed actions to be taken to deal with significant governance issues identified. The Corporate Governance Group monitors the actions set out in the AGS on a regular basis. The progress made to date on addressing the issues identified for

improvement during 2018/19 is shown in table 2.

Table 2. Areas for improvement or monitoring during 2018/19

Key Improvement Area	Action to be taken in 2018/19	Progress at January 2019
1. General Data Protection Regulations	On 25 May 2018, the EU General Data Protection Regulations came into force. It is important the Council not only maintains compliance but ensures there is a continuous process for improvement too. This will be delivered through the GDPR Working Group.	A GDPR action plan is being monitored by the Corporate Governance Group in conjunction with Internal Audit to address data protection issues and ensure compliance.
2. Transformation	<p>The Council is embarking on an ambitious transformation programme which involves the delivery of new people, IT and accommodation strategies and implementation of new processes, structures and technology.</p> <p>This is being delivered through the Transformation Board and overseen by Council.</p>	The transformation programme is being overseen by the new Leadership Team.

Resource Implications:

Within the report

Legal and Governance Implications:

None

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

Corporate Governance Group

Background Papers:

2018/19 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 8 to the report.

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Appendix 1 - Audit Plan Monitoring 2018-19
Progress as at January 2019

	Directorate	Plan Days	Status	Fieldwork started	Report issued to Management	Finalised	Opinion: Level of Assurance	High Priority Recs	Medium Priority Recs	Low Priority Recs
Report to September Audit and Governance Committee										
Debtors	Resources	12	Final Report	■	■	■	Substantial	0	1	2
Report to November Audit and Governance Committee										
Equality Impact Assessments	Corporate	12	Final Report	■	■	■	Moderate	0	3	1
Governance - St. John's Road	Neighbourhoods	8	Final Report	■	■	■	Limited	1	5	0
Off Street Parking	Neighbourhoods	12	Final Report	■	■	■	Moderate	0	3	1
Creditors	Resources	12	Final Report	■	■	■	Moderate	0	2	4
IT Software Licensing	Resources	10	Final Report	■	■	■	Moderate	0	4	1
Report to January Audit and Governance Committee										
IT Systems Access and Mobile Working	Resources	10	Final Report	■	■	■	Substantial	0	1	0
Staff Code of Conduct - Gifts and Hospitality (Officers and Members)	Corporate	10	Draft Report	■	■		Moderate			
Business Rates / Council Tax	Resources	18	Draft Report	■	■		Substantial			
Report to March Audit and Governance Committee										
Procurement - Contract Register and GDPR	Resources	15	In Progress	■						
Business Rates - Council wide approach	Resources	15	In Progress	■						
Joint Working - Museum Services	Communities	12	In Progress	■						
Business Continuity Planning	Neighbourhoods	12	In Progress	■						
Right to Buy	Communities	10	Scoping							
Health & Safety - Corporate	Neighbourhoods	12	Scoping							
Planning Applications	Governance	10	Scoping							
Project - Council Housebuilding	Communities	10	Scoping							
Performance Management - Stronger Communities	Corporate	20	Scoping							
Safeguarding	Communities	12	Scoping							
Access to Housing	Communities	20								
Income - Commercial Rents	Neighbourhoods	15								
Economic Development	Neighbourhoods	14								
Report to June/July Audit and Governance Committee										
S106 agreements	Governance	10								
HR - starters, leavers and movers	Resources	5								
North Weald Airfield	Neighbourhoods	16								

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Epping Forest District Council Corporate Risk Register

Date: 13 September 2018

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1. Introduction

A strategic risk management 'refresh' exercise was conducted on 15th May 2013 with assistance from Zurich Risk Engineering. This exercise was an opportunity for the Management Board to refresh (or update) through identification, analysis and prioritisation those risks that may affect the ability of the Council to achieve its strategic objectives and Corporate Plan. In doing so, the organisation is recognising the need to sustain risk management at the highest level.

The refresh exercise involved a workshop with Management Board to identify new business risk areas and to update and re-profile important risks from the existing corporate risk register.

In total 8 strategic risks were profiled at the workshop and during the workshop, each risk was discussed to ensure common agreement and understanding of its description and then prioritised on a matrix. The risk matrix measured each risk for its likelihood and its impact in terms of its potential for affecting the ability of the organisation to achieve its objectives.

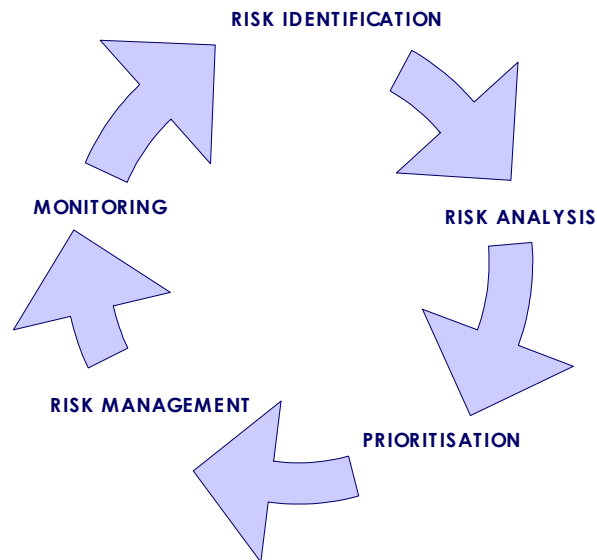
For the risks that were assessed with higher likelihood and impact, the group validated the risk scenarios and determined actions to manage them, including assessing the adequacy of existing actions and identifying the need for further actions in order to move the risk down the matrix.

Management Board agreed a timescale for re-visiting these risks in order to assess if they are still relevant and to identify new scenarios. Risks in the red zone will be monitored on a monthly basis and those in the amber zone on a quarterly basis.

The following report outlines the process utilised by Zurich Risk Engineering and the results achieved.

2. The Process

The risk management cycle

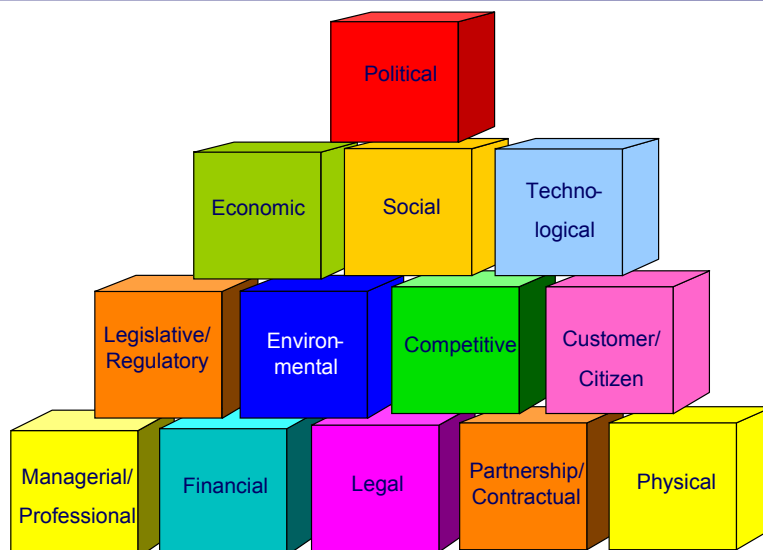


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Risk identification

The first of five stages of the risk management cycle requires risk identification. This formed the initial part of the workshop. In doing so the following 13 categories of risk were considered.

Step 1- Risk identification



© Zurich

Risk analysis

During the workshop, the identified risks were discussed and framed into a risk scenario format, containing risk cause and consequence elements, with a 'trigger' also identified. This format ensured that the full nature of the risk was considered and also helped with the prioritisation of the risks.

Risk prioritisation

The discussion resulted in 8 risk scenarios being agreed (Appendix 2) and these were then assessed for impact and likelihood and plotted onto a matrix (Appendix 1). The likelihood of the risks was measured as being 'very high', 'high', 'medium', or 'low/very low'. The impact, compared against the key objectives and Corporate Plan was measured as being 'major', 'moderate', 'minor' or 'insignificant'.

Once all risks had been plotted the matrix was overlaid with red, amber and green filters, with those risks in the red area requiring further particular scrutiny in the short-term, followed by those in the amber area.

Risk management and monitoring

The next stage is to monitor the revised management action plans. These plans frame the risk management actions that are required. They map out the target for each risk i.e. to reduce the likelihood, impact or both. They also include targets and critical success factors to allow the risk management action to be monitored.

A risk owner has been identified for each risk. It is vital that each risk should be owned by a member of Management Board to ensure that there is high level support, understanding and monitoring of the work that is required as part of the plans. Risks should also be reviewed as part of the business planning process, in order to assess if they are still relevant and to identify new issues.

The monitoring of these action plans takes place at Corporate Governance Group, Management Board and the Risk Management Group. The action plans are also reported to Members quarterly.

As part of the regular review and reporting additional risks have been identified and added to the register, as shown in the table below.

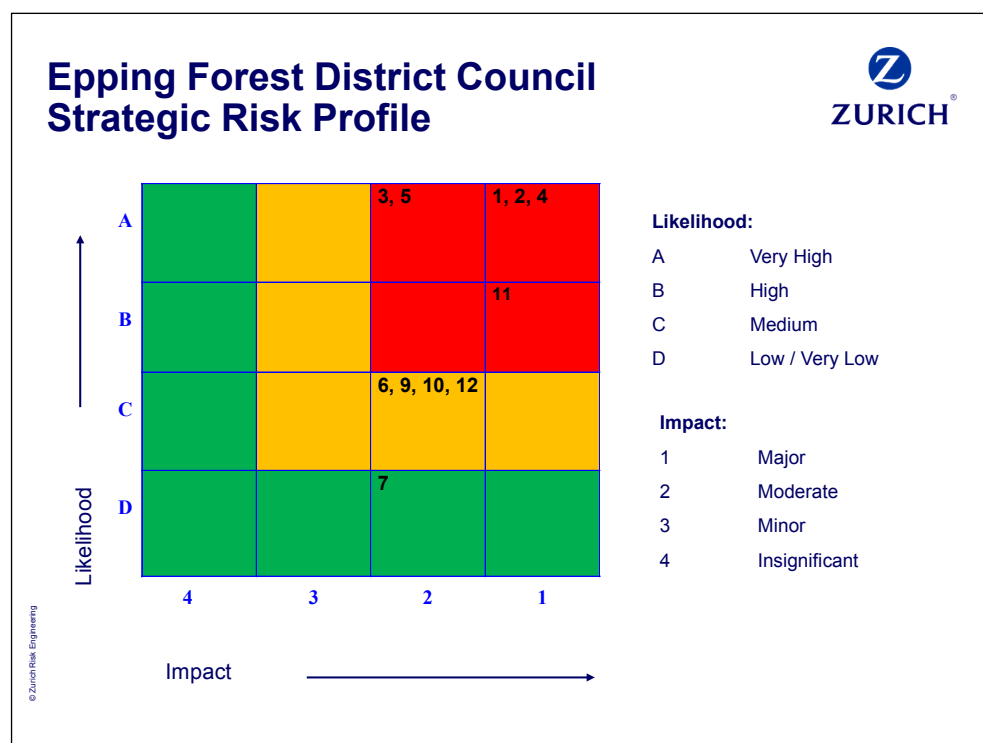
Risk number	Risk name	When added
9	Safeguarding	January 2014
10	Housing Capital Finance	June 2015
11	Transformation Programme	January 2018
12	Waste Management	June 2018

Risk 8 Partnerships – removed in September 2018.

Appendix 1 – Risk Profile

Risk profile

During the workshop, 8 risks were identified and framed into scenarios. The results are shown on the following risk profile.



Appendix 2 details all of the above risks.

It is important that an action plan element is written for each of the risks, with particular focus on those with the highest priority, as it is this which will allow them to be monitored and successfully managed down.

List of current Corporate Risks

Risk number	Short name
1	Local plan
2	Strategic sites
3	Welfare reform
4	Finance – income
5	Economic development
6	Data/ information
7	Business continuity
9	Safeguarding
10	Housing Capital
11	Transformation Programme
12	Waste Management

Appendix 2 – Corporate Risk Register and Action Plans

Risk No 1 Local Plan A1			
Vulnerability	Trigger	Consequence	Risk Owner
<p>On-going changes to the Planning system increase the importance of having an up to date adopted Local Plan to avoid the risk of intervention by the Secretary of State. On 16 November 2017 the Secretary Statement announced the commencement of intervention in the plan making arrangements of 15 local planning authorities that had failed to progress a Local Plan to the stage of publication</p>	<p>The Council is currently awaiting the decision on an application by the claimants to the Court of Appeal to seek leave to appeal the High Court decision which dismissed the claim for judicial review. This is holding up the submission of the Local Plan Submission Version (LPSV) for independent examination. As a result of an injunction granted on 20 March 2018 by Mrs Justice Lang which prevents the Council from submitting the plan until the final determination of the legal proceedings.</p>	<p>Plan not “sound”, leading to further delay, wasted resources, and vulnerability to planning appeal decisions and development in the Green Belt.</p>	Derek Macnab
<p>A failure to submit the Local Plan to the Secretary of State for Independent Examination within six months of the date of publication of the revised National Planning Policy Framework (NPPF) (published on 24 July 2018 with a six month date of 24 January 2019) will result in the Council needing to use the standard methodology for the assessment of housing need – using this methodology it is likely that the housing target will be as set out in the consultation (i.e 923 homes per annum) rather than the 518 homes currently identified as the District’s housing requirement. MHCLG has announced that it will be reviewing the methodology following the publication of ONS data due in September. Any delay will also require the Council to undertake a significant amount of further work. In addition the Government is introducing a new Housing Delivery Test which without an adopted Local Plan the Council will not be able to meet.</p>	<p>As above</p>	<p>As above</p>	
<p>Planning policy recruitment and retention issues. Not considering alternative options of delivering work i.e outsourcing/secondments.</p>	<p>Inability to fill vacancies.</p>	<p>Significant diversion of professional resources to appeals. Risk of costs awards against Council. Delays in achieving timetable.</p>	

Risk No 1 Local Plan – Action Plan

Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
Local Plan Submission Version 2017 Agreed by Council 14 December 2017 and published between 18 December 2017 and 29 January 2018.	Key milestone to achieve new LDS. Revised LDS may be required depending on JR outcome.	Collation of Representations and plan was ready to be submitted to Planning Inspectorate by 31 March 2018. Submission held up by JR.	Derek Macnab	Future adherence to project plan.	MB review 6 weekly	None – process ongoing.
Local Development Scheme (LDS) revised following submission of plan for independent examination.	Revised Local Development Scheme adopted by Cabinet following submission.	Review progress against key milestones. Planning Inspectorate (PINS) have advised that an updated LDS is not required prior to submission.	Derek Macnab	Adherence to revised LDS	MB review 6 weekly	Submit as soon as possible after JR decision

Risk No 1 Local Plan – Action Plan

Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
Systematic approach to Duty to Co-operate, engaging public bodies and developing Memorandum of Understanding (MoU) with key councils in the Strategic Housing Market Area (SHMA).	Regular reports at officer and Member level through the Cooperation for Sustainable Development Group. Draft Employment MoU now agreed.	Important that key decisions do not precede Duty to Co-operate i.e. “fait accompli”- Group is exploring additional items to be included on discussion agenda.	Derek Macnab	Submitted plan passes legal test of Duty to Co-operate.	MB review six weekly	Officer Meetings – monthly now underway. Duty to Co-operate” Member meetings held regularly.
Development of mitigation strategy as set out in the MoU regarding the effect of development on Epping Forest S.C.	Regular meetings now held with key stakeholders to develop mitigation strategy.	Awaiting information on projects to support the mitigation strategy from City of London (Epping Forest Conservators)	Derek Macnab	Interim mitigation strategy in place pending a full agreed strategy.		Agreed strategy by the end of 2018.
Consultants in place to support project management, resource planning, Sustainability Assessment, transport modelling, master planning..	Staff cannot be prevented from leaving. Exit interviews should reveal any specific patterns. Market is picking up, making recruitment more difficult. EFDC has offered market supplements on key posts to offer competitive salaries in a tight market.	Ongoing review of strategy by senior planners and Management Board. Scrutiny Function to be undertaken by Neighbourhood Select Committee.	Derek Macnab	No delays to timetable due to staffing gaps or lack of critical skills		

Risk No 2 Strategic Sites A1						
Vulnerability		Trigger	Consequence			Risk Owner
The Council has a number of Strategic sites which it needs to make the right decisions about and then deliver on those decisions.		Not maximising the opportunity of the strategic sites either through decisions or delivery. Loss of key officers.	<ul style="list-style-type: none"> Financial viability of Council harmed Lack of economic development and job creation External criticism Project delayed or mismanaged 			Derek Macnab
Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
Work on strategic sites is co-ordinated through a dedicated Cabinet Committee.	<p>Work is progressing on developing a number of sites:</p> <ol style="list-style-type: none"> 1. Landmark/ former Winston Churchill, negotiations taking place with potential tenants for retail space. One unit let, two under offer and remaining unit being marketed. 2. St Johns, negotiations are ongoing with Epping Town Council; 3. Waltham Abbey Leisure Centre; leisure centres are now managed by Places for People, they are developing sites. Construction is progressing to plan; 4. Pyrles Lane Nursery, Cabinet agreed disposal strategy. Marketing to end summer 2018. 5. North Weald Airfield. Cabinet agreed letting to National Police Air Service (NPAS). Currently in solicitors hands. 	<p>Complete letting of retail space.</p> <p>Relocation of Housing depot to Oakwood Hill depot in progress.</p> <p>Monitor construction of new centre. Currently on programme.</p> <p>Nursery Services to re-locate to Town Mead.</p> <p>Complete letting of site to NPAS.</p>	Derek Macnab	Development of strategic sites completed in accordance with Cabinet decisions.	Monthly	None

Risk No 4 Finance Income A1						
Vulnerability		Trigger	Consequence			Risk Owner
<p>The Government are consulting on significant changes in responsibilities and financing. Despite four year settlements being in place further reductions still likely.</p> <p>A large number of rating appeals have been received and the outcome of these is uncertain.</p> <p>Welfare reform may require substantial change to the calculation and administration of benefits with a likely reduction in funding received.</p> <p>The medium term financial strategy requires substantial net CSB reductions over three years.</p>		<p>Unable to secure required level of income due to reduced demand for services, changes in legislation or adverse change in funding mechanisms.</p>	<ul style="list-style-type: none"> • Council unable to meet budget requirements • Staffing and service level reductions • Increase Council Tax • Increase in charges • Greater use of reserves if required net savings not achieved • Higher level of saving in subsequent years. 			Peter Maddock
Existing Controls /actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
Monitoring of key income streams and NDR tax base. Savings opportunities pursued through service reviews and corporate restructure.	Effective to date as budgets have been achieved that meet the financial targets set by Members.	<p>Update Medium Term Financial Strategy as announcements are made on changes to central funding and welfare.</p> <p>Continue to pursue opportunities to reduce net spending.</p>	Peter Maddock	Savings targets achieved with net expenditure reductions over the medium term as part of a structured plan.	Monthly	28 February 2019, budget to Council.

Risk No 5 Economic Development A2						
Vulnerability		Trigger		Consequence		Risk Owner
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.		Council performs relatively poorly compared to other authorities.		<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 		Derek Macnab
Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
<p>Members have agreed the key objectives to be delivered by the Economic Development Strategy. Work on final strategy has paused pending outcome of further evidence work e.g. Employment/Visitor Economy being undertaken as part of the Local Plan.</p> <p>Economic Development Team fully staffed.</p>	Too early to determine effectiveness.	Amend and update following consultation on Local Plan.	Derek Macnab	Growth in NDR tax base and employment opportunities. Council to be viewed as punching above its weight.	Monthly	None

Risk No 6 Data / Information C2						
Vulnerability		Trigger		Consequence		Risk Owner
The Authority handles a large amount of personal and business data. Either through hacking or carelessness, security of the data could be compromised.		Data held by the Council ends up in inappropriate hands.		<ul style="list-style-type: none"> Breach of corporate governance Increased costs and legal implications Reputation damaged 		Simon Hill
Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
<p>Updated Data Protection policy agreed by Corporate Governance Group and rolling out through meta-compliance.</p> <p>Data Protection formed part of Member induction from May 2014, with requirement to confirm acceptance of the Council's DP policy.</p> <p>Consolidation of Data Protection and Freedom of Information work in one area.</p> <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>New system for handling F.O.I. requests now implemented.</p> <p>Data retention policies on the Council intranet.</p>	Generally effective to date, with no significant lapses so far in 2018/19.	<p>Update F.O.I. publication scheme and guide to information.</p> <p>Data sharing and fair processing notices to be reviewed and standardised.</p> <p>Maintain GCSx compliance and system controls.</p>	Simon Hill	<p>Continued security of personal data held by the Council in accordance with the Data Protections Act 1998.</p> <p>No criticism from the ICO over how requests are handled.</p> <p>No data loss or system downtime due to unauthorised access of EFDC systems or data.</p>	Quarterly	None

Risk No 7 Business Continuity D2						
Vulnerability		Trigger	Consequence			Risk Owner
<p>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 plans will need to be updated and changes in responsibilities confirmed.</p>		Unable to respond effectively to a business continuity incident (e.g. IT virus/flu pandemic)	<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 			Derek Macnab
Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
<p>Most services already have business continuity plans in place and a separate flu pandemic plan has been developed.</p> <p>The Corporate Plan has been updated and adopted.</p>	The effectiveness of controls is assessed periodically through test and exercises	<p>Guidance to be issued to services on updating plans.</p> <p>Arrange periodic tests and exercises.</p>	Derek Macnab	Having plans in place which are proved fit for purpose either by events or external scrutiny.	Quarterly	None

Risk No 9 Safeguarding C2			
Vulnerability	Trigger	Consequence	Risk Owner
<p>The Council needs to demonstrate its ability to meet its duties under Sections 11 and 47 of the Children Act 2004 and the Care Act 2014, which refer to adults with needs for care and support. This includes a specific responsibility for safeguarding adults from self-neglect.</p>	<p>The Council fails to meet its duties in regard to safeguarding children, young people and adults with needs for care and support.</p>	<ul style="list-style-type: none"> • A child, young person or vulnerable adult suffers significant harm • A child, young person or vulnerable adult suffers from exploitation • Avoidable death of a child, young person or vulnerable adult living in the District • Reputational risk for Council • Censure and special measures applied 	<p>Alan Hall</p>

Risk No 9 Safeguarding - Action Plan						
Existing Controls/ actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
<p>The Council has a Safeguarding Policy (2018), which is updated in line with new legislation. The policy details what is required of all staff and Elected Members and is supported by a set of procedures which set out the process for recording safeguarding concerns, incidents and allegations.</p> <p>A corporate Safeguarding Group ensures sharing of best practice and information across Directorates and enables the identification of any weaknesses in the Council's work.</p> <p>Council policies have been developed for all new and emerging safeguarding issues such as Child Sexual Exploitation (CSE).</p> <p>A Safeguarding Strategy and Action Plan has been adopted by Cabinet.</p> <p>A bespoke Basic Safeguarding Awareness e-learning training resource has been developed, which all EFDC staff and Members must undertake.</p> <p>An EFDC bespoke 'Enhanced' safeguarding training session has been developed, to be rolled out October 2018.</p> <p>Nursery Worker Accommodation Task Group established.</p>	<p>The Council has reduced the risk of safeguarding issues going unnoticed by staff and Elected Members by developing a new programme of training and production of the new Policy and procedures 2018.</p> <p>This group has become an effective forum for sharing of best practice and commitment from all Directorates is shown.</p> <p>Several of these policies have been used across Essex as examples of best practice.</p> <p>These documents set out areas requiring further improvement.</p> <p>To be launched summer 2018.</p> <p>The Safeguarding 'Hub' enables all EFDC safeguarding issues to be reported. The number of concerns identified in the last year has increased significantly.</p>	<p>Leadership Team and Managers to continue to promote vigilance amongst staff.</p> <p>The Council needs to ensure timely response to changes in legislation or local procedures.</p> <p>Directorates need to continue to commit time for representatives to attend the Corporate Working Group.</p> <p>Safeguarding Strategy and Action Plan to be reviewed in 2018/19.</p> <p>Training records to be held and maintained centrally by the People Team.</p>	Alan Hall	<p>The Council meets all of its duties for safeguarding children under Section 11 and 47 of the Safeguarding Act 2004.</p> <p>The Council meets the new duties of the Care Act 2014.</p> <p>The Council fully meets all aspects of the ESCB Section 11 and ESAB Safeguarding self - assessment.</p>	Quarterly	Annual submission of ESAB/ESCB Audits.

Risk No 10 Housing Capital Finance		C2				
Vulnerability		Trigger		Consequence		Risk Owner
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. Changes to legislation which reduce income to the HRA. The Government is introducing right to buy for tenants of housing associations financed through the forced sales of Council properties as they become void. The initial pilot is being expanded in 2017/18 with funding from the Treasury. What will happen beyond 2017/18 remains unclear.		Schemes are delayed by either the planning process or unanticipated site problems. Imposition of further restrictions on rent levels. Imposition of right to buy scheme which requires the disposal of a large proportion of the Council's void properties.		• 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.		Alan Hall
Existing Controls/actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
Position being monitored by the House Building Cabinet Committee and a number of contingency options are available including purchasing on the open market.	Effective to date.	Continue close monitoring of financial position. Keeping Members fully informed of the potential consequences of their actions.	Alan Hall	Loss of right to buy receipts is minimised.	Monthly	Ongoing
The Council belongs to the Association of Retained Council Housing which lobbies on such issues.	Too early to comment yet as the policy is still being developed.	Monitor policy development/announcements and participate in lobbying if appropriate.	Alan Hall	No loss of Council properties to support right to buy for HA tenants.	Monthly	

Risk No 11 Transformation Programme B1						
Vulnerability		Trigger		Consequence		Risk Owner
<p>The Council has embarked on a major programme to modernise working practices and improve efficiency. The three key projects within the programme are people, accommodation and ICT. These are all challenging pieces of work and if any of them fail or are significantly delayed the whole programme may collapse.</p>		<p>There are many issues with the potential to disrupt one or more of the projects. Each project requires resourcing financially and with staff time. Loss of a key individual or a lack of finance would make delivery difficult.</p> <p>Restrictive listing of offices could obstruct the work on accommodation.</p>		<ul style="list-style-type: none"> • Service improvements not achieved for residents. • Improvements in efficiency not delivered. • Pressure on future budgets. • Reputational damage to the Council. 		Derek Macnab
Existing Controls /actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
<p>Regular meetings of Transformation Programme Board (TPB) and monitoring reports presented to every Cabinet meeting.</p>	<p>ICT and People strategies approved by Cabinet and progressing.</p>	<p>TPB to continue to monitor projects and ensure adequate human and financial resource available.</p> <p>Action on listing can only be determined when the outcome is clear.</p> <p>To work with Historic England to ascertain the extent of the works that can be done to satisfy the listing criteria.</p>	Derek Macnab	<p>Projects delivered on time and in budget with full benefits realisation.</p> <p>Detailed success factors and measures are set out in the project management documents for each project.</p>	Monthly	Key dates are set out in the project management documents for each project.

Risk No 12 Waste Management C2						
Vulnerability		Trigger		Consequence		Risk Owner
Inability of the Council's partnering contractor, Biffa Municipal Limited to secure profitable outlets for recycling materials processed through the Material Recycling Facility (MRF) could result in diminishing income.		There has been significant drop in income from the sale of recycling materials especially paper, caused primarily by the Chinese government decision to ban import of MRF paper. This has resulted in saturation in the commodity markets.		<ul style="list-style-type: none"> Reputational damage to the Council if recycling materials is sent to landfill. Additional costs to the Council if Biffa cannot sell materials. Additional costs under pain/gain share mechanism in the contract if the income from recycling continues to drop or worst case becomes a cost. 		Derek Macnab
Existing Controls /actions to address risk	Effectiveness of controls/actions	Required further management action	Responsibility for action	Critical success factors and measures	Review frequency	Key date
Financial settlement is being agreed with Biffa to mitigate some of the costs arising from the increased costs of processing and the capital investment incurred to improve the quality of recycling output from the Biffa MRF.	<p>Dependent, to a large extent, on the market forces in the case of commodity prices.</p> <p>Risks due to Recycling Index Unit Rate (RIUR) variation to be continued to be monitored closely.</p>	Management Board to continue to monitor the costs and market fluctuations.	Derek Macnab	<p>RIUR reviews result in increased income.</p> <p>Difficulties in selling recycling materials is identified early.</p>	Monthly	November 2018

Risk based assurance map for Epping Forest District Council

Ref	Corporate risk	Risk profile as at Sept18	1st line of defence – delivering the risk and control environment	2nd line of defence – oversight and assurance functions	3rd line of defence – independent assurance and advice
1	Local Plan	A1 (red)	Dedicated project team	Council oversight Reporting to Local Plan Cabinet Committee	Internal Audit: 2015/16 Local Plan audit (substantial assurance) and 2017/18 Local Plan Staff Resources audit (substantial assurance)
2	Strategic Sites	A1 (red)	Named project managers	Work on strategic sites is co-ordinated through regular progress reporting to the Asset Management and Economic Development Cabinet Committee	Internal Audit: 2018/19 St John's Road audit (limited assurance), 2016/17 Langston Road Development audit (substantial assurance) and 2015/16 Langston Road Development audit (substantial assurance)
3	Welfare Reform	A2 (red)	Delivery of the migration action plan	Oversight through the Joint Benefits and Housing working group	Internal Audit: 2017/18 Housing Benefits audit (substantial assurance)
4	Finance Income	A1 (red)	Budget setting and financial monitoring processes which feed into the Medium Term Financial Strategy	Oversight by Cabinet via the Finance and Performance Management Cabinet Committee	External Audit issued an unqualified opinion on the 2017/18 financial statements and an unqualified opinion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources for 2017/18

Ref	Corporate risk	Risk profile as at Sept18	1st line of defence – delivering the risk and control environment	2nd line of defence – oversight and assurance functions	3rd line of defence – independent assurance and advice
					Internal Audit: 2017/18 General Ledger audit (moderate assurance), 2017/18 Card Payments audit (assurance) and Off-Street Car Parking Contract audit (moderate assurance) being a key income stream for the Council
5	Economic Development	A2 (red)	Economic Development Team, who are developing an Economic Development Strategy	Economic Development progress report detailing projects being explored to each Asset Management and Economic Development Cabinet Committee	Internal Audit of Economic Development to be completed as part of the 2018/19 Audit Plan.
6	Data/Information	C2 (amber)	Suite of data protection and retention policies and procedures, which were reviewed and updated before the General Data Protection Regulation (GDPR) became law on 25 May 2018 Cyber security controls in place	Named Data Protection Officer A corporate governance information group to be set up following the disbandment of the Officer GDPR Working Group.	Internal audit: 2017/18 Cyber Security audit (substantial assurance). Regarding GDPR, during 2018/19 Internal Audit has reviewed the Council's Register of Processing Activities and GDPR compliance is considered within each audit.

Ref	Corporate risk	Risk profile as at Sept18	1st line of defence – delivering the risk and control environment	2nd line of defence – oversight and assurance functions	3rd line of defence – independent assurance and advice
7	Business Continuity	D2 (green)	Dedicated Officer – Contingency Planning and Corporate Safety Officer Corporate business continuity plan (bcp) supported by service level plans (but these need updating). Desk top exercise of bcp undertaken by the Leadership Team in May 2016.	Oversight through the Officer Risk Management Group	Internal audit on bcp currently in progress 2016/17 IT Disaster Recover audit (substantial assurance)
9	Safeguarding	C2 (amber)	Safeguarding policy applicable to both staff and Members, supported by a set of procedures. mandatory safeguarding training.	Corporate Safeguarding Group Safeguarding strategy and action plan has been adopted by Cabinet	Internal audit on safeguarding to be completed as part of the 2018/19 Plan
10	Housing Capital Finance	C2 (amber)	Council house building programme. Close monitoring of financial position regarding Right to Buy Receipts.	Position monitored by the Council Housebuilding Cabinet Committee	Internal Audit: 2017/18 Council Housebuilding audit (substantial assurance) and 2015/16 Council Housebuilding audit (substantial assurance)
11	Transformation Programme	B1 (red)	Management of the programme of works through Pentana	Regular meetings of the Transformation Programme Board and monitoring reports presented to every Cabinet meeting	Use of consultants (KPMG) when developing the accommodation strategy Internal Audit: 2017/18 Non-Housing Capital Programme Projects

Ref	Corporate risk	Risk profile as at Sept18	1st line of defence – delivering the risk and control environment	2nd line of defence – oversight and assurance functions	3rd line of defence – independent assurance and advice
					audit (substantial assurance)
12	Waste Management (Material Recycling Facility)	B1 (red)	Financial settlement being agreed with the contractor (Biffa) to mitigate some of the costs	Strategic Board monitors costs and market fluctuations	None at present – new risk added Sept 18.

EFDC Internal Audit Recommendation Tracker (Overdue and High Priority)

Last updated: 10 January 2019

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Assistant Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
Audit Recommendations 2017/18									
Commercial Properties – Service Charges Report No. 15.17/18 April 2018	1	The correct Service Charge relating to 2016/17 for the Broadway should be calculated and invoices or credit notes issued.	Med	Agreed	Chief Estates Officer/ Service Director- Commercial and Regulatory.	31/10/18	31/03/19	<p>Sept / Oct 18: The first part of the reconciliation has been undertaken. The service charges will be completed once the service charge figures for 2017-18 have been received.</p> <p>Dec 18: The total annual service charge figure has been received. The correct amounts to be charged to each property will be calculated and either an invoice or credit note will be raised accordingly. The adjustment for each of the 68 properties will be in the region of £10 - £15.</p>	Overdue
Commercial Properties – Service Charges Report No. 15.17/18 April 2018	3	A management fee should be introduced for service charges at the Broadway.	Med	Agreed	Chief Estates Officer/ Service Director- Commercial and Regulatory.	31/10/18	31/03/19	<p>Sept / Oct 18: The appropriate level of management fee is currently being looked into.</p> <p>Dec 18: A typical management fee is around 10% of the service charge applied for the year. Now that the service charge figure is known, this will be calculated and added to the revised invoices/credit notes issued above.</p>	Overdue
Payroll Report No. 22.17/18 April 2018	2	Key procedures for the Payroll Team be produced to ensure existing, new or agency staff have guidance in place to be able to run the	Low	This will be developed and work on this will start in June with a completion date of 31st December	HR Manager, People Team	31/12/18	30/06/19	Dec 18: The Council is moving to a shared payroll service with Braintree and Colchester Councils from June 2019, which will provide additional support for the service.	Overdue

EFDC Internal Audit Recommendation Tracker (Overdue and High Priority)

Last updated: 10 January 2019

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Assistant Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
		payroll in the event that one or more members of the team are absent. The new procedures should reference data protection and information security requirements due to the inherent risk of a breach in this area.							
Absence Management Report No. 18.17/18 18 Sep 2018	1	<p>The HR Department should increase the frequency in which it reviews key absence policies and procedures.</p> <p>Policies and procedures should be updated to incorporate the following points:</p> <ul style="list-style-type: none"> ▪ Include a 'related documents' section with hyperlinks to additional relevant information. ▪ Include details of the policy author and who the policy is applicable to, date the policy or procedure was ratified and when it is due for review. <p>Include details of relevant legislation, if applicable.</p>	Med	It should be noted that Absence-related policies and procedures do currently reflect existing legislation. Notwithstanding this, HR policies are in the process of being reviewed. Updated policies will include name of author, and implementation and review dates.	HR Manager, People Team	31/10/18	31/10/19	<p>Sept / Oct 18: Work has not yet commenced on the policy and will not meet the original deadline. This is due to resource issues and although recruitment is underway, this has so far been unsuccessful. The HR policies are being reviewed on a risk basis.</p> <p>Dec 18: The policy was last formally reviewed in 2014 and will be reviewed during 2019. The HR Manager regularly checks employment legislation and case law for any updates to ensure working practices are in line with current legislation.</p>	Overdue

EFDC Internal Audit Recommendation Tracker (Overdue and High Priority)

Last updated: 10 January 2019

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Assistant Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
Absence Management Report No. 23.17/18 April 2018	3	<p>The Managing Absence Procedure should be updated to state the processes to be applied should an employee report absent via text message – for example If an employee sends a text as they are unable to contact their manager via telephone, the employee should be advised they must follow up with a telephone call to their manager or designated individual as soon as practicable.</p> <p>The Managing Absence Procedure to be updated to provide guidance to managers on undertaking Return to Work and Evaluation meetings in private to protect the privacy of the individuals concerned</p> <p>These messages to be reiterated as part of wider Communications from the HR Department raising awareness of the Managing Absence Procedure, including the process</p>	Low	<p>Some of this information can be communicated to managers via District Lines as an update.</p> <p>The Managing Absence Procedure will be reviewed next (currently three other policies – grievance, disciplinary and change are being updated)</p>	HR Manager, People Team	31/10/18	31/10/19	<p>Sept / Oct 18: Work has not yet commenced on the procedure and will not meet the original deadline. This is due to resource issues and although recruitment within the section is underway, this has not yet been successful. The HR policies and procedures are being reviewed on a risk basis.</p> <p>Dec 18: The Managing Absence Procedure was last updated in September 2014 and contains the majority of procedures relating to absence. The procedure is still fit for purpose and HR are available for advice should managers require it. ITrent processes which are currently being developed will also assist managers in managing absences.</p>	Overdue

EFDC Internal Audit Recommendation Tracker (Overdue and High Priority)

Last updated: 10 January 2019

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Assistant Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
		to be applied when an employee falls ill either just before or during a period of annual leave.							
Card Income Payments Report No. 10.17/18 June 2018	1b	Procedures should be reviewed and updated and communicated to relevant Officers.	Med	Procedures to be updated	Service Director – Customer Services	31/12/18	31/01/19	Dec 18: This work has not yet been completed, but is expected to be completed by the end of January.	Overdue
Capital Programme (Non-Housing Related) Projects Report No. 12.17/18 August 2018	2	To improve monitoring of the development of the Council's property assets by the AMEDCC, consideration should be given to including highlight reporting from Pentana as part of the update reports to the AMEDCC.	Low	Where appropriate, highlight reports from Pentana will be presented to the Asset Management and Economic Development Cabinet Committee.	Acting Chief Executive/ Interim Head of Transformation	31/10/18	31/03/19	Oct 18: Highlight reporting from Pentana was not presented to the October meeting. Project management processes, including the reporting mechanisms from Pentana, are currently being reviewed. Dec 18: Pending a review of project reporting, highlight reporting from Pentana is currently being presented to the Finance and Performance Management Cabinet Committee to provide oversight of the progress of projects.	Overdue

EFDC Internal Audit Recommendation Tracker (Overdue and High Priority)

Last updated: 10 January 2019

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Assistant Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
Equality Impact Assessment Report No. 07.18/19 November 2018	1	The Council should agree a timetable for the re-introduction of the Corporate Equality Working Group meetings (or equivalent forum) to monitor progress being made in equality and diversity initiatives including the completion of EqlAs.	Med	The Leadership Team is currently looking at all working groups across the Council with a view to assessing whether they are still fit for purpose and whether the membership is appropriate. I will raise this directly with Rob Pavey (Customer Services Director) for him to consider the recommendation and what working group is best positioned to champion equalities initiatives across the Council.	Acting Chief Executive	31/12/18	01/04/19	Dec 18: The Leadership Team will review the Corporate Working Groups (including the Corporate Equality Working Group) in the new year when service responsibilities are clearer.	Overdue
Off Street Car Parking Report No. 04.18/19 December 2018	1	A process should be agreed between the Payment Solutions Manager and the Parking Team to ensure that all unattended Chip & PIN devices comply with the PCI-DSS standard.	Med	The Car Park and Street Furniture Manager has agreed to visit the Chip & PIN machines to get a new set of the transaction '205' reports for the Payment Solutions Manager, and to speak to the NSL supervisor to ensure that the machines are all in working order.	Car Park and Street Furniture Manager / Director - Contracts and Technical Services	31/12/18	31/03/19	Dec 18: The process has been agreed and the Car Park and Street Furniture Manager is sending reports to the Payment Solutions Manager. A full set of 205 readings, clearly displaying the 'verifone' card reader firmware version numbers, is still required for all machines.	Overdue

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INTERNAL AUDIT CHARTER

Author: S.Marsh

Title: Chief Internal Auditor

Date: January 2019



Epping Forest District Council

INTERNAL AUDIT CHARTER

1. INTRODUCTION AND PURPOSE

- 1.1 The purpose of this Charter is to set out the nature, role, responsibility, status and authority of Internal Audit within Epping Forest District Council (EFDC), and to outline the scope of internal audit work. The Charter will also be used to monitor the performance of the Internal Audit function.
- 1.2 The United Kingdom Internal Auditing Standards (UKPSIAS) define Internal Auditing as:

'An independent objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.
- 1.3 Internal Audit work is conducted in accordance with the UKPSIAS which also encompasses the mandatory elements of the Institute of Internal Auditors International Professional Practice Framework.

2. REVIEW OF THE AUDIT CHARTER

- 2.1 This Charter will be subject to annual review by the Chief Internal Auditor, and any significant changes presented to the Audit and Governance Committee for approval.

3. ROLE OF INTERNAL AUDIT

- 3.1 Within local government there is a statutory requirement for an Internal Audit function. The Accounts and Audit (England) Regulations 2015 require that a local authority 'must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes'.
- 3.2 In addition, the Council's Chief Finance Officer has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority's financial affairs. The S151 Officer relies, amongst other sources, upon the work of Internal Audit in reviewing the operation of systems of internal control and financial management.
- 3.3 Internal Audit's activities and responsibilities are defined and approved by the Audit and Governance Committee, via this Charter, as part of their oversight role. The Chief Internal Auditor reports functionally to the Chief Executive. In recognising the unique and critical role of the Chief Internal Auditor, CIPFA's *Statement on the Role of the Head of Internal Audit (HIA)* sets out five key principles for delivering an effective internal audit function. Each of these five principles is underpinned by expected governance arrangements, core HIA responsibilities and personal and professional standards expected of the post holder. As part of the continuous assessment of the effectiveness of the Internal Audit function, these principles are benchmarked against current practices and reported accordingly.
- 3.4 Internal Audit's primary role is to assist the Council's management team, particularly the Chief Executive, the Chief Financial Officer/Section 151 Officer, the Monitoring Officer, and Service Directors in the effective discharge of their responsibilities. To this end, Internal Audit provides them with analyses, appraisals, recommendations, advice and information to enable effective control over the activities reviewed, including the Council's financial affairs.
- 3.5 Importantly, the Internal Audit Plan culminates in the Chief Auditor providing an annual audit opinion to Members and management on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control which, in turn, informs the Annual Governance Statement. Internal Audit has a significant role / input into the production of the Annual Governance Statement (AGS) as part of the publication of the Annual Accounts.

- 3.6 Internal Audit has a role in understanding the key risks of the Council and to examine and evaluate the adequacy and effectiveness of the systems of risk management and internal control operated by the Council.

4. MISSION AND AIMS OF INTERNAL AUDIT

- 4.1 The Internal Audit function has adopted the Global Institute of Internal Auditors mission and principles as follows:

Mission: To enhance and protect organisational value by providing risk based and objective assurance, advice and insight. The core principles being:

1. Demonstrates integrity
2. Demonstrates competence and due professional care
3. Is objective and free from undue influence (independent)
4. Align with the strategies, objectives and risks of the organisation
5. Is appropriately positioned and adequately resourced
6. Demonstrates quality and continuous improvement
7. Communicates effectively
8. provides risk based assurance
9. Is insightful, proactive and future focussed
10. Promotes organisational improvement.

5. RESPONSIBILITIES OF INTERNAL AUDIT

- 5.1 Internal Audit is responsible for: -

- The examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management and internal control processes.
- Compliance with significant policies and procedures established by management and Members.
- Conducting its work in accordance with UKPSIAS and associated codes of ethics and other guidance for the Professional Practice for Internal Auditing.
- Ensuring that it is appropriately resourced to be able to deliver the agreed Audit Plan.

- 5.2 The delivery of the Internal Audit function is predominantly via in-house resources supplemented where necessary by engaging external resources to cover for periodic shortfalls or, for example, to provide a specific expertise.

6. INDEPENDENCE AND OBJECTIVITY

- 6.1 Internal Audit will remain free from interference by any element in the Council, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective approach to its work.

- 6.2 Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment. Internal Audit may, however, review systems under development and advise on appropriate controls without prejudicing its right to subsequently audit such systems.

- 6.3 Where the Chief Internal Auditor has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity. For example, the Chief Internal Auditor may be asked to take on responsibility for compliance or risk management activities. These roles could impair, or appear to impair, the organisational independence

of the Internal Audit function. Safeguards would include oversight by the Audit and Governance Committee, periodic evaluation of reporting lines and responsibilities and developing alternative processes to obtain assurance related to the areas of additional responsibility.

- 6.4 The Chief Internal Auditor will confirm to the Audit and Governance Committee, at least annually, the organisational independence of the Internal Audit activity.

7. CONFLICTS OF INTEREST

- 7.1 Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.
- 7.2 Each auditor is required to proactively declare any potential 'conflict of interest' prior to the commencement of each audit assignment. Where possible audits are rotated within the team to avoid over-familiarity and complacency.
- 7.3 In any circumstances where a potential conflict of interest were to arise this would be reported and, where applicable, appropriate arrangements approved by the Chief Executive to avoid any compromise of internal audit independence.

8. STATUS OF INTERNAL AUDIT IN THE COUNCIL

- 8.1 Internal Audit has direct access to senior management, the Audit and Governance Committee, the Chief Executive and the Chair of the Audit and Governance Committee. The S151 Officer will advise the Audit and Governance Committee in relation to the required level of Internal Audit resource required in order for the Committee to make an informed decision in such matters. The Chief Internal Auditor will communicate and interact directly with senior management and the Audit and Governance Committee, including between meetings as appropriate. Outside of formal senior management meetings and meetings of the Audit and Governance Committee, the Chief Internal Auditor will have unrestricted access to the Chief Executive and to the Chair of the Audit and Governance Committee.
- 8.2 For the purposes of the Internal Audit activity, the following groups are defined:

Audit and Governance Committee

The Audit and Governance Committee is responsible for providing independent assurance to the Council of the adequacy of the risk management framework, associated control environment, 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 and to oversee the financial reporting process.

The Audit and Governance Committee is also responsible for oversight of the Internal Audit function, including:

- To agree the Council's Internal Audit Strategy Plan, Annual Audit Plan and monitor performance against all associated plans.
- To review summary Internal Audit reports and the main issues arising and seek assurance that action has been taken where necessary.
- To receive an Annual Report from the Chief Internal Auditor.

Corporate Governance Group

The Council's Corporate Governance Group helps provide leadership and direction for the Council. The Group is responsible for monitoring and reviewing the corporate governance framework including:

- The Council's constitution, including financial regulations, contract standing orders and officer delegation;
- the Code of Corporate Governance;
- the annual governance statement for inclusion in the council's statutory statement of accounts;
- risk management, including the corporate risk register;
- anti-fraud and anti-corruption policies and measures.

Senior Management

- 8.3 For line management purposes, the Chief Internal Auditor reports to the Chief Executive, who approves all decisions regarding the performance, evaluation, appointment, or removal of the Chief Internal Auditor, in consultation with the Audit and Governance Committee. The Section 151 Officer should ensure an effective Internal Audit function is resourced and maintained.
- 8.4 The day to day operational management of the Internal Audit function lies with the Chief Internal Auditor who is accountable through the Chief Executive to the Audit and Governance Committee for standards of performance and the proper discharge of the audit function.
- 8.5 The Chief Internal Auditor is responsible for the preparation of the Annual Audit Plan, agreeing it with Members and the effective implementation of the Audit Plan. Prior to drawing up the Audit Plan, the Chief Internal Auditor will consult with Service Directors and the Corporate Governance Group with regard to risks, concerns etc. and take account of any issues raised by them.

9. AUTHORITY AND ACCESS FOR INTERNAL AUDIT WORK

- 9.1. Internal Audit, with strict regard to confidentiality and safeguarding records and information, is authorised full, free and unrestricted access to any and all Council records (paper and computerised), physical properties, IT systems and personnel pertinent to carrying out any engagement. Such access will be granted on demand and need not be subject to prior notice. However, Internal Audit will endeavour to give adequate and reasonable notice, where possible, when working on routine audit reviews.
- 9.2 Internal Audit also has free and unrestricted access to the Audit and Governance Committee and Senior management. Internal Audit examines and evaluates, on a risk focussed basis, the whole system of controls established by management, not just the controls over financial accounting and reporting, but all operational and management controls.

10. SCOPE

- 10.1 The scope of Internal Audit work encompasses but is not restricted to the following: -
- the adequacy and effectiveness of the systems of financial, operational and management control and their operation in practice in relation to the Council's defined goals and objectives;
 - the extent of compliance with, relevance of, and financial effect of, policies, strategies, standards, plans and procedures established by the Council and the extent of compliance with external laws and regulations;
 - the extent to which the assets and interests are acquired, accounted for and safeguarded from losses of all kinds arising from waste, extravagance, inefficient administration, poor value for money, fraud or other cause;
 - the suitability, reliability and integrity of financial and other management information and the means used to identify, measure, classify and report such information;

- the integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against error, fraud and loss of all kinds; and that the process aligns with the Council's strategic aims;
- the suitability of the organisation of the areas audited for carrying out their function, to ensure that services are provided in a way which is economical, efficient and effective;
- the follow-up actions taken to implement recommendations made and remedy weaknesses identified by Internal Audit, ensuring that good practice is identified and widely communicated;
- the operation of the Council's corporate governance and risk management arrangements.

10.2 Internal Audit may undertake consultancy activity (normally additional activity requested by management) where it has the necessary skills and resources to do this, and this will be determined by the Chief Internal Auditor in consultation with Chief Executive on a case by case basis.

11. PLANNING AND REPORTING

11.1 A risk based approach is adopted in planning the work of the audit function. This involves a needs and risk assessment of all the activities carried out by the Council from which an Annual Plan is prepared. The type of audits covered include: -

- Key financial systems reviews
- Systems/Operational Reviews – either high level assurance or full scope detailed reviews.
- Proactive Anti-fraud work and fraud investigations are referred to the Corporate Fraud Team as appropriate.
- Specialist Audits (for example, contract/computer/major projects)
- Corporate governance support work
- Audit Advice
- Staff training and promotion of awareness

11.2 The Chief Internal Auditor submits to Members for approval an Annual Internal Audit Plan, setting out the recommended scope of audit work in the period based upon risk assessment criteria. The Annual Plan is developed with reference to a longer term strategic outlook for Internal Audit work for the three year period, prepared in conjunction with management. The Audit Plan is a dynamic document, which is flexible and reactive to situations arising during the course of the period covered and hence may be subject to review and revision during the year.

11.3 In determining the Annual Internal Audit Plan and coverage, the Chief Internal Auditor takes into account several factors including the Council's risk management arrangements and other assurance and monitoring arrangements for achieving the Council's objectives. The allocation of resources is based upon the relative knowledge, skills, experience and any specialisms that may be required. The Chief Internal Auditor can also draw upon other parties to deliver internal work for example to meet "in-house" shortfalls arising from sickness, vacancies or to provide a particular specialism providing the costs can be managed within the approved operational budget for the audit service. If the Chief Internal Auditor considers that the audit resources available in any way limit the scope of Internal Audit or prejudice the ability of Internal Audit to deliver a service consistent with the standards expected, then those charged with the governance of the Council would be advised accordingly.

11.4. Internal Audit carry out the work, as agreed, report upon the outcome and findings, and make appropriate recommendations on the action to be taken as a result. Directors' response will include a timetable for anticipated completion of action to be taken. The reporting arrangements will include both individual and composite reports to Service Directors and the Corporate Governance Group and where appropriate to the Audit and Governance Committee, at the agreed intervals.

- 11.5 Internal Audit is responsible for appropriate follow up on engagement findings and recommendations and will report to the Audit and Governance Committee on the results.
- 11.6 Internal Audit will report to the Audit and Governance Committee, in accordance with the agreed arrangements, on the overall adequacy of the internal control system and major findings, recommendations and management actions. Any significant deviation from the approved Audit Plan will be communicated through the periodic activity reporting process.
- 11.7 Based upon its work, Internal Audit is responsible for reporting significant risk exposures and control issues identified to the Audit and Governance Committee and to the Corporate Governance Group, including fraud risks, governance issues, and other matters needed or requested by these bodies. This ensures that Internal Audit plays a key role in providing assurance to the Audit and Governance Committee and the Corporate Governance Group on the effectiveness of the entire control environment.

12. FRAUD

- 12.1 Internal Audit does not have responsibility for the prevention or detection of fraud and corruption. However, internal auditors should be alert in all their work to risks and exposures that could allow fraud and corruption to take place and to any indicators that fraud and corruption may have occurred. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected.
- 12.2 It is individual service areas' responsibility to consider the risk and impact of fraud and to design and implement suitable safeguards to mitigate these risks. The role of Internal Audit in relation to countering fraud is to support services in minimising fraud-related risk. It does this in several ways including:
- Liaison and provide assistance to the Corporate Fraud Team, as part of the Internal Audit Function.
 - Developing and reviewing the Council's Anti-Fraud and Corruption Strategy.
 - Maintaining a Fraud Response Plan.
 - Financial Regulations requiring all incidents of suspected or detected fraud to be notified to the Chief Internal Auditor.
 - Developing and maintaining data and intelligence networks with appropriate bodies including the Cabinet Office (National Fraud Initiative), Police, other Local Authorities and Government agencies.
- 12.3 Suspected or detected fraud should be notified to Internal Audit and the Section 151 Officer, who will decide on the most appropriate course of action and a decision taken as to who should lead any subsequent investigation, whether it is Internal Audit, the Corporate Fraud Team or service management, and whether to report to the police.

13. PERIODIC ASSESSMENT

- 13.1 Internal Audit will, in conjunction with the Audit and Governance Committee, provide regular reports on its performance and effectiveness drawing upon both quantitative and qualitative measures including feedback adherence to professional standards. Furthermore, there will be mechanisms for quality control/continuous improvement in service delivery through such measures including internal self-assessments, peer reviews and independent external assessment, the latter to be conducted at least every five years.

14. RESPONSIBILITIES OF CORPORATE GOVERNANCE GROUP AND DIRECTORS

- 14.1 The Council's Corporate Governance Group and Service Directors have responsibility for determining the scope of Internal Audit work, in relation to relevant professional standards / guidelines, and for deciding the action to be taken on the outcome of, or findings from, their work.
- 14.2 They also have a responsibility to ensure that the Internal Audit function has: -
- the support of management,
 - adequate resources; and
 - direct access and freedom to report to senior management and Members, including the Section 151 Officer, Monitoring Officer, Chief Executive and Cabinet / the relevant Committee.
- 14.3 The Corporate Governance Group and Service Directors also have primary responsibility for establishing and maintaining a proper and effective control environment and for managing risk, including proper accounting records and other management information for running the Council. In addition there is also a primary responsibility for the prevention and detection of fraud, including the prompt reporting to all relevant parties of any evidence or reasonable suspicion of an irregularity.
- 14.4 During the course of an audit, Service Directors and their staff will be required to cooperate fully with the auditor's requirements, including the completion of action plans, signing off audit reports and the timely implementation of specific and agreed recommendations made by Internal Audit.
- 15. RELATIONSHIP WITH THE EXTERNAL AUDITORS / OTHER REGULATORY BODIES**
- 15.1 Internal Audit will consult and where appropriate work closely with others, including the external auditors, to minimise areas of duplication and to maximise the value obtained from the total audit resource. However, the work of Internal Audit will not be driven by external audit's own priorities.

Sarah Marsh – Chief Internal Auditor

January 2019

Epping Forest District Council

Local Code of Governance

Introduction

1. Epping Forest District Council has agreed a Code of Corporate Governance which reflects the key components set out within a framework produced in April 2016 by the Chartered Institute of Public Finance and Accountancy (CIPFA) entitled “Delivering Good Governance in Local Government” (the framework).
2. Corporate governance is the system by which local authorities direct and control their functions and relate to their communities. It is essential that the Council meets the highest standards and that their governance arrangements are demonstrably sound.
3. The new Framework is intended to help the Council to review and demonstrate that its approach to governance ensures that resources are directed in accordance with agreed policy and priorities and there is effective decision making and clear accountability to the public.
4. Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 also require the Council to conduct an annual review of the effectiveness of its system of internal control which is published with its Statement of Accounts. This code provides the framework for such annual reviews **and this code was last updated in January 2019.**

Requirements of the framework

5. The Council is required to test their Governance structures against the principles contained in the framework by:
 - Reviewing existing governance arrangements
 - Having an up to date Code of Governance including its arrangements for ensuring ongoing effectiveness; and
 - Reporting annually on compliance with the code and how they have monitored the effectiveness of their arrangements
6. This Code sets out in tabular form the Council's approach to governance and the arrangements it has in place against which annual reporting will take place. The Code tables also set out how the Councils arrangements comply with the core and sub-principles set out within the framework.

The Core Principles

7. The framework defines the Core Principles. The Council will:
 - (1) behave with integrity, demonstrating a strong commitment to ethical values and respect the rule of law.
 - (2) ensure openness in its culture and engage comprehensively with stakeholders, citizens and service users.
 - (3) have a clear vision and defined desired outcome in terms of sustainable, social and environmental benefit.

- (4) have in place interventions necessary to optimise the achievement of its intended outcomes.
- (5) develop its capacity and capability of its leadership and staff
- (6) manage its risk and performance through robust internal control and strong public finance management.
- (7) implement good practice in transparency, reporting and audit to deliver effective accountability.

8. Appendix 1 to this Code demonstrates the Council's response to these Core Principles

Annual Reporting

9. In accordance with the Framework, the Council will report annually on the extent to which they comply with this Code. This is currently within the Terms of Reference of the Audit and Governance Committee. This may change from time to time but reporting will be on an annual basis.

Key Policies in Corporate Governance

10. The key policies and procedures that have been taken into account in the formulation of this Code are listed below:

The Council Constitution
 Corporate Plan **2018-2023**
 Financial Regulations and Associated Guidance
 Treasury Management Policy
 Procurement Rules
 Scheme of Delegation
 Human Resource Policies
 Members/Officers Code of Conduct
 Confidential Reporting Policy (Whistle Blowing)
 Anti-Fraud **and Corruption** Policy
 Risk Management Strategy
 Communication Strategy
 Consultation Strategy
 Health and Safety Policy
 Data Protection Policy

How the Council meets the Core Principles

1(a) Behaving with Integrity

The Council does this by:

- Having in place an agreed Code of Conduct for members and staff which includes provisions that require a further perception test on members when acting in the public interest.
- Having in place well-structured and transparent decision making processes and delegation arrangements
- Reviewing and adopted the revised Nolan Principles of Standards in Public Life and annual standards training given to all members together with interest declarations at meetings
- Corporate Governance Group meeting on a monthly basis to consider governance and integrity issues
- Regularly review its Policies to ensure that they remain effective
- Regular meetings of Strategic Board (MB) and Cabinet Councillors (Cab) to ensure coherent political direction.
- Established staff procedures through HR; annual Performance and Development Reviews (PDR) for all staff, methods of appeal and disclosure forms for staff interests

1(b) Demonstrating Strong Commitments to Ethical Values

The Council does this by:

- Appointing Experienced Section 151 / Monitoring Officers with appropriate qualifications and seniority within the Council to promote ethical values
- Council appointing a Standards Committee with Independent Persons
- Established processes for quickly investigating complaint / ethical standards issues.
- Providing advice on ethical standards to Parish and Town Councils.
- A supported and effective whistleblowing policy.
- Promoting ethical values through standard contract documentation.

1(c) Respecting the Rule of Law

The Council does this by:

- A modern, up to date, Constitution that is subject to regular review.
- Ensuring all decision making reports containing relevant legal constraints.

- Ensuring decisions are only taken after advice from appropriate officers.
- Section 151 / Monitoring Officers are part of report clearing process.
- Reporting breaches of legal / regulatory provisions through CGG and Audit and Governance Committee.

2(a) Openness

The Council does this by:

- Responding to FOI (Freedom of Information) and data access requests in accordance with legal provision.
- Using open data standards in on-line data sites including spend and contract information
- Publishing an FOI publication scheme
- Publishing on-line and properly documenting all decisions taken by the executive.
- Maintaining a list of decisions due to be taken by the Cabinet including transparency / notice of those decisions to be taken in private session.
- Webcasting of all Executive, Audit, Planning and Overview & Scrutiny Committee meetings
- Maintaining an effective website
- Making publicly available agenda of and clear minuting of all meetings in accordance with statutory regulations.

2(b) Engaging comprehensively with institutional stakeholders

The Council does this by:

- Developing formal partnerships / making arrangements where an effective business case can be demonstrated.
- Attending and participating in meetings with other local authorities under 'duty to cooperate'
- Engaging with local organisations by officer attendance / participation
- Appointing Members to other community organisations that request it.
- By monitoring and maintaining an effective record of the partnerships we participate in
- By providing effective 'critical friend' challenge through the Council's scrutiny processes.

2(c) Engaging with individual citizens and service users effectively

The Council does this by:

- Having a consultation policy and plans
- Ensuring meaningful consultation takes place during key service changes.
- Ensuring statutory consultation processes are followed and consistently applied
- Using a combination of communication methods to engage with citizens
- Having clear compliment and complaint procedures
- Ensuring the Council and its Members take account of consultation in the context of its decision making and the financial impact on tax payers.

3. Defining outcomes in terms of sustainable economic, social and environmental benefits

The Council does this by:

- A corporate plan that has a clear vision of the economic, social and environment of the district, with supporting business/service plans
- A draft local plan that supports the Councils vision
- That decision making takes account of these effects on its residents and paying due regard to the public sector equality duty
- By ensuring the Council provides fair access to the services it provides.
- Having an approved Green Charter and a supported multidisciplinary officer working party to discuss green issues.

4. Determining the interventions necessary to optimise the achievement of intended outcomes

The Council does this by:

- Decision making processes that receive objective and rigorous analysis including involvement of the Monitoring Officer and the Section 151 Officer
- Processes that take account of service users when making decisions
- Retain control over preparation of strategic and operational plans
- Monitoring regimes for task and finish management
- A demonstrable corporate approach to project management
- An active plan for key objectives that is measurable
- Key Performance Indicators that are measurable / SMART and take account of Councils objectives

- Regular reviews of the Councils Medium Term Financial Plan against Council priorities
- A robust budget preparation process that reflects the Councils objectives and the medium term financial plan.

5. Developing the Councils capacity

The Council does this by:

- That the Council operations, performance and use of its assets are reviewed regularly to ensure their effectiveness
- That appropriate benchmarking is used in assessing whether outcomes can be achieved
- Participate in partnerships where there is a sound business case that it will add value
- Having an effective workforce plan to enhance resource allocation
- Having clear systems of decision making and effective delegation schemes
- The Leader/ Chief Executive / Directors have clearly defined leadership roles
- Members and staff have appropriate induction processes, access to personal development appropriate to their roles; staff have annual PDR's and access to arrangements to maintain their health and wellbeing.

6 Managing Risk and Performance

The Council does this by:

- Ensuring risk management is an integral part of the Councils activities and decision making
- Having robust and integrated risk management arrangements with regular and dynamic consultation of risk by **Leadership Team** and **Strategic Board**
- Clear responsibilities for managing individual risks and a Risk plan that allocates responsibility against each risk
- Ensuring Services / projects are effectively monitored at planning, specification, execution and post implementation stages by having a Transformation programme that is responsible for tracking projects.
- an effective Overview and Scrutiny function to provide constructive challenge on policy and performance
- Councillors receiving regular reports on Service / Council delivery plans
- Having counter fraud and anticorruption arrangements in place and an established Corporate Fraud Team and whistleblowing policy
- An effective Internal audit function to provide assurance on governance / risk management and control

- An Audit and Governance Committee that is independent of the Cabinet providing additional assurance with the power to ensure its recommendations are listened to and acted upon
- Having effective arrangements in place for the safe management of data particularly data sharing with other bodies and a designated data protection officer.
- Effective financial management systems that include management of financial risks.

7 Transparency, reporting and auditing

The Council does this by:

- Having a defined process to ensure that reports for the public / stakeholders are fair, balanced and easy to access and understandable for the audience
- Reporting regularly on performance and on use of resources
- Requiring managers to produce annual assurance statements
- Ensuring that Management and Members have clear lines of responsibility for the performance results
- Preparing an annual governance statement on the robustness of this framework
- Having processes to ensure external / internal audit recommendations are acted upon / responded to by managers and the Council
- Having effective internal audit and annual audit programs that are accessible for member scrutiny and tracked subsequently.

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Epping Forest District Council

Whistleblowing

Policy and Procedures

(Confidential Reporting)

Version	2	Status	FINAL
Implementation Date	January 2019	Next Review Date	January 2020
Revised by	Sarah Marsh (Chief Internal Auditor)	Policy Lead Officer	Nathalie Boateng (Legal Services Manager)

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Introduction

Epping Forest District Council (EFDC) will not tolerate activities such as criminal activity, improper conduct, unethical behaviour, malpractice etc. or any attempt to conceal such activities in the administration of its responsibilities.

The Council believes in having an open and honest culture and is committed to the highest possible standards of probity and accountability. In line with that commitment, the Council encourages anyone with serious concerns about any aspects of the Council's work to raise those concerns.

The Council is committed to tackling the types of conduct listed above and other forms of malpractice, including abuse of vulnerable people, and treats these issues extremely seriously.

Employees and Members are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances, they may feel it is easier to ignore the concern rather than report what may just be a suspicion for fear of being wrong.

The Council recognises that some concerns may be extremely sensitive and have therefore established a framework to allow concerns to be raised confidentially, and provide for a thorough and appropriate investigation of the matter to bring it to a satisfactory conclusion.

This policy fully complies with and supports The Public Interest Disclosure Act 1998 and The Enterprise and Regulatory Reform Act 2013 (which amends The Employment Rights Act of 1996).

Scope

This policy applies to matters deemed to be illegal, unethical or not correct within the Council. It includes suspected fraud and corruption within the Council as well as allegations of other unacceptable conduct perpetrated by staff (including contractors).

Employees are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice. This policy is intended to encourage and enable staff to raise serious concerns rather than overlooking or ignoring a problem and makes it clear that concerns can be raised without fear of reprisals. It is intended to encourage and enable employees and Members to raise serious concerns within the Council, irrespective of seniority, rank or status, rather than overlooking a problem.

Aims

This policy aims to:

- provide ways for staff to raise concerns and receive feedback on any action taken.
- allow staff to take the matter further if they are dissatisfied with the Council's response.
- reassure staff that they will be protected from reprisals or victimisation for reporting in good faith.

What is a whistleblower?

It is an employee, a former employee or member of an organisation who reports suspected misconduct to people or entities that have the power and presumed willingness to take corrective action. Officially this is called 'making a disclosure in the public interest'.

Whistleblowing occurs when an individual raises concerns, usually to their employer or a regulator, about a workplace danger or illegality that affects others. The Public Interest Disclosure Act 1998 is the key piece of UK legislation protecting individuals who 'blow the whistle' in the public interest.

Staff responsibilities

Staff have a duty to draw attention to bad and/or poor practice in the workplace, including practice that may be criminal, abusive and/or neglectful and unethical. Failure to report amounts to collusion with the perpetrator and abuse. Additionally, staff who work with vulnerable people have an individual responsibility to raise concerns with someone who has the authority to take action.

It may be necessary to go outside the immediate work environment or the immediate organisation, for example to Social Services or the Police.

A staff member can report things that they know or suspect aren't right, are illegal or if anyone at work is neglecting their duties. Concerns must be raised when staff reasonably believe that one or more of the following has occurred, is in the process of occurring, or is likely to occur:

- a criminal offence (including fraud, corruption, bribery, money laundering)
- a failure to comply with a statutory or legal obligation
- improper unauthorised use of public or other funds
- improper use or misappropriation of assets (for example, theft of council property)
- a miscarriage of justice
- maladministration, misconduct or malpractice
- endangering of an individual's health and safety
- staff perpetrating abuse of a vulnerable individual
- damage to the environment
- any other similar occurrences
- any instance of unethical behaviour
- deliberate concealment of any of the above

If staff are unsure whether a concern should be raised, advice can be sought from the Section 151 Officer, the Monitoring Officer (the Section 151 Officer and Monitoring Officer are statutory roles), the Chief Executive, the Strategic Director, any of the Service Directors or the Chief Internal Auditor. The overriding concern should be that it would be in the public interest for malpractice to be corrected and, if appropriate, sanctions applied.

Safeguarding - allegations of abuse made against staff

All Council staff should be aware that colleagues could carry out abuse of children and vulnerable adults and that all allegations are taken seriously so that appropriate action can be taken.

In the event of a serious allegation against a member of staff regarding children or young people, the Council will follow the procedures set out in the Southend, Essex and Thurrock (SET) Child Protection document and will involve the Local Authority Designated Officer (LADO) employed by Essex County Council.

The Council will use similar procedures in order to protect vulnerable adults.

If staff feel a colleague has:

- (a) behaved in a way that has harmed a vulnerable person, or may have harmed a vulnerable person; or
- (b) possibly committed a criminal offence against, or related to, a vulnerable person; or
- (c) behaved towards a vulnerable person in a way that indicates they are unsuitable to work with them

then they *must* inform their line manager immediately and follow the relevant procedure as outlined in the Council's Safeguarding Policy and Procedures.

Harassment or Victimisation

Whistleblowers are protected by law and should not be treated unfairly or lose their job because they have 'blown the whistle'.

The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. The Council will not tolerate harassment or victimisation and will take action to protect staff when they raise a concern in good faith. This does not mean, if they are the subject of disciplinary or redundancy procedures, that those procedures will be halted as a result of confidential reporting.

Types of whistleblowing eligible for protection

People have in the past often been deterred from whistleblowing about abuse or neglect by duties of confidentiality and/or fear of the consequences of speaking out.

The Public Interest Disclosure Act 1998 seeks to protect individuals making disclosures and expects that malpractice disclosures will generally be made in the first instance to the person's employer or another person/body who appears responsible for the malpractice.

The Act expects employers to have procedures so that staff who have justified concerns about breaches of practice or the law can pass on these concerns to be investigated. Staff are only protected by the Act if they are acting in good faith, and reasonably believe that their allegations are true. Allegations made for financial gain are not protected, even if they are true.

It may be justified for the whistleblower to disclose to a third party in the first instance rather than the employer.

A disclosure made in accordance with the Act's expectations will mean that:

- a confidentiality clause in an employment contract cannot be used to prevent staff from disclosing relevant breaches of the law or practice. This means that confidentiality terms in employment contracts cannot be used by employers who are responsible for breaking a law or for abuse or neglect or other malpractice.
- dismissal on grounds of disclosure within the terms of the Act is automatically unfair, and can be challenged before an employment tribunal.

Someone who is treated detrimentally at work because of making a disclosure, which is protected by the Act, may be able to claim compensation at an Employment Tribunal.

The person providing the information may be reluctant to give their name or they may ask that they remain anonymous. Their wishes will be recorded and respected as part of the referral process.

Whilst respecting their right to confidentiality, they cannot however be given an absolute undertaking that they will not be identified at a later date, especially, if any legal action is indicated.

Who is protected?

The following people are protected:

- employees
- agency workers
- people that are training with the Council, but not employed
- self-employed workers engaged by the Council, if supervised or working off-site
- volunteers
- Council Members

A worker will be eligible for protection if:

- they honestly think what they're reporting is true
- they think they're telling the right person
- they believe that their disclosure is in the public interest

Workers who aren't employees cannot claim unfair dismissal because of whistleblowing, but they are protected and can claim what is known as 'detrimental treatment'.

Tribunals

Workers dismissed for whistleblowing can go to an employment tribunal. If the tribunal decides the employee has been unfairly dismissed, it may order that they are:

- reinstated (get their job back)
- paid compensation

A tribunal judge can reduce any compensation awarded by 25% if they find the person has acted dishonestly.

A whistleblower who is bullied at work will also be able to bring a claim to the employment tribunal against their employer or colleagues.

Confidentiality

The Council will respect confidentiality and all steps will be taken to ensure that confidentiality is maintained throughout the process. However, it must be appreciated that the investigation process may reveal the source of the information.

Any statement made by a whistleblower may be required as part of the evidence but could be submitted anonymously, if requested.

Anonymous Allegations

This policy encourages staff to put their name to their concerns. Anonymous allegations make it difficult to assess the veracity (truth) of the person making the allegation as well as the credibility of the facts and evidence on which the concern is based. It is worth remembering that some cases will rise and fall on the credibility of the person making the allegation. Concerns expressed anonymously are more difficult to action effectively, but they will all be considered. In such circumstances, the Council will take the following factors into account when establishing the scope and depth of the investigation:

- the seriousness of the issues raised
- the credibility of the concern
- the likelihood of confirming the allegation from attributable sources and information provided.

Untrue Allegations

If staff make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against them. In raising a concern, you should exercise due care to ensure the accuracy of the information. If you knowingly make a malicious or vexatious allegation, or make an allegation for personal gain then further action may be taken against you (which may include disciplinary action).

The Responsible Officer

The Legal Services Manager, as the Council's appointed Monitoring Officer, has overall responsibility for the maintenance and operation of this Policy. They will maintain a record of all concerns raised and their outcomes (but in a form which will not endanger confidentiality) and will report as necessary to the Council.

The Chief Internal Auditor's annual report to the Audit and Governance Committee will contain details of any concerns raised under this policy. It will also provide updates on whistleblowing arrangements as necessary.

Reviewing the Policy and Procedure

The Legal Services Manager will review this policy annually in conjunction with the Chief Internal Auditor.

Other relevant information

Other relevant EFDC documents that may be read in conjunction with this Policy and Procedure:

- Anti-Fraud and Corruption Strategy (including the Fraud Response Plan and Anti Money Laundering Policy)
- Safeguarding Policy and Procedures;
- Recruitment Policy and Procedures;
- Staff Handbook – Disciplinary, Grievance and Bullying and Harassment Policies and Procedures;
- Staff Code of Conduct;
- Safety Policy;
- Accident and Incident Report Guidance.
- Safe Working Practice Guide – A guide to professional boundaries for Staff;
- A Guide to Risk Management for Managers and the Risk Assessment Template;
- Equality and Diversity Policy;

- Compliments and Complaints Booklet;
- Dealing with Complaints – for officers and Members
- Data Protection Policy and Procedures.
- IT Policies and Procedures regarding e-safety and appropriate use of the internet.

Other organisation's policies and procedures:

- Southend, Essex & Thurrock (SET) - Child Protection Procedures.
- Southend, Essex & Thurrock (SET) - Safeguarding Adult Guidelines.

Whistleblowing Procedure

Raising a concern

The way a worker can 'blow the whistle' on wrongdoing depends on whether they feel they can tell their employer. If staff feel they can't tell their employer, they should contact a prescribed person or body such as a trade union etc. If staff decide to blow the whistle to a prescribed person rather than the Council, they must make sure that they've chosen the correct person or body for the issue.

For example:

- HM Revenue and Customs - for taxation, business, finance or fraud.
- The National Audit Office - fraud and corruption in local government.
- The National Crime Agency - about money laundering and major financial crimes.
- The Information Commissioner - data protection and freedom of information rights and duties.
- The Health and Safety Executive - health and safety at work.
- The Pensions Regulator - about occupational and private pensions.

Staff should make disclosures to people other than their employer if:

- they reasonably believe that they will be treated detrimentally for disclosing to the employer; or
- they reasonably believe that the evidence will be destroyed or hidden if the employer is 'tipped off'; or
- the employer has been told, but has not taken appropriate action.

Raising concerns within the Council – staff should contact one of the following:

- their Line Manager
- their Service Director
- their Trade Union representative
- the Corporate Fraud Investigation Team
- the Chief Internal Auditor
- the People Team

Staff may also raise a concern or discuss the issue with:

Job Title	Name	Contact
The Chief Internal Auditor	Sarah Marsh	01992 564446
The Acting Chief Executive	Derek Macnab	01992 564050
Strategic Director	Georgina Blakemore	01992 564233
Service Director (Planning)	Nigel Richardson	01992 564110
Service Director (Commercial and Regulatory)	Jim Nolan	01992 564083
Service Director (Housing and Property)	Paul Pledger	01992 564248
Service Director (Business Services)	Paula Maginnis	01992 564536
Service Director (Customer Services)	Rob Pavey	01992 564211
Service Director (Technical services)	Qasim (Kim) Durrani	01992 564215
Service Director (Community and Partnerships)	Julie Chandler	01992 564214
Section 151 Officer	Peter Maddock	01992 564602
Monitoring Officer	Nathalie Boateng	01992 564323
The External Auditor (may liaise with the Chief Internal Auditor depending on the type of concern)	Craig Wisdom Deloitte	TBC
The Corporate Fraud Manager	Martin Crowe	01992 564170

Elected Members should raise concerns with:

The Chief Executive, Chief Internal Auditor, Corporate Fraud Manager or the Monitoring Officer.

How to raise a concern

The earlier a concern is expressed and the more details provided, the easier it will be to effectively investigate and take action. At this stage, staff are not expected to prove the allegation but will need to demonstrate that there are sufficient grounds for the concern, to enable a meaningful investigation to take place.

Staff can raise a concern in the following ways:

In Writing

- Staff can send a letter or email to one of the people or organisations mentioned on page 7.

Staff should give as much information as they can about their concern giving background information (where relevant), the reason why they're concerned and any important details such as names, dates and places etc. If any evidence is held (such as documents, photographs etc.) this should be provided also.

By Telephone

- Staff can leave a message on the 24-hour Anti – Fraud / Whistleblowing Hotline 01992 564444; or
- Speak to a member of the Internal Audit Team during office hours on 01992 564449 or a member of the Corporate Fraud Team on 01992 564170.

This service is strictly confidential and staff do not have to give their name if they do not wish to. The person receiving the concern will make notes of any conversations so that, if required, a proper investigation can be undertaken.

Through an Advocate

Staff may prefer, in order to protect themselves or maintain anonymity, invite their trade union or other representative to raise the matter on their behalf. The representative may be required to obtain additional information so that a proper investigation can be undertaken.

How the Council will respond

Action to be taken

This will depend on the nature of the concern. The process for fraud, corruption and other criminal investigations is covered in the Fraud Response Plan section of the Anti-Fraud and Corruption Strategy and the matters raised may:

- be investigated internally by Internal Audit.
- be investigated internally by the Corporate Fraud Investigation team
- be investigated internally by an investigating officer appointed by the Monitoring Officer
- be referred to the Police.
- be referred to the external auditor or Ombudsman.
- be referred to the Local Authority Designated Officer (regarding child protection cases).
- form the subject of an independent enquiry.

or any combination of the above.

If the concern is a safeguarding matter then it will be referred to the Safeguarding Lead Officer or one of the designated deputies who will follow the procedures in the Council's Safeguarding Policy and Procedures.

In order to protect individuals and the Council, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it will take. Some concerns may be resolved by agreed action without the need for further investigation. Any investigations will follow the course of natural justice and in particular will

adhere to Articles 6 and 8 of the Human Rights Act 1998 (right to a fair hearing and right to private family life), the Regulation of Investigatory Powers Act 2000 and other appropriate legislation such as The Police and Criminal Evidence Act 1984 and The Criminal Procedure and Investigations Act 1996 (this list is not exhaustive).

Acknowledging receipt

The person with whom the concern was initially raised will write to the staff member within three working days of the concern being received (excluding anonymous concerns) to acknowledge receipt.

Timescales

Due to the varied nature of these sorts of matters, which may involve internal investigators and /or the police, it is not possible to lay down precise timescales for such investigations in this Policy. Such matters are expected to be investigated quickly but without compromising a proper investigation. There is, therefore, a presumption that the investigation should normally be completed within forty (40) working days commencing from the decision to investigate. If it is clear that the investigation will take longer, for example if outside agencies' are involved, then this time may need to be extended

Please note that these time estimates are indicative only. The Council will respond to all concerns as quickly as possible but the Council will have to test the concerns as appropriate. It must be noted however that testing a concern is not the same as either accepting or rejecting it. The overriding principle for the Council will be the public interest. In order to be fair, initial enquiries will have to be made to decide whether an investigation is appropriate and, if so, what form it should take.

Investigating Procedure

Depending on the nature of the allegation received, it is not feasible to incorporate every stage or action in an investigation. However, the following should serve as a set of minimum standards. The Monitoring Officer or their nominated officer may arrange for the appointment of an investigating officer who will:

- Ensure that full details and clarifications of the concern are obtained.
- Consider the involvement of any external agencies at this stage (e.g. the Police).
- Ensure that the allegations are fully investigated with the assistance, where appropriate, of other individuals / bodies.
- Consider in conjunction with the People Team and/or Service Director the potential for suspension from duty of employees for one of the reasons as detailed in the Council's disciplinary policy
- Hold interviews with all relevant people as soon as possible.
- Prepare a written report containing the findings of the investigation promptly at the conclusion of the investigation.
- Keep the complainant informed of the progress of the investigations and, if appropriate, of the final outcome.
- If one or more member(s) of staff is implicated then:
 - They should be informed as soon as is practicably possible;
 - The investigator should liaise with the relevant manager(s), where appropriate;
 - The investigator must keep an open mind;
 - The investigator's report will be passed to the Monitoring Officer who will decide what further action to take; and
- The Monitoring Officer will inform any individuals under investigation and the relevant manager(s), where appropriate, as to whether or not the concern has been substantiated.

Future contact and meetings

The amount of contact between staff raising the concern and the officer(s) considering the issues will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information will be sought from staff in a discreet manner. When any meeting is arranged, staff have the right, if they wish, to be accompanied by a trade union or other representative. The meeting can be off site, if requested.

Support offered during the enquiry

The Council will take steps to minimise any difficulties staff may experience as a result of raising a concern, and will provide the appropriate level of support. For instance, if staff are required to give evidence in disciplinary or criminal proceedings, the Council will advise them about the procedure and provide reassurance where required.

With internal proceedings, staff will have the option of asking someone else to represent them.

To maintain confidence in the process, staff will be kept advised of the outcome of any investigation (subject to legal constraints).

Staff can withdraw from the process at any stage but they, or their representative, must inform the person with whom the initial concern was raised and the investigating officer. Staff will be requested to provide a reason for their withdrawal.

Alleged perpetrator

The person against whom the concern has been raised will be informed following the initial investigations if it is considered that there is an issue to be investigated further. This person will be supported in an appropriate manner and will be informed of the progress of the investigation. It should be noted there is a potential for the individual to be suspended from duty for one of the reasons detailed in the Council's disciplinary procedure.

How the matter can be taken further

The Council hopes staff will be satisfied with the response to their concern. However, if staff are not satisfied they should inform their Service Director, Strategic Director or Chief Executive in the first instance.

If staff feel it is right or necessary to take the whistleblowing matter outside the Council, the following are possible contact points:

- the External Auditor
- relevant professional bodies or regulatory organisations
- their solicitor or other legal representative
- the Police
- their Trade Union
- their local Council Member

Other useful contacts:

Protect – whistleblowing charity (formally Public Concern at Work)

Provides free confidential advice on how to raise a concern about malpractice at work.

Tel: 020 3117 2520 www.protect-advice.org.uk/

GOV.UK

More information on whistleblowing can be found on the GOV.UK website at www.gov.uk/whistleblowing.

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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**

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: **Internal Audit Monitoring Report**

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

Date of completing the assessment: **16/01/19**

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 and Corporate Fraud Team.
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 December 2018 and January 2019 What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? N/A – report for noting
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? No

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 ✓	
		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: Sarah Marsh

Date: 16/01/19

Signature of person completing the EqlA: Sue Linsley

Date: 16/01/19

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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