

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference:

Date of meeting: 17 March 2022

Portfolio: Leader of the Council

Subject: Internal Audit Monitoring Report March 2022

Responsible Officer: Sarah Marsh (01992 564446).

Democratic Services: Laura Kirman (01992 564243)

Recommendations/Decisions Required:

- (1) The Committee notes the summary of the work of Internal Audit for the period January to March 2022**
- (2) The Committee approves the deferral of four audits**
- (3) The Committee reviews the progress of actions taken to address issues identified in the 2020/21 Annual Governance Statement.**

Executive Summary:

This report updates Members on the work completed by Internal Audit since the January 2022 Audit and Governance Committee and provides the current position in relation to overdue recommendations.

Approval is sought to defer four audits from the 2021/22 Audit Plan for which other assurances have been obtained.

This report gives update on the progress of actions taken to address issues identified in the Annual Governance Statement.

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:

2021/22 Internal Audit Plan

1. Good progress is being made on the 2021/22 Audit Plan as detailed in Appendix 1.
2. Subject to approval, it is proposed to defer or 'park' the following audits:

- Key Financial Control Debtors – an audit will be carried out once the processes around the new sundry debt system, which was implemented during the year, have embedded.
 - Staff Recruitment – this is a low risk and personal experience of processes from an external candidates perspective has been obtained by one of the Internal Audit team.
 - Town Centre Projects – delivery of the Town Centre action plans is subject to scrutiny by Cabinet and Stronger Place Select Committee and progress reported through the Project Management Office. Planned audit days have been used to provide assurances on Covid-19 grants awarded.
 - Contractor Health and Safety (H&S) – planned audit days have been used instead to assist in developing the Council’s H&S framework.
3. The following two final reports have been issued since the Committee received its last update in January 2022.

Safeguarding (substantial assurance)

There is an up to date Safeguarding Policy in place supported by detailed procedures, which clearly define referral pathways for safeguarding concerns to be reported. The Safeguarding Policy and supporting procedures are available to staff and the wider public on the Council’s website.

Staff roles and responsibilities within Safeguarding, including Members, are defined. Cases are logged and actioned within an appropriate timescale, with reporting on caseloads, sources and types of referrals received.

Staff training on Safeguarding is recorded on the corporate training package, Litmos, and the Council uses the government Disclosure and Barring Service eligibility tool when determining which postholders require a DBS check before being made an offer of employment. Member Safeguarding training has been arranged as the Council’s commitment to Member training in the Safeguarding Policy was not being met.

The Council has an established Corporate Safeguarding Group which meets quarterly, and every Service/Team within the Council has nominated a “Designated Reporting Officer” and Deputy to address safeguarding issues for their team/service.

Council contracts, including the contract with Qualis, include Safeguarding clauses appropriate to the contract size and work being carried out.

Housing Benefit and Local Council Tax Support (substantial assurance)

There are robust controls over the assessment and award of Housing Benefit and Local Council Tax Support and there is a clear management trail of action taken on all claims.

Discretionary Housing Payments are assessed fairly in line with Council policy and benefit regulations and processed accurately.

Overpaid Housing Benefit and Local Council Tax Support is identified, and recovery action initiated promptly. Overpayments totalling £171,051.58 have been recommended for write off as all recovery action has been exhausted, although no Housing Benefit overpayments have been written off for the year April 2021 to date, as the process is under review.

Academy (Benefits) system is reconciled to the Academy (Council Tax) system, efinancials and OHMS (Housing Rents) system. All reconciliations are up to date.

There are effective controls which ensure Housing Benefits data is protected from loss and unauthorised access or disclosure.

Recommendation Tracker

4. 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.
5. The current tracker is shown at Appendix 2 and contains eight medium and one low priority recommendations which have passed their due date.
6. The January overdue high recommendation concerns development of an IT Disaster Recovery Plan, which is now complete and has been tested.

Table 1. Summary of tracker as of March 2022

Recommendation type	Number (March 2022)	Number (January 2022)	Number (November 2021)	Number (September 2021)	Number (July 2021)	Number (March 2021)
High Priority not yet passed its due date	0	0	1	2	2	0
High Priority passed its due date	0	1	1	2	2	0
Medium Priority passed its due date	8	12	9	4	5	1
Low Priority passed its due date	1	3	5	4	0	0
Total	9	16	16	12	9	1

7. Following approval of the 2022/23 Internal Audit Plan the two Health and Safety Council buildings and depots compliance recommendations will no longer feature on the recommendation tracker. Both will be picked up as part of the proposed 2022/23 Health and Safety assurance mapping exercise detailed in the Plan, which will either provide the assurances required in this area or lead to a reinstatement of the recommendations.

Other Internal Audit activities

8. Internal Audit has continued to provide advice and guidance in several business areas:
Corporate purchase cards: Internal Audit is represented on the Council's Purchase Cards Project Group which is seeking to introduce purchase cards to streamline the processes for frequent low level spend and one-off payments. Internal Audit is assisting with the review of associated policies and procedures and providing advice to ensure adequate controls are retained in the new processes.

Risk Management: A Risk Management Working Group has been established to help move risk management forward in the Council. The Group is reviewing and revising the Risk Management Policy, Strategy and Framework, to align this with service planning and project management and embed at an operational level.

Health and Safety (H&S): Internal Audit is assisting in strengthening the H&S framework and the role of the Strategic Safety Group, which has included a review of the Council's Health and Safety policy and the Council's strategic H&S action plan.

Information Governance: Internal Audit is actively involved in both the Strategic Information Governance Group (SIGG) and the operational Information Asset Owners Group, feeding back to the Corporate Governance Group. Internal Audit resource is being provided to help deliver the SIGG work plan, including a review of current information governance policies. Meetings are being held with Service Managers to review their data retention periods to ensure these are fit for purpose and that mechanisms are in place to ensure compliance with the retention periods.

Covid-19 grants for businesses: Internal Audit and the Corporate Fraud Team continue in providing advice and assistance on the Omicron Hospitality and Leisure Grants. This includes performing pre-award checks using the Cabinet Office due diligence tool, spotlight, and assisting with the post payment assurance verification process required by the Department for Business, Energy, and Industrial Strategy.

National Fraud Initiative 2021/22: Internal Audit coordinated the 2021/22 NFI Council Tax Single Persons Discount exercise and preparations are underway for the phase 2 Covid-19 grant recipients data submission.

Decision Making Accountability (DMA): Internal Audit has started to develop a schedule of responsibilities for staff below the management spine to ensure there is clarity and consistency of decision making at each level with responsibility attached to the role and not the individual. This is being coordinated with a review of the Council's Financial Regulations.

Progress against the Annual Governance Statement

9. In July 2021, the Audit and Governance Committee reviewed and noted 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.
10. 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 2021/22 is shown in the table below.

No	Objective	Risk area/action plan for 2021/22	Progress at March 2022
1	Ensuring the health and safety of staff, partners, and the public in the way it delivers its services	As in 2020/21 the Council will keep under review Health and Safety measures both within the Council and across the district to ensure government legislation and guidance is being followed regarding the country's recovery from Covid-19, especially where the Council is delivering its services.	The Council keeps Health and Safety measures both within the Council and across the District under constant review through the Senior Leadership and Wider Leadership Team.
2	Financial Management	2020/21 saw the introduction of CIPFA's Financial Management	This is programmed in

	Code review	Code 2019. A key goal of the Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. An assessment will be undertaken to ensure the Council can demonstrate compliance with the Code. If there are deficiencies, an action plan will be developed to address these.	for 2022/23.
3	Statement of Accounts	Due to both technical and resource issues on the part of the External Auditors and the Council there has been a delay in the final approval of the 2018/19 and 2019/20 accounts. This may impact on the approval of the final accounts for 2020/21, the date of publication (which is also the target date for the completion of the external audit) is 30 September 2021. A restructure of the accountancy team and a review of Council processes will be undertaken to mitigate the risk of future delays for subsequent years production and approval of the Council's Statement of Accounts.	The Council continues to work with its External Auditors to resolve final issues from this year's audit. The restructure of the Finance Team is complete and year end processes in place.
4	Disaster recovery (DR)	An Internal Audit found significant deficiencies in the Council's IT Disaster Recovery management control framework, which led to the Chief Internal Auditor's giving a qualified opinion for 202/21. This is a known problem and extensive work commenced prior to the audit to strengthen this. Progress against the recommendations made will be closely monitored by the Corporate Governance Group and any slippage reported to the Audit and Governance Committee.	An IT disaster recovery plan has been prepared and tested. In addition to loss of key Council sites, provision has been made for loss of internet connectivity. A contracted disaster recovery provider is in place and data is replicated across two sites.
Common themes from the Service Assurance Statements were:			
5	Risk management and business/ service planning	Work commenced in 2020/21 to better align service/business plans and risk management processes. This will continue in 2021/22	A Risk Management Working Group has been established to help move risk management forward in the Council. The Group is reviewing the Risk

			Management Framework and to align this with service planning and project management.
6	Financial Regulations	Financial Regulations are due to be reviewed in 2021/22. There was a general consensus that officers would welcome guidance and training on the Council's Financial Regulations. There will be a joined-up approach between Finance, People Team and Internal Audit to ensure this is both proportionate and targeted.	Financial Regulations are due to be revised in quarter four 2021/22 but this may slip into 2022/23. Following this, appropriate and relevant training will be provided to staff.

Legal and Governance Implications:

None

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

Corporate Governance Group

Background Papers:

2021/22 Audit Strategy and 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 3 to the report.