

# **Report to the Audit and Governance Committee**



**Epping Forest  
District Council**

**Report reference:**

**Date of meeting: 19 September  
2024**

**Portfolio: Leader of the Council**

**Subject: Internal Audit Monitoring Report September 2024**

**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 and the Corporate Fraud Team for the period March to September 2024**

## **Executive Summary:**

This report updates Members on the work completed by Internal Audit and the Corporate Fraud Team since the March 2024 Audit and Governance Committee and provides the current position in relation to overdue recommendations.

## **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:**

### **2023/24 Internal Audit Plan**

1. The audit plan for 2023/24 is almost complete and sufficient work has been undertaken in order for the Head of Internal Audit to give their annual report and assurance opinion which is reported elsewhere in the agenda. Progress is being made on the 2024/25 Audit Plan as detailed in Appendix 1.
2. Four final reports have been issued since the Committee received its last update in March 2024.

### **Fixed Assets (Substantial Assurance)**

Assets are recorded within the Chartered Institute of Public Finance and Accountancy (CIPFA) Asset Manager system, which contains details on each asset and calculates the annual depreciation charges. There are detailed procedure notes for the Asset Manager System.

There is a schedule to value all fixed assets over a five-year cycle, with an annual review of all investment properties. It was confirmed that valuers have a signed engagement letter, and this sets out that valuation should be in accordance with the Royal Institution of Chartered Surveyors (RICS) Global Valuations Standards "The Red Book".

Testing confirmed that depreciation charges are correctly calculated and that changes in valuations and assets useful life spans were supported by documentary evidence, including valuation reports.

There is an annual verification of assets by budget holders to ensure assets listed are still held by the Council and to notify any changes in the asset's operational life.

Two minor recommendations have been made to enhance the procedure notes with regards to the reconciliation of the Asset Management system to the General Leger and to check that heritage assets not listed individually on the Asset Register are appropriately recorded on supporting schedules, outside the main system.

### **Housing Health and Safety Statutory Compliance (Reasonable Assurance)**

This audit was undertaken to provide assurance over the processes to ensure the Council, as a landlord, is compliant with housing Health and Safety legislation with regards to the Big Six - gas, electrical, fire, lifts, water hygiene and asbestos.

The Council has a corporate risk regarding compliance with numerous statutory housing related Health and Safety (H&S) requirements. On the whole, controls cited to manage this risk from an inherent risk score of 20 (red) to a residual risk score of 10 (amber) are working as expected, being:

- Comprehensive suite of policies in place
- Specialist compliance IT solution is being implemented
- Weekly oversight of compliance by Executive Leadership Team
- The Chief Operating Officer is the agreed lead on Health and Safety for Housing and the Director for Housing & Property is the lead for Consumer Standards (both as required by the Regulator)

The audit also noted a number of more operational controls in place and found to be operating well in practice, including weekly officer meetings, and those with Qualis, weekly reporting of compliance by the Interim H&S Manager - Asset Management, monthly Operational Core Group meetings and data owners validating data sent to them prior to uploading onto the Council systems, central repository for compliance data and certificates.

Compliance is currently monitored through a dashboard driven by a master spreadsheet, which is not ideal as spreadsheets are susceptible to human error, maintaining data integrity can be challenging and spreadsheets often lack security features. The Council is moving over to C365, a cloud base compliance management system, which will address these concerns.

Longer term, C365 will be replaced by the compliance module within the new housing system Cx. Both C365 and Cx should see a reduction in the risk score as well as other work planned for example, having an Asset Management Strategy.

## **Homelessness (Reasonable Assurance)**

Housing advice and homelessness prevention measures are in place and are working well. Policies and procedures provide staff guidance and there is a structured process from initial assessments through to the final decision, and housing advice is offered promptly.

A 'homelessness and rough sleeping strategy 2022-27' sets out the Council's plans for the prevention of homelessness and support for people at risk of homelessness, as required by the Homelessness Act 2017, and the Council's website provides support and guidance for homeless applicants.

Temporary accommodation is used to provide support for those who the Council owes a duty to prevent homelessness. Accommodation costs are covered by a homeless prevention grant from central government. The Council regularly uses the same providers with service level agreements in place to ensure the nightly accommodation rates are fixed. Advice should be sought from the Procurement Team for all expenditure over £25k to ensure compliance with the Council's Procurement Rules. The audit found that one contract (value £77k) has incorrectly been signed by a manager who is authorised to approve expenditure up to £25k.

A suite of homelessness key performance indicators (KPIs) are reported monthly to the Interim Director of Housing and Property and statutory performance measures reported to central government. Locata reports and calculations used for KPIs should be retained for inspection purposes as these were not available.

## **Housing Rents (Reasonable Assurance)**

Rents are set in line with the government's Rent Standard and charges on the rent accounts are independently checked for accuracy by Housing IT. Tenants are informed by letter of their new rent within the four-week timescale required by legislation.

Monthly housing rents income and refund reconciliations are undertaken and independently reviewed. To provide assurance that the reconciliation is being correctly carried out, the process should be checked by the Finance Business Partner and procedure notes developed for reference. Refunds are only made following a comprehensive check of the rent account, are properly approved and supported by documentary evidence.

Current tenant arrears are monitored by the Housing Income Recovery Team and a recovery flowchart clearly sets out the rent recovery processes for staff to follow. Arrears are monitored using Civica Cx reports and are robustly chased and tracked. The current rent arrears performance on 31 March 2024 was 1.31%, exceeding the target of 1.6%

Former tenant arrears (FTAs) are managed by a single Officer in the Corporate Debt Team. Additional staff should be trained in the processes for managing FTAs to improve business resilience. There are good processes for pursuing FTAs and all recovery action is documented and retained. Write offs are carried out in line with Financial Regulations.

Tenants' data is protected through appropriate user access to the housing rents IT system. To comply with the UK General Data Protection Regulations (GDPR), the Housing and Property Register of Processing Activities (RoPA) should be updated as this was last undertaken in October 2020.

## **Recommendation Tracker**

3. 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.

- The current overdue tracker is shown at Appendix 2 and contains seven medium and one low priority recommendations which have passed their due date. There is also one overdue high priority recommendation. This concerns the review of the Service Level Agreement with Qualis Property Solutions which is in progress and expected to be in place for the 2025/26 financial year.

Table 1. Summary of tracker September 2024

Recommendation type	Number (September 2024)	Number (March 2024)	Number (February 2024)	Number (November 2023)	Number (June 2023)	Number (March 2023)
High Priority not yet passed its due date	0	2	2	2	0	0
High Priority passed its due date	1	0	0	0	0	0
Medium Priority passed its due date	7	6	7	9	11	7
Low Priority passed its due date	1	1	2	3	1	1
<b>Total</b>	<b>9</b>	<b>9</b>	<b>11</b>	<b>14</b>	<b>12</b>	<b>8</b>

### **Other Internal Audit activities**

- Internal Audit adds value by providing advice and guidance to various services across the Council, and during the period

**Service Assurance Statements:** Completed the annual service assurance exercise consulting with Directors and Service Managers as part of the annual governance process, to provide assurance to the Council and its stakeholders that good governance arrangements are in place. The results have been fed into the draft Annual Governance Statement which is elsewhere on the agenda.

**Risk Management:** Internal Audit continues to assist with the roll out of the new corporate risk management framework, in addition to the quarterly review of the corporate risks by the Senior Leadership Team.

**Information Governance:** Internal Audit supports the Strategic Information Governance Group and is assisting with a task and finish group in implementing key areas of data governance.

### **Corporate Fraud Team (CFT) Update**

- Two Right to Buy's have been withdrawn / denied; one because it was discovered the tenant has an outstanding debt to the Council.

7. The CFT is working with Environmental Health Officers in the investigation of a suspected fraudulent Disabled Facilities Grant application and is engaged in a number of housing tenancy fraud sublet investigations for which one has revealed the tenant to have been out of the UK for around two years.
8. Assistance has been provided to a service in reviewing all of their current forms and documents and advising on changes to make them more “fraud proof”.
9. The CFT has undertaken a disciplinary investigation resulting in the resignation of an employee before action could be taken and in association with this a further investigation is being undertaken, the outcomes of which are currently being collated.

**Legal and Governance Implications:**

None

**Safer, Cleaner and Greener Implications:**

None

**Consultation Undertaken:**

Corporate Governance Group

**Background Papers:**

2024/25 Internal 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.