

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



**Epping Forest  
District Council**

**Report reference:**

**Date of meeting: 27 February  
2025**

**Portfolio: Leader of the Council**

**Subject: Internal Audit Monitoring Report February 2025**

**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 November 2024 to February 2025**
- (2) The Committee notes the revised Whistleblowing Policy**
- (3) The Committee approves the deferral of three audits from the 2024/25 Audit Plan**

## **Executive Summary:**

This report updates Members on the work completed by Internal Audit and the Corporate Fraud Team since the November 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:**

### **2024/25 Internal Audit Plan**

1. Progress is being made on the 2024/25 Audit Plan as detailed in Appendix 1.
2. Owing to Internal Audit resource being diverted to undertaking a fundamental review of sundry debtor and reconciliations processes, it is requested that the Committee approves the deferral of three audits as set out below. These audits are not considered high risk and there is sufficient other Internal Audit work for the Head of

Internal Audit to form their annual opinion.

- People Strategy – the Council is reviewing its workforce planning in light of Local Government Reorganisation and will address any changes through the People Strategy.
  - Qualis Commercial – to allow time for the changes to the Qualis Business Plan, which are in the process of being made, to be implemented.
  - Climate Emergency Action Plan – the Action Plan is being monitored through Place Scrutiny Committee, Climate Change Steering Group and the Senior Leadership Team.
3. Two final reports have been issued since the Committee received its last update in November 2024.

### **Cybersecurity – Reasonable assurance**

To raise awareness of cyber threats all Council employees must complete online information security and data protection training modules. In addition, ICT have initiated phishing security testing to raise users' awareness of potential ransomware attacks via malicious email links.

A review of the configuration settings confirmed that multi-factor authentication has been enabled on the Council's domain to reduce the risk of a denial-of-service attack. Leaver network access rights are promptly disabled and privileged access rights restricted appropriately.

Mobile device management has been deployed to centrally manage all Council owned devices and compliance policies have been set to enforce device password settings and restrictions on failed access attempts.

The Public Services Network (PSN) is the UK government's network which is designed to help public sector organisations work together, reduce duplication, and share resources. The Council is actively working to resubmit a new application for PSN accreditation and finalise the upgrade of remaining legacy software.

### **Budgetary Control – Substantial assurance**

Guidance for budgetary control is provided within Financial Regulations setting out officer responsibilities and processes including setting the budget and budget holder responsibilities for managing their budgets and these are being complied with.

There are robust processes in place for setting budgets and a balanced budget for 2024/25 was approved in accordance with the statutory requirement for Local Authorities. A budget setting timetable is set to ensure deadlines are met and there is good engagement between Finance and budget holders during the process.

There are strong budget monitoring processes in place with budget reports provided to budget holders on a monthly basis. Budget monitoring meetings between budget holders and their Finance Business Partner are held monthly at which explanations for all over/underspends are identified and appropriate action implemented.

Quarterly budget monitoring and forecasting reports are presented to Overview and Scrutiny Committee and Cabinet, providing both transparency and accountability, and to enable informed decision-making.

### **Review of sundry debt processes**

A fundamental review of sundry debt processes, from the point of providing the service through to debt recovery and write off, has been undertaken to identify

inefficiencies, control weaknesses and areas for improvement in the current processes.

The review has recommended:

- Improving engagement with both internal stakeholders and debtors to further relationships and increase recovery rates.
- Establishing clear roles and responsibilities, particularly around commercial rents debts.
- Providing staff with appropriate training and development opportunities in relation to the sundry debt IT system, ASH, to ensure they have the skills and knowledge needed to effectively manage debts, including producing relevant reports.
- Setting and monitoring appropriate performance indicators to help track debt recovery processes and identify areas for improvement.
- Updating the Sundry Debt Policy to clearly set out the current policies and procedures.

Additionally, the review highlighted the need for a more detailed assessment of invoice raising processes in some services to determine whether these can be streamlined.

An action plan has been developed to address the findings. Progress of the actions will be monitored through the Corporate Governance Group.

### **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 overdue tracker is shown at Appendix 2 and contains seven medium 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 February 2025

Recommendation type	Number (February 2025)	Number (November 2024)	Number (September 2024)	Number (March 2024)	Number (February 2024)	Number (November 2023)
High Priority not yet passed its due date	0	0	0	2	2	2
High Priority passed its due date	1	1	1	0	0	0
Medium Priority passed its due date	7	6	7	6	7	9
Low Priority passed its due	0	0	1	1	2	3

date						
Total	8	7	9	9	11	14

**Other Internal Audit activities**

6. Internal Audit adds value by providing advice and guidance to various services across the Council, including the following:

**Risk Management:** Internal Audit continues to assist with embedding risk management across the Council and facilitates the quarterly review of the corporate risks by the Senior Leadership Team.

**Whistleblowing investigation:** Internal Audit undertook a whistleblowing investigation which, although it was later withdrawn, highlighted areas of weakness within the Council that require review to help ensure a consistent approach to employees who may encounter a potential or actual conflict of interest. The recommendations have been discussed and agreed with the Head of the People Team.

**Reconciliations:** Internal Audit is part of a working group looking at reconciliations across the Council to establish which are currently being carried out and identify any gaps. The processes for undertaking reconciliations are also being reviewed to streamline where possible, and to ensure a consistent and robust approach is taken.

7. **Review of Whistleblowing Policy**

The Whistleblowing Policy (Appendix 3) has been reviewed and revised. Changes are minor in nature, mainly to remove duplication and to reflect the new Policy Lead Officer. It will be disseminated to all staff following this meeting.

**Progress against the 2023/24 Annual Governance Statement**

8. In September 2024, the Audit and Governance Committee 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. 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 2024/25 is shown in the table below.

<b>Issue / Risk area</b>	<b>Progress during 2024/25</b>
<p><b>Terra Verde Services Ltd</b></p> <p>The Council has set up a wholly owned company, Terra Verde Services Ltd (TVS). which will provide the district's waste collection service from November 2024.</p> <p>The Council will ensure it has the right governance structures in place to provide assurance to both Members and the public that the new company is working in the best interests of the district.</p>	<p>TVS was incorporated on 9 January 2024 and has a Memorandum and Articles of Association.</p> <p>The TVS Board is in place and includes a Non-Executive Director. The Board's first meeting was on 15 May 2024.</p> <p>Members approved the TVS business plan at the 15 July 2024 Cabinet. The company went live on 04 November 2024.</p> <p>An internal audit on the governance arrangements is planned.</p>
<p><b>Financial Regulations</b></p> <p>Carried over from last year's AGS</p>	<p>Financial Regulations will be reviewed, updated as required, and systematically</p>

action plan.	rolled out in a structured way to ensure that they are suitably disseminated and clearly embedded within frontline service areas.
<p><b>Financial Management Code review</b></p> <p>Carried over from last year's AGS action plan.</p>	The assessment against the Code and an action plan will be developed to address any deficiencies. This will be completed during 2025/26.
<p><b>Procurement</b></p> <p>The Procurement Act 2023, due to go live on 28 October 2024, represents a big change for all public bodies.</p> <p>The Act consolidates the different regimes currently governing procurement into one Act, thereby creating a simpler and more flexible system. The existing overarching principles have been replaced with these new objectives which authorities must consider in all procurement activities:</p> <ul style="list-style-type: none"> <li>• Value for money</li> <li>• Acting with (and being seen to act with) integrity</li> <li>• Maximising public benefit</li> <li>• Treating suppliers the same (unless otherwise justified)</li> </ul>	<p>Work has commenced to review internal processes, update all procurement related policies, procedures, and guidance, and identify training and awareness needs for both Officers and Members.</p> <p>On 12 September 2024 the Cabinet Office announced that the Procurement Act 2023 will commence on 24 February 2025. This is a delay of four months from the original go live date of 28 October 2024 to allow time for a new National Procurement Policy Statement (NPPS) to be produced.</p>
<p><b>Transparency Code</b></p> <p>The Local Government Transparency Code 2015 sets out the minimum requirements for local authorities to publish open data for public reuse and in a timely way.</p>	Work is in hand to ensure the Council is meeting the Code's publication requirements.
<p><b><i>Significant issues from the Service Assurance Statements</i></b></p>	
<p><b>Officer Declarations of Interest and Gifts &amp; Hospitality</b></p> <p>The arrangements for keeping declarations of interest up to date are unclear and guidance around recording gifts and hospitality could be improved.</p>	A fundamental review of current processes is being undertaken, and an IT system-based solution is being sought. The Declaration of Interest form is under review.
<p><b>Data, decision-making and performance monitoring</b></p> <p>Improvements to data accuracy are required to adequately support effective decision-making.</p> <p>Performance indicators linked to service objectives need to be developed.</p>	<p>This is being overseen by the officer Information Governance Group which is chaired by the Council's Senior Information Risk Office (SIRO). A number of initiatives are in progress:</p> <ul style="list-style-type: none"> <li>• There is currently a council wide data cleansing exercise.</li> <li>• Members have agreed a new suite of key performance indicators (KPIs). The 2025/26 service plans are being</li> </ul>

	<p>developed and will incorporate their own KPIs. It is envisaged these will be reported to the Senior Leadership Team (SLT).</p> <ul style="list-style-type: none"> <li>• Work has already commenced to improve the accuracy and use of data when developing new systems and processes, for example the Cx housing system.</li> </ul>
<p><b>Staff training and awareness</b></p> <p>Training in Financial Regulations and Contract Standing Orders was requested by some managers</p>	<p>Financial Regulation training and awareness will be rolled out, following the review of Financial Regulations. The Procurement Team will be consulted to ensure this training dovetails with their procurement related training.</p>

**Corporate Fraud Team (CFT) Update**

9. Since the last report, the CFT have been involved in the following work:

The bulk of CFT work has involved conducting the background checks and vetting of all of the new Right to Buy applications that have been received just before the cutoff date of 21 November 2024. Over 100 applications have been received, and CFT are resolving to interview all applicants.

In addition, CFT has conducted an investigation into a housing applicant following a referral of application fraud, whereby evidence has been obtained to suggest that the applicant has made false statements. An interview is currently pending.

**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.