AUDIT AND GOVERNANCE COMMITTEE
Monday, 26th March, 2018

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, 26th March, 2018**
at **7.30 pm** .

Derek Macnab
Acting Chief Executive

Democratic Services Officer	Gary Woodhall (Governance Directorate) Tel: 01992 564470 Email: democraticservices@eppingforestdc.gov.uk

Members:

Councillors   J Knapman (Chairman), L Hughes, R Jennings, A Patel, J M Whitehouse.

Independent   A Jarvis (Vice-Chairman) & N Nanayakkara.

PLEASE NOTE THAT, PRIOR TO THE START OF THE MEETING, PRIVATE BRIEFINGS HAVE BEEN SCHEDULED FOR THE COMMITTEE WITH THE EXTERNAL AUDITOR AT 7.00PM AND THE CHIEF INTERNAL AUDITOR AT 7.15PM.

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1.   **WEBCASTING INTRODUCTION**

I would like to remind everyone present that this meeting will be recorded for subsequent repeated viewing on the Internet and copies of the recording could be made available for those that request it.

By being present at this meeting it is likely that the recording cameras will capture your image and this will result in your image becoming part of the broadcast.

You should be aware that this might infringe your human and data protection rights. If you have any concerns please speak to the webcasting officer.

Please could I also remind members to put on their microphones before speaking by pressing the button on the microphone unit.

2.   APOLOGIES FOR ABSENCE

(Director of Governance) To be announced at the meeting.

3.   DECLARATIONS OF INTEREST

(Director of Governance) To declare interests in any item on this agenda.

4.   MINUTES

(Director of Governance) To confirm the minutes of the last meeting of the Committee held on 5 February 2018 (previously circulated).

5.   MATTERS ARISING

(Director of Governance) To consider any matters arising from the previous meeting.

6.   AUDIT & GOVERNANCE WORK PROGRAMME 2017/18 (Pages 5 - 6)

(Director of Governance) To consider the attached Work Programme for 2017/18.

7.   EFFECTIVENESS OF THE ARRANGEMENTS FOR RISK MANAGEMENT (Pages 7 - 40)

(Director of Resources) To consider the attached report (AGC-019-2017/18).

8.   INTERNAL AUDIT STRATEGY AND PLAN 2018/19 (Pages 41 - 66)

(Chief Internal Auditor) To consider the attached report (AGC-020-2017/18).

9.   INTERNAL AUDIT MONITORING REPORT - FEBRUARY TO MARCH 2018 (Pages 67 - 84)

(Chief Internal Auditor) To consider the attached report (AGC-021-2017/18).

10.   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.

11.   EXCLUSION OF PUBLIC AND PRESS

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

Agenda Item No	Subject	Exempt Information Paragraph Number
Nil	Nil	Nil

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

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

(a)   disclose any facts or matters on which the report or an important part of the report is based; and

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

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

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Audit & Governance Committee Work Programme 2017/18

26 June 2017
➢ Annual Report of the Chief Internal Auditor 2016/17..
➢ Audit & Governance Committee Annual Report 2016/17.
➢ Annual Governance Statement 2016/17.
➢ Anti-Fraud & Corruption Strategy.
➢ Internal Audit Progress Report.

18 September 2017
➢ Treasury Management Annual Outturn Report.
➢ Statutory Statement of Accounts 2016/17.
➢ Internal Audit Progress Report.

❖ Annual Governance Report 2016/17.

27 November 2017
➢ 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.

❖ Annual Audit Letter 2017/18.

5 February 2018
➢ Treasury Management Investment & Strategy Statements.
➢ Internal Audit Progress Report.
➢ Review of Code of Corporate Governance.
➢ Review of the Internal Audit Charter.

26 March 2018
➢ Effectiveness of Risk Management.
➢ Internal Audit Progress Report
➢ Internal Audit Strategy and Audit Plan 2018/19.
➢ Internal Audit Compliance with the Public Sector Internal Audit Standards
➢ Corporate Fraud Team Strategy 2018/19

❖ Planning Letter 2018/19.
❖ Audit Plan 2017/18.
❖ Grant Claims Audit Report 2016/17.

Unallocated Items
➢ Information Regarding the Whistle Blowing Policy.

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 26 March 2018 meeting in the Conference Room.

Report to the Audit & Governance Committee

Report Reference: AGC-019-2017/18.
Date of meeting: 26 March 2018

Epping Forest District Council

Portfolio: **Finance**

Subject: **Effectiveness of the Arrangements for Risk Management**

Responsible Officer: **Peter Maddock**   **(01992 564602)**

Democratic Services: **Gary Woodhall**   **(01992 564470)**

Recommendations/Decisions Required:

(1)   That Members consider the effectiveness of the arrangements for Risk Management.

Executive Summary:

The terms of reference for this committee include "To consider the effectiveness of the Council's Risk Management arrangements". This contrasts with the role of the Finance and Performance Management Cabinet Committee, which is required "To advise and make recommendations to the Cabinet on Risk Management and Insurance issues".

As reported to the June meeting of this Committee, the internal audit of Risk Management for 2015/16 contained a rating of substantial assurance. There was just one recommendation that was scored as a priority 2 and this has now been actioned.

Reason for Proposed Decision:

Members are requested to consider the effectiveness of the Council's arrangements for Risk Management to provide assurance to the Council on the functioning and adequacy of this important internal control.

Other Options for Action:

Members could ask for additional information or make recommendations to improve processes where they feel existing arrangements are inadequate.

Report:

Previous Reviews

1.   The review of the effectiveness of the Council's arrangements for Risk Management is an established part of the work programme for this Committee. Last year the Committee resolved:

(i)   *That the arrangements for Risk Management be considered effective; and*

(ii)   *That future reports to the Committee provide reassurance on the actions taken to mitigate large risks to the Council.*

<u>Risk Management in Directorates</u>

2.   The internal arrangements for Risk Management have not changed during the year. It is common practice within directorates for risk assessments to be conducted on new or changed activities and capital projects. Each directorate has a nominated champion for risk management, usually at Assistant Director level. This individual acts as the lead on Risk Management for the directorate and represents their directorate at the Risk Management Group (RMG).

3.   All directorates are required to have a section on Risk Management in their business plans. This section will contain details on the directorate's key risks, a risk matrix and action plans for dealing with the risks that are above the risk tolerance line.

4.   All directorates are required to have Risk Management as a standing item on management team meeting agendas. This is to ensure that directorate risk registers are kept up to date with any new items and that existing action plans, both for directorate and corporate risks, are monitored. The regular discussion of risks allows directorate champions to report back on discussions at the RMG and also to bring forward items from their directorates that they feel should now be included, or if already included updated, on the Corporate Risk Register.

<u>Corporate Risk Management</u>

5.   The RMG meets quarterly to discuss Risk Management issues and recommend alterations to the Corporate Risk Register to Management Board. During 2017/18 meetings were held in June, August, December and March. The Director of Resources or in his absence the Senior Finance Officer (Risk and Insurance) chairs the RMG. All of the group have received training in Risk Management.

6.   The agenda for the RMG has a number of standard items including, updates on service risk registers, updates on corporate risks and any changes in insurance information. This allows each member of the group to obtain feedback on any new or changing issues within their own area and benefit from the wider perspective of the group as a whole. In this way any changes to service items can be evaluated and assessed to see if they justify inclusion in the corporate register. The discussion then moves on to consider any changes in the descriptions, triggers and vulnerabilities of existing corporate risks and the updating of the action plans.

7.   The Risk Management Strategy (Appendix 1) was updated during 2017/18, this update was considered by Finance and Performance Management Cabinet Committee on 14 September 2017, with subsequent Cabinet adoption on 12 October 2017.

<u>Corporate Risk Register</u>

8.   As mentioned above, the RMG consider updates to the Corporate Risk Register and make recommendations to Management Board (which for the majority of 2017/18 consisted of the Chief Executive and the four Directors).

9.   Management Board receive the minutes of the RMG and discuss in detail any proposed changes. A separate review of the Corporate Risk Register is then undertaken to ensure that all necessary changes have been captured by the RMG and that the Board is not aware of any other new risks for inclusion.

10.   Finally, recommendations on updating the Corporate Risk Register are considered by the Finance and Performance Management Cabinet Committee.

Updates to the Risk Register

11.   Key points from the reviews by the Finance and Performance Management Cabinet

Committee are given in the table below.

Date of Meeting	Updates Considered
22 June 2017	Risk 1 – Local Plan – risk updated to advise that a memorandum of understandings are being pursued with Natural England on effects on Epping Forest and Strategic Housing Market Assessment (SHMA) to include neighbouring London boroughs. Risk 2 – Strategic Sites – updates for three sites. The Landmark, Shopping Park and Waltham Abbey Leisure Centre. Risk 5 – Economic Development – updated to include key objectives for Economic Development Strategy, recognition that the team is now fully staffed and that the Employment Study for the Local Plan was nearing completion.
14 September 2017	Risk 2 – Strategic Sites – updates for five of the sites. Negotiations ongoing with tenants for the Landmark site, Shopping Park complete, Negotiations continuing with Epping Town Council regarding St Johns Road, Waltham Abbey Leisure Centre planning permission grants and disposal of Pyrles Lane nursery site agreed. Risk 4 – Finance Income – update that 2018/19 budget will be considered at Finance and Performance Management Committee on 18 January 2018. Risk 5 – Data/Information – update that monthly meeting are being held in relation to General Data Protection regulations (GDPR). Key date 25 May 2018.
18 January 2018	Risks 1 – updated that the Local Plan submission version was agreed by Cabinet during December with a submission deadline of 31 March 2018. Risk 2 – Strategic Sites – updates for two of the sites. Construction of the Waltham Abbey Leisure Centre has commenced and the marketing of Pyrles Lane nursery site was due to start in January 2018. Risk 4 – Finance Income – Key date added for budget setting 22 February 2018. Risk 7 – Business Continuity – updated to note that following the re-organisation the business continuity responsibilities will need updating. Risk 9 – Safeguarding – Key date has been amended to reflect the revised submission date for ESCB (safeguarding Children) audit of May 2018. Risk 11 – Transformation Programme – The major programme to modernise working practices and improve efficiency has now reached a key stage and should be included in the Corporate Risk Register. The Vulnerability, Triggers and Consequence along with supporting controls have been set out and the risk has been scored B1 (High Likelihood/Major Impact).

| 22 March 2018 | Management Board & the Risk Management Group reviewed the Corporate Risk Register on 7 March and 8 March. No amendments were made to the risk scores and no new risks were identified for inclusion in the register. However, due to recent changes in the management structure, Risk Owners have been updated in the register to reflect the new owners. |

12.   For information, the current risk register is attached as Appendix 2.

Resource Implications:

No additional resource requirements.

Legal and Governance Implications:

No legal implications. Risk Management is an important part of the Council's overall governance arrangements and that is why this Committee considers the adequacy of the overall arrangements on an annual basis.

Safer, Cleaner, Greener Implications:

There are no implications arising from the recommendations in this report for the Council's commitment to the Nottingham Declaration for climate change, the corporate Safer, Cleaner and Greener initiative or any Crime and Disorder issues within the District.

Consultation Undertaken:

No formal consultation has been undertaken.

Background Papers:

Reports to the Finance and Performance Management Cabinet Committee as set out above.

Risk Management:

If the adequacy of the arrangements for Risk Management were not considered a significant weakness in the overall governance arrangements could arise.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

Date / Name	Summary of equality analysis
14/04/18 Director of Resources	The report is about the effectiveness of the arrangements for risk management and relates to this process not the delivery of any particular service and so has no equality implications.

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Risk Management Strategy

Definition

For the purpose of this strategy, risk is defined as any event or action that may have an impact on the achievement of the Council's objectives. Risk is measured in terms of impact and likelihood.

Risk management is the process to identify, assess and manage risks. Risk management is concerned with positive and negative aspects of risk. So as well as managing things that could have an adverse impact (downside risk) it also looks at potential benefits (upside risk). It can be applied holistically, and also be used on specific activities and projects, from the corporate to the operational.

Objective

The aims of risk management for the Council are to:

- Use risk management to promote innovation as well as to help secure existing objectives.

- Achieve a systematic, holistic and consistent approach to identifying and analysing risks which will be an integral part of all key management processes, rather than a separate initiative and will be developed using the simplest possible means.

- Embed risk management as an integral part of service, strategic and project planning and decision making.

- Embed the process within our established business planning process.

Achieving these aims will:

- Increase the possibility of success and reduce the chance of failure, as well as supporting innovation.

- Greater ability to deliver against objectives and targets, ensuring the delivery and continuity of our services.

- Helps better informed decision-making.

- Reduction in resources spent dealing with things going wrong.

- Reduce the number and cost of claims arising and improve our ability to defend them.

Roles and Responsibilities

The Finance and Performance Management Cabinet Committee will consider the Council's risk management strategy on an annual basis and recommend it to Cabinet for adoption. The Audit and Governance Committee will monitor and review the effectiveness of the risk management measures put in place.
The Director of Resources has strategic responsibility for risk management and the Finance Portfolio Holder fulfils the role of Lead Member for risk management. The Director of Resources is responsible, in conjunction with the Council's Insurers, for minimising the overall cost of inevitable claims which do arise.

Risk Management Strategy

To assist:

- The Risk Management Group will advise and support in the context of risks likely to have a significant impact on the achievement of the Council's objectives. The representatives on the Risk Management Group from each directorate will champion the risk management process within their directorate.

- Primary responsibility for identifying and managing significant operational and strategic risks arising from their directorate activities lies with the Directors, who should ensure that their teams carry out and record risk assessments where appropriate as a routine part of business planning and management activities.

- Any significant changes in risks and or assessments are to be notified by the relevant champion of that service to the Risk Management Group.

- Directors should notify the Director of Resources of any significant changes in service provision in order to enable them to ensure that appropriate and adequate insurance is in place.

The Chief Internal Auditor is responsible for monitoring the implementation and the effectiveness of the risk management strategy and for monitoring compliance with controls introduced by directorates, as part of the ongoing audit programme. Internal Audit will communicate the management implications during the course of Audits and report to Directors as necessary.

> As a reminder, all employees are responsible for managing risk effectively in their jobs and to identify and report risk.

Monitoring, Review and Reporting Arrangements

- The Risk Management Group will report annually to the Finance and Performance Management Cabinet Committee (F&PMCC) to update the Risk Management Strategy. F&PMCC will receive quarterly updates from the Risk Management Group.

- The Audit and Governance Committee will consider the effectiveness of risk management measures annually.

- Management Board will consider progress on action plans on a quarterly basis.

- Service plans will include operational risks and action plans. The Risk Management Group and the Corporate Governance Group will monitor and review the Corporate Risk Register.

- Risk management training will be provided to Members, Directors, Champions and other senior managers, with the aim of ensuring that they have the appropriate skills necessary to identify, evaluate and control risks associated with the services they provide. Training will be provided through the Resources Directorate.

- This strategy will be clearly communicated to members and staff and will be subject to review on an annual basis by the Risk Management Group.

Risk Management Strategy

The Risk Management Process

Risk management as depictured below involves five key stages, known as the 'risk management cycle. This is described in more detail in Appendix A.

Future Actions

Risk management is a dynamic process, constantly evolving and this is true for Epping Forest. During 2017/18 the Risk Management Group has agreed directorate risk registers will follow the corporate template, keeping the 4x4 matrix, and discussed how these can be incorporated in the Council's new project and performance system, Covalent. Development of the Covalent system, including the recording and reporting of risk and identifying interdependencies between risks, will continue during 2017/18 and beyond.

Alongside this the Council will develop and articulate its risk appetite, which can be defined as the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives. Organisations will have different risk appetites depending on their sector, culture and objectives. A range of appetites will exist for different risks and these may change over time.

Whilst risk appetite is about the pursuit of risk, risk tolerance is about what an organisation can actually cope with. In part, the Council has defined its risk appetite through its scoring matrix (see Appendix 2) and this, with the Council's risk tolerance, will be further articulated through risk management workshops facilitated by Internal Audit.

Risk Management Strategy

Appendix A – Risk Management Process

Epping Forest's Risk Management Process

There are five key stages: identification of risks, assessment of these, responding to the risk (usually through controls), monitoring the effect of these and reporting.

1. Risk identification

Identification and understanding the risks to which the Council is exposed is essential to the effective delivery of public services. The starting point is to consider the Council's corporate and service objectives and ask in what way we might be prevented from achieving them. On what does the successful delivery of the service depend?

Risk is not always a bad thing, as there is no activity without risk. Risk can present opportunities and these need to be maximised, subject to a risk management approach. For example, opportunities may exist to generate income or improve a service where risks can be taken.

A distinction should be drawn between risk and hazard. A hazard is an activity with a potential for harm. A risk is the likelihood of that harm being realised. For example, the hazard may be using a vehicle and the risk would be having an accident. There can be many hazards around but it is only when people, systems, property etc. are exposed to them that they become risky.

2. Risk assessment

Having identified areas of potential risk, the following aspects must be assessed:

- **Impact** – what would the effect be if the risk was to occur?
- **Likelihood** – what is the probability of the risk occurring?

This is done using the assessment criteria defined in Appendix B and should be undertaken twice. The first time assessed as inherent risk (i.e. before risk mitigation strategies/controls) are put in place and then as residual risk (i.e. after risk mitigation strategies/controls) have been put in place. This is to help the risk owner identify whether the right controls are in place and if so are they working as expected to reduce the risk to an acceptable level. This forms part of the 'monitor' (section 4) of the risk management cycle.

Sometimes the phrases gross risk and net risk are used instead of inherent or residual risk.

Risk Management Strategy

3. Responding/managing risk

Using the risk criteria in Appendix B produces a risk rating score that will enable risks to be prioritised using one or more of the four Ts:

- **Tolerate** – accept the risk as currently presented
- **Treat** – take cost effective action to reduce the risk
- **Transfer** – let someone else share or take the risk (e.g. by insurance, partnering or contracting)
- **Terminate** – agree that the risk is too great and cease the project or activity (although this is not always feasible in local government)

In terms of risk controls it is helpful to consider what would bring about the risk (the cause) and what would be the outcome of the risk occurring (the consequence).

4. Monitor and review

Few risks remain static and it is important to know and understand what is happening. This can be achieved through regularly monitoring progress in order to:

- gain assurance that progress is being made towards controlling risks
- ensure that control measures continue to be applied
- monitor changes to the risk profile brought about by circumstances and business priorities e.g. new legislation and whether a fresh risk assessment is required
- consider if new risks or opportunities arising need to be added or current ones removed

There is no set review period as risk management should be a dynamic process but the suggestion is this should be undertaken at least quarterly.

5. Reporting

This is detailed in the main part of the strategy under 'Monitoring, Review and Reporting Arrangements' including reporting at the corporate level and to Members.

Directors via their Assistant Directors are responsible for maintaining operational risk registers and any significant new or emerging risks should be reported to the Risk Management Group via the risk champions sitting on that group. If it is a fast paced risk then the Director of Resources should be informed especially if the next Risk Management Group is too far in advance.

Appendix 1

Risk Management Strategy

Appendix B – Risk assessment matrix

Likelihood			4 Insignificant	3 Minor	2 Moderate	1 Major
	Definite >90% has happened or has happened on a regular basis over the last 12 months	**A Very high (Almost certain)**	**A4**	**A3**	**A2**	**A1**
	Occurs in most circumstances 55% to 90%. Or has happened once or twice in the last 2 years	**B High (Likely)**	**B4**	**B3**	**B2**	**B1**
	Occurs in certain circumstances 10% to 55% or has happened once or twice in the last 5 years.	**C Medium (Possible)**	**C4**	**C3**	**C2**	**C1**
	Occurs exceptionally/very unlikely <10% or has not happened in the last 5 years	**D Low/very low (Unlikely/rare)**	**D4**	**D3**	**D2**	**D1**
			4 Insignificant	**3 Minor**	**2 Moderate**	**1 Major**

Impact		4 Insignificant	3 Minor	2 Moderate	1 Major
	Financial	Loss/overspend under £10K	Loss/overspend £10K-£250K	Loss/underspend £250K-£1M	Loss/underspend over £1M
	Service	Marginal disruption to service capability	Short term disruption to service or marginal reduction in service. Objectives of one section not met.	Short term loss of service or significant reduction service. Directorate objectives not met.	Medium/longer term loss of service. Failure to deliver at least one the Council's corporate objectives.
		Unlikely to cause complaint/litigation	High potential for complaint with possible litigation	High potential for complaint with probable litigation	Litigation almost certain and difficult to defend.
	Reputation	No adverse publicity	Minor adverse publicity	Adverse national publicity/significant adverse local publicity	Significant adverse national publicity
	Legal/regulatory	Breaches of local procedures/standards	Breaches of regulations/standards	Breaches of law punishable by fines	Breaches of law punishable by imprisonment
	Environmental/Public Health	Incident with no lasting effect	Short term incident (weeks)	Medium term major incident (1 month – 1 year)	Long term major incident (1 year +)
	Health and Safety	'First Aid' level injury	Medical treatment required – long term injury	Extensive permanent injury – long term absence	Fatality

Epping Forest District Council

Corporate Risk Register

Date: 22 March 2018

Contents

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

RISK IDENTIFICATION

RISK ANALYSIS

MONITORING

PRIORITISATION
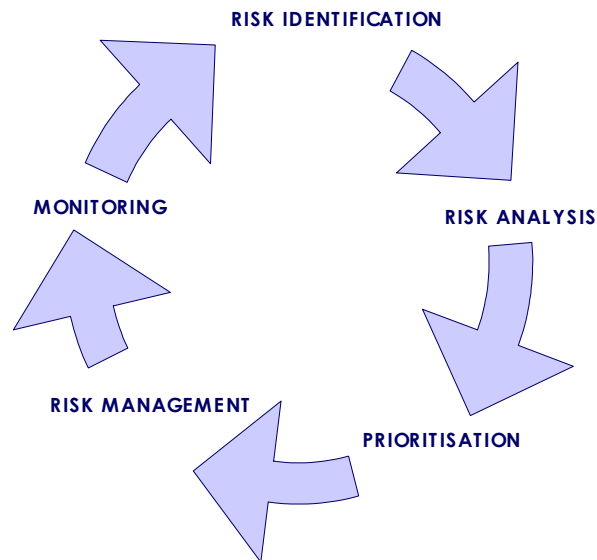
RISK MANAGEMENT

© Zurich

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

Political

Economic

Social

Techno-logical

Legislative/ Regulatory

Environ-mental

Competitive

Customer/ Citizen

Managerial/ Professional

Financial

Legal

Partnership/ Contractual

Physical
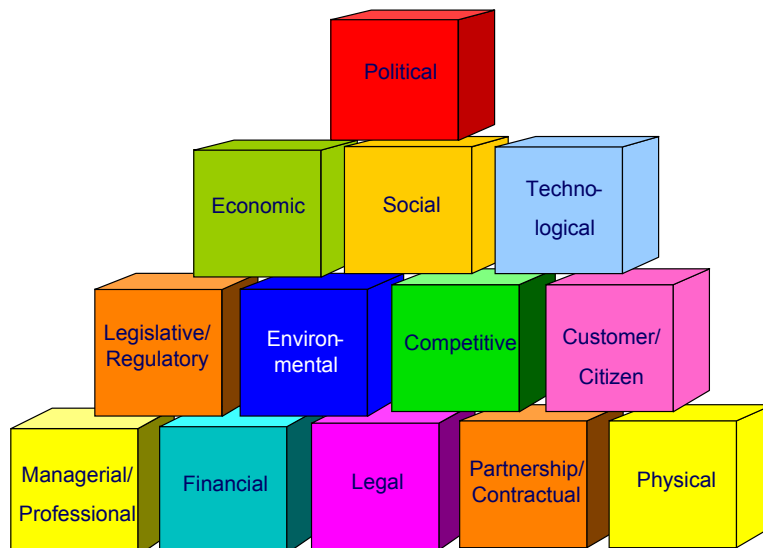
© Zurich

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 an additional risk on Safeguarding was added to the register in January 2014. The most recent addition was a risk covering various aspects of Housing Capital Finance and this was added in June 2015.

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.
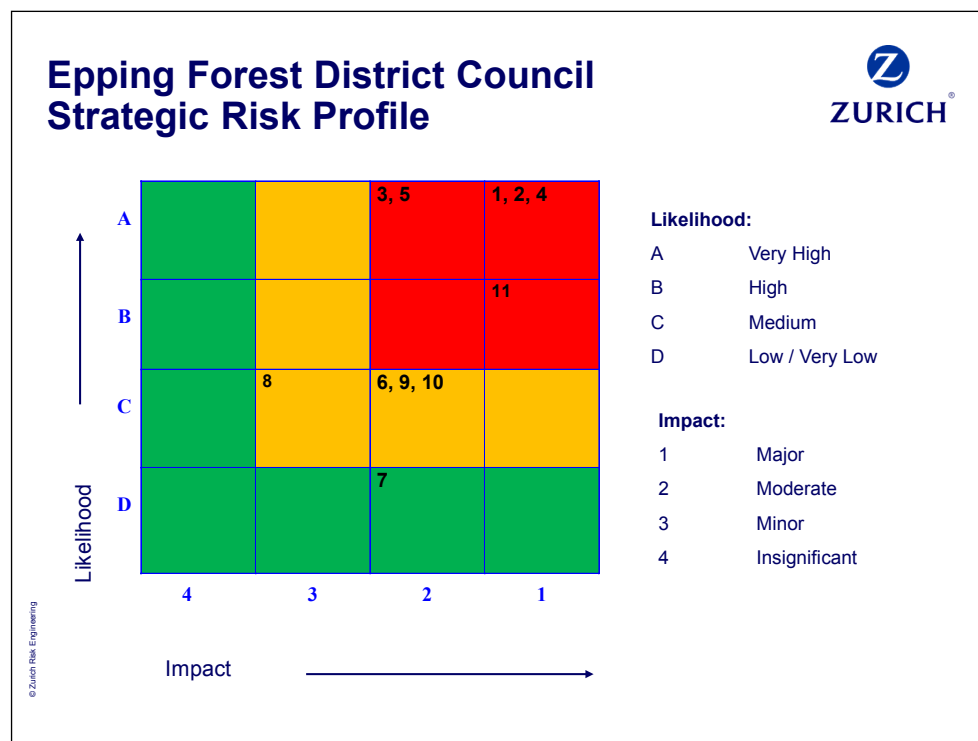
Appendix 2 details all of the above risks.

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.

An opportunity was also taken as part of this refresh to 'spring clean' the risk numbers, and they were numbered in priority order as follows:

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
8	Partnerships
9	Safeguarding
10	Housing Capital
11	Transformation Programme

Appendix 2 – Corporate Risk Register and Action Plans

Risk No 1 Local Plan A1			
Vulnerability	**Trigger**	**Consequence**	**Risk Owner**
On-going changes to Planning system increase importance of having up to date Local Plan, in particular, Central Government's announcement that Local Authorities must submit their Submission Version by 31 March 2018 or have to provide higher numbers under the standard methodology.	Failure of Council to approve a draft plan in line with National Planning Policy Framework.	Plan not "sound", leading to further delay, wasted resources, and vulnerability to planning appeal decisions.	Derek Macnab
Changes in government planning policy require new Local Plan to take approaches significantly different from predecessors e.g. Duty to Co-operate, release Green Belt.	Inability to agree, particularly on amount and distribution of objectively assessed development needs.	As above	
Particular vulnerability to delay in approvals from Highways England on strategic modelling delay ability to understand impacts of delivering to objectively assessed need levels. Protracted process of achieving local highway modelling Failure to make timely progress increases likelihood of "planning by appeal"	Failure to adhere to Local Development Scheme leads to developers making significant planning applications in advance of new Plan.	As above Significant diversion of professional resources to appeals. Risk of costs awards against Council.	
Planning policy recruitment and retention issues. Not considering alternative options of delivering work i.e outsourcing.	Inability to fill vacancies.	Delays in achieving timetable.	

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
Project management approach in place including regular updates, resource planning.	Project plan needs to incorporate more time for political engagement at key decision points.	Agree mechanisms and timing with lead members, incorporate in revised project plan	Derek Macnab	Future adherence to project plan.	MB review 6 weekly	None – process ongoing.
Submission Version 2017 Agreed by Council 14 December 2017.	Key milestone to achieve new LDS.	Collation of Representations to be submitted to Planning Inspectorate by 31 March 2018.	Derek Macnab	Adherence to revised LDS	MB review 6 weekly	Submit by 31 March 2018.
Local Development Scheme revised July 2018.	Local Development Scheme adopted by Cabinet July 2018.	Review progress against key milestones.	Derek Macnab	Local Development Scheme remains robust	As necessary	
Workshops for EFDC and Town/Parish councillors on key issues to enhance awareness and understanding of new government requirements.	Workshops popular and helpful.	Supplement workshops with other forms of briefing to EFDC members as agreed with leading members.	Derek Macnab	Timely decision making in line with project plan.	As necessary	
Engagement with other key stakeholders e.g. ad hoc meetings with Town/Parish councils, Resident Associations and website, making positive use of external PR firm.	Utilising existing mechanisms including Local Council Liaison Committee. Intensive engagement takes place in lead up to formal consultations. Ongoing discussions being had around Neighbourhood Plans.	Assess responses to consultation.	Derek Macnab	Stakeholders feel well informed about process and decisions. Informed responses to public consultation.	As necessary	

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).	Difficulties and delay in engaging councils in serious discussion re MoU, however progress now being made. Meetings held with most other key bodies with positive outcomes, issues identified. Constant review of Planning Inspectorate local plan decisions re Duty to Co-operate.	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. Engage further key bodies e.g. Lee Valley Regional Park. Discuss informally with Planning Inspectorate as necessary.	Derek Macnab	Submitted plan passes legal test of Duty to Co-operate.	MB review six weekly	Officer Meetings – monthly now underway. Governance arrangements agreed. "Duty to Co-operate" Member meetings now ongoing.
Pursuit of MoU with Natural England regarding the effect of development on Epping Forest. Intention to extend MoU outside of SHMA Area to include neighbouring London Boroughs.	Effect as yet unknown	Invitation now extended to additional partners. Work to review outcomes of draft MoU has commenced.	Derek Macnab	Review and agreement of wider area MoU to include agreed mitigating actions.		As above
Consistent close working with Essex County Council through relevant structures, and individual officers	ECC and Highways England regular attendees at Co-op Member and Officer meetings.					
Consultants in place to support project management, resource planning, Sustainability Assessment, transport modelling, master planning. IR35 Regulations from 7 April complicating and compounding recruitment of consultants.	Staff cannot be prevented from leaving. Exit interviews should reveal any specific patterns. Market is picking up, making recruitment more difficult. EFDC is not offering the most competitive salaries compared to other Essex and London authorities.	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 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**
Employment Allocation Determined in 23ha and allocated in Submission Version of Local Plan.	Effective to date.	Based on representations received prior to Examination in Public.	Derek Macnab	Employment allocation in Reg.19 Submission, considered sound at Examination in Public.	Monthly	31 March 2018.

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. One key individual is driving forward the projects.		Not maximising the opportunity of the strategic sites either through decisions or delivery. Loss of key individual		• 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.	Work is progressing on developing a number of sites: 1. Winston Churchill, negotiations taking place with potential tenants for retail space 2. St Johns, negotiations are ongoing with Epping Town Council; 3. Langston Road, in discussion with retailers as one or two units still to let; 4. Waltham Abbey Leisure Centre; leisure centres are now managed by Places for People and they are developing sites. Construction has commenced, contractor digging out pool; 5. Pyrles Lane Nursery, July Cabinet agreed disposal strategy. Marketing began January 2018.	Complete letting of retail space. Relocation of Housing depot to Oakwood Hill depot in progress. Complete letting of last few units. Monitor construction of new centre. Currently on programme. Nursery Services to re-locate to Town Mead.	Derek Macnab	Development of strategic sites completed in accordance with Cabinet decisions.	Monthly	None April 2018 November 2018 May 2018

Risk No 3	Welfare Reform	A2				

Vulnerability	Trigger	Consequence	Risk Owner
The government has pledged to make substantial savings from the overall welfare bill. This will require a major reform of the welfare system which is likely to have serious impacts on the Council and the community. This includes Universal Credit, changes to Council Tax and other benefits and direct payments to tenants.	Welfare reform changes have a detrimental effect on the Council and community	- Tenants no longer able to afford current/new tenancies. - Increase in evictions and homelessness - Increased costs of temporary accommodation - Unable to secure similar level of income due to payment defaults - Increase in rent arrears - Public dissatisfaction - Criticism of the Council for not mitigating the effects for residents.	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
Joint Benefits and Housing working group established. Mitigation action plan developed.	Two thirds of the actions have been implemented.	Working Group to continue and amend mitigation action plan as necessary. To be reviewed when the full service is implemented.	Alan Hall	A smooth implementation of welfare reforms. Minimise number and cost of redundancies.	Monthly	31 December 2018.

Risk No 4 Finance Income A1			
Vulnerability	**Trigger**	**Consequence**	**Risk Owner**
The Government are consulting on significant changes in responsibilities and financing. Despite four year settlements being in place further reductions still likely. A large number of rating appeals have been received and the outcome of these is uncertain. Welfare reform may require substantial change to the calculation and administration of benefits with a likely reduction in funding received. The medium term financial strategy requires substantial net CSB reductions over three years.	Unable to secure required level of income due to reduced demand for services, changes in legislation or adverse change in funding mechanisms.	• 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.	Update Medium Term Financial Strategy as announcements are made on changes to central funding and welfare. Continue to pursue opportunities to reduce net spending.	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.	• 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
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. Economic Development Team fully staffed.	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.		• 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
Updated Data Protection policy agreed by Corporate Governance Group and rolling out through meta-compliance. Data Protection formed part of Member induction from May 2014, with requirement to confirm acceptance of the Council's DP policy. Consolidation of Data Protection and Freedom of Information work in one area. Security Officer is continually monitoring situation and potential risks. Most systems have in built controls to prevent unauthorised access. Controls in systems have been strengthened in response to specific occurrences. New system for handling F.O.I. requests now implemented.	Generally effective to date, with no significant lapses so far in 2017/18.	Update F.O.I. publication scheme and guide to information. Data sharing and fair processing notices to be reviewed and standardised. Maintain GCSx compliance and system controls. A working group is meeting monthly looking at changes necessary for implementing GDPR.	Simon Hill	Continued security of personal data held by the Council in accordance with the Data Protections Act 1998. No criticism from the ICO over how requests are handled. No data loss or system downtime due to unauthorised access of EFDC systems or data.	Quarterly	None 25 May 2018 deadline for GDPR.

Page 33

Risk No 7	Business Continuity	D2		
Vulnerability		**Trigger**	**Consequence**	**Risk Owner**
The Council is required to develop and implement robust Business Continuity Plans in line with the requirements of the Civil Contingencies Act. Following the re-organisation plans will need to be updated and changes in responsibilities confirmed.		Unable to respond effectively to a business continuity incident (e.g. IT virus/flu pandemic)	• 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
Most services already have business continuity plans in place and a separate flu pandemic plan has been developed. The Corporate Plan has been updated and adopted.	The effectiveness of controls is assessed periodically through test and exercises	Guidance to be issued to services on updating plans. Arrange periodic tests and exercises.	Derek Macnab	Having plans in place which are proved fit for purpose either by events or external scrutiny.	Quarterly	None

Risk No 8 Partnerships C3			
Vulnerability	**Trigger**	**Consequence**	**Risk Owner**
The Council is involved in a plethora of multi agency partnerships e.g. LSP - LEP, and these have a variety of governance arrangements. Localism act may cause transfer of Council services to providers with governance issues.	Key partnership fails or services provided via arrangements lacking adequate governance.	• Relationships with other bodies deteriorate • Claw back of grants • Unforeseen accountabilities and liabilities for the Council • Censure by audit/inspection • Adverse impact on performance	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
Active participation in key partnerships by appropriate officers/Members. Structured reporting back to designated Select Committee. Members can request representatives on outside bodies to report to Full Council.	No significant issues to date. Internal Audit conducted an audit of partnerships and gave a rating of substantial assurance.	Continue existing monitoring procedures for current partnerships and construct appropriate arrangements for any new partnerships. Service areas need to ensure their own risk registers cover any significant partnerships they are involved with.	Alan Hall	No significant impacts on service delivery or Council reputation from any partnership failures.	Quarterly	None

Risk No 9 Safeguarding C2			
Vulnerability	**Trigger**	**Consequence**	**Risk Owner**
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.	The Council fails to meet its duties in regard to safeguarding children, young people and adults with needs for care and support.	- 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	Alan Hall

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**
The Council has a Safeguarding Policy (2015), 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.	The Council has reduced the risk of safeguarding issues going unnoticed by staff and Elected Members by providing a range of training and production of the new Policy and procedures in 2015.	Leadership Team and Managers to continue to promote vigilance amongst staff. The Council needs to ensure timely response to changes in legislation or local procedures.	Alan Hall	The Council meets all of its duties under Section 11 and 47. The Council meets the new duties of the Care Act 2014. The Council fully meets all aspects of the ESCB/ESAB Safeguarding self - assessment.	Monthly	ESCB (Safeguarding Children) Audit to be submitted May 2018.
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.	This group has become an effective forum for sharing of best practice and commitment from all Directorates is shown.	Directorates need to continue to commit time for representatives to attend the Corporate Working Group.				
Council policies have been developed for all new and emerging safeguarding issues such as Child Sexual Exploitation (CSE).	Several of these policies have been used across Essex as examples of best practice.	An ongoing rolling programme of training needs to be in place, to update and refresh staff and Elected Member awareness in the new and emerging issues.				
A Safeguarding Strategy and Action Plan has been adopted by Cabinet.	The Safeguarding Strategy and Action Plan set out the areas requiring further improvement.					
The Safeguarding Officer and part time Admin. Posts have now been included in the establishment.	These posts have enabled a Safeguarding 'Hub', which all EFDC safeguarding issues are filtered through. The number of concerns identified in the last year has increased significantly.					
Nursery Worker Accommodation Task Group established.		The group has developed an action plan which is submitted to Management Board.				

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**
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.	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. Restrictive listing of offices could obstruct the work on accommodation.	• 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
Regular meetings of Transformation Programme Board (TPB) and monitoring reports presented to every Cabinet meeting.	ICT and People strategies approved by Cabinet and progressing.	TPB to continue to monitor projects and ensure adequate human and financial resource available. Action on listing can only be determined when the outcome is clear. To work with Historic England to ascertain the extent of the works that can be done to satisfy the listing criteria.	Derek Macnab	Projects delivered on time and in budget with full benefits realisation. Detailed success factors and measures are set out in the project management documents for each project.	Monthly	Key dates are set out in the project management documents for each project.

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Report to the Audit and Governance Committee

Report reference: ***AGC-020-2017/18***
Date of meeting: ***26 March 2018***

Epping Forest District Council

Portfolio: **Technology and Support Services**

Subject: **Internal Audit Strategy and Plan 2018/19**

Responsible Officer: **Sarah Marsh**   **(01992 564446).**

Democratic Services: **Gary Woodhall**   **(01992 564470).**

Recommendations/Decisions Required:

(1)   **That the Internal Audit Strategy and Plan for 2018/19 be approved.**

Executive Summary:

Internal Audit supports and contributes to the achievement of the Council's objectives by supporting good governance, with the outcomes from Internal Audit work feeding into the Annual Governance Statement. The Internal Audit Strategy and Plan for 2018/19, and the indicative work programme for the subsequent two years (2019/20 and 2020/21) sets out how this will be achieved.

Reasons for Proposed Decision:

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

Other Options for Action:

None.

Report:

Introduction

1.   The Internal Audit function provides independent and objective assurance and consulting services to Epping Forest District Council. This Internal Audit strategy summarises the key principles for the Internal Audit Team for the period 2018/19, with some longer term aims. The strategy supports the Audit Plan which sets out the work of the Internal Audit function for the year.

2.   Internal Audit supports and contributes to the achievement of the Council's 2018-23 strategic aims. These have been taken into account whilst developing the Internal Audit strategy and plan, being:

- Stronger communities
- Stronger place
- Stronger council

<u>Purpose</u>

3.   The purpose of the Internal Audit Strategy and Plan is to document the Internal Audit team's approach to:

- Provide independent and objective assurance to Members and senior management on the effectiveness of the Council's internal control framework.
- Ensure the recognition of the key risks the Council faces in meetings its objectives when determining and allocating the use of internal audit resources.
- Add value and support to senior management in providing effective control, whilst identifying opportunities for improving value for money.
- Deliver an Internal Audit Service that is compliant with the requirements of The Public Sector Internal Audit Standards.

<u>Internal Audit Mission and Core Principles</u>

4.   In 2015 the Global Institute of Internal Auditors made some new additions to the International Professional Practices Framework (IPPF) which included for the first time a mission and ten core principles. These have been adopted by this Internal Audit Shared Service and are listed below.

Mission: To enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight.
Core principles:
1. Demonstrates integrity.
2. Demonstrates competence and due professional care.
3. Is objective and free from undue influence (independent)
4. Aligns 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-focused.
10. Promotes organisational improvement.

<u>The Internal Audit Approach</u>

5.   While Internal Audit provides assurance through completing a programme of planned work the service is also flexible and responsive to changing and emerging issues. Some audit work is delivered on a consultancy basis, contributing advice on risk and controls, for example ex-officio attendance at project meetings or undertaking a specific investigation of a newly identified issue.

6.   The purpose, authority and responsibility of Internal Audit is formally defined in the Internal Audit Charter, which was approved at the February 2018 Audit and Governance Committee.

<u>Key Deliverables</u>

7.   The key deliverables for the Internal Audit service during 2018/19 are:

- *Delivery of the Plan* - the Chief Internal Auditor will ensure there is sufficient audit coverage in order to provide an annual internal audit opinion and report, which

feeds into the Council's Annual Governance Statement.

- *Integrated approach to assurance* – Providing ongoing assurance to management on the integrity, effectiveness and operation of the Council's internal control, governance and risk management processes. Working with other assurance providers including External Audit to prevent duplication of work.

- *Management commitment* - Ensure agreed management responses to audit recommendations made are implemented thereby improving the overall control framework.

- *Continually develop our approach* – To develop, improve and deliver a quality assurance and improvement programme for the service, including working more closely with the Audit and Governance Committee.

- *Business insight* - working more closely with Officers, Members and services to establish greater relevance to what matter most to the Council by contemplating current and future key risks and challenges.

Protocol For Audit Reviews

8.   We will conduct each review in line with our standard audit methodology which is aligned to the Public Sector Internal Audit Standards.

9.   For each audit a Lead Auditee will be identified who will be involved in scoping to ensure the audit is appropriately focused on key risks areas, providing assurance and maximising added value. A terms of reference will be produced for each audit to ensure the scope, objectives and approach are agreed with the appropriate Director.

10.   Following fieldwork a draft Internal Audit report will be issued for discussion with the appropriate levels of management which is normally set out in the terms of reference.

11.   Final reports will be issued after the agreement of draft reports and contain completed management actions plans that identify those responsible for implementation and timescales.

12.   Agreed actions or recommendations will be followed up through the Internal Audit tracker process. All high priority recommendations and any passing their original implementation date are reported to the Audit and Governance Committee.

Quality Assurance and Performance Management

13.   The Internal Audit Quality Assurance and Improvement Programme ensures the work of the Internal Audit function conforms with the Public Sector Internal Audit Standards, operates in an efficient and effective manner and is adding value and continually improving Internal Audit activity. This is achieved through internal and external assessment, monitoring, and reporting on performance.

14.   In November 2016 the internal audit function underwent an External Quality Assessment (EQA) which, in line with the PSIAS, must be conducted every five years by a qualified independent assessor or assessment team from outside the Council. The EQA, which covered all three councils in the shared service, confirmed the Internal Audit service complies with the Public Sector Internal Audit Standards. Internal review at the end of 2017/18 confirms this compliance still holds true.

15.   To achieve planned coverage, deliver a high standard of customer care and demonstrate effectiveness of the service, performance targets have been established based on best professional practice.

16.   The following service performance targets will be reported on in 2018/19:

Aspect of Service	Performance Indicator	Target
Audit Plan	• Achievement of the annual Plan	• Sufficient internal audit work in order that the Chief Internal Auditor can give their annual opinion.
Internal Audit processes	• Issue of draft report after closing meeting • Issue of final report after agreement with client to draft	• 10 working days • 5 working days
Effective management engagement	• Management responses within 10 working days of draft report • Implementation of agreed audit recommendations	• 10 working days • Within agreed timescales
Continuous Professional Development (CPE)	• Auditors maintain and improve their knowledge, skills and other competencies through directed and self-directed activities.	• 40 hours of CPE activity per auditor

Developing the Internal Audit Plan

17.   The methodology for developing the Internal Audit Plan is focused on the quantification of the risks associated with the Council's objectives in consultation with key officers. This process also takes into account:

•   Knowledge and experience accumulated in Internal Audit, including the results of previous reviews.
•   A review of audit themes against the strategic risk register and Council priorities.
•   The work of other assurance providers both internally and externally.
•   The external environment including economic climate, government initiatives such as welfare reform and changes in funding.
•   Harmonisation of themes with Harlow and Broxbourne Councils to enable benchmarking and sharing of good practice with other local authorities.

18.   It is imperative there is good alignment between the Internal Audit Plan and the risks facing each Council. Through this, Internal Audit's work will help inform each Council's risk management framework, enabling greater recognition of key mitigating controls and other sources of assurances available. Where possible the risks identified in the Audit Plan (Appendix A) have been taken directly from the Council's Risk Register.

19.   The Internal Audit Plan is indicative and changes may need to be made as the risk profile and priorities of the Council change. This will be achieved by ongoing review and amendment in consultation with relevant officers and any significant changes brought to the Audit and Governance Committee for approval.

20.   It is important for Internal Audit to plan ahead and allocate resources over the medium term but still maintain a flexibility of approach. This is achieved by documenting known risks over a three year period so that the three year plan includes an indication of proposed audit

work for years two and three, based on current known risks if circumstances remain unchanged. However, as new risks emerge audit resources over the medium term will be focused accordingly.

21.   The sections of the Internal Audit Plan include:
*   Corporate Framework   – key risk areas including those defined in the Council's strategic risk register.
*   Strategic themes – including cross cutting issues some of which will be incorporated within operational audits or will be undertaken through consultative work.
*   Service areas – review of services, systems and processes accordingly to an assessment and business priorities.

Priority Areas For 2018/19

22.   Having regard for the current risk profile of the Council the following have been identified as priority areas for Internal Audit work for 2018/19. These may not be audits in themselves, but cross cutting themes that will be fundamental to the scope of Internal Audit work undertaken.

*   *Change Management* – Internal Audit assurances will aim to complement management's and those from other assurance providers.

*   *Information Governance and Management* - The General Data Protection Regulations (GDPR) come into force on 25 May 2018. Internal Audit will work with the Council's Data Protection Officer helping to ensure and maintain compliance.

*   *Risk Management* – Internal Audit has a key role in promoting effective risk management and will continue to work with Risk Management Group and the Insurance and Risk Manager to help embed a robust risk management framework across the Council. Within individual audits Internal Audit will seek compliance with good risk management practices and the adequacy of controls put in place by management to mitigate risks in their service areas.

*   *Fraud* – Internal Audit will support the Council's anti-fraud and corruption strategy and consider the potential for fraud within work.

*   *Value for Money (VfM)* – a focus on VfM will be reflected in Internal Audit's work mainly as a cross cutting theme within operational audits. These will incorporate how the council makes the best use of resources and assets, the balance of cost and performance and meeting the needs of our residents; and providing challenge on whether services could be done differently.

*   *Audit and Governance Committee Support* – Internal Audit will work with the Audit and Governance Committee in developing its role in relation to best practise and to contribute to effective corporate governance of the Council.

23.   At the operational level the key priorities of Internal Audit work in 2018/19 include:

*   *Transformation* – to ensure any new processes and ways of working are working in the best interest of the Council, ensuring internal controls, governance and risk management arrangements remain robust as the IT, People and Accommodation strategies unfold.

*   *Analytical review* – During 2018/19 Internal Audit will develop its use of the

data interrogation software, IDEA, and use this to undertake a range of short, focussed pieces of work on data sets, for example payroll, inventories and spend analysis.

- *Key Financial Systems* – the effectiveness of controls and management of risks with the core financial systems remains a part of the Internal Audit work. As systems and processes remain stable audits are now scheduled on a four year, rather than three year cyclical basis.

Resources

24. 2017/18 was the first year of the formal shared service between Broxbourne, Epping Forest and Harlow Councils, with Broxbourne being the host authority and employer of the shared internal audit staff. A Shared Services Board was created and is meeting regularly to oversee the implementation and delivery of the Internal Audit function, assess quality and performance, manage risks and consider major changes to the service. The Board comprises of the key Officers from Epping Forest, Broxbourne and Harlow, as well as the Chief Internal Auditor.

25. The Internal Audit function consists of the Internal Audit Manager (1.0 f.t.e), three Senior Auditors (2.8 f.t.e) and two Auditors (2.0 f.t.e). Due to an internal promotion one of the Auditor posts has been vacant. In order to make good use of the government's Apprenticeship Levy and to help develop auditors of the future the vacant post will be filled by an Apprentice during 2018/19, with a view to take them on permanently should they prove satisfactory. In the meantime, external providers of Internal Audit are being used to cover the vacancy.

Audit Plan 2018/19

26. The Audit Plan as detailed in Appendix A requires 512 days, as set out in the table below:

Thematic Area	Audit days
Corporate framework including governance, assurance framework, fraud, value for money and risk management	88
Information and performance management audits	45
Projects, Joint Working and Partnership audits	27
Financial audits	45
IT Audits	20
Cross cutting/themed audits	78
Operational Audits	97
Follow Ups	25
Audit and Governance Committee support	32
Advice and other engagement with the business	40
Contingency (including investigations)	15
TOTAL	**512**

Resource Implications:

No additional resources required.

Legal and Governance Implications:

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

Safer, Cleaner and Greener Implications:

None.

Consultation Undertaken:

Corporate Governance Group.

Background Papers:

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

Risk Management:

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

Equality Analysis:

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

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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:

   o Factsheet 1: Equality Profile of the Epping Forest District
   o Factsheet 2: Sources of information about equality protected characteristics
   o Factsheet 3: Glossary of equality related terms
   o Factsheet 4: Common misunderstandings about the Equality Duty
   o Factsheet 5: Frequently asked questions
   o Factsheet 6: Reporting equality analysis to a committee or other decision making body

Epping Forest
District Council

MC 16/02/17 v2

Section 1: Identifying details

Your function, service area and team: **Internal Audit, Governance**

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

Title of policy or decision: **Internal Audit Strategy and Audit Plan 2018/19**

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

Date of completing the assessment: **14/03/18**

Section 2: Policy to be analysed

2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? **Update to the Internal Audit Strategy and Plan**	
2.2	Describe the main aims, objectives and purpose of the policy (or decision): **To set out the approach and key aims for the delivery of the Internal Audit service** What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? **Provision of an effective Internal Audit Service**	
2.3	Does or will the policy or decision affect: • service users • employees • the wider community or groups of people, particularly where there are areas of known inequalities? **No** Will the policy or decision influence how organisations operate? **No**	
2.4	Will the policy or decision involve substantial changes in resources? **No**	
2.5	Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes? **Internal Audit is part of the Council's assurance framework**	

Epping Forest
District Council

MC 16/02/17 v2

Section 3: Evidence/data about the user population and consultation[1]	
As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).	
3.1	What does the information tell you about those groups identified? **N/A – affects operational delivery of Internal Audit Service**
3.2	Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision? **N/A**
3.3	If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary: **N/A**

Epping Forest
District Council

Section 4: Impact of policy or decision

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

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

Epping Forest
District Council

Section 5: Conclusion

		Tick Yes/No as appropriate	
5.1	Does the EqIA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No ✓	
		Yes ☐	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.
N/A	**N/A**	**N/A**

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: 14/03/18
Signature of person completing the EqIA: Sue Linsley	Date: 14/03/18

Advice

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

Epping Forest District Council

MC 16/02/17 v2

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Audit Area and Context	Corporate Risks	2018/19	2019/20	2020/21	Outline/Scope of work for 18/19 *(to be finalised when the work is scoped)*
Corporate Framework					
Governance and Probity	The Council's governance framework underpins everything it does; therefore, robust arrangements are key in managing this risk.

Strategic sites features on the corporate risk register.

. | Governance – St Johns Road (carried forward from 2017/18)

Code of Conduct including gifts and hospitality

Transformation | Governance – Garden Town

Local Plan implementation (governance and probity)

Data Governance | Conflicts of interest with third parties (partnerships, significant contracts and shared services) | Ex-officio member of the Corporate Governance Group.

In 18/19 examine the robustness of the decision making process for the St Johns Road development.

Code of Conduct was one of the policies cited in the 2016/17 Annual Governance Statement where greater awareness was required. This audit will also incorporate a review of gifts and hospitality for both staff and Members.

Transformation – during 18/19 continue to provide advice and guidance as Transformation projects are delivered, ensuring internal controls, governance and risk management processes remain robust during the change programme

In 2019/20 Internal Audit (IA) will look at the governance arrangements to support the collaboration between Epping Forest, Harlow and East Herts to deliver the government's Garden Town initiative. |

Audit Area and Context	Corporate Risks	2018/19	2019/20	2020/21	Outline/Scope of work for 18/19 *(to be finalised when the work is scoped)*
Fraud, including proactive fraud work Any loss through fraud is a drain on resources which, in turn, reduces the amounts available for service delivery	Financial resilience and providing services are key in relation to the corporate risk register and achievement of the Council's corporate plan	✓	✓	✓	Co-ordinating data matching (National Fraud Initiative), training and awareness, interaction with corporate fraud initiatives, oversight of the delivery of the Council's anti-fraud and corruption strategy and the corporate fraud team. Potential for fraud considered in all audits.
Assurance Framework including Risk Management and support to Audit Committee	Risk in achieving corporate priorities as these are underpinned by sound leadership, management of resources, and governance.	✓	✓	✓	Co-ordination of year-end assurance reporting, including the Annual Governance Statement. Member of the Corporate Governance Group. Assistance to the Risk Management Group developing and embedding the Council's risk management framework. Support and training to the Audit Committee.

Audit Area and Context	Corporate Risks	2018/19	2019/20	2020/21	Outline/Scope of work for 18/19 *(to be finalised when the work is scoped)*
Information Management and Governance

Data protection and security. Data sets, owners and protocols. Governance and data sharing. Training and awareness | Data/information features on the strategic risk register

Breach of data protection and other legislation related risks which could lead to significant fines and reputational damage. | General Data Protection Regulation compliance | Subject Access Requests

Data breach management | Data retention and disposals | General Data Protection Regulation (GDPR) comes into effect 25 May 2018. Internal Audit will work with the Council's Data Protection Officer to help ensure compliance across the Council. |
| Performance Management

Data integrity and quality (collection, collation, analysis and validation). Use of performance targets. | Risk of non-achievement of corporate priorities | Stronger Communities | Stronger Place | Stronger Council | Performance Indicators considered within operational audits. From 2018/19 and onwards examination of the Performance Indicators being proposed as part of the 2018-23 Corporate Plan to ensure they are being reported correctly and being acted upon.. |

Audit Area and Context	Corporate Risks	2018/19	2019/20	2020/21	Outline/Scope of work for 18/19 *(to be finalised when the work is scoped)*
Value for Money (VfM) Guiding principle of the Council.	Financial resilience and providing services are key in relation to the corporate risk register and achievement of the Council's corporate plan	Use of data analytics .	Data analytics, including invoice authorisation and scheme of delegation Facilities Management	Data analytics Older People Services	2018/19 introduces a suite of short/sharp audits driven by data analytics e.g. spend analysis, inventories and payroll. VfM considered within operational audits. As the Council restructures we will ensure in 2019/20 flexibility has been built in but at the right level to ensure the robustness of the invoice approval process.
Income Streams To ensure financial resilience the Council needs to protects and maximise its income streams	Finance – income features on the strategic risk register	Commercial rents (last audited 15/16) Business rates – Council wide approach	Epping Forest Shopping Park Third party re-use and recycling credits scheme	Parking Community Halls	Each year a portion of Internal Audit work will focus on ensuring key income streams for the Council are maintained and adequately controlled. Whilst Revenues are responsible for maximising collection of income, the 2018/19 audit will ensure other services (Planning/Economic Development/Commercial Property) have effective processes in place to maximise the tax base. The 2020/21 community halls review will also consider whether the Council is making best use of these facilities.

Audit Area and Context	Corporate Risks	2018/19	2019/20	2020/21	Outline/Scope of work for 18/19 *(to be finalised when the work is scoped)*
Joint Working, Shared Services, Outsourcing and Partnerships Opportunities for cost savings and improved value for money through joint working is a feature of the Corporate Plan.	Partnerships feature on the corporate risk register	Museum and cultural services	Health and Wellbeing	Harlow and Gilston Garden Town (joint initiative with Harlow and East Herts)	Ensuring arrangements are working in the best interest for the Council with appropriate governance and monitoring arrangements in place. For 2018/19 this will consider the cultural partnerships with other councils including Broxbourne and Chelmsford.
Projects Business case, project methodology, governance arrangements, contract management and viability	Poor project management increases risk of projects not being delivered on time, to budget or does not meet the needs of the Council Strategic sites features on the corporate risk register	Customer Services Council house building programme	North Weald Airfield master plan	Corporate approach to project management	Internal Audit in 2018/19 will ensure satisfactory progress is being made in the new way customer services is being delivered and examine arrangements in place to deliver the Council's housing building programme following the departure of the Development Agent. Time is also set aside each year for Internal Audit to attend appropriate project meetings, as well as providing ad hoc advice and support.

Audit Area and Context	Corporate Risks	2018/19	2019/20	2020/21	Outline/Scope of work for 18/19 *(to be finalised when the work is scoped)*
Contingency	Annual provision for responsive work, special investigations or key/emerging risk areas.	✓	✓	✓	Will also take into account themes/issues coming out of the Annual Governance Statement.
Themed/cross cutting audits					
Procurement Themed audits - compliance, vfm, fraud, goods and services. End to end processes (need, selection, appointment, contract management and exit strategies)	Risks include noncompliance with legislation, fraud and not achieving value for money.	Contract register and GDPR compliance	Contract Management (general) Tender and letting processes (to also include the current housing repairs contract with Mears).	Leisure Management contract – to ensure expected benefits (financial and non-financial) are being realised.	Building on the work undertaken in 2017/18 Internal Audit will assess the Council's framework to ensure all contracts are GDPR compliant.
Health & Safety (H&S)	Risk of compromising the health and safety of individuals and noncompliance with H&S legislation leading to fines or imprisonment.	Corporate H&S framework	Staff H&S of those located in the Council's satellite offices. Contractor H&S	Staff wellbeing and stress management	Examination of the Council's H&S framework in 2018/19 as operational responsibility has moved from Human Resources to Neighbourhoods.

Audit Area and Context	Corporate Risks	2018/19	2019/20	2020/21	Outline/Scope of work for 18/19 *(to be finalised when the work is scoped)*
Business Continuity Planning (BCP)	Business continuity features on the strategic risk register	Emergency Planning	Business Continuity Planning	IT Disaster Recovery (last audit 16/17)	In 2018/19 we will ensure the Council has a co-ordinated approach to both emergency and business continuity planning in light of the problems experience by the Royal Borough of Kensington and Chelsea following the Grenfell Tower tragedy.
Key Financial Controls (KFC) Four-year rolling programme of full system and key control audits (unless significant change in process/system or poor audit outcome)	Finance – income features on the strategic risk register	Creditors (last audit 15/16) Business Rates (last audit 15/16) Council Tax (last audit 15/16)	Fixed assets/asset management (last audit 15/16) Housing Rents (last audit 16/17)	Treasury Management (last audit 16/17) Payroll (last audit 17/18) Housing Benefits (last audit 17/18)	Business rates and council tax will be a combined audit and creditors will take into account the Council's new e-invoicing system
IT Audits: IT Governance, IT Regulation, Security/Privacy, Business Systems, DRP/BCP, Network, Emerging Technologies e.g. mobile devices, IT Applications and Projects	Risks around data and asset security and loss of service. Opportunity for IT to be an enabler for delivering the Council's priorities.	System access and mobile working Software Licencing	IT Asset Management IT change and patch management	Active directory management Storage Area Network	A specialist IT Auditor will be brought in as required for more technical audits. In 2018/19 we will assess the security of the network and adequacy of mobile working arrangements for staff as the IT, staff and accommodation strategies are being delivered. Also ensure there is a robust process for manging and monitoring software licences. .

Audit Area and Context	Corporate Risks	2018/19	2019/20	2020/21	Outline/Scope of work for 18/19 *(to be finalised when the work is scoped)*
Operational/service audits - *Audits post 18/19 may change depending on the Council's risk profile*					
Communities Housing Property Housing Operations Public Sector Housing and Communities Support	Housing capital, welfare reform and safeguarding feature on the strategic risk register	Access to housing (combining homelessness and allocations) Right to Buy (last audited 15/16) Safeguarding (carried forward from 17/18)	Housing Repairs following move to Oakwood Hill (last audited 15/16) Housing assistance policies including Disabled Facility Grants (last audited 15/16) Housing H&S – asbestos management Leaseholders – Section 20, major works and service charges	Anti-Social Behaviour Garages Tenancy management including Mutual Exchanges Housing H&S – legionella management Private sector housing: Houses in multiple occupation licences	Towards the end of 2018/19 allocations will assess the impact of the Council's revised allocations scheme due to come into force July 2018. Homelessness compliments the allocations audit and will consider the impact of the new Homelessness Reduction Act and use of the Council's Flexible Homelessness Support Grant. Building on our 17/18 planned maintenance and major works audit, in 18/19 we will examine the process for home ownership and leaseholders. The safeguarding audit is not a focus just within Communities but to ensure there is a joined up Council approach to protecting vulnerable children and adults.

Audit Area and Context	Corporate Risks	2018/19	2019/20	2020/21	Outline/Scope of work for 18/19 *(to be finalised when the work is scoped)*
Neighbourhoods Neighbourhood Services Technical Services Forward Planning & Economic Development	Local Plan and Economic Development features on the strategic risk register.	Off street parking Economic Development North Weald Airfield (establishment audit) – deferred from 17/18	Recycling management (waste management last audit 15/16) Environmental crime (enforcement) Street cleansing	Grounds maintenance (last audited 15/16) Licencing (last audit 15/16) Estates and Valuations	The 2018/19 parking audit will ensure the new off street parking arrangements are working in the best interest of the Council. The 2018/19 economic development review will examine the Council's approach to this, ensuring there is a joined up approach in achieving the Council's objectives, both internally and externally. North Weald Airfield (NWA) is an 'establishment' audit to ensure key Council policy, processes and processes are being followed being remote from the Civic Offices. In 20/21 examine plans/proposals regarding the commercial viability of NWA.

Audit Area and Context	Corporate Risks	2018/19	2019/20	2020/21	Outline/Scope of work for 18/19 *(to be finalised when the work is scoped)*
Governance Governance & Performance Management (see earlier for Performance Management) Legal Services Development Management	Risk of corporate priorities not being met should these service areas fail to deliver.	Planning applications S106 agreements and income Equality Impact Assessments (EIA) - deferred from 17/18	Building Control & Planning Fees (last audit 15/16) Complaints (deferred from 17/18) Infrastructure Delivery Plan (as part of Local Plan)	Local Land Charges (last audit 15/16) Members expenses and allowances (last audit 15/16)	The 2018/19 planning applications process will look at the end to end process, including the decision making process by Officers. This audit plus the S106 one will consider the role of Members in the approval process. The 2018/19 EIA audit will consider the use of Equality Impact Assessments within decision making, ensuing all decisions have a completed and evidence based assessment. In 2019/20 Internal Audit will assess progress being made to deliver the Local Plan, in particular the Infrastructure Delivery Plan, the impact on planning obligations and funding arrangements.

Audit Area and Context	Corporate Risks	2018/19	2019/20	2020/21	Outline/Scope of work for 18/19 *(to be finalised when the work is scoped)*
Resources Human Resources Benefits and Revenues (both covered under KFC audits) Accountancy ICT & Facilities Management (IT audits covered elsewhere)	Finance – income features on the strategic risk register. Risk of corporate priorities not being met should these service areas fail to deliver.	HR – starters, movers and leavers New debt management system	Insurance (last audited 14/15) Budgetary control and financial management and links to service and corporate planning (last audited 15/16) HR - staff performance management including appraisals	Reprographics Staff training and development	The 2018/19 HR audit will be based on analytical review as detailed under the VfM section. Internal audit will continue to provide and guidance as a new debtors system is sourced and implemented. The 2019/20 insurance audit will also consider its role in the Council's risk management framework, helping the Council manage its risks. .
Follow Up Audits Review of progress against recommendations on the tracker.	Tracker process ensures risks identified in audits have been managed to an acceptable level.	✓	✓	✓	Includes specific follow up audits especially where Limited assurance previously given. Includes maintenance of the recommendation tracker.

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Report to the Audit and Governance Committee

Report reference: AGC-021-2017/18
Date of meeting: 26 March 2018

Epping Forest District Council

Portfolio: **Technology and Support Services**

Subject: **Internal Audit Monitoring Report - February 2018 to March 2018**

Responsible Officer: **Sarah Marsh** **(01992 564446).**

Democratic Services: **Gary Woodhall** **(01992 564470).**

Recommendations/Decisions Required:

(1)   That the Committee notes the progress made against the 2017/18 Internal Audit Plan; and

(2)   That the Committee approves the proposal to defer three audits and remove one audit from the 2017/18 audit plan.

Executive Summary:

This report updates members on the work completed by Internal Audit since the February 2018 Audit and Governance Committee, and also 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:

2017/18 Internal Audit Plan

1.   Work is continuing to deliver the 2017/18 Audit Plan as detailed in Appendix 1. In order to deliver this year's plan within the resources available the Audit and Governance Committee is requested to approve the deferral of the three audits and the removal of one audit as detailed below. With the exception of Anti-Social Behaviour these audits are included in next year's Audit Plan:

• **Safeguarding** – it is proposed to defer this audit until later in 2018/19 to allow the recent service restructure to fully embed.

• **North Weald Airfield: establishment audit** – due to capacity issues within Internal Audit as a result of unforeseen absences (sickness and jury service) and Internal Audit's involvement in preparing the Council for the General Data Protection

Regulations this audit has been deferred to 2018/19, with management's approval.

- **Governance: St. John's Road Development** – due to capacity issues as above, this audit has been deferred to 2018/19.

- **Anti-Social Behaviour (ASB)** – this audit was to ensure there is a joined up approach to ASB across the Council. Internal Audit's knowledge of the Council and discussions with senior management confirmed this is the case rather than any internal control concerns.

2.   It is important that sufficient audit work is undertaken in order that the Chief Internal Auditor can give their annual opinion. It is expected that, despite the need to defer these audits, there will still be sufficient coverage through the remaining audits, and Internal Audit's proactive work, to enable the opinion to be provided for 2017/18. This will be kept under constant review in conjunction with the Corporate Governance Group.

Internal Audit Reports

3.   The following report has been issued since the Committee received its last update in February 2018:

- **Commercial Property Service Charges – moderate assurance**

  This audit examined the controls in place to ensure all income due to the Council by way of service charges from commercial properties is fully collected, accurately recorded and regularly reconciled.

  Service charges are currently charged on 86 properties (out of approximately 300 commercial properties) in accordance with the lease. The audit did not identify any properties where service charges should have been charged but were not. A number of weaknesses were identified:

  (i)   Service charges for 2016/17 were based on 2015/16 costs as there was an outstanding query on 2016/17 expenditure, and some service charge invoices had not been sent out. Management was in the process of resolving this at the time of the audit.

  (ii)   The need for service charge income to be reconciled to the commercial property management system Propman, to ensure that all income due has been received.

  (iii)   Although only currently generating a small amount of income, management fees, which are currently only charged on 18 of the 86 properties, should be charged on all 86 properties in order to provide consistency.

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 one high priority recommendation (which has passed its due date), in addition to one medium priority and two low priority recommendations which have passed their due dates.

6.   The high priority recommendation relates to the implementation of an action plan to address the issues identified following the Fire Risk Assessment (FRA) at Townmead Depot.

Table 1. Summary of tracker as at 5 March 2018.

Recommendation type	Number (March 2018)	Number (January 2018)	Number (November 2017)	Number (September 2017)
High Priority not passed its due date	0	0	1	0
High Priority passed its due date	1	1	0	0
Medium Priority passed its due date	1	1	1	2
Low Priority passed its due date	2	2	2	2
Total	**4**	**4**	**4**	**4**

Other Internal Audit Activities

7.   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; but these do not result in an audit report. This includes Internal Audit representation on business groups and project teams in addition to less formal meetings. The main focus of Internal Audit's non-audit work has been GDPR.

- **General Data Protection Regulation (GDPR) Working Party**

  Internal Audit is actively involved in assisting in the implementation of the GDPR, a key risk area for all Councils. Advice and assistance is being provided to the Working Party to progress the action plan, as well as sharing good practices seen across the three councils in the Internal Audit partnership (Epping Forest, Harlow and Broxbourne). There is a lot of work in progress across the Council to ensure Records of Processing Activities are completed, privacy notices are in place and relevant Council policies are fit for purpose, in addition to reviewing existing contract agreements to ensure compliance with GDPR. The project team is also developing a training and awareness programme for both staff and Members.

Compliance with the Public Sector Internal Audit Standards

8.   In line with good practice, the Internal Audit service should on annual basis ensure it is compliant with the Public Sector Internal Audit Standards PSIAS, which were last updated in 2017, notifying the Audit and Governance Committee of any areas of non-compliance. The main change to the PSIAS in April 2017 was guidance on the Chief Internal Auditor's role beyond Internal Auditing. This is because Heads of Audit may be asked to take on additional roles and responsibilities outside of internal auditing, such as responsibility for compliance or risk management activities.

9.   In November 2016 the service was confirmed as being fully compliant with the PSIAS by an external assessor. This remains to be the case as there have been no significant changes in the way the Internal Audit service is delivered or operates, and the Chief Internal Auditor has not taken on any additional roles.

<u>Performance Indicators</u>

10.   Performance indicators are in place to monitor service performance and the current status, with a comparison against last year's year-end results, is reported below.

Aspect of Service	Performance Indicator	Target	As at end Feb 2018	Year-End 2016/17
Audit Plan	• Achievement of the annual Plan	• 95%	• 79%	• 84%
Internal Audit processes	• Issue of draft report after closing meeting • Issue of final report after agreement with client to draft	• 10 working days • 5 working days	• 5 days • 3 days	• 16 days • 4 days
Effective management engagement	• Management responses within 10 working days of draft report • Implementation of agreed audit recommendations	• 10 working days • Within agreed timescales	• 7 days • Largely met (as reported by the tracker)	• 21 days • Largely met (as reported by the tracker)

<u>Review of significant issues identified in the 2016/17 Annual Governance Statement</u>

11.   In June 2017, 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 2017/18 is shown in table 2.

Table 2. Areas for improvement or monitoring during 2017/18

No.	Issue	Management response	Progress as at March 2018
1	**General Data Protection Regulations (GDPR)** It is imperative that businesses and public bodies are prepared for the GDPR which will apply in the UK from 25 May 2018. The government has confirmed that the UK's decision to leave the EU will not affect the commencement of the GDPR.	Work is already in hand to ensure Epping Forest is compliant with the requirements of the GDPR ahead of May 2018 and beyond.	A GDPR working group has been established and overseeing the delivery of the action plan. Each service area is completing a Record of Processing Activities and work is ongoing to ensure privacy notices are in place. The Data Protection Officer is undertaking a review of relevant policies. An awareness and training programme is being developed for both Officers and Members.

| 2 | **Corporate Policies**
For the second year, Service Assurance Statements identified a need to raise awareness of, and communicate changes to, corporate policies in particular Officer Code of Conduct, data protection policies, anti-fraud and Whistleblowing. | A staff awareness campaign will be devised and implemented to address this and will include use of metacompliance to ensure staff have read relevant policies, articles in the monthly staff newsletter District Lines, and reminders at staff briefings. | The revised anti-fraud and corruption strategy was approved by Council on 27 July 2017.
The revised whistleblowing policy was approved by Council on 21 December 2017.
A staff awareness campaign of relevant policies is being devised. |

Resource Implications:

Within the report.

Legal and Governance Implications:

None.

Safer, Cleaner and Greener Implications:

None.

Consultation Undertaken:

Corporate Governance Group.

Background Papers:

2017/18 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 3 to the report.

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Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:

   - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
   - advancing equality of opportunity between people who share a protected characteristic and those who do not,
   - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.

2. The characteristics protected by the Equality Act are:

   - age
   - disability
   - gender
   - gender reassignment
   - marriage/civil partnership
   - pregnancy/maternity
   - race
   - religion/belief
   - sexual orientation.

3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.

4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.

5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy or change.

6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.

7. All **Cabinet, Council, and Portfolio Holder reports must be accompanied by an** EqIA. An EqIA should also be completed/reviewed at key stages of projects.

8. To assist you in completing this report, please ensure you read the guidance notes in the Equality Analysis Toolkit and refer to the following Factsheets:

   o Factsheet 1: Equality Profile of the Epping Forest District
   o Factsheet 2: Sources of information about equality protected characteristics
   o Factsheet 3: Glossary of equality related terms
   o Factsheet 4: Common misunderstandings about the Equality Duty
   o Factsheet 5: Frequently asked questions
   o Factsheet 6: Reporting equality analysis to a committee or other decision making body

Epping Forest District Council

Section 1: Identifying details	
Your function, service area and team: **Internal Audit, Governance**	
If you are submitting this EqIA on behalf of another function, service area or team, specify the originating function, service area or team: **N/A**	
Title of policy or decision: **Internal Audit Progress Report**	
Officer completing the EqIA: **Tel: 01992 564449 Email: slinsley@eppingforestdc.gov.uk**	
Date of completing the assessment: **14/03/18**	

Section 2: Policy to be analysed	
2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? **Update to existing report**
2.2	Describe the main aims, objectives and purpose of the policy (or decision): **To update the Audit and Governance Committee on work carried out by Internal Audit** What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? **Provision of an effective Internal Audit Service**
2.3	Does or will the policy or decision affect: • service users • employees • the wider community or groups of people, particularly where there are areas of known inequalities? **No** Will the policy or decision influence how organisations operate? **No**
2.4	Will the policy or decision involve substantial changes in resources? **No**
2.5	Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes? **Internal Audit is part of the Council's assurance framework**

Epping Forest
District Council

MC 16/02/17 v2

Section 3: Evidence/data about the user population and consultation[1]	
As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).	
3.1	What does the information tell you about those groups identified? **N/A – affects operational delivery of Internal Audit Service**
3.2	Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision? **N/A**
3.3	If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary: **N/A**

Epping Forest
District Council

Section 4: Impact of policy or decision		
Use this section to assess any potential impact on equality groups based on what you now know.		
Description of impact	**Nature of impact** Positive, neutral, adverse (explain why)	**Extent of impact** Low, medium, high (use L, M or H)
Age	**Neutral – no change in service delivery to the public**	**L**
Disability	**Neutral – as above**	**L**
Gender	**Neutral – as above**	**L**
Gender reassignment	**Neutral – as above**	**L**
Marriage/civil partnership	**Neutral – as above**	**L**
Pregnancy/maternity	**Neutral – as above**	**L**
Race	**Neutral – as above**	**L**
Religion/belief	**Neutral – as above**	**L**
Sexual orientation	**Neutral – as above**	**L**

Epping Forest
District Council

Section 5: Conclusion

		Tick Yes/No as appropriate	
5.1	Does the EqIA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No ✓	
		Yes ☐	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.
N/A	**N/A**	**N/A**

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: 14/03/18
Signature of person completing the EqIA: Sue Linsley	Date: 14/03/18

Advice

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

Epping Forest District Council

MC 16/02/17 v2

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Appendix 1 - Audit Plan Monitoring 2017-18
March 2018

	Directorate	Plan Days	Status	Fieldwork started	Report issued to Management	Finalised	Opinion: Level of Assurance	High Priority Recs	Medium Priority Recs	Low Priority Recs
Cyber security	Resources	16	Final report	n	n	n	Substantial	0	1	0
Health & Safety - Lone Working	Resources	10	Final report	n	n	n	Substantial	0	3	0
Health & Safety - Fire Risk Assessments	Communities	10	Final report	n	n	n	Moderate	0	2	0
House building	Communities	10	Final report	n	n	n	Substantial	0	4	0
Community Safety - joint working	Communities	10	Final report	n	n	n	Substantial	0	0	1
Planning Applications	Governance	5	Final report	n	n	n	Substantial	0	0	0
Local Plan - Staff Resources	Neighbourhoods	5	Final report	n	n	n	Substantial	0	0	0
Income - Fleet Operations	Neighbourhoods	12	Final report	n	n	n	Substantial	0	0	0
Commercial property - service charges	Neighbourhoods	12	Final report	n	n	n	Moderate	0	3	3
Planned maintenance and major works	Communities	12	In Progress	n						
Income - card payments	Resources	15	In Progress	n						
Capital projects programme	Resources	14	In Progress	n						
Accounting system/General Ledger	Key Financial Control	10	In Progress	n						
Debtors	Key Financial Control	12	In Progress	n						
Housing Benefits	Key Financial Control	10	In Progress	n						
Asset Management Strategy	Neighbourhoods	10	In Progress	n						
Leisure management contract	Neighbourhoods	12	In Progress	n						
Payroll inc new HR/payroll system	Key Financial Control	14	In Progress	n						
HR absence management	Resources	12	ToR issued							
Agency staff	Resources	12	Scoping							
Business Continuity Planning	Neighbourhoods	10	Ongoing							
Contract register	Resources	15	Ongoing							
Additional audits										
Health & Safety - Townmead Depot follow up	Neighbourhoods	5	Final Report	n	n	n	n/a	1	0	0
Defer (subject to approval)										
Safeguarding	Communities	10								

Anti Social Behaviour	Communities	12										
Governance St John's Road	Neighbourhoods	10										
North Weald Airfield - establishment audit	Neighbourhoods	12										
Defer (already approved)												
Complaints	Chief Executive	10										
Equality Impact Assessments	Chief Executive	12										
										1	13	4

ToR = Terms of Reference

Appendix 2
EFDC Internal Audit Recommendation Tracker (Overdue and In Progress)
Last updated: 05 March 2018

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 2015/16									
External Data Transfers 2015/16 Report No. 763 July 2016	3	A mechanism should be devised for monitoring compliance against agreed information sharing protocols. For example, a sample should be selected, say annually, to see if the relevant department or business is complying with the agreed sharing protocol.	Low	This will be considered as part of the Information Asset Register being created as part of recommendation 1.	Director of Governance	31/03/17	~~31/03/18~~ 25/05/18	April-June 17: This process will be developed along with the review process in recommendation 1, once the Information Asset Register is complete. August 17: The processes around information sharing protocols will be addressed as part of the General Data Protection Regulations (GDPR) Working Group, which has started meeting monthly. October 17: The GDPR working group continues to meet monthly and is making progress with the GDPR project action plan which includes a review of the information sharing protocols. Jan 18: A process for monitoring compliance will be established as part of the GDPR working party action plan. March 18: The Record of Processing Activities (RoPA) which is currently being completed across the Council will include a process for monitoring information sharing protocols.	Overdue

Appendix 2
EFDC Internal Audit Recommendation Tracker (Overdue and In Progress)
Last updated: 05 March 2018

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
External Data Transfers 2015/16 Report No. 763 July 2016	6	The Council should periodically request assurance from 3rd parties that the data shared is only retained for the period it was intended, that the process for disposal in place is appropriate and in line with current best practice and legislative requirements.	Low	This will be considered as part of the Information Asset Register being created as part of recommendation one.	Director of Governance	31/03/17	~~31/03/18~~ 25/05/18	April-Jun 17: The mechanism for monitoring data shared with third parties will be developed once the Information Asset register is complete. August 17: The processes around third party data assurances will be addressed as part of the General Data Protection Regulations (GDPR) Working Group, which has started meeting monthly. October 17: The GDPR working group continues to meet monthly and is making progress with the action plan which includes a review of the data processing agreements. Jan 18: A process for third party assurances will be established as part of the GDPR working party action plan. March 18: The Record of Processing Activities (RoPA) which is currently being completed across the Council will include a process for obtaining assurances from 3rd parties in line with the GDPR.	Overdue
Audit Recommendations 2016/17									
Health and Safety - Townmead Depot Report No.	1	EFDC should implement a formal agreement for WATC's usage of Townmead Depot.	Med	The process of drafting the agreement will be led by the Assistant Director (Technical Services) and require additional help	Director of Neighbourhoods Assistant Director (Technical Services)	30/06/17	~~31/12/17~~ 31/05/18	April 17: Legal Services have produced the first draft of the agreement, this is currently being reviewed internally, once any changes are agreed	Overdue

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
05.16/17 September 2016		The agreement should include the following: • Terms of use • Operational arrangements • Roles and responsibilities of both parties		from Legal and Estates. The recent site visit to the Depot highlighted the ongoing issues between EFDC and WATC. The meeting concluded the two authorities will work together to ensure the Depot is managed effectively and access is controlled. This is a longstanding issue which will require negotiation on both sides.				WATC will be invited to comment on the document July 17:April 17: Legal Services have produced the first draft of the agreement, this is currently being reviewed internally, once any changes are agreed WATC will be invited to comment on the document August 17: Following a strategic review of land allocation between the Council and WATC, the Estates and Valuation Manager is revisiting the appropriate form of agreement with the Town Council. A meeting will be arranged with WATC to explore the options. In light of this development it is prudent to put on hold the formal agreement for the time being. October 17: Following a preliminary discussion with WATC, negotiations are ongoing to agree the most appropriate form of legal agreement between the two authorities. Jan 18: Negotiations are still ongoing with WATC. March 18: Following a meeting with WATC on 20 February 2018 it has been agreed to jointly prepare a Depot Operational	

Page 83

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
								Management Plan instead of a formal legal agreement. The Plan will cover the roles and responsibilities of users and occupiers. Information is currently being collated to prepare a draft Plan.	
Audit Recommendations 2017/18									
Townmead Depot Health and Safety follow up Report No. 1 2017/18 November 2017	1	As outlined in the Fire Risk Assessment (FRA) report: It is recommended that the action in this fire risk assessment is undertaken within the timescales suggested. Management to sign off and date when actions are completed. Review this fire risk assessment on a regular basis (six monthly) at first and then annually once management procedures have been addressed.	High	The nature of issues raised and the complexity of site requires a collective effort. It is proposed that the Assistant Director Technical Services will lead the effort with the support of: Health and Safety Officer, Facilities Manager, Chief Estates Officer, Fleet Operations Manager, and Countryside Manager	Assistant Director Technical Services will lead the effort with the support of: Health and Safety Officer, Facilities Manager, Chief Estates Officer, Fleet Operations Manager, and Countryside Manager	31/12/17	30/04/18	Jan18: Following an inter-disciplinary site visit at the end of November an action plan has been drawn up and is in the process of implementation to address the FRA recommendations. Internal Audit continues to monitor progress being made to implement the action plan through the working group meetings held. March 18: Significant progress has been made in addressing the issues raised in the action plan. The only matter remaining relates to external training, which is in hand.	Overdue

Page 84