

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



**Epping Forest  
District Council**

***Date of meeting: 27 July 2023***

**Portfolio:** Leader of the Council  
**Subject:** Internal Audit Monitoring Report June 2023  
**Responsible Officer:** Sarah Marsh (01992 564446)  
**Democratic Services:** Laura Kirman (01992 564243)

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## **Recommendations/Decisions Required:**

- (1) The Committee notes the summary of the work of Internal Audit and the Corporate Fraud Team for the period March to June 2023**

## **Executive Summary:**

This report updates Members on the work completed by Internal Audit and the Corporate Fraud Team since the March 2023 Audit and Governance Committee and provides the current position in relation to overdue recommendations.

## **Reasons for Proposed Decision:**

Monitoring report as required by the Audit and Governance Committee Terms of Reference.

## **Other Options for Action:**

No other options.

## **Report:**

### **2022/23 Internal Audit Plan**

1. The audit plan for 202/23 is almost complete and sufficient work has been undertaken in order for the Chief Internal Auditor to give their annual report and assurance opinion which is reported elsewhere in the agenda. Progress is being made on the 2023/24 Audit Plan as detailed in Appendix 1.
2. Two final reports have been issued since the Committee received its last update in March 2023.

### **Council House Building (substantial assurance)**

There is a detailed schedule of schemes within phases to support the Council House Building Programme. The Council has appointed Airey Miller as their consultant and agent, and they provide detailed management reports on the schemes within each

phase.

Testing confirmed that individual schemes are adequately controlled through monitoring of progress against plans, contractors, and Clerk of Works reports and through fortnightly team meetings. Risks are detailed on a site-by-site basis within the Airey Miller management reports.

Oversight of the programme is ensured through the Council Housebuilding Cabinet Committee who have a defined Terms of Reference. This Committee or the Portfolio Holder approve scheme progression at key stages of the development process, although control can be enhanced if approval dates at each stage are logged. This will complement the logging of scheme progress at the technical level undertaken by Airey Miller.

A recommendation has been made to set a deadline to complete and approve the Council's Asset Management Strategy.

### **Qualis Property Solutions KPIs and Payment Mechanisms (limited assurance)**

A Service Level Agreement (SLA) sets out the pricing framework for housing repairs and voids works, and charges are raised in line with the agreement. Now that the company has been operating for a full two years, a review of Qualis Property Solutions should be undertaken to ensure that delivery of the service is in line with the SLA agreed by the Council and that the expected benefits are being realised.

Operationally, the contract is monitored through monthly Core Group meetings with high level oversight provided through director-level strategic meetings. To ensure such a substantial and complex contract is properly managed, the contract should be overseen by suitably trained staff with sufficient capacity to carry out the role effectively, with oversight provided by an officer with the appropriate seniority. Additionally, the relationship between the Council and Qualis Property Solutions could be improved through establishing additional, more informal, communication channels to help engender trust.

The existing Performance Indicators (PIs) should be reviewed and revised as necessary to provide a range of qualitative as well as quantitative measures, and the results be more robustly challenged by the Council, so the contract can be more effectively monitored. The methodology for applying service credits, which can be used if Qualis Property Solutions does not meet the agreed performance targets, should be agreed, and applied to provide better value for money for the Council and give Qualis Property Solutions the appropriate discipline in terms of the agreed service levels and charges.

Performance reports, including annual benchmarking results, should be presented to Overview and Scrutiny Committee and/or Stronger Communities Select Committee as part of their work programme to provide effective scrutiny and constructive challenge by Members.

Subsequent to the audit, the Council engaged Housemark to carry out an independent assessment of the housing repairs service performance delivered by Qualis Property Solutions. The findings of the review are consistent with those of this audit.

### **Recommendation Tracker**

3. The Audit and Governance Committee continues to receive details of all overdue recommendations, plus any high priority recommendations from final reports regardless

of whether they are overdue or not.

- The current overdue tracker is shown at Appendix 2 and contains eleven medium and one low priority recommendations which have passed their due date. There are no high priority recommendations.

Table 1. Summary of tracker in June 2023

Recommendation type	Number (June 2023)	Number (March 2023)	Number (February 2023)	Number (November 2022)	Number (September 2022)	Number (June 2022)
High Priority not yet passed its due date	0	0	0	0	0	0
High Priority passed its due date	0	0	0	0	0	0
Medium Priority passed its due date	11	7	7	7	7	7
Low Priority passed its due date	1	1	1	0	1	1
<b>Total</b>	<b>12</b>	<b>8</b>	<b>8</b>	<b>7</b>	<b>8</b>	<b>8</b>

### **Other Internal Audit activities**

- Internal Audit has continued to provide advice and guidance in several business areas:

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

**Risk Management:** Internal Audit continues to assist with the roll out of the new corporate risk management framework.

**Compliance with Procurement Rules:** Using data analytics, Internal Audit examined a sample of contracts and confirmed the Council's Procurement Rules had been adhered to in respect of the number of tenders obtained, the requirements in relation to local suppliers are met, tenders and contracts were appropriately authorised, and where necessary, waivers to the Procurement Rules are appropriate and properly reported.

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

- Two Right to Buy (RTB) applications have been stopped by the CFT or withdrawn following CFT contact. One applicant was visited by officers making further investigations into suspected false information and, following the meeting, the application was withdrawn. Further enquiries revealed that the tenant was not using the property as their main and principal home and living elsewhere. The tenant terminated their tenancy, and the property is in the process of being recovered.

7. A subletting investigation has resulted in a tenant terminating their tenancy when they were discovered living elsewhere. The property has been recovered and is in the process of being re-let.
8. Following investigations, one tenancy succession was prevented, and two Council Tax Single Person Discounts have been removed.
9. Work is ongoing in respect of the new data matches received from the National Fraud Initiative (NFI).
10. Two internal investigations are active and ongoing.

**Legal and Governance Implications:**

None

**Safer, Cleaner and Greener Implications:**

None

**Consultation Undertaken:**

Corporate Governance Group

**Background Papers:**

2022/23 Audit Strategy and Plan

**Risk Management:**

Failure to achieve the audit plan and poor follow up of audit recommendations may lead to a lack of assurance that internal controls are effective and risks properly managed, which ultimately feeds into the Annual Governance Statement.

**Equality Analysis:**

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 3 to the report.