



# Epping Forest District Council

## **AUDIT & GOVERNANCE COMMITTEE** **Thursday, 15th July, 2021**

You are invited to attend the next meeting of **Audit & Governance Committee**, which will be held at:

**Conference Suite - Civic Offices**  
on **Thursday, 15th July, 2021**  
at **7.00 pm** .

**Georgina Blakemore**  
Chief Executive

**Democratic Services**  
**Officer**

Laura Kirman  
Tel: 01992 564243 Email:  
democraticservices@eppingforestdc.gov.uk

### **Members:**

Councillors I Hadley, S Heap, B Vaz and M Owen

Independent: A Jarvis

### **WEBCASTING/FILMING NOTICE**

**Please note: this meeting may be filmed for live or subsequent broadcast via the Council's internet site - at the start of the meeting the Chairman will confirm if all or part of the meeting is being filmed. The meeting may also be otherwise filmed by third parties with the Chairman's permission.**

**You should be aware that the Council is a Data Controller under the Data Protection Act. Data collected during this webcast will be retained in accordance with the Council's published policy.**

**Therefore by entering the Chamber and using the lower public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings for web casting and/or training purposes. If members of the public do not wish to have their image captured they should sit in the upper council chamber public gallery area or otherwise indicate to the Chairman before the start of the meeting.**

**If you have any queries regarding this, please contact the Corporate Communications Manager on 01992 564039.**

**1. WEBCASTING INTRODUCTION**

The Chairman will read the following announcement:

“I would like to remind everyone present that this meeting will be broadcast live to the internet (or filmed) and will be capable of repeated viewing (or another use by such third parties).

Therefore, by entering the Conference Suite and using the seating area, you are consenting to being filmed and to the possible use of those images and sound recordings for webcasting and/or training purposes.

**2. ELECTION OF CHAIRMAN AND VICE-CHAIRMAN**

Under Article 11, paragraphs 13 – 17, of the Constitution, the Chairman and Vice-Chairman of the Committee shall be appointed at the first meeting of the municipal year for a term of one year.

Both Councillors and Co-Opted Members serving on the Committee are eligible for appointment to either role; however, if the Chairman is a Councillor then the Vice-Chairman must be a Co-Opted Member, and vice versa.

The Chairman and Vice-Chairman from the previous municipal year are eligible for re-appointment.

**3. APOLOGIES FOR ABSENCE**

To be announced at the meeting.

**4. DECLARATIONS OF INTEREST**

To declare interests in any item on the agenda for the meeting of the Committee.

**5. MINUTES (Pages 5 - 10)**

To confirm the minutes of the meeting of the Committee held on 22 March 2021.

**6. MATTERS ARISING**

To consider any matters arising from the minutes of the previous meeting of the Committee.

**7. AUDIT & GOVERNANCE COMMITTEE - WORK PROGRAMME (Pages 11 - 12)**

To consider the attached work programme for the Committee for 2021/22.

**8. AUDIT REPORT TO AUDIT & GOVERNANCE COMMITTEE FOR THE YEAR ENDED 31 MARCH 2020 (Pages 13 - 48)**

(Section 151 Officer) To consider the attached report.

**9. STATEMENT OF ACCOUNTS 2019/20 (Pages 49 - 52)**

(Section 151 Officer) To consider the attached report.

The appendices to this report will be distributed separately.

**10. ANNUAL REPORT OF THE CHIEF INTERNAL AUDITOR 2020/21 (Pages 53 - 84)**

(Chief Internal Auditor) To consider the attached report.

**11. DRAFT ANNUAL GOVERNANCE STATEMENT 2020/21 (Pages 85 - 104)**

(Chief Internal Auditor) To consider the attached report.

**12. CORPORATE FRAUD TEAM ANNUAL SUMMARY 2020/21 (Pages 105 - 116)**

(Chief Internal Auditor) To consider the attached report.

**13. AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2020/21 (Pages 117 - 130)**

(Chief Internal Auditor) To consider the attached report.

**14. RISK MANAGEMENT REPORT (Pages 131 - 154)**

(Chief Internal Auditor) To consider the attached report.

**15. INTERNAL AUDIT PROGRESS REPORT (Pages 155 - 174)**

(Chief Internal Auditor) To consider the attached report.

**16. 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.

**17. 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):

<i>Agenda Item No</i>	<i>Subject</i>	<i>Exempt Information Paragraph Number</i>
<i>Nil</i>	<i>Nil</i>	<i>Nil</i>

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.

## EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

<b>Committee:</b>	Audit & Governance Committee	<b>Date:</b>	Monday, 22 March 2021
<b>Place:</b>	Virtual Meeting on Zoom	<b>Time:</b>	5.00 - 7.00 pm
<b>Members Present:</b>	I Hadley (Chairman), A Jarvis (Vice-Chairman), S Heap, R Jennings, P Keska and B Vaz		
<b>Other Councillors:</b>	J Philip and A Patel		
<b>Apologies:</b>			
<b>Officers Present:</b>	S Marsh (Chief Internal Auditor), M Crowe (Corporate Fraud Team Manager), S Linsley (Senior Auditor), A Small (Strategic Director Corporate and 151 Officer), C Hartgrove (Interim Chief Financial Officer), L Kirman (Democratic Services Officer), A Hendry (Democratic Services Officer) and R Moreton (Corporate Communications Officer)		

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### **62. Webcasting Introduction**

The Chairman made a short address to remind everyone present that the meeting would be broadcast live to the internet, and would be capable of repeated viewing, which could infringe their human and data protection rights.

### **63. Declarations of Interest**

There were no declarations of interest pursuant to the Council's Member Code of Conduct.

### **64. Minutes**

#### **RESOLVED:**

That the minutes of the meeting held on 25 January 2021 be taken as read and signed by the Chairman as a correct record.

### **65. Matters Arising**

There were no matters arising from the minutes of the previous meeting which warranted further discussion.

### **66. Audit & Governance Committee - Work Programme**

The Section 151 Officer, A Small, advised the Committee that the audited accounts for 2018/19 could not be presented. An additional meeting of the Committee was requested, within the constraints of the municipal year, so that this item could be presented to the Committee.

There were no other outstanding items on the work programme.

**RESOLVED:**

An additional meeting of the Audit and Governance Committee would be called to consider the final statement of accounts for 2018/19.

**67. Internal Audit Progress Report**

The Chief Internal Auditor, S Marsh, presented the Internal Audit Monitoring Report and outlined the proposal to defer the Quails Commercial and Council's Treasury Management audits until 2021/22. She advised that no final audit reports had been issued since the last Committee meeting. The annual audit plan had progressed and the annual monitoring report would be presented at the next meeting. The Recommendation Tracker had only one outstanding recommendation, related to a cross council data sharing agreement for the Harlow Glisten Garden Town project. Internal Audit had worked with the Corporate Fraud Team on Covid -19 grant processes, continued work on the corporate purchase card projects and data matching for the National Fraud Initiative.

**Resolved:**

- (1) That the summary of the work undertaken by the Internal Audit Team and the Corporate Fraud Team during the period January to March 2021 was noted.
- (2) The Committee approved the deferral of the Qualis Commercial and the Treasury Management audits.

**68. Risk Management Report**

The Section 151 Officer, A Small, presented a report on Risk Management, the risk register and risks the Council are facing at a corporate level. The risk rating associated with Welfare Reform, Financial Resilience and Delays in Issuing Planning Permissions had all been downgraded.

Members sought clarify and discussed ensued on the detail of risks associated with the local plan, delay in planning permissions and housing capital finance. Above Consult had been appointed to review the Housing Revenue Account. The Section 151 officer would provide additional detail for the changed risk rating associated with the delay in issuing planning permission.

**Resolved**

- (1) The changes in the risk register were reviewed noted and endorsed.

**69. Internal Audit Strategy and Audit Plan 2021/22**

The Chief Internal Auditor, S Marsh, presented a report on the Internal Audit strategy and Plan 2021/22 and detailed the key deliverables of the Audit Service. The Internal Audit function must have an External Quality Assessment every five years, this would take place in 2021/22 and the results would be communicated to the Committee.

The methodology for developing the Internal Audit plan was outlined and the priority cross cutting areas were detailed as: Change Management; Information Governance and Management; Risk Management; Fraud; and Value for Money (VfM). The operational level priorities would be: Qualis, from the council's perspective; Key Financial Systems; and Project and Contract Management. The three-year audit plan was presented as an appendix to the report.

**Resolved:**

- 1) The Internal Audit Strategy and Plan for 2021/22 was approved by the Committee.

**70. Corporate Fraud Team Strategy 2021/22**

The Corporate Fraud Team Manager, Martin Crowe, set out the focus and approach of the Corporate Fraud Team for the year 2021/22. Proactive work would cover: right to buy; revenue streams; work with Council Tax and Revenue Teams; and internal and external awareness programmes. Reactive work would: review and risk assess all referrals; complete data matches for the national fraud initiative exercise; and explore joint working and shared service options. Longer term projects included; work with Human Resource; conflict of interests; the use of data mining; and the review of service access documentation.

The team had worked in synergy with the internal audit team and adapted working practices to ensure compliance with Covid restrictions and the efficacy of the service. The term 'fraudits' represented when fraud and audit worked together and provided a wider perspective

Cllr Jennings asked if government grants paid out incorrectly could be reclaimed M Crowe advised that there was no legislation for clawing back the money, but fraud and theft legislation was being explored.

**Resolved:**

The Committee approved the Corporate Fraud Team's Strategy for 2021/22.

**71. Draft Capital Strategy 2021/22 to 2025/26**

The Interim Chief Financial Officer, C Hargrove, outlined the Capital Strategy 2021/22 to 2025/26 and detailed this was a requirement of CIPFA's Prudential Code for Capital Finance in Local Authorities ("the Prudential Code"). The change in approach on commercial investment, regeneration and the introduction of Qualis, the Council's arms-length investment and service delivery vehicle, was highlighted. The Strategy had broadened in scope and set out the wider financial commitments for added transparency. The Council's adopted five year Capital Programme, for both the General Fund and Housing Revenue Account, showed planned capital expenditure of £52m in 2021/22 and £267m over the next five years. This required increased external borrowing of £434m at March 2025. The Council's Section 151 Officer was satisfied that Capital Programme was prudent, affordable and sustainable of the programme as required by the Prudential Code.

The Capital Strategy included the Council's approach to Asset Management, Treasury Management, Service Investments, Commercial Investments, Financial Guarantees and the maintenance of professional capacity. The Capital Strategy would be updated annually and presented to the Committee.

The Minimum Revenue Provision Statement (MRP) 2021/22, had remained unchanged from the adoption of the previous policy in Nov 2021.

The Chairman sought clarity on the timing of funding long term capital expenditure before financing arrangements. He was advised that Council reserves funded some of the expenditure and borrowing was used at the point of necessity to finance the expenditure.

The Vice Chairman made several observations in relation to gaps in rules, guidance, systems and controls, with specific reference to investments and the large sums of money involved (£10m). He suggested that additional detail should be made available and would clarify this position for the Committee in conjunction with the Section 151 Officer. The Interim Chief Financial Officer, advised that the Capital Strategy was an overarching document and the latest guidance on reporting had been used in the preparation of the report. Additional detail including lists of the outstanding loan portfolio and investments would be included in future reports.

The Section 151 officer clarified that the decision in relation to capital spend was a Council decision, and this had followed due process, he agreed that the rules needed to be clear in the strategy and highlighted that whilst the PWLB restricted access to funds for commercial return, this did not prohibit borrowing for commercial properties if this was in relation to regeneration or improving the local area.

The Vice Chairman asked if the Council made the decision on spend by third parties, this was confirmed by the Section 151 Officer.

Cllr Heap confirmed that additional details and information on the prudential code would be useful for the Committee. The Committee requested a paper on the changes to CIPFA prudential code at a future meeting.

### **Resolved**

That the Committee:

- i) recommended for approval by Council, the Capital Strategy 2021/22 to 2025/26 and the Minimum Revenue Provision Statement (MRP) 2021/22.
- ii) required a paper on CIPFA's Prudential Code and proposed amendments to the Code, at a future meeting.

## **72. Draft Treasury Management Strategy (including Investment Strategy) 2021/22**

The Interim Chief Financial Officer, C Hargrove outlined the draft Treasury Management Strategy 2021/22 and the draft Investment Strategy 2021/22 for consideration. The overriding position was a further rise in borrowing activity for the year ahead, as the Council continued to roll out its capital investment plans and limited investment activity. Borrowing and investing was taking place against historically low interest rates. As at the 28 Feb 2021 the Council held £250m in external borrowing partially offset by £11m treasury investments. The Capital Financing Requirement (CFR) would need to rise to meet the needs of the capital programme, but it was noted that estimated actual borrowing would remain below the CFR at all times. The investment balance would be a minimum £12m as the lowest risk level of borrowing shows that cash and investment balances should be kept at a minimum level of £12m. Treasury Management Indicators were detailed in the report

Cllr Jennings was concerned by the size of borrowing and asked how this compared with other similar local authorities, in relation to risk and debt levels. The Committee were advised that CIPFA carries out a resilience index which includes debt. The Council carried more debt than average due to the housing stock settlement of £183m in 2012. Every District Council had elements that make it unique and there may be value in carrying out a comparative exercise with similar boroughs. Cllr



Jennings confirmed that he did not want additional work carried out, but this would be useful in the future.

Cllr Heap confirmed that historical housing settlement debt was £183m and is now £185m and that reallocation of debt would be required. He challenged the inclusion of some of the proposed options and suggested that there was a risk if Epping became part of a unitary authority and comparison with other district council would be useful. The Section 151 officer advised that there would be assets in addition to the borrowing.

Cllr Hadley sought clarity on what was acceptable between short and long term fixed rates and was advised that the current difference was a 1% advantage for short term. There was an underlying borrowing need as a variable rate debt would mature in March 2022 and a refinancing exercise would be required and whilst there are historically low interest rates, any borrowing needed to be affordable.

Cllr Hadley asked if there were penalties for forward starting loans that did not materialise and was advised that these were required all details would be considered.

**Resolved:**

That the Committee recommended for approval by full Council

- i) the draft Treasury Management Strategy 2021/22 (including the MRP Policy), and
- ii) the draft Investment Strategy 2021/22.

**73. Any Other Business**

No other business was raised for consideration by the Committee.

**74. Exclusion of Public and Press**

The Committee noted that there was no business which necessitated the exclusion of the public and press from the meeting.

**CHAIRMAN**

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## **Audit & Governance Committee Work Programme 2021/22**

### **15 July 2021**

- Audit Report to Audit & Governance Committee 2019/20
- Statement of Accounts 2019/20
- Annual Report of the Chief Internal Auditor 2020/21.
- Draft Annual Governance Statement 2020/21
- Corporate Fraud Team Annual Summary 2020/21.
- Audit and Governance Committee Annual Report 2020/21.
- Internal Audit Progress Report.
- Risk Management Report

### **6 September 2021**

- Internal Audit Progress Report
- Annual Governance Statement 2020/21
- Treasury Management Annual Outturn Report 2020/21
- Treasury Management Mid-Year Report 2021/22
- Internal Audit Progress Report.
- Risk Management Report

### **22 November 2021**

- Internal Audit Progress Report.
- Risk Management Report
- Review of the Audit and Governance Committee Terms of Reference.
- Review of the Audit and Governance Committee Effectiveness.
- Review of the Anti-Fraud and Corruption Strategy

### **17 January 2021**

- Treasury Management Investment & Strategy Statements 2022/23
- Internal Audit Progress Report.
- Risk Management Report
- Review of Code of Corporate Governance.
- Review of the Internal Audit Charter.
- Review of the Whistleblowing policy

### **17 March 2022**

- Risk Management Report
- Internal Audit Progress Report
- Internal Audit Strategy and Audit Plan 2022/23
- Corporate Fraud Team Strategy 2022/23
- ❖ Planning Letter 2021/22.
- ❖ Audit Plan 2022/23
- ❖ Grant Claims Audit Report 2020/21
- ❖ Audit of Accounts Annual Governance Statement 2020/21
- ❖ Annual Audit Letter 2020/21

### **Key**

- EFDC Officer Report
- ❖ External Auditor Report

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



**Epping Forest  
District Council**

### **Report reference:**

**Date of meeting: 15th July 2021**

**Portfolio: Finance & Economic Development**

**Subject: Audit Report to Audit & Governance Committee for year ended 31 March 2020 ("ISA 260")**

**Responsible Officer: Andrew Small (01992 564278)**

**Democratic Services: Laura Kirman (01992 564243)**

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### **Recommendations/Decisions Required:**

- (1) To consider and comment the Deloitte audit report for the year ended 31 March 2020 (Appendix A)**

### **Executive Summary:**

This annual external audit report presents the observations arising from the audit of the Council's 2019/20 Statement of Accounts that are significant to the responsibility of "those charged with governance" (the Audit & Governance Committee) to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

Deloitte are the external auditors responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the Statement of Accounts that have been prepared by management with the oversight of those charged with governance.

The external auditor is also responsible for satisfying themselves that – under Section 20(1)(c) of the Local Audit and Accountability Act 2014 – the Council has made proper arrangements for securing economy, efficiency and effectiveness ("VFM") in its use of resources; their conclusion on VFM is also covered in the audit report.

### **Reasons for Proposed Decision:**

To ensure that the Committee maintains robust oversight of the Council's duty to prepare annual financial statements that comply with proper accounting practice as defined by Section 21(2) of the Local Government Act 2003.

### **Legal and Governance Implications:**

The local government financial reporting and audit regime exists within in a tightly regulated framework.

For the accounting period 2019/20, this includes the:

- Local Government Act 1972 (Section 151)
- Local Government Act 2003 (Section 21(2))
- Local Audit and Accountability Act 2014 (various); and
- Accounts and Audit (Coronavirus) Amendments Regulations 2020

### **Safer, Cleaner and Greener (SCG) Implications:**

None.

### **Background Papers:**

Epping Forest District Council "*Statement of Accounts 2019/20*" (draft) published August 2020.

CIPFA/LASAAC "*Code of Practice on Local Authority Accounting in the United Kingdom 2019/20*" (Guidance Notes).

National Audit Office "*Code of Audit Practice 2015*" (valid for accounting periods 2015/16 to 2019/20).

### **Risk Management:**

There are a range of risks associated with local authority accounting and audit ranging from reputational damage to the Council through to the loss of public funds through fraud and error and a lack of accountability; the accounting and audit regime acts as a key mitigating control.



**Epping Forest District Council**  
Report to the Audit and Governance Committee  
on the audit for the year ended 31 March 2020  
Issued on 07 July 2021 for the meeting on 15 July 2021

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# Introduction

## The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our update report to the Audit and Governance Committee of Epping Forest District Council (the Council) for the 2019/20 audit. The scope of our audit was set out within our planning report presented to the committee on 28<sup>th</sup> September 2020.

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### **Status of the audit**

Our audit is substantially complete and at the date of issue of this report with the following key matters still outstanding:

- Receipt and full review and tie through of final, updated financial statements;
- Completion of a limited number of normal risk procedures;
- Completion of our internal quality control processes;
- Completion of subsequent events review; and
- Receipt of a signed representation letter.

We acknowledge that there have been long delays in completing the audit. This has been caused by unanticipated complexities in executing the audit process, including resolution by the Council of technical challenges from us as well as the impact of Covid-19 and remote working which has caused delays on both sides. In summary:

- Whilst management preparation was significantly better than in the previous year and there was a marked improvement in the quality of supporting audit work papers, this was not consistent in all areas and we were not able to complete the audit in line with the agreed plan.
  - Due to the impact of Covid-19 on Deloitte staff we were not able to provide additional resource to complete the audit until November which meant we could not complete in time for the deadline.
  - Due to a material error found in the testing performed in November additional work was required by management to understand and resolve the issue. As a result of pressures on the Epping team due to budgeting processes the resolution of the issues was delayed until March.
  - Due the departure of the Deloitte manager overseeing the Epping audit and resource constraints due to the team having to complete NHS audits we concluded testing in June.
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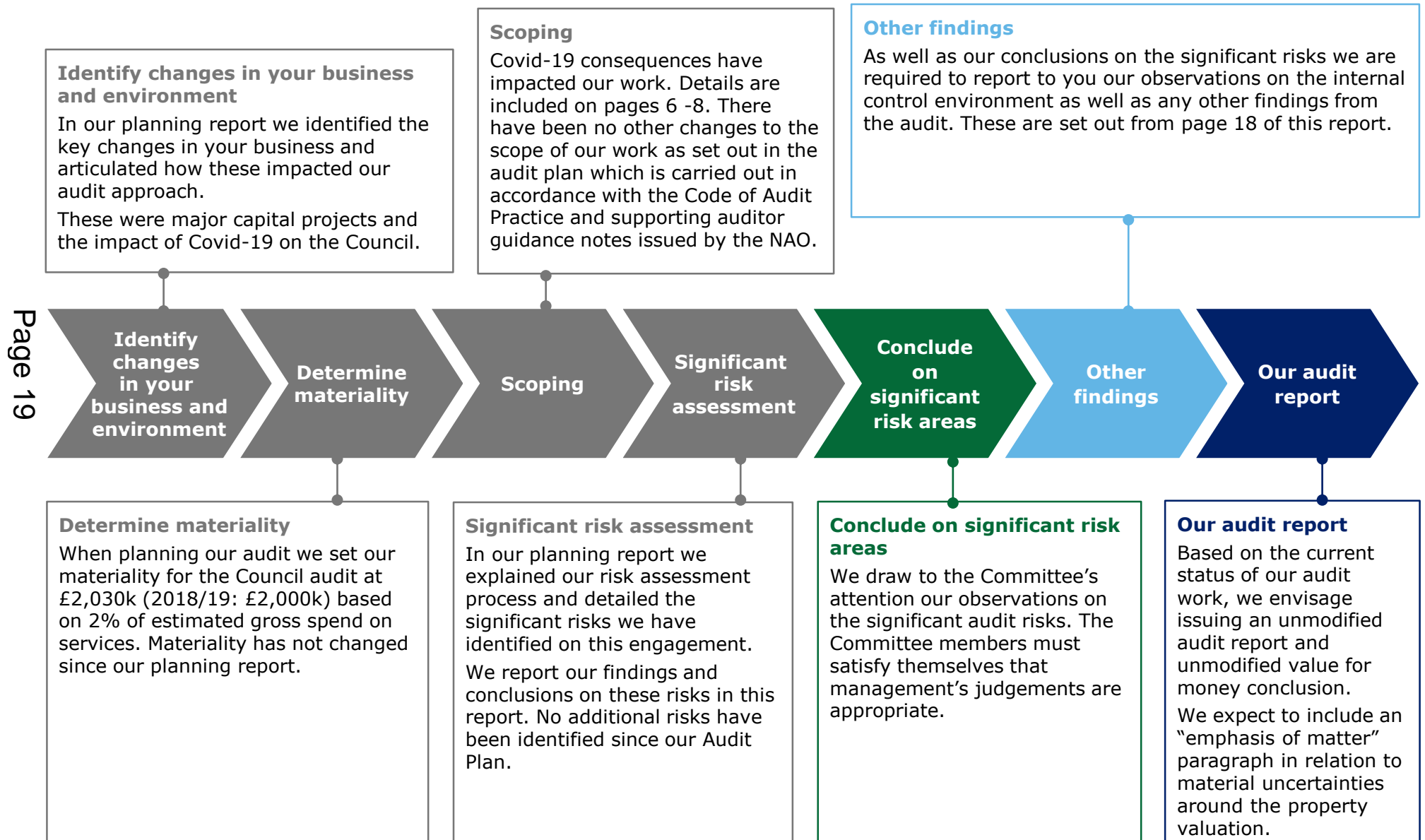
# Introduction

## The key messages in this report (continued)

<b>Conclusions from our testing</b>	<ul style="list-style-type: none"><li>• We have included a section in this report providing observations arising from the work we have carried out on the areas of significant risk and other areas of audit focus reported to you in our audit planning report.</li><li>• We have summarised our audit adjustments on page 28 to 29.</li><li>• Based on the current status of our work we envisage issuing an unmodified audit opinion, with no reference to any matters in respect of the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources, or the Annual Governance Statement.</li><li>• We have considered the impact of the Covid-19 pandemic on our work and include details on pages 6 to 8 of this report. We did not identify any new financial statement or value for money significant risks as a result of the impact of the pandemic.</li><li>• As detailed in our work on the valuations set out on page 10, management's expert, Carter Jonas, included a material uncertainty clause in their valuation report. This is common to 31 March 2020 valuations in the sector. This wording is reflected in the financial statements and we draw attention to it in our draft auditor's report. Note that this is not a qualification of our opinion.</li><li>• We have identified findings or internal control deficiencies which have been included from page 18. We note that there has been a substantial improvement in the preparation of the financial statements and the related processes despite the disruptions caused by the pandemic. However the improvements that management are implementing are still ongoing.</li></ul>
<b>Value for Money</b>	<ul style="list-style-type: none"><li>• Our work on Value for Money is complete. We have not identified any significant risk in this area and we do not anticipate reporting any matters within our audit report in respect of the Council's arrangements for securing the economy, efficiency and effectiveness of the use of resources.</li></ul>
<b>Narrative Report &amp; Annual Governance Statement</b>	<ul style="list-style-type: none"><li>• We have reviewed the Council's Annual Report &amp; Annual Governance Statement to consider whether it is misleading or inconsistent with other information known to us from our audit work.</li><li>• At the date of this report, we have no significant matters to raise with you in respect of the Narrative Report which has been updated for our proposed adjustments to ensure appropriately detail in relation to Covid-19 has been included. We also have no significant matters in respect of the Annual Governance Statement.</li></ul>
<b>Duties as public auditor</b>	<ul style="list-style-type: none"><li>• At the date of this report we had not received any formal queries or objections from local electors this year.</li><li>• We have not identified any matters that would require us to issue a public interest report. We have not had to exercise any other audit powers under the Local Audit and Accountability Act 2014.</li></ul>
<b>Whole of Government Accounts</b>	<ul style="list-style-type: none"><li>• The Council continues to be below the threshold for WGA reporting.</li></ul>

# Our audit explained

## We tailor our audit to your organisation



## Covid-19 pandemic and its impact on our audit.

### Requirements

CIPFA has issued guidance highlighting the importance of considering the impact of Covid-19 in preparation of the 2019/20 financial statements, including communicating risks and governance impacts in narrative reporting. This is consistent with the Financial Reporting Council's guidance to organisations on the importance of communicating the impact of Covid-19 and related uncertainties, including their impact on resilience and going concern assessments.

Entity-specific explanations of the current and expected effects of Covid-19 and the Council's plans to mitigate those effects should be included in the narrative reporting (including where relevant the Annual Governance Statement), including in the discussion on Principal Risks and Uncertainties impacting an organisation.

As well as the effects upon reserves, financial performance and financial position, examples of areas highlighted by CIPFA include the impact on service provision, changes to the workforce and how they are deployed, impacts upon the supply chain, cash flow management, and plans for recovery. Risks highlighted include those relating to subsidiaries and investments, capital programmes, and resilience of the community including partner organisations and charities.

### Actions

A thorough assessment of the current and potential future effects of the Covid-19 pandemic is required including:

- A detailed analysis across the council's operations, including on its income streams, supply chains and cost base, and the consequent impacts on financial position and reserves;
- The economic scenario or scenarios assumed in making forecasts and on the sensitivities arising should other potential scenarios materialise (including different funding scenarios);
- Any material uncertainties relating to the council's financial position, the financial sustainability of the Council, and the potential requirement for a section 114 notice; and
- The effect of events after the reporting date, including the nature of non-adjusting events and an estimate of their financial effect, where possible

Impact on the Council	Impact on annual report and financial statements	Impact on our audit
<p>We have considered the key impacts on the business such as:</p> <ul style="list-style-type: none"> <li>• Interruptions to service provision.</li> <li>• Supply chain disruptions.</li> <li>• Unavailability of personnel.</li> <li>• Reductions in income.</li> <li>• The closure of facilities and premises.</li> </ul>	<p>We have considered the impact of the outbreak on the annual report and financial statements, discussed further on the next slide including:</p> <ul style="list-style-type: none"> <li>• Principal risk disclosures</li> <li>• Impact on property, plant and equipment</li> <li>• Valuation of commercial or investment properties</li> <li>• Impact on pension fund investment measurement and impairment</li> <li>• Financial sustainability assessment</li> <li>• Events after the reporting period and relevant disclosures</li> <li>• Narrative reporting</li> <li>• Impairment of non-current assets</li> <li>• Allowance for expected credit losses</li> </ul>	<p>We have considered the impact on the audit including:</p> <ul style="list-style-type: none"> <li>• Resource planning</li> <li>• Timetable of the audit</li> <li>• Impact on our risk assessment</li> <li>• Logistics including meetings with entity personnel.</li> </ul>

## Potential Impact on annual report and financial statements

## Audit response

### Impact on property, plant and equipment

The Royal Institute of Chartered Surveyors has issued a practice alert, as a result of which valuers have identified a material valuation uncertainty at 31 March 2020 for most types of property valuation. This has impacted the Council and has required specific disclosure in the financial statements. Consequently, this has resulted in an Emphasis of Matter in our audit report.

The Council has considered its approach to the measurement of property, plant and equipment (PPE). Where property held at current value is based on market valuations the Council considered with their valuers the impact that Covid-19 has had on current value. The Council also considered whether there are any indications of impairment of assets requiring adjustment at 31 March 2020.

The material uncertainty is disclosed in the Statement of Accounts and leads to an Emphasis of Matter in our audit opinion.

### Valuation of commercial or investment properties

Following the Covid-19 pandemic, the fair value measurements for financial instruments and investment properties held by the Council needed to be reviewed against the conditions and assumptions at the measurement date. This presents some difficulties because of the volatility of the market at the measurement date and the potential for there to be a lack of reliable observable inputs. This required additional consideration in our work on year-end valuations.

The material uncertainty noted above also includes Investment Properties.

### Impact on pension fund investment measurement

As a result of the Covid-19 pandemic pension fund investments have been subject to volatility.

We engaged early with the Pension Fund auditor to not only gather information for year-end measurements but to also understand any estimation techniques and any changes to those techniques that may be needed to measure the financial instruments. Where such volatility exists it may mean that the inputs used in the fair value measurement may change and may require a change of measurement technique, and consideration of the level of uncertainty in valuations where there is significantly more estimation.

We have finalised our work in this area and have identified an unadjusted difference relating to the outcome of the Goodwin case. Further details can be found on page 29 of this report.

### Expected credit losses

The Council has considered the provision for credit losses for receivables, including for expected credit losses for assets accounted for under IFRS 9.

No issues in relation to this have arisen from our audit work.

	Potential Impact on annual report and financial statements	Audit response
<p><b>Covid related income received pre year end</b></p>	<ul style="list-style-type: none"> <li>• There was 1 main receipt of income related to Covid-19 that was received pre 31 March 2020               <ul style="list-style-type: none"> <li>• <b>Covid-19 LA Support grant.</b> This was the first tranche of £1.6bn allocated to Councils by MCHLG on March 27 2020. The Council received £58.7k before financial year end with further amounts having been received post year end. This grant was not ring fenced and without conditions and therefore should be recognised in income with any unspent amounts carried in reserves.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• We note that after discussion and reference to guidance these have been treated correctly in the updated Statement of Accounts.</li> <li>• The remaining Covid-19 related income receipts received after the year end will be considered as part of the 2020/21 audit.</li> </ul>
<p><b>Narrative and other reporting issues</b></p>	<p>The following areas need to be considered by local authorities as having being impacted on by the Covid-19 pandemic.</p> <ul style="list-style-type: none"> <li>• Narrative reporting as well as the usual reporting requirements will need to cover the effects of the pandemic on services, operations, performance, strategic direction, resources and financial sustainability.</li> <li>• Reporting judgements and estimation uncertainty, the Council will need to report the impact on material transactions including decisions made on the measurements of assets and liabilities</li> </ul>	<p>We note that the narrative report adequately discloses matters related to Covid-19, including risks, potential impacts and other issues. The report is compliant with the guidance in this area.</p>

# Significant risks

## Risk 1 – Property Valuation – Fixed assets and investment properties

### Risk identified

The Council is required to hold property assets within Property, Plant and Equipment (“PPE”) and Investment Properties at valuation. The valuations are by nature significant estimates which are based on specialist and management assumptions and which can be subject to material changes in value.

### Key judgements and our challenge of them

The Council holds Council Dwellings & Garages, other land & buildings and investment properties at 31 March 2020 which are required to be recorded at current or fair value at the balance sheet date, the significant risk identified therefore applies to these classes of assets.

Valuation of property assets and investment property is an area of audit focus due to the inherent degree of complexity, estimation and potential variability in the valuation methodologies that can be applied.

In the current year there is increased uncertainty over the valuations due to Covid-19 and the Councils valuers have included a material uncertainty clause in the valuation that has been provided.

### Deloitte response

- We tested the design and implementation of key controls in place around the property valuation.
- We used our valuation specialists, Deloitte Real Estate, to review the methodology and approach and to challenge the appropriateness of the year-end valuation, focusing on the key subjective inputs.
- We considered the impact of uncertainties relating to the UK’s exit from the EU upon property valuations in evaluating the property valuations and related disclosures.
- We considered the impact of Covid-19 on asset valuations including the material uncertainty included by the Councils valuer.
- It should be noted that we will include an “Emphasis of Matter” paragraph in the audit opinion which will draw attention to this uncertainty. This is not a qualification or modification of the audit opinion.

# Significant risks (continued)

## Risk 1 - Property Valuation – Material Uncertainty due to Covid-19

### Material Uncertainty due to Covid-19

The Council's valuer has included disclosures in relation to Covid-19 in their report as detailed below:

*"The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.*

*Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to Covid-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.*

*Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that Covid-19 might have on the real estate market, we recommend that you keep the valuation of under frequent review."*

This is a common feature of valuation reports prepared to 31 March 2020

### Impact on Statement of Accounts

The Council is required to disclose the existence of this material uncertainty in the Statement of Accounts. At the date of this report this has not yet been included in the Statement of Accounts but is expected to read as follows:

*The valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, as outlined by the valuation report, less certainty and a higher degree of caution should be attached to the valuation than would normally be the case.*

*Given the unknown future impact that COVID-19 might have on the real estate market, it has been recommended that the valuation is kept under frequent review. The valuation amounts disclosed within the accounts have been based on the best information available and are therefore a valid basis of valuation for this Statement of Accounts.*

### Impact on Audit Opinion

An "emphasis of matter" is required to be included in our audit opinion to draw attention to management's disclosure:

*"We draw attention to note X, which describes the effects of the uncertainties created by the coronavirus (Covid-19) pandemic on the valuation of the Council's property portfolio.*

*As noted by the Council's external valuer, the pandemic has caused extensive disruptions to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the valuation of the property portfolio at the balance sheet date. Our opinion is not modified in respect of this matter."*

#### Deloitte view

In response to the challenge raised by Deloitte, management had amended the scope of the valuation exercise to consider the period between 28 February 2020 to 31 March 2020. Based on the revised valuers report, we concluded our work satisfactorily.



# Significant risks (continued)

## Risk 2 - Capital expenditure

### **Risk identified**

The council has continued with a programme of capital expenditure in 2018/19, with £18.4m (PY: £26m) of expenditure recorded in the year. This includes key projects such as the Hill House Leisure Centre (£5.1m) and the Burton Road House build (£4.2m).

Where the Authority develops properties as part of its capital programme, determining whether or not expenditure should be capitalised can involve judgement as to whether costs should be capitalised under International Financial Reporting Standards.

There is also an incentive to inappropriately capitalise expenditure as the Authority has greater flexibility over its use of revenue compared to capital resources and we have therefore identified this area as a fraud risk.

### **Deloitte response**

- We tested the design and implementation of controls around the capitalisation of costs.
- We selected a sample of capital items in the year to test whether they have been appropriately capitalised in accordance with the accounting requirements.

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### **Deloitte view**

Our work in this area has been completed satisfactorily with no issues noted.

# Significant risks (continued)

## Risk 3 - Management override of controls

### Risk identified

In accordance with ISA 240 (UK and Ireland) management override of controls is a presumed significant risk. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the Authority's controls for specific transactions.

The key judgments in the financial statements are those which we have selected as areas of audit focus; valuation of the Authority's properties and pension liability. These are inherently the areas in which management has the potential to use their judgement to influence the financial statements.

### Deloitte response

We have considered the overall sensitivity of judgements made in preparation of the financial statements, and note that:

- The Council's results throughout the year did project both positive and negative divergences from budgets in operational areas. This was closely monitored and whilst some areas projected overspends, the underlying reasons were understood.
- Senior management's remuneration is not tied to particular financial results.

We have considered these factors and other potential sensitivities in evaluating the judgements made in the preparation of the financial statements.

### Significant and unusual transactions

We did not identify any significant transactions outside the normal course of business or any transactions where the business rationale was not clear.

### Journals

We have performed design and implementation testing of the controls in place for journal approval.

We have used Spotlight data analytics to risk assess journals and select items for detailed follow up testing. The journal entries were selected using computer-assisted profiling based on areas which we consider to be of increased interest.

We have tested the appropriateness of journal entries recorded in the general ledger, and other adjustments made in the preparation of financial reporting. No issues were noted.

### Deloitte view

We have not identified any significant bias in the key judgements made by management based on work performed.

We have not identified any instances of management override of controls in relation to the specific transactions tested based on work performed.

### Accounting estimates

We have performed design and implementation testing of the controls over key accounting estimates and judgements.

The key judgements in the financial statements are those selected as significant audit risks and other areas of audit interest: valuation of the Council's estate and the valuation of the pension liability, as discussed elsewhere in this report. As work in some of these areas are still on-going we are yet to conclude in this area.

We reviewed accounting estimates for biases that could result in material misstatements due to fraud. We note that overall the areas more subject to estimation in the period were balanced and did not indicate a bias to achieve a particular result.

We tested accounting estimates and judgements, focusing on the areas of greatest judgement and value. Our procedures included comparing amounts recorded or inputs to estimates to relevant supporting information from third party sources.

# Other matters

## Defined benefits pension scheme

### Background

The Council participates in the Essex Pension Fund Local Government Pension Scheme, administered by Essex County Council.

The Council's net pension liability continues to be affected by the McCloud legal case in respect of potential discrimination in the implementation of transitional protections following changes in public sector pension schemes in 2015. The 31 March 2020 position as currently calculated, including the impact of McCloud, is stated as a £63.6m, decreasing from its £69.9m opening position as at 1 April 2019.

In the current year there was an additional legal case - the Goodwin judgement - that has an impact on the scheme. The judgement is in respect of a Teacher's Pension case where there was deemed to be discrimination in spousal transfer on death of the member (where a male widower was deemed to be discriminated against through receiving a different level of benefits than a female widow). While an additional liability has not been included in the actuarial report from Barnett Waddingham our pensions specialist team have concluded that this judgement would not result in a material movement in the year end liability. We have discussed this adjustment with officers and it has been summarised on our schedule of unadjusted differences on page 29 of this report.

### Deloitte response

We obtained a copy of the actuarial report produced by Barnett Waddingham, the scheme actuary, and agreed in the disclosures to notes in the accounts.

- We assessed the independence and expertise of the actuary supporting the basis of reliance upon their work.
- We reviewed and challenged the assumptions made by the actuary, including benchmarking as shown the table opposite.

- We obtained assurance from the auditor of the pension fund over the controls for providing accurate membership data to the actuary.
- We assessed the reasonableness of the Council's share of the total assets of the scheme with the Pension Fund financial statements for the year.
- We have reviewed and challenged the calculation of the impact of the McCloud case on pension liabilities.
- We reviewed the disclosures within the accounts against the Code.

	Council	Benchmark	Comments
Discount rate (% p.a.)	2.35%	2.15% - 2.60%	Reasonable
Consumer Price Index (CPI) Inflation rate (% p.a.)	1.90%	N/A	Reasonable, slightly optimistic
Salary increase (% p.a.) (over CPI inflation)	2.90%	Council specific	Reasonable
Pension increase in payment (% p.a.)	1.90%	1.70%	Reasonable
Pension increase in deferment (% p.a.)	1.90%	1.70%	Reasonable
Mortality - Life expectancy of a male pensioner from age 65 (currently aged 65)	21.80	21.80	Reasonable
Mortality - Life expectancy of a male pensioner from age 65 (currently aged 45)	23.20	23.20	Reasonable

### Deloitte view

Our work in relation to to pension liabilities and assets is complete and except for the unadjusted difference identified relating to the Goodwin case we have concluded satisfactorily.

# Other matters

## NNDR Appeals Provision

### Background

During the audit of the NNDR Appeals provision we challenged management on the recorded value included within the provisions balance. Following investigation, officers identified a material mis-posted journal.

### Deloitte view

The incorrect £2.4m error was reversed in full following the investigation and has been corrected in the accounts.

We also noted that following this correction, officers re reviewed reserves balances and a number of adjustments have been proposed which are due to be approved alongside the final accounts.

# Conclusion on arrangements to secure economy, efficiency and effectiveness from the Council's use of resources

## Background

Under the National Audit Office's Code of Audit Practice, we are required to report whether, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Code and supporting Auditor Guidance Notes require us to perform a risk assessment to identify any risks that have the potential to cause us to reach an inappropriate conclusion on the audited body's arrangements. We are required to carry out further work where we identify a significant risk - if we do not identify any significant risks, there is no requirement to carry out further work. We note that the NAO guidance indicates a low likelihood that Covid-19 forms a risk area impacting the assessment of arrangements for 2019/20. Rather this will form part of the risk assessment and evaluation for 2020/21. The response to Covid-19 is described as an "emerging risk" in this guidance (rather than a significant risk) unless clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the 2019/20 financial year.

## Our risk assessment

We set out the risk assessment procedures we had performed and our further planned procedures in our audit planning report including discussion with relevant officers and review of Council documentation including internal audit reports. We did not identify any further significant risks from our remaining risk assessment procedures.

### Deloitte view

Based on the current status of our audit work, we envisage issuing an unqualified "value for money conclusion".

The expected form of our conclusion is as follows:

*On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in April 2020 we are satisfied that, in all significant respects, Epping Forest District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.*

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# Our audit report

## Matters relating to the form and content of our report

Here we discuss how the results of the audit impact on other significant sections of our audit report.



### **Our opinion on the financial statements**

Our opinion on the financial statements is unmodified.



### **Material uncertainty related to going concern**

We have not identified a material uncertainty related to going concern and will report by exception regarding the appropriateness of the use of the going concern basis of accounting.



### **Emphasis of matter and other matter paragraphs**

We include details on the other matter paragraph in relation to property valuations on page 10 of this report.

There are no other matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.

There are no matters relevant to users' understanding of the audit that we consider necessary to communicate in an other matter paragraph.



### **Our value for money conclusion**

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money).

Our conclusion on the Council's arrangements is unmodified.



### **Other reporting responsibilities**

The Annual Report is reviewed in its entirety for material consistency with the financial statements and the audit work performed and to ensure that they are fair, balanced and reasonable.

Our conclusion in this area is satisfactory.

# Your annual report

We are required to report by exception on any issues identified in respect of the Annual Governance Statement.

	Requirement	Deloitte response
Narrative Report	<p>The Narrative Report is expected to address (as relevant to the Council):</p> <ul style="list-style-type: none"> <li>- Organisational overview and external environment;</li> <li>- Governance;</li> <li>- Operational Model;</li> <li>- Risks and opportunities;</li> <li>- Strategy and resource allocation;</li> <li>- Performance;</li> <li>- Outlook;</li> <li>- Basis of preparation; and</li> <li>- Future sustainability and risks to this posed by Covid-19.</li> </ul>	<p>We have assessed whether the Narrative Report has been prepared in accordance with CIPFA guidance.</p> <p>We have also read the Narrative Report for consistency with the annual accounts and our knowledge acquired during the course of performing the audit, and is not otherwise misleading.</p> <p>We note that the Narrative Report was updated for the implications of Covid-19.</p> <p>We have fed back points from our reviews to officers.</p>
Annual Governance Statement	<p>The Annual Governance Statement reports that governance arrangements provide assurance, are adequate and are operating effectively.</p>	<p>We have assessed whether the information given in the Annual Governance Statement meets the disclosure requirements set out in CIPFA/SOLACE guidance, is misleading, or is inconsistent with other information from our audit. No issues were noted from our review.</p>

# Control observations – Current period audit

We note that there has been a substantial improvement in the preparation of the financial statements and the related processes despite the disruptions caused by the pandemic. However the improvement plan that management are implementing is still ongoing.

During the course of our audit we identified internal control findings which we have summarised below for information.

Area	Observation
<b>Disposal of property, plant and equipment (PPE)</b>	<p>The councils PPE disposal authorisation process involves obtaining approval from Cabinet without any formal requirement to involve officers within the finance team. This poses a risk that assets may be disposed of with the finance team not being alerted to this and therefore not making the formal disposal from the fixed asset system (and subsequently the Statement of Accounts).</p> <p>We recommend that management involve a finance team member in the disposal authorisation process, this will ensure that finance are notified of these on a timely basis.</p> <p><u>Management comment:</u> The recommendation is supported. There are firm plans to review and update Financial Regulations in 2021/22. As part of this process, asset disposal procedures will be strengthened with a view ensuring that good practice standards in governance, accounting and value-for-money are achieved.</p>
<b>Publication of 'notice of delay' for FY19/20 statement of accounts</b>	<p>Where Councils are not able to meet the statutory submission deadline, this triggers the requirement to issue a 'notice of delay' however this was not completed by the Council within the required timeframe. The notice was published in April 2021 following challenge from a member of the public.</p> <p><u>Management comment:</u> The Accounts and Audit (Coronavirus) Amendments Regulations 2020 extended the statutory accounting deadlines for 2019/20 for all local authorities. The Council's draft (unaudited) Statement of Accounts were published on the website on 21st August 2020 in accordance with the statutory deadline of 31st August 2020. In addition, the Council also complied with its responsibility to publicise its Public Inspection arrangements and the extended publication date for audited Accounts of 30th November 2020.</p> <p>However, due to an administrative oversight, the subsequent delay in meeting the 30th November 2020 deadline for the publication of the audited Accounts, was not advertised in accordance with the legislation; a Notice of Delay was subsequently issued by officers in April 2021.</p>



# Control observations – Prior period audit

During the course of prior period audit we identified internal control findings which we have summarised below for information along with an update based on our 2019/20 audit.

Area	Observation
<p>Page 39 Quality of draft financial statements</p>	<p>The initial draft financial statements which were published for public inspection and presented for audit were not of the expected standard. Issues noted included:</p> <ul style="list-style-type: none"><li>• Findings regarding the compliance of the narrative report, financial statements and annual governance statement with the CIPFA code;</li><li>• Inconsistencies between notes in the financial statements;</li><li>• Accounting policies not updated for the adoption of IFRS 9 and IFRS 15;</li><li>• Accounts disclosures not updated for the adoption of IFRS 9;</li><li>• Accounts disclosures not updated for the adoption of IFRS 15;</li><li>• Differences between primary statements and notes; and</li><li>• Differences noted during our call and cast process</li><li>• Numerous differences noted between the financial statements and supporting working papers and/or an absence of suitable supporting working papers</li><li>• A lack of knowledge about key balances due to a significant loss of corporate knowledge following the departure of a number of members of the finance team which was exacerbated by a lack of documented processes.</li></ul> <p>Together these indicate weaknesses in the financial reporting and close process. We recommend the Council reviews the year-end reporting and close process, including:</p> <ul style="list-style-type: none"><li>• Documented year end timetable that includes detailed guidance on processes and controls</li><li>• preparation of a skeleton draft of the financial statements ahead of year-end, reviewed against the Code for any changes in the year and for the disclosure requirements for any new or changed activities of the Council;</li><li>• documentation and quantification of judgments in respect of materiality of disclosure requirements in preparing the accounts;</li><li>• review of the completed CIPFA disclosure checklist;</li><li>• documented and reviewed internal checks of internal consistency;</li><li>• completion of the CIPFA “pre-audit checks on draft year-end accounts” checklist; and</li><li>• documented and reviewed internal tie back and referencing of the draft financial statements to supporting working papers.</li></ul> <p><b>2019/20 audit comment:</b> The financial statements presented for audit were of a higher quality compared to the 2018/19 audit. However, we noted that there were still instances relating to the points raised during the PY audit.</p> <p><b>Management comment:</b> It is generally accepted that the Council prepared a stronger set of draft Financial Statements for 2019/20 compared to 2018/19 and, at the time of preparing this response, further improvements are anticipated in the draft Financial Statements for 2020/21.</p>

# Control observations – Prior period audit (continued)

Area	Observation
<b>Preparation of accounting papers</b>	<p>Accounting papers were not prepared to explain and support key judgements and estimates, including the ongoing pertinence of judgements made in previous years, or were not sufficiently detailed to explain and support those judgements and estimates. It is good practice (and the expectation of the Financial Reporting Council) for organisations to prepare accounting papers in respect of key matters in the application of accounting standards, in particular for matters of judgement or of estimation complexity. Typically these would include consideration of the relevant requirements of the accounting standards and the Code, the fact pattern (including details of relevant terms of contracts etc.), an assessment of how the standards apply in this context, consideration of potential alternative treatments, the proposed approach to measurement/calculation of accounting entries required, and the required disclosures.</p> <p>The preparation of accounting papers both supports accurate financial reporting, including facilitating both internal and external review and challenge, and provides a resource to ensure institutional knowledge is retained in the organisation.</p> <p>We recommend the Council adopts an approach of preparing papers for any key accounting judgements or issues arising. We also recommend that accounting papers are presented to the same meeting of the Committee at which the draft statement of accounts are approved (if not earlier) for scrutiny and to inform the Committee’s approval of the draft statement of accounts.</p> <p><b>2019/20 audit comment:</b> We note that that there have been improvements in the preparation of accounting papers however there were still some instances where we would recommend that accounting papers are prepared.</p> <p><b>Management response:</b> improvements were achieved in Accounting Papers for 2019/20 and this is still a priority area for further development in 2020/21</p>
<b>Documentation of controls and process</b>	<p>There were significant delays in the completion of the audit process and provision of key information. One of the reasons for these issues has been the significant turnover in the finance team and subsequent loss of corporate knowledge. This has been exacerbated by the processes and routines previously in place not being clearly documented, therefore restricting the level of knowledge and continuity.</p> <p>As it progresses its initiatives to improve the processes around financial control, we recommend the level of documentation is improved to mitigate any future loss of continuity within the finance team.</p> <p><b>2019/20 audit comment:</b> We note that improvements have been made and that this is an ongoing process.</p> <p><b>Management response:</b> Business continuity was a primary consideration in the development of the new Corporate Finance Team. To this end, Team Leaders have been tasked with preparing detailed Procedure Manuals for their areas of responsibility.</p>

# Control observations – Prior period audit (continued)

Area	Observation
<b>Review and approval of workings papers</b>	<p>A number of key working papers and reconciliations provided by management in the first instance were inadequate as they did not reconcile to the trial balance or contain the required level of detail. For example, the profit on disposal amount included in the accounts was misstated by £700k, with the workings provided to corroborate the amount containing a number of incorrect calculations. Whilst we note that in most instances subsequent workings have been provided by management which are correct, we recommend that a process of review and approval of all key working papers is embedded in the year end process to implement an appropriate level of quality control.</p> <p><b>2019/20 audit comment:</b> We note that that there have been improvements, however there were still some instances where issues were noted.</p> <p><b>Management response:</b> Improvements were achieved in processes for 2019/20 and this is still a priority area for further development in 2020/21</p>
<b>Controls of cash accounts</b>	<p>We have identified a number of bank accounts which are held by the council but are not recorded within the general ledger. Whilst the amounts held within these accounts are not material, there is an increased risk of error in reporting cash if the accounts are not correctly recorded.</p> <p>We recommend that the council undertakes a full review of its banking arrangements and considers closing any which are no longer in use, as well as ensuring all bank accounts are captured within the general ledger.</p> <p><b>2019/20 audit comment:</b> No instances noted during the CY audit.</p>
<b>Maintenance of contact information and mandates with third parties</b>	<p>We have noted through our audit procedures that incorrect information is held with key third parties. For example, the bank mandates have not been updated to reflect turnover in key members of staff, and incorrect contact information is documented with the investment managers. This increases the risk of accounts being accessed by members of staff who have left, or the council being unable execute banking or investment changes without an individual with the required authority.</p> <p>We recommend that a regular review of this information is completed by the council to ensure the relevant changes are implemented on a timely basis.</p> <p><b>2019/20 audit comment:</b> No instances noted during the CY audit.</p>

# Control observations – Prior period audit (continued)

Area	Observation
<b>Evidence of 'rents to mortgages' scheme</b>	<p>The council holds charges of £2.1m over properties sold by the council through a historic 'rents to mortgages' scheme. The council has been unable to provide the relevant supporting documentation to corroborate the charges held over the properties, and is therefore unable support the amounts recorded within the financial statements.</p> <p>Once the relevant documentation is provided by the council, we will complete our procedures in regards to this balance. However, we recommend the council reviews its processes for the retention of key legal documents such as this.</p> <p><b>2019/20 audit comment:</b> Whilst we note that that there have been improvements, there were still some instances where issues were noted.</p> <p><u>Management response:</u> Evidence was supplied in a limited number of cases as part of the 2019/20 audit process. This is proving a challenging area given the age of a lot of the documentation. Further work is being conducted as part of the preparation of the 2020/21 Statement of Accounts.</p>
<b>Disposal Processes</b>	<p>Through our testing of disposals we have identified a number of assets which have been disposed of in the year, but not removed from the fixed asset register. We have also identified costs of disposal which have incorrectly been capitalised in the year.</p> <p>Furthermore, we note there is no formal process of review and approval of disposals, or any asset audits completed to ensure the completeness of the disposals listing. We recommend these processes are introduced to improve the controls surrounding asset disposals.</p> <p><b>2019/20 audit comment:</b> No instances noted during the CY audit.</p>
<b>Depreciation policy</b>	<p>The council has an accounting policy to apply a full year of depreciation in the year of disposal and no depreciation in the year of acquisition, primarily for the reason that the fixed asset register is only updated at the end of year. This practice is not uncommon in the sector and does not have a significant impact on the carrying amount of assets where assets are acquired and disposed relatively evenly across the year.</p> <p>Management have prepared a high level calculation to assess the impact of this, which has been reviewed by the audit team. This assessment outlined the total net impact on depreciation as £7k, which is highly trivial.</p> <p>We recommend that management implements a process whereby the depreciation charge is retrospectively calculated based on the actual date of acquisition or disposal.</p> <p><b>2019/20 audit comment:</b> No issues noted during the CY audit.</p> <p><u>Management response:</u> Accounting policies are kept under review with improvements prioritised based on materiality. Future consideration will be given to the Depreciation Policy</p>

# Control observations – Prior period audit (continued)

Area	Observation
<b>Production of debtor &amp; creditors listings</b>	<p>The councils accounting system can only produce debtors &amp; creditors listings on the date they are requested, and is therefore unable to provide retrospective listings. These listings were not produced the March 2019 year end and as a result full listings were not provided. Whilst management have been able to produce an alternative summary, this has been a time consuming task and has resulted in significant delays. We recommend the council ensures the production of these reports are embedded in the year end processes which is not disrupted by a loss of continuity in the finance team.</p> <p><b>2019/20 audit comment:</b> Whilst we note that that there have been significant improvements, there were some issues with the implementation of the improved processes.</p> <p><u>Management response:</u> Improvements were achieved in processes for 2019/20 and this is still a priority area for further development in 2020/21</p>
<b>Elimination of internal recharges</b>	<p>Internal recharges should be eliminated from the presentation of income and expenditure in the Comprehensive Income and Expenditure Statement. The process of doing this is complicated due to a change in the reporting procedures in 2018/19. £3.6m of expenditure has been identified which was incorrectly recorded within the financial statements.</p> <p>We recommend the council modifies its processes for recording expenditure to ensure all double counting is eliminated.</p> <p><b>2019/20 audit comment:</b> No issues noted during the CY audit.</p>
<b>Retention of signed employee contracts</b>	<p>We have identified that the council does not retain signed employment contracts for a number of employees. We recommend that the council undertakes a review of its employment contracts to ensure a signed copy is in place for all members of staff.</p> <p><b>2019/20 audit comment:</b> There was an issue noted in the CY audit with one unsigned contract identified.</p> <p><u>Management response:</u> The Council has recently switched to using electronic signatures (through "DocuSign") for employment contracts, which has led to an improvement in (signed) document retention procedures.</p>

# Control observations – Prior period audit (continued)

Area	Observation
<p><b>New accounting standards – IFRS 9 and 15</b></p>	<p>Whilst we understand that officers discussed the impact of adoption of the new standards during the closure process, they did not prepare accounting papers on the transition to IFRS 9 and 15. The initial draft accounts were not updated for changes in disclosure requirements from IFRS 9 and 15. We are yet to receive managements assessment of these standards, which we will then assess to determine if the correct treatment has been applied. We also observe that because the new standards have been discussed as a one off exercise, new requirements will not have been embedded in the Council’s underlying systems, processes and controls. This presents a risk that new contracts or transaction may give rise to unanticipated impacts in future, or not be detected.</p> <p>We recommend that the Council reviews how to update its day to day accounting processes, including any necessary system and control changes, to reflect the requirements of IFRS 9 and 15, and the process to be followed in assessing new and unusual transactions.</p> <p><b>2019/20 audit comment:</b> No issues noted in the CY audit.</p> <p><u>Management response:</u> Increased professional capacity in the Finance function is improving the Council’s ability to respond to the required implementation of new Accounting Standards.</p>
<p><b>Preparation for IFRS 16</b></p>	<p>The implementation of IFRS 16, Leases, for 2020/21 is expected to have a greater and more complex impact upon most Councils than the adoption of IFRS 9 and 15. The scope and potential complexity of work required, which may require system or process changes to underpin correct accounting under the standard, will require work to be completed at a significantly earlier stage than has been the case for IFRS 9 and 15 to allow for financial reporting timetables to be met.</p> <p>We recommend that the Council targets completion of its IFRS 16 impact analysis during 2019/20, and to calculate an adjusted opening balance sheet position for audit following the 31 March 2020 audit. We recommend early consideration following the impact analysis of actions required to embed IFRS 16 accounting in the Council’s underlying accounting systems and would expect an accounting paper to be prepared for the purposes of 2019/20 audit.</p> <p><b>2019/20 audit comment:</b> IFRS 16 implementation has been deferred.</p> <p><u>Management response:</u> In March 2020, in the light of COVID-19 pressures, HM Treasury and the Financial Reporting Advisory Board (FRAB) decided that the IFRS 16 implementation deadline of 1st April 2020 for the public sector will be deferred for a further year, to 2021/22. Leasing is not currently a material issue at the Council.</p>

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# Control observations – Prior period audit (continued)

Area	Observation
<b>Preparation of cash forecasts</b>	<p>We note that the council does not prepare detailed cash flow forecasts. This restricts the councils ability to manage its working capital effectively and inform medium and long term finance strategy and planning, including its capital expenditure programme and financing requirements.</p> <p>We therefore recommend the council produces, a monthly basis, detailed cash forecasts for a period of at least 12 months. We also recommend that the actual cash balances are then compared to the forecasts and explanations for any variances are provided.</p> <p><b><u>2019/20 audit comment:</u></b> We note that the implementation is still in progress.</p> <p><b><u>Management response:</u></b> Extraordinary cash flows triggered by the Council’s role in the Covid-19 pandemic relief effort has undermined the ability to successfully implement (accurate) detailed Cash Forecasts, although cash flows have been successfully managed within acceptable limits since October 2020. The implementation of more sophisticated Cash Forecasts is a major priority for the newly appointed Senior Accountant post (scheduled with effect from 1st October 2021).</p>

# Purpose of our report and responsibility statement

## Our report is designed to help you meet your governance duties

### What we report

Our report is designed to help the Audit Committee and the Council discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA 260 (UK) to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

Results of our work on key audit judgements and our observations on the quality of your Annual Report.

- Our internal control observations.
- Other insights we have identified from our audit.

### What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the Council.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

### The scope of our work

Our observations are developed in the context of our audit of the financial statements. We described the scope of our work in our audit plan and again in this report.

This report has been prepared for the Audit Committee and Council, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

We welcome the opportunity to discuss our report with you and receive your feedback.

Deloitte LLP

for and on behalf of Deloitte LLP

7 July 2021



# Appendices

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# Audit adjustments

## Adjusted misstatements

The following misstatements have been identified by Deloitte up to the date of this report which have been corrected by management. We nonetheless communicate them to you to assist you in fulfilling your governance responsibilities, including reviewing the effectiveness of the system of internal control.

		Debit/(credit) CIES £m	Debit/(credit) in net assets £m	Debit/(credit) prior year reserves £m
<b>Misstatements identified in current year</b>				
Incorrect classification of grant cash receipts	[1]		2.6 / (2.6)	
Misclassification of VAT Receivables	[2]		0.8 / (0.8)	
Incorrect posting of NNDR Provision	[3]	4.8	(4.8)	
<b>Total</b>		<b>4.8</b>	<b>(4.8)</b>	

[1] Deloitte noted that one side of the journal posting was incorrectly coded to cash rather than deferred income in relation to grant cash receipts for FY20/21.

[2] The VAT receivables balance was misclassified thus leading to the gross up of debtors and creditors. The corrective posting impacts balance sheet only.

[3] Management had incorrectly posted the £2.4m NNDR Provision adjustment as a reduction rather than an increase to the provision balance. This error required a corrective posting of £4.8m to be applied to the CIES and balance sheet.

# Audit adjustments

## Unadjusted misstatements

The following uncorrected misstatements have been identified up to the date of this report which we request that you ask officers to correct as required by ISAs (UK). Uncorrected misstatements to date increase total comprehensive expenditure in the CIES by £0.65m, decrease net assets by £0.65m, and decrease usable reserves by £0.65m.

		Debit/(credit) CIES £m	Debit/(credit) in net assets £m	Debit/(credit) prior year reserves £m
<b>Misstatements identified in current year</b>				
Impact of Goodwin judgement on pension liability	[1]	0.65	(0.65)	
<b>Misstatements identified in prior years</b>				
<b>Total</b>		<b>0.65</b>	<b>(0.65)</b>	

[1] Refer to page 13 for further detail in this regard.

# Disclosure Deficiencies

Disclosure	Summary of disclosure requirement	Quantitative or qualitative consideration
Provisions	<p>In line with para 8.2.4.2 of the CIPFA code, authorities shall disclose, for each class of provision:</p> <ul style="list-style-type: none"><li>- the carrying amount at the beginning and end of the period</li><li>additional provisions made in the period, including increases to existing provisions</li><li>- amounts used (i.e. incurred and charged against the provision) during the period</li><li>- unused amounts reversed during the period, and</li><li>- the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.</li></ul>	<p>Based on our review of the accounts, we note that this requirement of the Code has not been complied with as per our review of Note 19 Provisions.</p>

# Fraud responsibilities and representations

## Responsibilities explained



### Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.



### Required representations:

We have asked the Council to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you have disclosed to us all information in relation to fraud or suspected fraud that you are aware of and that affects the Council and its group.

We have also asked the Council to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.



### Audit work performed:

In our planning we identified capitalisation of expenditure and management override of controls as key audit risks for your organisation.

During course of our audit, we have had discussions with management and those charged with governance including the Head of Internal Audit.

In addition, we have reviewed management's own documented procedures regarding fraud and error in the financial statements. We have reviewed the paper prepared by management for the on the process for identifying, evaluating and managing the system of internal financial control.

### Concerns:

No significant concerns have been identified from our work

# Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation	We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the Council and will reconfirm our independence and objectivity to the Audit & Governance for the year ending 31 March 2020 in our final report to the Audit & Governance.
Non-audit fees	There are no non-audit fees.
Independence monitoring	We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Relationships	We have no other relationships with the Authority, its members, officers and affiliates, and have not supplied any services to other known connected parties.

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	Proposed £ (excl. VAT) 2019/20
Financial statement audit under the NAO's Code of Audit Practice [1]*	49,797
Additional fee for extended audit and change of scope due to Covid-19 [1]*	TBC
<b>Total audit fees</b>	<b>49,797</b>

[1] The fee reflected here is the scale fee. In line with recent PSAA correspondence that scale fees should be negotiated by individual s151 officers. In addition, we have incurred additional costs due to the extended audit and changes in the scope of the audit due to the impact of the Covid-19 pandemic. We are currently discussing with the Authority the current level of fee.

\* All additional fees are subject to agreement with PSAA.

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



**Epping Forest  
District Council**

### **Report reference:**

**Date of meeting: 15th July 2021**

**Portfolio: Finance & Economic Development**

**Subject: (Audited) Statement of Accounts 2019/20**

**Responsible Officer: Andrew Small (01992 564278)**

**Democratic Services: Laura Kirman (01992 564273)**

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### **Recommendations/Decisions Required:**

- (1)** To consider and comment upon the audited Statement of Accounts 2019/20 in the context of the Deloitte audit report for the year ended 31 March 2020 presented elsewhere on this agenda (**Appendix A**)
- (2)** To approve the proposed accounting adjustments (**summarised in Table 1 below**) – recommended by the Council's Section 151 in the light of updated information – in order to help manage the impact on the General Fund Reserve.
- (3)** That a report be submitted to the Council recommending that the Statutory Statement of Accounts for 2019/20 be adopted.

### **Executive Summary:**

The audit of the Council's Statement of Accounts 2019/20 has now concluded, and the findings of the external auditor have been reported elsewhere on this agenda.

The preparation of the draft Statements for 2019/20 was a challenging exercise, given the substantial problems encountered in the preparation of the 2018/19 Statements and the ongoing shortfall in established professional resources following the sudden loss of several qualified Finance officers in 2019; this left a major knowledge gap. The pressure was added to by the impact of the Covid-19 pandemic and remote working.

Despite the circumstances, as acknowledged by the external auditors, very good progress was made in developing both the standard of the Statement of Accounts and the supporting records. At the time of preparing this covering report, Finance officers are concluding the preparation of the draft Statements for 2020/21, which should further build on the progress made in 2019/20. Future progress on the Council's Statement of Accounts in 2021/22 and beyond is one of the core principles at the heart of the new Corporate Finance function that is currently being implemented (scheduled completion 1st October 2021).

Nevertheless, the audit process did identify a need to adjust the draft Statements for 2019/20. Notably, a material adjustment was required to the Council's NNDR (Business Rates) Appeals Provision on the Balance Sheet. The Balance Sheet Provision represents the Council's 40% share of the total provision in the Collection Fund.

The 2019/20 financial year was a difficult one for the Council's Collection Fund with in-year deficits recorded on both Council Tax (£1.2 million) and Business Rates (£3.8 million). The most notable pressure common to both Council Tax and Business Rates was the requirement to make additional provision for bad debts, with the necessary assessment being undertaken during the early days of the Covid-19 pandemic. In addition, the outturn on Business Rates was further impacted by the loss of a major Appeals case during the year (£1.1 million), which contributed to significant volatility on the Provision in the year; this added to the overall need to make a significantly larger Provision for Appeals in 2019/20 (£2.2 million) compared to 2018/29 (£0.2 million).

Finance officers were required to make a range of complex accounting adjustments in preparing the draft Statement of Accounts in order to correctly reflect the (exceptional) movements on the Collection Fund. Prompted by a subsequent audit enquiry on the Provision held on the draft Balance Sheet (£2.7 million) in November 2020, officers identified a mis-posted journal, which – once corrected – had a material impact (£4.8 million) on the Trial Balance, and the Council's General Fund Reserve in particular. However, the audit was unavoidably paused at this point due to the need for Finance officers to prioritise the preparation of the 2021/22 budget.

Finance officers resumed the review of the Statement of Accounts in February 2021 upon completion of the budget. The work confirmed a further (partially compensating) error in the accounting treatment of a Treasury Share payment made to the Government in July 2020 of £1.3 million as part of the Council's pooling obligations for Housing capital receipts received as part of the (tenants) "Right to Buy" (RTB) scheme; the payment included missed payments from 2017/18 and 2018/19.

The net effect of the foregoing adjustments led to a Section 151 reassessment of the assumptions made on provisions, and reserve transfers, in the light of both the updated accounting adjustments and further intelligence (due to the passage of time) on the financial impacts of the Covid-19 pandemic.

Once processed, the overall impact of the adjustments leads to a net reduction in the General Fund Reserve of £1.4 million (from £7.8 million to £6.4 million). There are a range of reasons for the net reduction in the Reserve, including a missed accrual in 2018/19 of £0.718 million (for the Business Rates Levy) which had to be charged in 2019/20, as well as previously unknown budget pressures (on Insurance and Pensions) identified by officers (and reported to Cabinet in February 2021) as part of the 2021/22 budget preparation process.

Members of the Committee are therefore recommended to approve the proposed (discretionary) adjustments to the draft Statement of Accounts for 2019/20. The adjustments are summarised in the table below.

**Table 1: Proposed Discretionary Adjustments to draft Statement of Accounts 2019/20**

<b>Title</b>	<b>Description</b>	<b>Value (£'s)</b>	<b>Comment</b>
Bad Debt Provision (BDP)	Reduction in BDP	315,410	Reflects updated intelligence on Commercial Property Rents outstanding as at 31st March 2020
Future Staff Incentive	Remove earmarked funding for staff incentives	345,000	Funds originally earmarked based on anticipated large budget surplus in December 2019 – Balance is uncommitted
Insurance Reserve	Reduce Insurance Reserve	849,921	Surplus provision identified in Insurance Reserve
District Development Fund (DDF)	Reduce DDF earmarked balance	873,722	Review of project commitments by Cabinet in the light of Covid-19 allows temporary reduction in DDF

In the view of the Section 151 Officer, the discretionary adjustments presented in the table above are prudent in protecting and maintaining the relative stability of the General Fund Reserve and are therefore recommended to the Committee on the following basis:

- The outcome better enables the Council to meet its current financial commitments to the approved 2021/22 budget (which assumes a £1.35 million contribution from the General Fund Reserve) and a range of priority projects, many aimed at supporting the district's recovery from the pandemic; and
- At the same time, the recommended adjustments also provide for a £4.0 million contingency balance in the event of unexpected financial pressure as recommended by the Section 151 Officer in accordance with Section 25 of the Local Government Act 2003 and adopted by full Council on 25th February 2021.

#### **Reasons for Proposed Decision:**

To ensure that the Committee maintains robust oversight of the Council's duty to prepare annual financial statements that comply with proper accounting practice as defined by Section 21(2) of the Local Government Act 2003.

To ensure the continued stability of Council reserves, through targeted accounting adjustments based on updated intelligence and professional judgement.

#### **Legal and Governance Implications:**

The local government financial reporting and audit regime exists within in a tightly regulated framework.

For the accounting period 2019/20, this includes the:

- Local Government Act 1972 (Section 151)
- Local Government Act 2003 (Section 21(2))
- Local Audit and Accountability Act 2014 (various); and
- Accounts and Audit (Coronavirus) Amendments Regulations 2020.

**Safer, Cleaner and Greener (SCG) Implications:**

None.

**Background Papers:**

Epping Forest District Council "*Statement of Accounts 2019/20*" (draft) published August 2020.

CIPFA/LASAAC "*Code of Practice on Local Authority Accounting in the United Kingdom 2019/20*" (Guidance Notes).

National Audit Office "*Code of Audit Practice 2015*" (valid for accounting periods 2015/16 to 2019/20).

**Risk Management:**

There are a range of risks associated with local authority accounting and audit ranging from reputational damage to the Council through to the loss of public funds through fraud and error and a lack of accountability; the accounting and audit regime acts as a key mitigating control.

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



**Epping Forest  
District Council**

**Report reference:**

**Date of meeting: 15 July 2021**

**Portfolio: Leader of the Council**

**Subject: Annual Report of the Chief Internal Auditor**

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

**Democratic Services: Laura Kirman (01992 564273)**

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### **Recommendations/Decisions Required:**

- (1) The Committee is requested to note the following report for 2020/21 and the assurance level given;**
- (2) Agrees that for the 12 months ended 31 March 2021, the Council has operated adequate and effective governance, risk management arrangements and control processes. The exception to this, being disaster recovery and the Council is already addressing the weaknesses identified.**

### **Executive Summary:**

This report is presented in support of the Internal Audit opinion on the adequacy of Epping Forest District Council's (EFDC) internal control environment and provides a summary of the work undertaken by Internal Audit for 2020/21.

The Accounts and Audit Regulations 2015 include a requirement for the Council to carry out an annual review of the effectiveness of its system of internal audit as part of the wider review of the effectiveness of the system of governance. This report supports such a review.

### **Reasons for Proposed Decision:**

To support the Committee in its review of the Annual Governance Statement

### **Other Options for Action:**

No other options.

### **Report:**

#### Introduction

This document summarises the results of internal audit work during 2020/21 and, as required by the Accounts and Audit (England) Regulations 2015, gives an overall opinion of the Council's governance, risk management and control framework.

#### Overall Opinion

The Chief Internal Auditor is required to provide the Council with a statement on the adequacy and effectiveness of the organisation's risk management, control and governance processes.

In giving an opinion it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the organisation is a reasonable assurance there are no major weaknesses in the Council's risk management, control and governance processes.

In assessing the level of assurance to be given, the following have been taken into account:

- All audits undertaken during the year;
- Any follow-up action taken in respect of audits from previous periods;
- High priority recommendations not accepted by management or acted upon (there were none) and the consequent risks;
- The effects of any significant changes in the Council's objectives, activities or systems (there were none despite the pandemic);
- Matters arising from previous reports to the Audit and Governance Committee;
- Any limitations which may have been placed on the scope of internal audit (there have not been any);
- Whether there have been any resources constraints which have impinged on the Chief Internal Auditor's ability to meet the full audit needs of the Council (the pandemic led to a revised Internal Audit plan and operational disruptions impacted on the access of Internal Auditors to key staff and information resulting in inefficiency and delayed outputs); and
- The results of work performed by other assurance providers including the work of the External Auditors.

2020/21 was an exceptional year as the Covid-19 pandemic was prevalent throughout the financial year. This led to the Audit and Governance Committee agreeing to a reduced Internal Audit programme of works at their June 2020 meeting. However, it is the Internal Audit Manager's opinion that sufficient work has been undertaken and sufficient assurances obtained to support their annual opinion, both through its formal assurance audits and advisory work.

**Based upon the results of work undertaken during the year it is the Chief Internal Auditor's overall opinion that the Council has adequate and effective governance, risk management arrangements and control processes. Where there have been significant issues these have been accepted by Management and promptly corrected. The exception to this, being disaster recovery and the Council is already addressing the weaknesses identified.**

**For all other areas, key governance, risk management and internal control arrangements have been maintained and have not deteriorated despite the Covid-19 pandemic.**

### Context

This report outlines the work undertaken by Internal Audit covering the period 1 April 2020 to 31 March 2021.

Management is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements i.e. the control environment. Internal Audit plays a vital role in advising the Council that these arrangements are in place and operating effectively. On behalf of the Council, Internal Audit reviews, appraises and reports on the efficiency, effectiveness and economy of these arrangements.

Internal Audit is required by professional standards to deliver an annual internal audit opinion and report to those charged with governance, timed to support the Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report must incorporate:

- the opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

The primary role of Internal Audit is to provide assurance to the Council and ultimately the taxpayers that the Council maintains an effective control environment that enables it to manage its significant organisational risks and has appropriate governance arrangements to support this. Internal Audit helps the Council achieve its objectives and provide assurance that effective and efficient operations are maintained. The assurance work culminates in an annual opinion on the adequacy of the Council's control environment which feeds into the Annual Governance Statement.

#### Internal Audit Work during 2020/21

The 2020/21 Internal Audit Plan was prepared based on the risks associated with the Council's objectives in consultation with key officers and took into account:

- Knowledge and experience accumulated in Internal Audit, including the results of previous reviews
- A review of audit themes against the Corporate 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

Due to the pandemic the focus of Internal Audit's work was significantly changed and a revised plan for 2020/21 adopted and approved at the June 2020 Audit and Governance Committee meeting. Both the original and revised plan were designed to allow sufficient audit coverage to support the overall opinion for the Council. Despite the changes there has been sufficient internal audit coverage in order to give this opinion.

At the end of each assurance review a report is issued giving a formal audit assurance rating. This rating is based on an assessment of the key management arrangements and internal controls in place and measured using the following scale:

- 'Substantial' assurance – Overall, there is a sound system of control. Any weaknesses which put system/service objectives at risk will be minor and does not lead the Council to significant risk exposure.
- 'Moderate' assurance – Basically sound control, with areas of weakness, which put system/service objectives at risk. (Any high priority recommendations will prevent this level of assessment).
- 'Limited' assurance – There are significant weaknesses in more than one key control

- area, which could put system/service objectives or the Council at risk.
- ‘No’ assurance – There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk.

### Summary of Assurance Work

A total of eight assurance reviews were completed and overall the audits are positive with the majority being given Substantial or Moderate assurance. Swift action is being taken by the Council regarding the two limited assurance reports which relate to ICT (Area Storage Network and IT Disaster Recovery).

The table below provides a comparison between 2020/21 and previous three financial years.

Whilst the table highlights that the number of reports issued has decreased when compared with previous years this has been as a result of Internal Audit undertaking more advisory work than previously, especially as a result of Covid-19 as well as undertaking fewer audits but completing them in greater depth. For example, there were 12 audits planned in 2020/21 compared to 18 in 2019/20. It is not an indication that the Council’s control framework has deteriorated.

Assurance rating	2020/21	2019/20	2018/19	2017/18
Substantial	3	5	14	13
Moderate	3	3	9	6
Limited	2	4	1	0
No	0	0	1	0
<b>Total</b>	<b>8</b>	<b>12</b>	<b>25</b>	<b>19</b>

Appendix A sets out work carried out by the Internal Audit service during the year in narrative form and compares this to the revised plan agreed by the Audit and Governance Committee June 2020. This summary includes individual audit reviews, consultancy and advice and other Internal Audit engagement activities with the Council.

Appendix B lists the individual audit reports issued as part of the 2020/21 Plan.

### Tracker process

Recommendations are categorised according to the risks they are intended to mitigate. Categorising recommendations also assists managers in prioritising improvement actions. Recommendation categories, in order of priority are high, medium and low depending on the level of risk involved.

The Audit and Governance Committee receives a report of all overdue recommendations plus any high-risk recommendations from final reports issued, regardless whether they are overdue or not.

The process continues to work well with good commitment by managers to ensure audit recommendations are implemented or there are good business reasons why there has been a delay. There are no significant issues to report regarding the implementation of audit recommendations.

### Other Sources of Assurance



The opinion given in this annual report does not rely solely on the formal audits undertaken by the section.

*Special investigations:* Internal Audit and the Corporate Fraud Team investigate any allegations of fraud and suspected irregularity although there are separate arrangements for reporting, investigating and dealing with benefits fraud. The Audit and Governance Committee would be notified of any significant internal frauds (estimated at more than £10,000). There have been none for 2020/21 fulfilling this criterion; the same as the previous three years. There were no reported whistleblowing allegations.

*Advice:* Internal Audit is most effective when its advice is utilised to ensure that appropriate controls are incorporated at an early stage in the planning of policy or systems. This includes Internal Audit represented on key business groups which in 2020/21 included:

- The Corporate Governance Group
- Risk Management Group
- Strategic Information Governance Group and the Information Assets Owners Group
- Strategic Safety Group and the Operational Safety Group
- IT Portfolio Governance

Throughout the year Internal Audit has been assisting with an exercise to develop a schedule of responsibilities for each layer of the management spine, reflecting the DMA (Decision Making Accountability) principles used to design the Council's structure. This is to ensure there is clarity and consistency of decision making at each management level and decision making is attached to the role and not the individual. Discussions are ongoing with Service Managers to align processes with the DMA which will maintain operational effectiveness whilst ensuring accountability.

Internal Audit is facilitating discussions on the Council's approach to the use of purchase cards following the decision to use these routinely for low level spend. A project group has now been set up to take this forward.

In addition, Internal Audit raises awareness of control issues throughout the Council particularly through the update of key governance documents and the co-ordination and analysis of service assurance statements which feeds into the Annual Governance Statement.

*Covid-19 related work:* Internal Audit undertook a number of activities as a direct response to Covid-19 being:

- Business Grants: Internal Audit carried out due diligence checks on all relevant Covid-19 grant applications using the governments Spotlight tool, following up any discrepancies identified. Where appropriate, other checks such as review of social media were undertaken to verify eligibility under the various government schemes. Advice was also provided on the BEIS fraud risk assessment and post payment assurance plan required by the Department for Business, Energy and Industrial Strategy.
- Finance related work: Internal Audit resource was used to assist Finance with the reconciliation of the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund payments to ensure payments are properly accounted for and to assist with returns to central government. As Finance resources continued to be stretched because of Covid-19 Internal Audit resource was diverted to update the Revenue Account 2020/21 form submitted to central government and review the processes around the capitalisation of salaries costs within Housing.

- Accounts Payable: Internal Audit advised on processes and controls around Accounts Payable where these had been flexed to allow for staff working remotely. Additional work has included a review of Marketplace purchase orders and invoice payments to check for duplicates and compliance with revised processes.

*Anti-Fraud and Corruption work:* The Corporate Fraud Team reports directly to the Chief Internal Auditor and ensures a corporate approach to anti-fraud activities as well as ensuring synergies with the Internal Audit team. For example, the Council participates in the National Fraud Initiative (NFI), which is a data matching exercise run every two years. The exercise seeks to identify fraud spanning public bodies and Internal Audit is the key point of contact and facilitates and supports the Council’s involvement. Internal Audit works in tandem with the Corporate Fraud Team to look into possible internal (Officer) fraud.

Effectiveness

In line with good practice, the Internal Audit service should on an annual basis ensure it is compliant with the 2017 Public Sector Internal Audit Standards (PSIAS), notifying the Audit and Governance Committee of any areas of non-compliance.

Following an external assessment, which is required every five years, the service was confirmed as fully compliant in November 2016 and this is still 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 responsibilities that could compromise the service’s independence and objectivity. An EQA is planned July 2021, the results of which will be reported to the November 2021 Audit and Governance Committee.

The regular progress reports presented to the Audit and Governance Committee provide Members with the opportunity to monitor Internal Audit’s output and effectiveness. Feedback on the implementation of recommendations also provides evidence of the degree of influence Internal Audit has on changes to strengthen the control framework for the Council.

Performance indicators are in place to monitor service performance and reported at each Audit and Governance Committee with a summary for the year presented below:

Aspect of Service	Performance Indicator	Target	2020/21 Year End outcome	2019/20 Year End outcome
Audit Plan	Achievement of the Annual Plan	Sufficient internal audit work in order that the Chief Internal Auditor can give their annual opinion	Achieved	Achieved
Internal Audit processes	<ul style="list-style-type: none"> <li>• Issue of draft report after closing meeting</li> <li>• Issue of final report after agreement with client to draft</li> </ul>	<ul style="list-style-type: none"> <li>• 10 working days</li> <li>• 5 working days</li> </ul>	<ul style="list-style-type: none"> <li>• 5 days</li> <li>• 4 days</li> </ul>	<ul style="list-style-type: none"> <li>• 10 days</li> <li>• 3 days</li> </ul>
Effective management engagement	<ul style="list-style-type: none"> <li>• Management responses within 10 working days of draft report</li> </ul>	<ul style="list-style-type: none"> <li>• 10 working days</li> </ul>	<ul style="list-style-type: none"> <li>• 6 days</li> </ul>	<ul style="list-style-type: none"> <li>• 19 days *</li> </ul>

	<ul style="list-style-type: none"> <li>• Implementation of agreed audit recommendations</li> </ul>	<ul style="list-style-type: none"> <li>• Within agreed timescales</li> </ul>	<ul style="list-style-type: none"> <li>• Largely met (as reported by tracker)</li> </ul>	<ul style="list-style-type: none"> <li>• Largely met (as reported by tracker)</li> </ul>
Continuous Professional Development (CPD)	Auditors maintain and improve their knowledge, skills and other competencies through directed and self-directed activities.	40 hours of CPD activity per auditor	Achieved	Achieved

\* In 2019/20 there were a number of complex reports or wider reaching recommendations made that took time to finalise to ensure agreed action plans to correct weaknesses identified were right for Epping Forest and were realistic and achievable.

**Resource Implications:**

Within the report

**Legal and Governance Implications:**

Within the report

**Safer, Cleaner and Greener Implications:**

No specific implications

**Consultation Undertaken:**

Corporate Governance Group

**Background Papers:**

NB: There are papers referred to in the preparation of the report which are not attached as appendices, but which are available for public or Councillor study.

Public Sector Internal Auditing Standards (PSIAS) 2017  
Accounts and Audit Regulations (England) 2015

**Risk Management:**

Internal Audit has a primary objective to provide an independent and objective opinion on the adequacy of the Council’s control environment, including its governance and risk management arrangements. The audit reports referred to in this report assist managers to determine the adequacy and effectiveness of the arrangements in place in their services.

**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 C to the report.

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Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2020/21	Year End position	Status / Assurance
<b>Corporate Framework</b>				
Governance and Probity	The Council's governance framework underpins everything it does; therefore, robust arrangements are key in managing this risk.	Assess the governance arrangements in place for Qualis (Group and individual subsidiaries) both in 2020/21 and beyond.	<p>Qualis Group governance: There is a clear governance framework in place with the S151 Officer acting as the Council's shareholder representative. As part of a wider piece of work, a review of the information to be included in the Qualis business plan is being carried out by the Council to ensure enough relevant financial and other business measures, including the use of targets or Key Performance Indicators, are reported on to enable the Council to effectively monitor progress.</p> <p>Corporate Governance Group: Active member of the Corporate Governance Group, which during the year has overseen progress against the Annual Governance Statement action plan, updated the Council's anti-fraud and corruption strategy and reviewed the Local Code of Corporate Governance.</p>	Qualis Group governance - substantial assurance

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2020/21	Year End position	Status / Assurance
<p>Fraud, including proactive fraud work</p> <p>Any loss through fraud is a drain on resources which, in turn, reduces the amounts available for service delivery</p>	<p>Financial resilience and providing services are key in relation to the corporate risk register and achievement of the Council's corporate plan</p> <p>Financial resilience features on the corporate risk register.</p>	<p>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.</p>	<p>Internal Audit (IA) continued in year work regarding the National Fraud Initiative (NFI).</p> <p>Both Internal Audit and the Corporate Fraud Team have been actively supporting the business grants process to ensure the risk of fraudulent activity is minimised.</p> <p>IA undertook one investigation in tandem with the Corporate Fraud Team regarding a potential leak of commercial information. Progress against the recommendations coming out of the investigation are being overseen by the Strategic Information Governance Group</p>	<p>Completed for 2020/21</p>
<p>Assurance Framework including Risk Management and support to Audit Committee</p>	<p>Risk in achieving corporate priorities as these are underpinned by sound leadership, management of resources, and governance.</p>	<p>Co-ordination of year-end assurance reporting, including the Annual Governance Statement. Member of the Corporate Governance Group. Assistance to the Risk Management Group who continue to develop and embed the Council's risk management framework. Support and training to the Audit Committee.</p>	<p>Internal Audit drove the annual Service Assurance Statement review each service undertakes regarding its own effectiveness of its governance; risk management and internal control arrangements. Findings and key themes or common issues were fed into the Annual Governance Statement.</p> <p>Internal Audit continued as an active member of the Officer Risk Management Group and in its regular review of the corporate risk register.</p> <p>Internal Audit provided bespoke training to a member of the Audit and Governance Committee on the back of a skills and knowledge analysis of the Committee. All councilors were invited to risk management training provided by the Chief Internal Auditor in January 2021.</p>	<p>Completed for 2020/21</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2020/21	Year End position	Status / Assurance
<p>Information Management and Governance</p> <p>Data protection and security. Data sets, owners and protocols. Governance and data sharing. Training and awareness</p>	<p>Data/information features on the corporate risk register</p> <p>Breach of data protection and other legislation related risks which could lead to significant fines and reputational damage.</p>	<p>Continue to assist the Council's DPO by providing assurance in targeted areas. During 2020/21 Internal Audit will continue to complete a GDPR checklist for each audit, feeding the results back to the DPO. In addition, IA will actively assist in the delivery of the Strategic Information Governance Group's (SIGG) action plan, of which it is a member. The IGG is chaired by the Council's SIRO.</p>	<p>Internal Audit is a key member of both the Strategic Information Governance Group and its sister group, the Information Assets Owners Group. Both Group's met monthly to bi-monthly as the Council continues on its journey to improve the maturity of its Information Governance framework.</p> <p>In particular, Internal Audit drafted a data retention and disposals policy which has been accepted and communicated to Officers and ensured that each department has an up to date Register of Processing Activities to ensure compliance with the General Data Protection Regulations (GDPR). IA has ensured that privacy by design has been incorporated into the project management framework through the use of Data Protection Impact Assessments and is also undertaking a review of the Council's Information Governance policies.</p>	<p>Completed for 2020/21</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2020/21	Year End position	Status / Assurance
<p>Performance Management</p> <p>Data integrity and quality (collection, collation, analysis and validation). Use of performance targets.</p>	<p>Risk of non-achievement of corporate priorities</p>	<p>Performance Indicators (PIs) considered within operational audits plus specific reviews on an aspect of Corporate PIs.</p>	<p>Performance Management Customer Services (carried forward from 2019/20): This included a review of the Customer Services transformation action plans as this was in progress at the time of the audit. Plans had been updated to reflect to new working arrangements caused by Covid19 restrictions and the requirement for home working.</p> <p>Ongoing performance measurements supported activities that have been effective in delivering a reduction in complaints received, an increase in channel shift to online and improvements in call centre responses where the matter is resolved on first contact.</p> <p>No concerns identified regarding performance indicators and management examined in other audits except for Accounts Payable (see later on)</p>	<p>Performance Management Customer Services – substantial assurance</p>



Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2020/21	Year End position	Status / Assurance
<p>Value for Money (VfM)</p> <p>Guiding principle of the Council.</p>	<p>Financial resilience and providing services are key in relation to the corporate risk register and achievement of the Council's corporate plan</p> <p>Financial resilience features on the corporate risk register</p>	<p>Not an audit in itself, but IA will continue to assist in the Council's review of its scheme of delegation and incorporate a review of delegations within individual audits.</p> <p>In addition, VfM is considered within operational audits in terms of 3Es (economy, efficiency and effectiveness) and bench marking.</p> <p>.</p>	<p>Internal Audit has been assisting with an exercise to develop a schedule of responsibilities for each layer of the management spine, reflecting the DMA (Decision Making Accountability) principles used to design the Council's structure. This is to ensure there is clarity and consistency of decision making at each management level and decision making is attached to the role and not the individual.</p> <p>In addition, advice has been provided on streamlining processes within payroll services and accounts payable.</p>	<p>Completed for 2020/21</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2020/21	Year End position	Status / Assurance
Joint Working, Shared Services, outsourcing, trading companies and Partnerships	Reducing duplication of services across partners and seeking out value for money for service delivery is a feature of the Corporate Plan	To ensure joint arrangements are working in the best interests for the Council with appropriate governance/ monitoring arrangements in place	<p>Harlow and Gilston Garden Town (carried forward from 2019/20): A HGGT Member Board comprising representatives from all five councils provides high level oversight and direction for the HGGT project. Progress is monitored through the Project Director's highlight report to the Board and their weekly meetings with the Independent Chair of the Board. Fortnightly meetings between the Chief Executive and HGGT Director ensure the Council's interests are communicated at a strategic level.</p> <p>As lead authority for the project, Epping Forest District Council is responsible for the HGGT finances. Robust financial procedures ensure budgets are not overspent, finances are accurately recorded and reported, and procurement is in line with legislation and the Council's Procurement Rules.</p>	Harlow and Gilston Garden Town (HGGT) – substantial assurance

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2020/21	Year End position	Status / Assurance
<p>Projects</p> <p>Business case, project methodology, governance arrangements, contract management and viability</p>	<p>Poor project management increases risk of projects not being delivered on time, to budget or not meeting the needs of the Council</p> <p>Strategic sites features on the corporate risk register</p>	<p>Time is set aside each year for Internal Audit to attend appropriate project meetings, as well as providing ad hoc advice and support.</p>	<p>Through the year Internal Audit has sat on the IT Portfolio Governance Group, which has now morphed into the Portfolio Governance Group. The Group provides strategic oversight of the Council's projects and project management framework</p> <p>Internal Audit has been advising on the revised project management framework and help set up a project group to look at extending the use of purchase cards across the Council.</p>	<p>Completed for 2020/21</p>
<p>Contingency</p>	<p>Annual provision for responsive work, special investigations or key/emerging risk areas.</p>	<p>Will also take into account themes/issues coming out of the Annual Governance Statement.</p>	<p>One special investigation was undertaken by Internal Audit in collaboration with Corporate Fraud during 2020/21.</p> <p>The majority of contingency time was spent on Covid-19 business grant work. This included assessing all relevant business grant applications using the central government due diligence tool, Spotlight. Over 4,000 grant applications totaling in excess of £40m were checked. As well liaising on a regular basis with the Revenue and Benefits Manager about other pre and post business grant checks and sharing good practice from other councils.</p>	<p>Completed for 2020/21</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2020/21	Year End position	Status / Assurance
<b>Themed/cross cutting audits</b>				
<p>Income Streams</p> <p>To ensure financial resilience the Council needs to protect and maximise its income streams</p>	<p>Finance resilience features on the corporate risk register</p>	<p>Each year a portion of Internal Audit work will focus on ensuring key income streams for the Council are maintained and adequately controlled.</p> <p>For 2020/21 the leisure management contract audit is to ensure that income streams are maintained and adequately controlled, and the expected benefits (both financial and non-financial) are being realised.</p>	<p>Leisure management contract audit: This did not go ahead due to Covid-19 and leisure services being closed for the majority of 2020/21.</p>	<p>No assurance work undertaken in this area</p>
<p>Procurement</p> <p>Themed audits - compliance, vfm, fraud, goods and services. End to end processes (need, selection, appointment, contract management and exit strategies)</p>	<p>Risks include noncompliance with legislation, fraud and not achieving value for money.</p>	<p>Annually focus on an aspect of procurement which could range from need, selection, appointment, contract management and exit strategies.</p>	<p>Procurement was covered as part of the Harlow Gilston Garden Town audit. In addition, Internal Audit has given advice on contract extensions and compliance with delegated authority.</p> <p>Procurement and Contract audit: Fieldwork in progress covering the following areas:</p> <ul style="list-style-type: none"> <li>• Compliance with the Procurement Rules, and reporting of any breaches</li> <li>• Waivers and contract extensions</li> </ul>	<p>Procurement and Contract audit - will be reported as part of the 2021/22 Plan</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2020/21	Year End position	Status / Assurance
Health & Safety (H&S)	Risk of compromising the health and safety of individuals and noncompliance with H&S legislation leading to fines or imprisonment.	Assess the adequacy of the Council to ensure statutory H&S testing is being complied with	<p>Health &amp; Safety - council building and depot compliance: A single master record of all compliance testing covering all Council sites is to be introduced along with quarterly reporting to the Corporate Safety Team</p> <p>Internal Audit also sits on the Strategic Safety Group and the Operational Safety Group, and have inputted into H&amp;S policies and procedures as they have been reviewed</p>	H&S council building and depot compliance – moderate assurance
Business Continuity Planning (BCP)	Business continuity is on the corporate risk register	<p>IT Disaster Recovery is a technical review and will be undertaken by a specialist.</p> <p>Business continuity will ensure adequate progress has been made to further develop the Council's framework.</p>	<p>IT Disaster Recovery: A project manager is to be appointed to produce a comprehensive Disaster Recovery plan, with a full test of this planned for 2021/22.</p> <p>Business Continuity: Internal Audit kept a watching brief during the year by speaking to key officers and reviewing the outcomes from the Covid-19 recovery group. Business continuity is a standing agenda item for the Corporate Governance Group</p>	IT Disaster Recovery – limited assurance

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2020/21	Year End position	Status / Assurance
<p>Key Financial Controls (KFC)</p> <p>Rolling programme of full system and key financial control audits (unless significant change in process/system or poor audit outcome)</p>	<p>Finance resilience features on the corporate risk register</p>	<p>Rolling programme of key financial control (KFC) audits. For 2020/21 these were to be:</p> <ul style="list-style-type: none"> <li>• Payroll</li> <li>• Treasury Management</li> <li>• Cash and banking</li> </ul> <p>However, due to Covid-19 was agreed instead to undertake the following audit to review the robustness and effectiveness of internal controls as the Council began its recovery phase and suitability of these for the future:</p> <ul style="list-style-type: none"> <li>• Accounts Payable.</li> </ul>	<p>Fixed assets (carried forward from 2019/20): Areas for improvement identified include reconciliations, year-end procedural notes and updating Financial Regulations.</p> <p>Accounts Payable: This audit confirmed that the Accounts Payable control framework is effective and that no reductions in control effectiveness have occurred due to remote working including the use of email approvals rather than wet signatures. There is a need to update Financial Regulations and introduce management information and monthly reporting.</p> <p>Payroll audit: Fieldwork in progress. Will be reported as part of the 2021/22 plan.</p> <p>The cash and banking audit now forms part of the three-year audit plan</p> <p>Treasury management deferred to 2021/22 due to staffing changes within the accountancy function</p>	<p>Fixed assets: moderate assurance</p> <p>Accounts Payable – moderate assurance</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2020/21	Year End position	Status / Assurance
<p>IT Audits:</p> <p>IT Governance, IT Regulation, Security/Privacy, Business Systems, Disaster Recovery plan (DRP)/BCP, Network, Emerging Technologies e.g. mobile devices, IT Applications and Projects</p>	<p>Risks around data and asset security and loss of service.</p> <p>Opportunity for IT to be an enabler for delivering the Council's priorities. Data/information features on the corporate risk register</p>	<p>A specialist IT Auditor will be brought in as required for the more technical audits. The 2020/21 active directory audit will ensure this reflects the Council's new structure and is working as intended.</p> <p>Storage Area Network is integral to the smooth running of the Council's ICT infrastructure because it is the main data storage function for the Council. It's under or non-performance would jeopardise efficient and effective service delivery.</p>	<p>Active directory: Active Directory (AD) management is a directory service developed by Microsoft for the administration of all PCs and servers on a Windows domain. There are a number of areas that need tightening up including password setting within the AD domain, removing dormant and inactive AD accounts and the need to remove unsupported servers, which the Council was already aware of and a project has been initiated.</p> <p>Storage Area Network: The SAN is a dedicated network for data storage. In addition to storing data, SANs allow for the automatic backup of data, and the monitoring of the storage and the backup processes. The main areas for improvement were ensuring vendor support around the firewall appliance (now in place) and administration of this. These have now been completed.</p>	<p>Active directory – moderate assurance</p> <p>Storage Area Network – limited assurance</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2020/21	Year End position	Status / Assurance
<b>Operational/service level audits</b>				
Community and Partnerships <ul style="list-style-type: none"> <li>• Community and partnerships</li> <li>• Community resilience</li> </ul>	Building stronger communities is one of three Corporate objectives for the Council	No planned audits for 2020/21 as this area remains stable and previous audits, for example safeguarding, have been positive. Further assurances will be obtained during the year through review of their service risk register.	Discussions with the Service Director and review of their risk register confirmed there were no significant concerns or risks in this area	No formal assurance work undertaken in this area
Commercial and Regulatory <ul style="list-style-type: none"> <li>• Commercial</li> <li>• Regulatory</li> </ul> Several areas underpinning these are covered elsewhere in this Plan e.g. H&S, business continuity, projects and commercial income	In this highly regulated area, key risk is non-compliance with legislation	Building control as this area has moved directorate following the restructure.	Building control: This audit was deferred as the 2020/21 audit plan was altered due to Covid-19. Discussions with the Service Director confirmed there were no significant concerns or risks in this area	No formal assurance work undertaken in this area



Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2020/21	Year End position	Status / Assurance
Housing and Property <ul style="list-style-type: none"> <li>• Property maintenance</li> <li>• Housing</li> <li>• Development</li> </ul>	Housing capital features on the corporate risk register	Ensure there is a robust mechanism to ensure the Council meets its gas safety requirements.	Gas safety: Fieldwork in progress	Gas safety – to be reported as part of the 2021/22 Plan
Planning <ul style="list-style-type: none"> <li>• Planning Policy</li> <li>• Development Management</li> </ul>	Local Plan features on the corporate risk register	Assess the processes in place to deliver the Local Plan	Local plan delivery: Not a formal audit, instead oversight through strategic risk register and the Risk Management Group  Regular discussions with the Service Director and review of their risk register confirmed there were no significant concerns or risks in this area	Completed for 2020/21
Contracts and Technical <ul style="list-style-type: none"> <li>• Technical</li> <li>• Contracts</li> </ul>	Keeping the District clean and green is a feature of the Corporate Plan	The 2020/21 leisure audit is the same audit as that detailed earlier under income streams	Leisure management contract audit: This did not go ahead due to Covid-19 and leisure services being closed for the majority of 2020/21.	No assurance work undertaken in this area

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2020/21	Year End position	Status / Assurance
<p>Business Services</p> <ul style="list-style-type: none"> <li>• ICT and Business Support</li> <li>• Accountancy</li> <li>• Legal (shared service)</li> <li>• People Team (HR)</li> </ul> <p>Note: IT audits covered elsewhere in the Plan</p>	<p>Efficient use of the Council's financial resources, building and assets is a key feature of the Corporate Plan. As well as enhancing skills and flexibility of our workforce</p>	<p>Work in 2020/21 on staff performance is the same as the work detailed earlier under performance management.</p> <p>The 21/22 audit of cashflows will be a technical audit to ensure implementation of the External Auditor's recommendations in this area are working as intended and the staff recruitment audit will take into account the new iTrent module for this.</p>	<p>See earlier for finance and IT related audits</p> <p>Advice has been provided around the capitalisation of salaries, payroll sign off processes and the possible use of direct debits to streamline supplier payment processes.</p>	<p>Completed for 2020/21</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2020/21	Year End position	Status / Assurance
<p>Customer Services</p> <ul style="list-style-type: none"> <li>• Electoral Services</li> <li>• Democratic Services</li> <li>• Revenue and Benefits (covered under key financial controls)</li> <li>• Customer Services</li> </ul>	<p>Engaging with the changing needs of our customers and having robust local democracy and governance is a key feature of the Corporate Plan.</p>	<p>An audit of customer services was completed as part of the 2019/20 plan.</p> <p>Electoral Services is heavily regulated by central government. Therefore, as with Community and Partnerships further assurances will be obtained during the year through review of their service risk register</p>	<p>See earlier Customer Services audit under Performance Management and business grants work with the Revenue and Benefits service under contingency</p>	<p>Completed for 2020/21</p>
<p>Follow Up Audits</p> <p>Review of progress against recommendations on the tracker.</p>	<p>Tracker process ensures risks identified in audits have been managed to an acceptable level.</p>	<p>Includes specific follow up audits especially where Limited assurance previously given. Includes maintenance of the recommendation tracker.</p>	<p>Implementation of all recommendations continues to be scrutinised as part of the tracker process.</p> <p>Recommendations made in previous reports are routinely followed up when the audit is next undertaken, for example health and safety, accounts payable and fixed assets</p>	<p>Completed for 2020/21</p>

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Appendix B - Audit Plan Monitoring 2020/21  
Year end position

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	Service	Plan Days	Status	Fieldwork started	Report issued to Management	Finalised	Opinion: Level of Assurance	High Priority Recs	Medium Priority Recs	Low Priority Recs
Harlow and Gilston Garden Town	Chief Executive	15	Final report	■	■	■	Substantial	0	3	1
Customer Services	Business Services	12	Final report	■	■	■	Substantial	0	1	2
Governance - Qualis Group	Chief Executive	12	Final report	■	■	■	Substantial	0	2	4
Fixed Assets	Customer Services	15	Final report	■	■	■	Moderate	0	3	0
KFC: Accounts Payable	Business Services	12	Final report	■	■	■	Moderate	0	3	2
IT - active directory management	Business Services	10	Final report	■	■	■	Moderate	0	9	0
IT - storage area network	Business Services	10	Final report	■	■	■	Limited	2	3	0
IT Disaster recovery	Business Services	10	Final report	■	■	■	Limited	2	2	0
H&S compliance - council buildings and depot compliance	Housing and Property	20	In progress	■						
KFC: Payroll	Business Services	12	In progress	■						
Housing H&S – gas safety	Housing and Property	15	In progress	■						
Contract management including exit strategies	Contracts and Technical	20	In progress	■						
Business continuity: assist Council wide lessons learnt review	Business Services	10	On going	Not an audit						
Qualis Commercial	Chief Executive	15	Deferred							
KFC: Treasury Management	Business Services	12	Deferred							
<b>TOTAL</b>								<b>4</b>	<b>25</b>	<b>9</b>

Key  
c/f = carried forward  
H&S = Health and Safety  
KFC = Key Financial Controls

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

<b>Section 1: Identifying details</b>
Your function, service area and team: <b>Internal Audit, Chief Executive</b>
If you are submitting this EqIA on behalf of another function, service area or team, specify the originating function, service area or team: <b>N/A</b>
Title of policy or decision: <b>Annual Report of the Chief Internal Auditor 2020/21</b>
Officer completing the EqIA: Tel: <b>01992 564446</b> Email: <b>smarsh@eppingforestdc.gov.uk</b>
Date of completing the assessment: <b>05/07/21</b>

<b>Section 2: Policy to be analysed</b>	
2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? <b>N/A - this is the Chief Internal Auditor's annual report to Audit and Governance Committee on the Council's governance, risk management arrangements and control processes for 2020/21</b>
2.2	Describe the main aims, objectives and purpose of the policy (or decision): <b>For Audit and Governance Committee to note the annual report of the Chief Internal Auditor for 2020/21</b>  What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? <b>N/A – Report is for noting only</b>
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none"> <li>• service users</li> <li>• employees</li> <li>• the wider community or groups of people, particularly where there are areas of known inequalities?</li> </ul> <b>N/A</b>  Will the policy or decision influence how organisations operate? <b>N/A – report is not decision-based, it is for noting only.</b>
2.4	Will the policy or decision involve substantial changes in resources? <b>N/A – report is for noting only</b>
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? <b>N/A</b>



### Section 3: Evidence/data about the user population and consultation<sup>1</sup>

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? <b>N/A – report is for noting only</b>
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? <b>N/A – as above</b>
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: <b>N/A – as above</b>

<b>Section 4: Impact of policy or decision</b>		
Use this section to assess any potential impact on equality groups based on what you now know.		
<b>Description of impact</b>	<b>Nature of impact</b> Positive, neutral, adverse (explain why)	<b>Extent of impact</b> Low, medium, high (use L, M or H)
Age	N/A	N/A
Disability	N/A	N/A
Gender	N/A	N/A
Gender reassignment	N/A	N/A
Marriage/civil partnership	N/A	N/A
Pregnancy/maternity	N/A	N/A
Race	N/A	N/A
Religion/belief	N/A	N/A
Sexual orientation	N/A	N/A

<b>Section 5: Conclusion</b>			
		<b>Tick Yes/No as appropriate</b>	
5.1	Does the EqlA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No <input checked="" type="checkbox"/>	
		Yes <input type="checkbox"/>	If ' <b>YES</b> ', use the action plan at <b>Section 6</b> to describe the adverse impacts and what mitigating actions you could put in place.

**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: 05/07/21

Signature of person completing the EqIA: Sarah Marsh

Date: 05/07/21

**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.

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



**Epping Forest  
District Council**

**Report reference:**

**Date of meeting:** 15 July 2021

**Portfolio:** Leader of the Council

**Subject:** Annual Governance Statement 2020/21

**Responsible Officer:** Andrew Small (01992 564278).

**Democratic Services Officer:** Laura Kirman (01992 564273).

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### **Recommendations/Decisions Required:**

- (1) The Committee reviews and comments on the draft Annual Governance Statement for 2020/21**

### **Executive Summary:**

The Council's Statutory Statement of Accounts have to be prepared in accordance with the Accounts and Audit Regulations 2015. Within the Regulations, and in accordance with defined 'proper practice', there is a mandatory requirement to publish an Annual Governance Statement (AGS).

The production of an AGS enables the Council to use the review process positively and proactively to deliver assurance about governance arrangements within the Council to stakeholders, and to develop better arrangements where the review finds areas in need of improvement. The process involves a comparison of achievements against the principles set out in the Council's Local Code of Governance and supports an intention and commitment to provide good governance.

### **Reasons for Proposed Decision:**

Although the AGS is not subject to audit by the external auditors, it is a public document and auditors form a view of governance arrangements by comparing statements with their accumulated knowledge of systems and controls. Any significant differences between the two are likely to raise questions about the Council's willingness to acknowledge and address problem areas.

Approval of the AGS should be at a corporate level and should be confirmed by the most senior Officer and Councillor signing the Statement on behalf of the Council. It is good practice for the Council to review and approve the AGS separately from the accounts, as proposed in this report, as this helps to ensure its robustness and reinforce its corporate standing. As the AGS is published, it is an opportunity to demonstrate that the Council is self-aware and has set a transparent agenda for improvement.

### **Other Options for Action:**

No other options.

## Report:

### Background

1. The CIPFA/SOLACE document Delivering Good Governance in Local Government Framework (2016) defines the principles that should underpin the governance of each local government organisation and has been followed in preparing the AGS. In accordance with good practice the governance statement has included the following information:
  - (a) an acknowledgement of responsibility for ensuring there is a sound system of governance;
  - (b) an indication of the level of assurance that the systems and processes that comprise the Authority's governance can provide;
  - (c) a brief description of the key elements of the governance framework, including reference to group or partnership activities where those activities are significant;
  - (d) a brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements; and
  - (e) an outline of the actions taken, or proposed, to deal with significant governance Issues.
2. The Council must review its systems of internal control and governance annually and assure itself that its internal control environment is effective. Various sources of assurance are relied upon to enable the preparation of the AGS. These include:
  - work of the internal auditors
  - work carried out by the external auditors
  - reports from other review agencies and inspectorates (if applicable).
3. The AGS is derived partly from detailed reviews by all Directors of the effectiveness of the governance arrangements operating within their service areas, by reference to a detailed checklist incorporating the key elements within the Local Code of Governance. As part of this process Directors have considered available evidence to demonstrate that these governance systems and processes are working effectively and as intended. All Directors have provided assurance statements indicating the level of assurance that can be placed on the effectiveness of key controls operating at service level. These statements are intended to be a balanced representation of the arrangements in place during the year, and to highlight those areas where improvement is required. Significant issues are commented upon in the Governance Statement.
4. Internal Audit focuses its work on providing an independent and objective opinion on the Council's internal controls and submits an annual report and quarterly monitoring reports to this Committee, where significant audit findings and improvement areas are highlighted. The Chief Internal Auditor is required to include in the annual audit report an opinion on the overall adequacy and effectiveness of the Council's internal control environment, drawing attention to any issues that are relevant to the preparation of the Governance Statement. The annual audit report for 2020/21 forms part of the June 2021 agenda of the Audit and Governance Committee
5. The AGS covers all significant corporate systems, processes and controls, spanning the whole range of the Council's services, including those designed to ensure that:
  - the Council's policies are implemented in practice

- high quality services are delivered efficiently and effectively
  - the Council's values and ethical standards are met
  - laws and regulations are complied with
  - required processes are adhered to
  - financial statements and other published performance information is accurate and reliable
  - human, financial, environmental and other resources are managed efficiently and effectively
6. The AGS is required to disclose any governance issues which may impact on the Council being able to achieve its corporate objectives. These are set out towards the end of the AGS, together with proposed actions to address these concerns and improve performance. The AGS also reflects the way the Council has had to adapt its governance arrangements during 2020/21 as a result of the impact of Covid-19.
  7. Preparation of the AGS has been managed by the Council's Corporate Governance Group, and a draft of the AGS was considered by them. This Corporate Governance Group will continue to monitor the actions set out in the AGS, along with other work that is relevant to governance. This will include, but is not limited to, managing the audit recommendation tracker and reviewing progress with risk and performance management.
  8. The AGS should be produced at the same time as the draft accounts and needs to be up to date at the time of publication. A draft AGS is presented to the Committee for their review and comment, however, the final (signed) version will come back to the Committee with the draft accounts. This will ensure it will account for (if appropriate) any significant event that affects the assessment of the Council's governance arrangements that might occur from April 2021 onwards.

**Resource Implications:**

From existing resources.

**Legal and Governance Implications:**

Completion and approval of the Annual Governance Statement is required by the Accounts and Audit (England) Regulations 2015.

**Safer, Cleaner and Greener Implications:**

No specific implications.

**Consultation Undertaken:**

Corporate Governance Group and Directors.

**Background Papers:**

The following papers referred to in the preparation of the report are not attached as appendices but are available for public or Councillor study:

Accounts and Audit (England) Regulations 2015  
 Delivering Good Governance in Local Government (Framework and Guidance Note for English Authorities) CIPFA/SOLACE (2016 Edition)

**Risk Management:**

The risk management arrangements that the Council has in place are a fundamental element of the assurance framework and the AGS is based extensively on these. However, despite the work undertaken, the Council's review of its internal control and governance environment may not identify all of the internal control issues that exist.

**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 2 to the report.



# EPPING FOREST DISTRICT COUNCIL

## Annual Governance Statement 2020/21

### 1. Scope of responsibility

Epping Forest District Council (EFDC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Council has approved and adopted a Local Code of Governance (last updated January 2021), which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and forms part of the Councils Constitution. A copy of the Code is on our website at [www.eppingforestdc.gov.uk](http://www.eppingforestdc.gov.uk). The code is aligned to the 2016 edition of the CIPFA/SOLACE framework.

This statement explains how the Council has complied with the Code and also meets the requirements of Regulation 6(1) of the Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an annual governance statement (AGS).

### 2. The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values for the direction and control of the Council and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risks of failure to achieve policies, aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives. It is also responsible for evaluating the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

The Council's Code of Governance recognises that effective governance is achieved through the following seven CIPFA/SOLACE principles.

- (i) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

- (ii) Ensuring openness and comprehensive stakeholder engagement.
- (iii) Defining outcomes in terms of sustainable economic, social and environmental benefits.
- (iv) Determining the interventions necessary to optimise the achievement of intended outcomes.
- (v) Developing the Council's capacity, including the capability of its leadership and the individuals within it.
- (vi) Managing risks and performance through robust internal control and strong public financial management.
- (vii) Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

It is important the Council can demonstrate that its Annual Governance Statement is aligned with its Local Code and the seven CIPFA/SOLACE principles and this is set out in Appendix 1.

The table below summarises the Council's Governance Framework (which includes the system of internal control) for the year ending 31 March 2021 and up to the date of approval of this Statement and the Statement of Accounts.

<b>The Governance Framework</b>	
	The key elements of the Council's governance arrangements for 2020/21 were:
1	The corporate plan covering 2018-2023, setting out the Council's priorities and defining the goals to be achieved
2	The Constitution, which is revised each year: <ul style="list-style-type: none"> <li>2.1 sets out the Council's decision-making framework;</li> <li>2.2 gives a clear definition of the roles and responsibilities of members, committees, and the statutory officers (Head of the Paid Service, Section 151 Officer and Monitoring Officer);</li> <li>2.3 includes a scheme of delegation of responsibility, financial regulations and Procurement Rules; and</li> <li>2.4 defines codes of conduct for members and officers, and a protocol for how the two work together.</li> </ul>
3	The Council facilitates policy and decision making via a Cabinet Structure with Cabinet Member portfolios. The Council's Local Code of Governance was reviewed, updated and approved by the Audit and Governance Committee January 2021.
4	There are three Select Committees to cover the Council's corporate ambitions being Stronger Communities, Stronger Place and Stronger Council. In addition, Task and Finish Panels undertake specific reviews and there is a co-ordinating Overview and Scrutiny Committee.
5	A Standards Committee
6	An Audit and Governance Committee
7	A Leadership Team consisting of the Chief Executive, two Strategic Directors and a Chief Operating Officer. The Chief Executive as Head of Paid Service is supported by the Council's Monitoring Officer and Section 151 Officer
8	A Corporate Governance Group consisting of the Chief Executive, Section 151 Officer, Monitoring Officer, the Chief Operating Officer, the Strategy, Delivery & Performance Director, the Chief Internal Auditor and other senior officers as required depending on the agenda, meeting monthly

9	A Corporate Risk Strategy overseen by a Risk Management Group meeting quarterly
10	A standard committee report format that includes specific consideration of all legal, financial, professional, technical, risk management and equalities implications
11	A Medium Term Financial Strategy which informs service planning and budget setting, and a Finance and Performance Management Cabinet Committee that meets regularly
12	A comments, compliments and complaints procedure
13	A risk-based approach to internal audit, emphasising the need for sound control, governance and risk management arrangements
14	A robust whistle blowing policy and process (which is reviewed biennially and last updated January 2020) along with anti-fraud and corruption strategy (which was reviewed and approved by the Audit and Governance Committee in January 2021) outlining the Council's zero tolerance approach to fraud and corruption and include anti-bribery and anti-money laundering policies.

### 3. Review of effectiveness

The Council is responsible for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the various sources noted below and concludes that the arrangements continue to be regarded as fit for purpose in accordance with the Council's governance framework:

The Chief Executive and Service Director governance statements, which provide appropriate management assurance that the key elements of the system of internal control are operating effectively;

Documentary evidence of processes, procedures and standards;

A Corporate Fraud Team, which supports the Council's counter fraud and corruption framework in taking action to prevent, detect and investigate fraud.

The Chief Internal Auditor's annual opinion on the Council's control environment, delivered to the Audit and Governance Committee, as the body charged with governance. Audit reports issued along with the assurance ratings of, substantial, moderate, limited or no assurance, on the adequacy and effectiveness of the Council's control environment, including key financial systems;

The work undertaken by the External Auditor reported in their annual audit and inspection letter and other review reports;

Significant governance issues from previous years and from 2020/21

### 4. Impact of coronavirus on the Council's governance arrangements for 2020/21

On 23 March 2020 the Prime Minister announced a national lockdown due to the coronavirus pandemic. This led to the majority of staff working from home and a temporary cessation of Council meetings. Due to the outbreak the Council invoked its emergency powers under Article 7 (appendix 3) of the Council's Constitution. This has allowed the Chief Executive, in consultation with the Leader of the Council, to carry out the functions of the Council and Cabinet.

Local authorities in England were granted new powers to hold public meetings virtually by using video or telephone conferencing technology from 4 April 2020. Since the end of April 2020 virtual

meetings have been taking place for the Council, which are open to the public. This included those meetings deferred from the end of March/beginning of April including Cabinet and Council.

This came to an end in May 2021. Regulations which have allowed local authorities to meet remotely during the Covid-19 pandemic do not apply to meetings after 6 May 2021.

Key Council services, including all statutory ones, continued during lockdown although some processes were amended to allow for remote working, for example allowing approval by email instead of a wet signature and discussed with Internal Audit first. Some services were paused for a while for example routine housing repairs and leisure services. Coronavirus led to some new activities being undertaken, for example distribution of the government's Covid-19 related business grants by the Revenues and Benefits service.

## 5. Overall opinion of Epping Forest's governance arrangements

Despite coronavirus this AGS demonstrates that the Council's governance arrangements have remained fit for purpose, even when flexed, for example by invoking the Council's emergency powers and holding Cabinet, Council and committee meetings virtually. There has been no significant detriment on the Council's ability to deliver its services.

The Corporate Governance Group has undertaken an assessment of the arrangements for governance during 2020/21 including a review of the assurance checklists and statements submitted by managers. It has concluded that arrangements are fit for purpose and working effectively and this has been endorsed by SLT (Senior Leadership Team). As a result of this assessment, a small number of other governance issues have been identified and in order to further strengthen arrangements, as detailed in table two.

## 6. Significant governance issues

This final part of the Annual Governance Statement (AGS) outlines the actions taken, or proposed, to deal with significant governance issues or risks. The Council's Corporate Governance Group, who monitor and review the corporate governance framework, has ensured that the issues raised in the previous AGS have been addressed as detailed in Table one below.

**Table One: Progress on significant governance issues identified in the 2019/20 AGS**

No.	Significant issue identified in 2019/20 AGS	Action taken in 2020/21 to address the issue
1	Risk Management and lessons learnt	<p>It was important that the Council continued to monitor (and where required) mitigate risks to the Council's objectives, not only those relating to coronavirus.</p> <p>Risks have continued to be routinely scrutinised by both SLT and the Audit and Governance Committee. And is being informed through the Council's Covid-19 recovery groups.</p> <p>Lessons learnt are being built into the Council's accommodation project including how and where staff will be allowed to work going forward.</p>
2	Financial resilience	<p>The Council's financial planning process, and the Council's Medium-Term Financial Strategy in particular was reviewed in detail as the Council has maintained financial stability. Coupled with close monitoring of budgets</p>

		against actuals throughout 2020/21.
3	Ensuring the health and safety of staff, partners and the public in the way it delivers its services	The Council kept under constant review Health and Safety measures both within the Council and across the district to ensure government legislation and guidance was being followed regarding Covid-19, especially where the Council was delivering its services.
4	Qualis: It is important there are robust governance arrangements for the Qualis group of subsidiary companies being a significant new venture for the Council in delivering key services	The permanent Qualis Group Board has been in place since October 2020 and is made up of a combination of independent non-executives, including an independent Chairman, Council officers and Council members. The Section 151 Officer acts on behalf of EFDC as the main conduit with Qualis Group and other Qualis companies and ensures there is regular reporting by Qualis to the Council.  An internal audit of Qualis governance provided substantial assurance over the governance arrangements for Qualis Group Limited.
Common theme from the Service Assurance Statements was:		
5	Project management processes: Need for consistent approach	A fundamental refresh of the Council's project management framework has been undertaken and roll out commenced at the start of 2021/22.  This is being overseen by the Portfolio Governance Group, a group of senior leaders, including Strategic Directors, Service Directors, IT Service Manager, Finance Service Manager, People Service Manager and Customer Service Manager. The Group sets the direction of the delivery of projects.
6	Documented procedures and guidance notes to support critical functions	Work has been progressing with this as the issue was identified in several 2019/20 internal audits; and was not a common theme of 2020/21 audits
7	Mandatory training  Mandatory training requirements are not fully, or clearly identified, and formal evidence of staff training undertaken is incomplete.	A fundamental review of mandatory training requirements in 2020/21 started with Health and Safety. Completion of a suite of mandatory H&S online courses took place, the outcomes assessed, and pockets of non-compliance actively pursued. This approach is being rolled out further in 2021/22 via the Strategic Information Governance Group, starting with data protection and security training and awareness

In preparing this statement and reviewing the effectiveness of the Council's governance arrangements, the following areas have been identified for improvement or require careful monitoring. These are set out in the table below, together with the steps to be taken to address them.

**Table Two: Areas for improvement or monitoring during 2021/22**

No.	Objective	Risk area/action plan for 2020/21
1	Ensuring the health and safety of staff, partners and the public in the way it delivers its services	As in 2020/21 the Council will keep under review Health and Safety measures both within the Council and across the district to ensure government legislation and guidance is being followed regarding the country's recovery from Covid-19, especially where the Council is delivering its services.
2	Financial Management Code review	<p>2020/21 saw the introduction of CIPFA's Financial Management Code 2019. A key goal of the Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management.</p> <p>An assessment will be undertaken to ensure the Council can demonstrate compliance with the Code. If there are deficiencies, an action plan will be developed to address these.</p>
3	Statement of Accounts	<p>Due to both technical and resource issues on the part of the External Auditors and the Council there has been a delay in the final approval of the 2018/19 and 2019/20 accounts. This may impact on the approval of the final accounts for 2020/21, the date of publication (which is also the target date for the completion of the external audit) is 30 September 2021.</p> <p>A restructure of the accountancy team and a review of Council processes will be undertaken to mitigate the risk of future delays for subsequent years production and approval of the Council's Statement of Accounts.</p>
4	Disaster recovery (DR)	<p>An Internal Audit found significant deficiencies in the Council's IT Disaster Recovery management control framework, which led to the Chief Internal Auditor's giving a qualified opinion for 202/21. This is a known problem and extensive work commenced prior to the audit to strengthen this.</p> <p>Progress against the recommendations made will be closely monitored by the Corporate Governance Group and any slippage reported to the Audit and Governance Committee.</p>
<b>Common themes from the Service Assurance Statements were:</b>		
5	Risk management and business/service planning	Work commenced in 2020/21 to better align service/business plans and risk management processes. This will continue in 2021/22
6	Financial Regulations	Financial Regulations are due to be reviewed in 2021/22. There was a general consensus that officers would welcome guidance and training on the Council's Financial Regulations. There will be a joined-up approach between Finance, HR and Internal Audit to ensure this is both proportionate and targeted.

We propose over the coming year to continue to improve matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for any improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed .....

Georgina Blakemore  
Chief Executive

Signed .....

Councillor Chris Whitbread  
Leader of the Council

Appendix 1 Epping Forest Code of Governance

INTEGRITY	OPENNESS	VISION	OUTCOMES	CAPACITY & CAPABILITY	PERFORMANCE	ACCOUNTABILITY
Behave with integrity, demonstrating a strong commitment to ethical values and respect the rule of law.	Ensure openness and comprehensive stakeholder engagement	Define outcomes in terms of sustainable economic, social and environmental benefits	Determining the interventions necessary to optimise the achievement of intended outcomes	Develop the Council's capacity, including the capability of its leadership and the individuals within it.	Manage the Council's risk and performance through robust internal control and strong public financial management.	Implement good practice in transparency, reporting and audit to deliver effective accountability.
Examples supporting the Annual Governance Statement (AGS) 2020/21						
<p>Constitution sets out code of conduct for Members and staff.</p> <p>Regularly publicised whistleblowing policy. Zero tolerance to anti-fraud and corruption.</p> <p>Clear and transparent decision-making process. Section 151/Monitoring Officer part of report clearing process.</p> <p>Standards Committee</p>	<p>Published Freedom of Information and complaints/complaints scheme.</p> <p>Publicly available agenda and minutes of meetings.</p> <p>Monitoring and maintaining a record of partnerships.</p> <p>Member appointment to community organisations.</p> <p>Active consultation through the Council's Consultation policy and plan</p> <p>'Critical friend' challenge through the Council's scrutiny process.</p> <p>Revised and updated Code of Governance</p>	<p>2018-2023 Corporate Plan which is supported by service/operational plans.</p> <p>Draft Local plan that supports the Council's vision.</p> <p>Decision making process that take into account these effects on its residents, paying due regard to the public sector equality duty.</p> <p>Providing fair access to Council services offered.</p> <p>Economic Development Strategy</p>	<p>Open and transparent reporting of Key Performance Indicators and action plans for indicators that are out of tolerance.</p> <p>Decision making processes that receive objective and rigorous involvement including involvement of the Monitoring and Section 151 Officers</p> <p>Anti-Fraud and Corruption strategy.</p>	<p>People Strategy</p> <p>Established induction and training programme for existing and new Councillors.</p> <p>Process includes mentoring and training events.</p> <p>Induction process for staff, access to personal development appropriate to their roles. Formal Personal Development Review (PDR) for staff and access to health and wellbeing opportunities.</p>	<p>Risk management is an integral part of the council's activities and decision making.</p> <p>Internal Audit function that provide assurance on governance, risk management and controls reporting to the Audit and Governance Committee</p> <p>Active corporate fraud team</p> <p>Medium Term Financial Strategy.</p>	<p>Defined process to ensure reports for the public/stakeholders are fair, balanced, easily accessible and understandable.</p> <p>Reporting regularly on performance and on the use of resources.</p> <p>Processes to ensure external/internal audit recommendations are acted upon.</p> <p>Requirement for Service Directors to produce annual assurance statements which feed into the AGS</p>
An active Corporate Governance Group which takes charge of the Annual Governance Statement						



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

<b>Section 1: Identifying details</b>
Your function, service area and team: <b>Internal Audit</b>
If you are submitting this EqIA on behalf of another function, service area or team, specify the originating function, service area or team: <b>N/A</b>
Title of policy or decision: <b>Annual Governance Statement</b>
Officer completing the EqIA: Tel: <b>01992 564449</b> Email: <b>slinsley@eppingforestdc.gov.uk</b>
Date of completing the assessment: <b>05/07/21</b>

<b>Section 2: Policy to be analysed</b>	
2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? <b>N/A - report is approval of the Annual Governance Statement (AGS) by the Audit and Governance Committee</b>
2.2	Describe the main aims, objectives and purpose of the policy (or decision): <b>For Audit and Governance Committee to approve the Council's governance arrangements</b>  What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? <b>Approval of AGS</b>
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none"> <li>• service users</li> <li>• employees</li> <li>• the wider community or groups of people, particularly where there are areas of known inequalities?</li> </ul> <b>N/A</b>  Will the policy or decision influence how organisations operate? <b>N/A</b>
2.4	Will the policy or decision involve substantial changes in resources? <b>N/A</b>
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? <b>N/A</b>

### Section 3: Evidence/data about the user population and consultation<sup>1</sup>

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? <b>N/A</b>
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? <b>N/A</b>
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: <b>N/A</b>

<b>Section 4: Impact of policy or decision</b>		
Use this section to assess any potential impact on equality groups based on what you now know.		
<b>Description of impact</b>	<b>Nature of impact</b> Positive, neutral, adverse (explain why)	<b>Extent of impact</b> Low, medium, high (use L, M or H)
Age	N/A	N/A
Disability	N/A	N/A
Gender	N/A	N/A
Gender reassignment	N/A	N/A
Marriage/civil partnership	N/A	N/A
Pregnancy/maternity	N/A	N/A
Race	N/A	N/A
Religion/belief	N/A	N/A
Sexual orientation	N/A	N/A

<b>Section 5: Conclusion</b>			
		<b>Tick Yes/No as appropriate</b>	
5.1	Does the EqlA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No <input checked="" type="checkbox"/>	
		Yes <input type="checkbox"/>	If ' <b>YES</b> ', use the action plan at <b>Section 6</b> 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.

**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: 05/07/21

Signature of person completing the EqIA: Sue Linsley

Date: 05/07/21

**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.

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



**Epping Forest  
District Council**

**Report reference:**

**Date of meeting:**

**Portfolio:** Leader of the Council

**Subject:** Corporate Fraud Team Annual Summary for 2020/21

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

**Democratic Services:** Laura Kirman (01992 564273)

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### **Recommendations/Decisions Required:**

- (1) That the Corporate Fraud Team Annual Summary for 2020/21 be noted.

### **Executive Summary:**

This report summarises the key achievements of the Corporate Fraud Team for the year 2020/21

### **Reasons for Proposed Decision:**

To note the Corporate Fraud Team Annual Summary for 2020/21.

### **Other Options for Action:**

No other options.

### **Introduction**

The Corporate Fraud Team (CFT) sits alongside the Internal Audit team and therefore both together support and contributes to the achievement of the Council's 2018-23 strategic aims. The purpose of the Corporate Fraud Team is:

- To ensure that the Council has sufficient and appropriate resources on an ongoing basis to protect the delivery of its statutory duties and discretionary services from fraud, abuse and corruption.
- To contribute to the commitment of keeping Council Tax low by preventing and detecting frauds which deliberately target and affect the Authority's tax base
- To ensure as the Council continues with its culture of innovation it is not compromised by fraud as per the 2018-23 plan.
- To provide independent and professional investigations into all aspects of fraud affecting the Council, preventing fraud and abuse and taking fair and consistent action against those committing offences.
- Support the Council's anti-fraud culture and framework.

- Deliver a corporate anti-fraud service that is innovative, professional and compliant with the relevant legislation.

## **Preface**

Since March 2020, the business operations of the Council have changed as a result of the Covid-19 pandemic and the situation remains fluid and ongoing into 2021/22. The ongoing Covid-19 pandemic has affected the Corporate Fraud Team's (CFT) normal operational working practices, most significantly those relating to visiting property and premises in order to carry out enquiries, interviews etc. Since March 2020 (in line with Council and Government guidance), the CFT has not been conducting any visits or face to face meetings with the public. As a result, a number of the team's core functions have been (and continue to be) restricted with the most notable effects being seen in our ability to conduct "contact heavy" investigations such as illegal subletting enquiries etc. However, the situation has meant that in order to undertake it's functions as comprehensively as possible, the team has innovated and revised (and continue to do so) a number of its normal working practices in order to mitigate as much as possible, the restrictive effects of the Covid 19 situation. These have included utilising video conferencing applications to conduct interviews, enhanced use of data mining techniques and collaboration with other departments to avoid unnecessary duplication of work.

## **General Overview of 2020/21 Activity**

Investigations Opened 2020/21 by Types of Fraud:

Social Housing Fraud (All Types)	Council Tax Support / Exemptions	Council Tax	Internal	Non-Domestic Rates / Exemptions	External	Total
<b>75</b>	<b>31</b>	<b>9</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>121</b>

Investigations Closed 2020/21 by Types of Fraud:

Social Housing Fraud (All Types)	Local Council Tax Support / Exemptions	Council Tax	Internal	Non-Domestic Rates / Exemptions	Standards	External	Total
<b>113</b>	<b>103</b>	<b>19</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>243</b>

Success Rates:

243 investigations were closed during 2020/21, however, 103 of these were the remaining cases from the Council Tax Student Exemption exercise commenced in the previous year. When these 103 cases are removed from the total, the cases closed figure is 140. For these 140, 67 were closed as "Fraud Proven" giving a fraud proven rate of 48%. This figure is an increase over last year's fraud proven figure which stood at 43%.

## **Notable Examples of Types of Fraud Investigated during 2020/21**

### **Right to Buy**

During the period 1/4/20 to 31/3/21, a total of 45 applications were received by the Home Ownership Team from tenants wishing to purchase their property under the Right to Buy Scheme. As part of the ongoing commitment to positively vet 100% of these applications, all of the applicants were interviewed by officers of the Corporate Fraud Team.

As a result of these procedures, a total of 24 Right to Buy applications have been stopped and / or withdrawn due to this involvement. A number of these applications have been identified as having issues which would impact on the property purchase going ahead being tenancy related issues (suspected subletting, not utilising it as their main or principle home etc.) or significant concerns over the origin of the funding giving rise to suspicions of money laundering.

In relation to this last point, one application was investigated whereby suspicions were raised over the origins of a large amount of money the applicant had paid into their bank account in order to help facilitate the purchase. The monies originated from their partner and when the matter was investigated further, it was discovered that the partner had diverted funds from their elderly father's bank account to the applicant's, as they had a lasting power of attorney over their father's finances. With the assistance of the EFDC Safeguarding Team and the Office of The Public Guardian (who found the usage of the partner's father's account to be inappropriate and not in his best financial interests), the investigation established that this money could not be used in the property purchase and had to be returned to the originating account. The applicant was given the opportunity to respond with alternative funding arrangements, however they did not do so and the application was cancelled. This investigation highlighted the excellent teamwork between the Corporate Fraud Team and colleagues in both the Safer Communities Team and Home Ownership Teams, along with colleagues in central government departments to identify and stop the financial abuse of an elderly and vulnerable adult and prevent to purchase of a council owned asset using illegally obtained funds.

In a similar vein, another application was submitted whereby the applicant stated that their partner was going to fund the purchase by means of selling a property they already owned. Despite several attempts by the Corporate Fraud Team to engage with the applicant in order to confirm the veracity of the funds, no proof was ever forthcoming, and the application was subsequently withdrawn.

As a result of these applications being stopped or withdrawn, approximately £2 million of potential Right to Buy discount has been saved by the Council (based on the revised maximum discount amount of £84,600).

As purchases did not go ahead on the 24 EFDC properties, these properties continue to remain as valuable public assets allowing the Council to potentially utilise them at a later date to house applicants from the waiting list. Furthermore, keeping them within the housing stock means that these properties continue to provide significant revenue streams in the form of on-going rent payments which have been calculated to be worth approximately £1.5 million to the Council going forward.

It is noteworthy that the amount of Right to Buy applications received by the Council stayed approximately the same as the previous two years despite the period covered being during the Covid 19 pandemic. The stamp duty "holiday" may have been a factor in tenants deciding to make applications however most of the applicants interviewed expressed their desire to

get onto the housing ladder due to the uncertainties created by the pandemic and those with children stating that they had begun to think about inheritances and future security for their children. The level of applications withdrawn / stopped as a result of CFT involvement, has stayed proportionately the same as the previous year at 51%.

As mentioned earlier, the pandemic has meant that the CFT have been unable to conduct visits to applicant's homes, however in order to maintain our target of vetting all applications, the team has displayed innovation by now conducting nearly all interviews via video conferencing applications such as Zoom. This enables the team to carry out the full scope of the interview (including property inspections and "walkarounds") despite the barrier of not actually physically being there. CFT has also undertaken more in-depth financial checks on applicants earlier in the process to enable the team to undertake more effective interviews.

### **Tenancy Successions**

Working in conjunction with Housing Management, the Corporate Fraud Team operates a policy of undertaking enquiries on each application to succeed a tenancy (succession normally applies when a tenant dies). This is due to previous levels of fraudulent applications being high. As a result, 14 investigations into tenancy successions were opened during 2020/21 with nine being found as fraudulent. These applications were then terminated and the properties either immediately recovered or legal proceedings commenced to recover it. The bulk of the nine successful investigations found that the family member claiming the succession was not residing in the property in the 12 months immediately prior to the tenant's death or in some cases was not resident at all, despite their claims to be. By recovering these properties, they can be re-let to priority cases on the waiting list and saving the Council approximately £3 million (based on current National Fraud Initiative figures of £93,000 per recovered property).

### **Illegal Sub Letting**

As mentioned earlier, due to the Covid 19 pandemic, the full and effective investigation of suspected illegal sublets has been difficult as a result of contact restrictions etc. Despite this however, the CFT have continued to investigate these allegations as fully as possible. A success came following allegations that a Waltham Abbey tenant was subletting their property. The investigation found that despite repeated attempts to contact them at the property, the telephone was always answered by "a friend" and comprehensive enquiries established that they were in fact living with their partner out of the EFDC area. They were finally contacted, and these allegations put to them and despite them denying them, a few days after interviewing him, the tenant surrendered his tenancy to Housing and the property recovered.

### **Housing Applications**

Following referrals primarily from Housing Staff, a total of 7 housing applications were found to be fraudulent following investigations into their circumstances. Most of the applicants had given false or misleading information to Housing such as failing to declare ownership of other properties, incomplete disclosure of their financial circumstances and in the case of one applicant, created a false set of circumstances where they and their partner purported to be living with friends in Ongar in overcrowded conditions, where in fact, it was discovered that they were living in privately rented accommodation elsewhere in the Essex area and had been since submitting their application.

Consequently, all of these fraudulent applications were removed from the waiting list.

## **Council Tax Discounts and Exemptions**

CFT officers have completed a large proactive exercise targeting Council Tax Student Exemptions that was commenced in 2019/20. As the typical university course lasts at least three years, an exemption from Council Tax can equate to up to three years “lost” revenue. These exemptions usually require confirmation from the educational body that the recipient is in a qualifying educational course, however they are a significant fraud risk both internally and externally.

Each individual exemption was looked at by a CFT officer as part of a fraud resilience check to ensure that each one was legitimate and that the necessary documentation was obtained (and retained) by the Council. Over 200 student exemption cases have been individually examined by a corporate fraud investigator and from the results obtained, it can be confirmed that this process is dealt with very well by the Revenues Team and has found to be resilient to fraud. It is pleasing that in all the exemptions looked at, aside from minor procedural issues which were subject to advice and have been immediately addressed, no fraud was found.

## **Covid-19 Business Grant Applications**

With the onset of the Covid 19 pandemic, grants were made available by EFDC to businesses throughout the 2020/21 period. A number of differing grants which have been paid in various phases have been administered by the Revenues Team. CFT along with Internal Audit have been involved with pre-payment checks since the inception of the grants programme in order to ensure that grants paid out have gone to either a business or individual that was entitled to it. In some cases, the CFT have been able to utilise the specialist financial information software available to undertake checks on companies in order to assess whether they are / were still trading and therefore qualify for a grant payment. The CFT has worked closely with the Revenues Officers dealing with the grants and any suspicions they had were reported immediately to allow swift investigations to be carried out. Due to this, the grant payment process is generally found to be resilient to fraud, however motivated individuals will always attempt to take advantage of systems such as this. The CFT currently have one individual under investigation whereby evidence exists to show that they submitted false documentation in order to secure two separate grant payments.

## **Internal Investigations**

During 2020/21, the CFT conducted three internal investigations to completion. These investigations were diverse in nature. The first concerned the suspected “leaking” of confidential material to an online news and journalism website and social media platform whilst another was to investigate allegations from a staff member that a recruitment campaign and subsequent appointment to a post was conducted unfairly. The results of these two investigations were fed back to the Senior Management Team. The third concerned an investigation into a contractor who it was suspected was not undertaking the work they were being paid for. The subsequent investigation into the individual concerned found that aside from the original issue, they also had falsified their CV to hide a previous employer they were dismissed from and also it was highly likely they did not possess the correct qualification(s) for the post. As the contractor occupied a position of trust, their contract was immediately terminated.

## **Other work of the Corporate Fraud Team**

In addition, to the above:

- The team is continuing to provide training and advice to both departments within EFDC and external organisations. During the year, CFT officers have provided

external training and advice to staff of other councils including, Harlow, Brentwood and Tendring Councils.

- The team are also continuing to explore all suitable joint working and potential revenue raising opportunities and have undertaken some paid investigation work for Harlow Council relating to their Covid-19 Business Grants programme.
- The informal joint working arrangement with the fraud section at Chelmsford City Council has continued this year and sets to continue. This is an informal arrangement relating to the sharing of anti-fraud staff and resources. Chelmsford City Council also provide Proceeds of Crime Act / Financial Investigations to the CFT as part of this arrangement.

### **Corporate Fraud Team make-up**

The Corporate Fraud Team consists of a Corporate Fraud Manager and three investigators. All the team are fully qualified and accredited Counter Fraud Specialists with experience of criminal investigation work across the public and private sectors.

### **Resource Implications**

None, Within the existing budgets

### **Legal and Governance Implications:**

None

### **Safer, Cleaner and Greener Implications:**

None

### **Consultation Undertaken:**

Corporate Governance Group

### **Background Papers:**

Corporate Fraud Strategy

### **Risk Management:**

The occurrence of fraud may expose the Council to financial loss and the substantive risks associated with an inadequate control framework. The Corporate Fraud Team assists the Council in managing the risk of fraud both internally and externally.

### **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 1 to the report.

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

## Section 1: Identifying details

Your function, service area and team: **Corporate Fraud Team**

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: **Corporate Fraud Team Annual Summary 2020-21**

Officer completing the EqIA: Tel: **01992 564170** Email: **mcrowe@eppingforestdc.gov.uk**

Date of completing the assessment: **05/07/21**

## 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? <b>Updated Corporate Fraud Team Annual Summary 2020-21</b>
2.2	Describe the main aims, objectives and purpose of the policy (or decision): <b>Audit and Governance Committee to note the Corporate Fraud Team annual summary 2020/21</b>  What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? <b>N/A</b>
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none"> <li>• service users</li> <li>• employees</li> <li>• the wider community or groups of people, particularly where there are areas of known inequalities?</li> </ul> <b>No</b>  Will the policy or decision influence how organisations operate? <b>N/A</b>
2.4	Will the policy or decision involve substantial changes in resources? <b>No</b>
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? <b>N/A</b>



### Section 3: Evidence/data about the user population and consultation<sup>1</sup>

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? <b>N/A</b>
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? <b>N/A</b>
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: <b>N/A</b>

## 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	N/A	N/A
Disability	N/A	N/A
Gender	N/A	N/A
Gender reassignment	N/A	N/A
Marriage/civil partnership	N/A	N/A
Pregnancy/maternity	N/A	N/A
Race	N/A	N/A
Religion/belief	N/A	N/A
Sexual orientation	N/A	N/A

<b>Section 5: Conclusion</b>			
		<b>Tick Yes/No as appropriate</b>	
5.1	Does the EqlA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No <input checked="" type="checkbox"/>	
		Yes <input type="checkbox"/>	If ' <b>YES</b> ', use the action plan at <b>Section 6</b> to describe the adverse impacts and what mitigating actions you could put in place.

**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: 05/07/21

Signature of person completing the EqlA: Martin Crowe

Date: 05/07/21

**Advice**

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

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



**Epping Forest  
District Council**

**Report reference:**

**Date of meeting:** 15 July 2021

**Portfolio:** Leader of the Council

**Subject:** Audit and Governance Committee Annual Report for 2020/21

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

**Democratic Services Officer:** Laura Kirman (01992 564273)

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### **Recommendations/Decisions Required:**

- (1) That the Annual Report for the Audit and Governance Committee for 2020/21 be agreed and the report be referred to the Council.**

### **Executive Summary:**

The Annual Report of the Audit and Governance Committee outlines the Committee's work and achievements over the year ending 31 March 2021. The Annual Report helps to demonstrate to residents and the Council's other stakeholders the vital role that is carried out by the Audit and Governance Committee and the contribution that it makes to the Council's overall governance arrangements.

It should be noted that Covid-19 did not disrupt the workings or business of the Audit and Governance Committee, despite it having to meet virtually throughout 2020/21.

### **Reasons for Proposed Decision:**

To present the Audit and Governance Committee Annual Report for 2020/21 and to recommend that the report be referred to the Council.

### **Other Options for Action:**

None.

### **Report:**

The Committee is invited to comment on the report, in particular, whether the remit of the Committee is adequately reflected in this report. It is suggested that if any substantive changes are required these are agreed with the Chairman prior to the submission of the report to Council.

### **Resource Implications:**

These have been included in the individual reports to the Committee throughout the year.

**Legal and Governance Implications:**

The effective operation of the Audit and Governance Committee forms a key element of the Council's assurance framework. By fulfilling its responsibilities as detailed in its annual report the Audit Committee helps the Council to maintain a high standard of corporate governance. There is no legal or constitutional requirement for the Committee to report to the Council on its work, however, it is considered good practice to do so.

**Safer, Cleaner and Greener Implications:**

No specific implications.

**Consultation Undertaken:**

Corporate Governance Group

**Background Papers:**

Minutes of the Audit and Governance Committee.

**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 1 to the report.

**Glossary:**

AGS – Annual Governance Statement

CIPFA – Chartered Institute of Public Finance and Accountancy

SOLACE – Society of Local Authority Chief Executives

**EPPING FOREST DISTRICT COUNCIL**

**ANNUAL REPORT**

**OF THE**

**AUDIT AND GOVERNANCE COMMITTEE**

**2020/21**

## **INTRODUCTION**

The purpose of the Audit Committee is to:

- provide independent assurance to the Council in respect of the effectiveness of the Council's governance arrangements, risk management framework and the associated control environment; and
- independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment.

Whilst there is no statutory obligation for a local authority to establish an audit committee, they are widely recognised internationally across the public and private sectors as a key component of effective governance. Similarly, it is considered good practice for the Committee to report annually to the Council on its work.

The key benefits of an effective audit committee are:

- increasing awareness regarding the effectiveness and continued development of the Council's governance arrangements;
- providing additional assurance on the robustness of the Council's governance arrangements through a process of independent and objective review;
- reducing the risks of illegal or improper acts;
- increasing public confidence in the objectivity and fairness of financial and other reporting;
- contributing to performance improvements in assurance levels and awareness of the need for strong internal control including the implementation of audit recommendations; and
- reinforcing the importance and independence of internal and external audit and similar review processes.

### **1. ASSURANCE ACTIVITY 2020/21**

To help the Committee draw conclusions about the effectiveness of the Council's internal control framework, governance and risk management it gained assurances from the following sources:

#### **Internal Audit**

The Accounts and Audit (England) Regulations 2015 require the Council to maintain an adequate and effective internal audit which is discharged by the Section 151 Officer. Internal Audit is a key source of assurance for both Members and management on the effectiveness of the control framework. The Committee has a responsibility for ensuring that Internal Audit is effective in the provision of this assurance and has worked with the Chief Internal Auditor to ensure the agreed Audit Plan for 2020/21 was delivered.

The Committee considered and agreed reports regarding the Internal Audit Strategy, Internal Audit Charter and Annual Plan 2020/21, and progress by management in implementing audit recommendations. The annual plan was revised in June 2020 to take into account a change in the Council's risk profile due to Covid-19. It also received regular progress reports on the work and performance of Internal Audit. These reports have helped in ensuring that reported weaknesses have either been



addressed or the identified risks adequately mitigated by management and that there is an effective system of governance and internal control in place.

### **Assurance Framework / Annual Governance Statement**

The Committee's terms of reference include advising on the effectiveness of the Council's assurance framework including the production of the Annual Governance Statement.

During the year, the Committee has received reports on the control framework and how the annual review and assurance process is undertaken. The Assurance Framework is compiled from various sources of assurance, for instance Directors and other key officers.

The Chief Internal Auditor provides an annual report and opinion regarding the Council's control framework. This opinion is considered by the Committee alongside other sources of assurance.

The Committee reviewed the Annual Governance Statement (AGS) for 2019/20 which identified governance issues requiring further ongoing improvement or oversight relating to:

- Risk Management and lessons learnt due to Covid-19
- Financial resilience
- Ensuring the health and safety of staff, partners and the public in the way it delivers its services with regards to Covid-19
- Qualis governance arrangements
- Project management
- procedures and guidance notes to support critical functions
- Mandatory training

The assurance framework remained unchanged during 2020/21. The Council's Code of Corporate Governance was reviewed by the committee in January 2021 to ensure it remains compliant with the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government. Only minor changes were proposed (and agreed) to reflect the impact of Covid-19 on the Council's Code.

The Committee was able to satisfy themselves that there is a robust assurance framework in place to safeguard the Council's resources through reliance on the annual review of the Council's system of internal control and the Chief Internal Auditor's annual opinion.

### **Anti-Fraud and Corruption**

Countering fraud and corruption is the responsibility of every Member and officer of the Council. The Committee's role in this area has been to monitor and support the actions taken by officers to counter fraud, particularly as the Council has its own in-house Corporate Fraud Team, who work in tandem with Internal Audit.

The Committee receives reports and presentations on such work undertaken in the Council and proactive fraud work, for example participation in the National Fraud Initiative (NFI).

The Council continues to send out a strong message that fraud will not be tolerated and that where fraud is proven the strongest possible actions of redress will be taken.

Based on the work to date, coupled with no major incidences of internal fraud and corruption being highlighted by management, the Corporate Fraud Team or Internal

Audit, the Committee concludes that there is a sound anti-fraud and corruption framework in place. The Council's anti-fraud and corruption strategy was approved by Council, following approval by the Audit and Governance Committee in January 2020.

### **Risk Management**

The Committee receives and discusses reports relating to risk management. Work continues to enhance monitoring and reporting mechanisms to ensure there is adequate scrutiny and challenge of risk across the Council and aligning this with the service planning process. Committee members are routinely presented with the corporate strategic risk register.

### **Treasury Management**

In accordance with its Terms of Reference, the Committee reviewed the Council's Treasury Management Strategy and considered the risks associated with the Council's treasury activity and how these are managed. The Committee also considered progress reports on the treasury management function and performance against prudential indicators.

### **Statement of Accounts and External Auditors**

At its July 2020 meeting the Committee reviewed and approved the 2019/20 Annual Governance Statement.

The Committee has been kept abreast during the year on outstanding issues regarding the 2019/20 Accounts, seeking explanations for the delay from both the External Auditors (Deloitte) and the Council's Section 151 Officer.

At its September 2020 meeting the Committee was informed that the audit of the Statement of Accounts for 2019/20 was currently in progress and it was anticipated that the External Auditors would be able to issue their audit opinion by the statutory deadline of 30 November 2020.

The audited accounts for 2019/20 are still outstanding and the Committee has repeatedly expressed the need for these to be presented. The Committee have been informed that delays were initially due to the External Auditor's inability to meet the deadlines due to capacity issues and Covid-19 impact on the finance team. Later on there were a number of technical issues that needed to be worked through, but had been deprioritised, in part, to the Council's budget setting process.

The aim is for the 2019/20 accounts to be reported to the Committee in July 2021.

## **2. COMMITTEE WORKING ARRANGEMENTS**

The Committee has a rolling and flexible programme of work for its main areas of activity which is proactively reviewed and amended throughout the year to reflect changes in policies, priorities and risks. The Committee met six times in 2020/21 which due to the pandemic were held virtually, which members of the public had access to. The Committee considered items which are presented annually, such as audit results, the statement of accounts, the annual governance statement, and audit plans; as well as a number of other items including treasury management as this falls under the committee's remit.

The Committee's work plan is supplemented with periodic bespoke training which is open to all councillors. Risk management training was provided in January 2021.

Members of the Committee have a wide range of both experience and professional knowledge which, coupled with it having two co-opted persons, has continued to help demonstrate its independence. At the start of the year the two co-opted posts were vacant, however, following a successful recruitment campaign one was filled with the other going out to advert after the July 2021 meeting.

In November 2020 the Committee undertook its own effectiveness review and reviewed its Terms of Reference, the results of which concluded its Terms of Reference did not need updating and the Council was able to demonstrate compliance with recommended best practice for an effective Audit Committee.

The Committee has the benefit of being well supported by Council officers. This includes the Section 151 Officer, the Monitoring Officer, and the Chief Internal Auditor as well as the Council's external auditors.

There have been no reported major breakdowns in internal control, governance and risk management that have led to a significant loss in one form or another, nor any major weakness in the governance systems that has exposed, or continues to expose, the Council to an unacceptable level of risk. This includes the period to the end of March 2021 during which the government has introduced several full-scale lock down of the country due to Covid-19.

The purpose, strategy and work programme of the Committee mitigates against any major failure by the Council to obtain independent assurance in relation to the governance processes underpinning:

- An effective risk management framework and internal control environment including audit;
- The effectiveness of financial and non-financial performance (to the extent that it affects exposure to risk and poor internal control); and
- The compilation and consideration of the Annual Governance Statement.

### **Outcomes / Achievements**

Through its work, the Committee's main outcome is in the additional assurance provided of the robustness of the Council's arrangements regarding corporate governance, risk management and internal controls.

The Committee has added value through its activity and in particular:

- it has continued with the importance placed upon governance issues, particularly risk management, anti-fraud and the assurances sought that key risks are being mitigated; and
- it has continued to raise the profile of internal control issues across the Council and to seek to ensure that audit recommendations are implemented.

### **Conclusions**

The Committee's remit is achieved firstly through it being appropriately constituted, and secondly by the Committee being effective in ensuring internal accountability and the delivery of audit and a robust assurance framework. The Committee has received and challenged reports including those from internal and external audit.

The agreed work programme enables the Committee to provide independent assurance to the Council as to the adequacy of the risk management framework and the associated control environment.

The Committee has continued to have a real and positive contribution to the governance arrangements of the Council. The Committee's key achievement is in the

additional assurance provided of the robustness of the Council's arrangements regarding corporate governance, risk management and the control environment.

In order to build upon its achievements to date and to raise awareness of the work of the Committee during the coming year the Committee will focus on the following:

- Continue to review governance arrangements to ensure that the Council adopts best practice;
- Continue to support the work of audit and ensure that appropriate responses are provided to their recommendations;
- Continue to help the Council manage the risk of fraud and corruption;
- Provide effective challenge, particularly to officers, raising awareness of the importance of sound internal control arrangements and giving the appropriate assurances to the Council;
- Consider the effectiveness of the Council's risk management arrangements.
- Provide existing and new members to the Committee with relevant training, briefings etc. to help in discharging their responsibilities

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

<b>Section 1: Identifying details</b>
Your function, service area and team: <b>Internal Audit</b>
If you are submitting this EqIA on behalf of another function, service area or team, specify the originating function, service area or team: <b>N/A</b>
Title of policy or decision: <b>Annual Report of the Audit and Governance Committee 2020/21</b>
Officer completing the EqIA: Tel: <b>01992 564449</b> Email: <b>slinsley@eppingforestdc.gov.uk</b>
Date of completing the assessment: <b>05/07/21</b>

<b>Section 2: Policy to be analysed</b>	
2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? <b>N/A - report is a summary of the work of the Audit and Governance Committee for 2020/21</b>
2.2	Describe the main aims, objectives and purpose of the policy (or decision): <b>For noting the work and achievements of the Audit and Governance Committee for 2020/21</b>  What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? <b>N/A – Report is for noting and recommending to Council only</b>
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none"> <li>• service users</li> <li>• employees</li> <li>• the wider community or groups of people, particularly where there are areas of known inequalities?</li> </ul> <b>N/A</b>  Will the policy or decision influence how organisations operate? <b>N/A – report is not decision-based, it is for noting only.</b>
2.4	Will the policy or decision involve substantial changes in resources? <b>N/A – report is for noting only</b>
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? <b>N/A</b>

### Section 3: Evidence/data about the user population and consultation<sup>1</sup>

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? <b>N/A – report is for noting only</b>
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? <b>N/A – as above</b>
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: <b>N/A – as above</b>

<b>Section 4: Impact of policy or decision</b>		
Use this section to assess any potential impact on equality groups based on what you now know.		
<b>Description of impact</b>	<b>Nature of impact</b> Positive, neutral, adverse (explain why)	<b>Extent of impact</b> Low, medium, high (use L, M or H)
Age	N/A	N/A
Disability	N/A	N/A
Gender	N/A	N/A
Gender reassignment	N/A	N/A
Marriage/civil partnership	N/A	N/A
Pregnancy/maternity	N/A	N/A
Race	N/A	N/A
Religion/belief	N/A	N/A
Sexual orientation	N/A	N/A



<b>Section 5: Conclusion</b>			
		<b>Tick Yes/No as appropriate</b>	
5.1	Does the EqlA 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 <input type="checkbox"/>	If ' <b>YES</b> ', use the action plan at <b>Section 6</b> to describe the adverse impacts and what mitigating actions you could put in place.

<b>Section 7: Sign off</b> <b>I confirm that this initial analysis has been completed appropriately.</b> <b>(A typed signature is sufficient.)</b>	
Signature of Head of Service: Sarah Marsh	Date: 05/07/21
Signature of person completing the EqlA: Sue Linsley	Date: 05/07/21

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

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



**Epping Forest  
District Council**

**Report reference:**

**Date of meeting: 15 July 2021**

**Portfolio: Leader of the Council**

**Subject: Risk Management**

**Responsible Officer: Andrew Small (01992 562478).**

**Democratic Services: Laura Kirman (01992 564273)**

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### **Recommendations/Decisions Required:**

- (1) To review the current risk register and consider whether there are any new or emerging risks that are not on the current Corporate Risk register that should be referred to the officer Risk Management Group**

### **Executive Summary:**

This report gives the Audit and Governance Committee the opportunity to comment on and suggest new risks for inclusion on the Corporate risk register or changes to the scoring of existing risks.

### **Reasons for Proposed Decision:**

To enhance the Council's risk management framework.

### **Other Options for Action:**

None. Formal responsibility for making recommendations to Cabinet on risk management issues lies with the Audit and Governance Committee. Members may suggest new risks for inclusion or changes to the scoring of existing risks.

### **Report:**

#### Corporate Risk Register

1. The corporate risk register was reviewed by the Council's Officer Risk Management Group at their meeting of 03 June 2021 where all risks were reviewed and challenged and was subsequently presented to the Corporate Governance Group for further review and challenge. The narrative for each risk has been reviewed and, where appropriate, updated to reflect the current situation (appendix 1).

2. The table below outlines the direction of travel for each risk since it was updated for the March 2021 Audit and Governance Committee, with a brief commentary supporting each risk. There have been no changes in residual risk ratings since the last review.

No	Risk	Residual risk rating (i.e. after controls)		Commentary
		March 2021	July 2021	
1	Local Plan	<b>B1</b>	<b>B1</b>	Main modifications have been received from the Inspector and the Council is going out to consultation in July 2021. Adoption of the Local Plan is expected by 31 December 2021.
2	Increase in demand for financial and housing assistance (previously Welfare Reform)	<b>C2</b>	<b>C2</b>	This risk has been renamed to reflect the financial strain that Covid-19 has placed on individuals and families which may lead to an increased demand for financial and housing assistance. This will be kept under close review as the situation could change quickly.
3	Financial Resilience	<b>C1</b>	<b>C1</b>	The short and medium-term financial impact of Covid-19 is being managed through a range of methods. The long-term effect of Covid-19 is uncertain and this risk will be redrafted in September 2021 once the situation is clearer.
4	Economic Development	<b>B1</b>	<b>B1</b>	A range of initiatives continue to be undertaken to help the recovery and sustainability of the local economy. A fundamental review of this risk is planned before the next Audit and Governance meeting
5	Data/information	<b>C2</b>	<b>C2</b>	There is a planned programme of e-learning starting with cybersecurity which is to be rolled out in summer 2021.
6	Business continuity	<b>C2</b>	<b>C2</b>	The Council is to establish an officer task and finish group to support managers with their review of service business continuity plans in the light of internal changes.
7	Housing capital finance	<b>C2</b>	<b>C2</b>	A consultant has been appointed to review the Housing Review Account (HRA)
8	Cyber security	<b>C2</b>	<b>C2</b>	This risk continues to be actively managed and will be supported through the roll out of eLearning described under risk 5 (data/information)
9	Delays in issuing Planning Permissions	<b>C1</b>	<b>C1</b>	A planning consultant has been engaged to assist with the backlog of approved planning

				applications which have started to be issued.
10	Climate emergency	<b>B2</b>	<b>B2</b>	Work continues on implementing the climate change action plan which was approved by Cabinet in April 2021.
11	Accommodation project	<b>C2</b>	<b>C2</b>	Good progress continues with close down of the Conder building by mid-June. A comms plan is being developed to manage opening messages and re use of Civic Offices.

3. Members are asked to consider the attached updated Corporate Risk Register (Appendix 1) and whether the risks listed are scored appropriately and whether there are any additional risks that should be included.

**Resource Implications:**

Within the report

**Legal and Governance Implications:**

The Corporate Risk Register is an important part of the Council's overall governance arrangements and that is why this Committee considers it on a regular basis.

**Safer, Cleaner and Greener Implications:**

None

**Consultation Undertaken:**

The Risk Management Group and Leadership Team were involved in the process.

**Background Papers:**

CIPFA audit committees – practical guidance for Local Authorities and Police 2018 edition

**Risk Management:**

If the Corporate Risk Register was not regularly reviewed and updated a risk that threatened the achievement of corporate objectives might either not be managed or be managed inappropriately. In addition, new or emerging risks are not considering which could threaten achievement of the Council's corporate objectives.

**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 as appendix 2 to the report.



### CORPORATE RISK REGISTER (June 2021)

<b>LIKELIHOOD</b>	<b>A</b> Very High				
	<b>B</b> High			<b>10</b>	<b>1 4</b>
	<b>C</b> Medium			<b>2 5 6 7 8 11</b>	<b>3 9</b>
	<b>D</b> Low / Very Low				
		<b>4</b> Insignificant	<b>3</b> Minor	<b>2</b> Moderate	<b>1</b> Major
	<b>IMPACT</b>				

Risk no.	Risk score	Description
1	B1	Local Plan
2	C2	Increase in demand for financial and housing assistance
3	C1	Financial resilience
4	B1	Economic Development
5	C2	Data/Information
6	C2	Business Continuity
7	C2	Housing Capital Finance
8	C2	Cybersecurity
9	C1	Delays in issuing planning permission
10	B2	Climate emergency
11	C2	Accommodation project

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 136</p> <p><b>Risk No 1</b> <b>Local Plan</b></p>	<p><b>Vulnerability:</b> Without an adopted Local Plan (LP) and with the introduction of the Housing Delivery Test from November 2018, the Council's ability to deliver housing at the required rate will lead to the presumption in favour of sustainable development being applied and the requirement to prepare an action plan.</p> <p><b>Consequence:</b> Without an adopted plan setting the Council's housing requirement at 518 the measurement used will be the 2014 household projection figures/standard method for assessment with an annual requirement of 923 homes. This will result in vulnerability to planning appeal decisions and potential development in the Green Belt as the presumption in favour of sustainable development will apply.</p>	<p>Failure to deliver at the required NPPF threshold of 95% of the housing requirement over the previous 3 years triggers a requirement for EFDC to prepare an action plan in line with national planning guidance to assess the causes of under delivery &amp; identify actions to increase delivery. The govt announced results of the Housing Delivery Test 19/01/21. Epping Forest figures show a 49% delivery rate when measured against the standard methodology numbers; the number is under 75% of the target so subject to the presumption in favour of sustainable development. Delay in submitting the LP due to the JR and Natural England's (NE) requirement not to issue planning decisions until a mitigation strategy is in place for Epping Forest SAC, would have ongoing consequences for delivery. An interim Air Pollution Mitigation Strategy has been agreed with NE and adopted by the Council, allowing planning applications to be determined.</p>	<b>VERY HIGH</b>	<b>MAJOR</b>	<b>A1</b>	<p>1) Local Plan Submission Version 2017 agreed by Council Dec 2017 and published. Following the Judicial Review (JR) the plan was submitted for examination which took place between Feb &amp; June 2019. The Inspector's advice issued 2 August 2019 requires the Council to undertake further work to support the Local Plan, which has largely been completed – the Habitat Regulations Assessment (HRA) is still to be finalised.</p> <p>2) Revised Local Development Scheme (LDS) adopted by Local Plans Cabinet Cttee Nov 2018 following submission of plan for independent examination. This will be updated once there is some certainty on programme for consultation on MMs. At the current time the Council is finalising the MMs with the Inspector with consultation anticipated in June/July 2021)</p> <p>Systematic approach to Duty to Co-operate, engaging public bodies including Natural England and the Conservators to finalise the HRA.</p> <p>4) Consultants in place to support HRA, Sustainability Assessment, transport modelling, master planning.</p> <p>5) Regular reports at officer and Member level through the Cooperation for Sustainable Development Group.</p>	<b>HIGH</b>	<b>MAJOR</b>	<b>B1</b>	<p>1) Revised timeline of the programme of work for the final tranche of the Main Modifications (MM) agreed with the Local Plan Inspector. Regular updates provided and posted on the Council's website. Last being on 8/2/21 in which the Inspector explained that good progress was being made towards MM consultation</p> <p>2) Review progress against new key milestones</p> <p>3) Important that key decisions do not precede Duty to Co-operate i.e. "fait accompli".</p> <p>4). Scrutiny Function to be undertaken by Stronger Place Select Committee.</p>	Planning Services Director	Regular programme meetings (but at least monthly)



REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 2  Increase in demand for financial and housing assistance	<p><b>Vulnerability:</b></p> <p>Covid has placed a huge financial strain on individuals and families and the end of the national furlough scheme could lead to a spike in unemployment and an increase in debt. Similarly, the moratorium on evictions ended wef 4<sup>th</sup> May and could lead to a spike in homelessness.</p> <p>The Domestic Abuse Act 2021 has now also come into force placing additional burdens on local housing authorities in respect of homelessness assistance for those approaching as a result of domestic abuse.</p>	<p>The effects of Covid have a detrimental effect on the Council and community.</p> <p><b>Consequences:</b></p> <ul style="list-style-type: none"> <li>Tenants no longer able to afford current/new tenancies.</li> <li>Increase in evictions and homelessness</li> <li>Increased costs of temporary accommodation</li> <li>Unable to secure similar level of income due to payment defaults</li> <li>Increase in rent and Council Tax arrears</li> <li>Public dissatisfaction</li> <li>Criticism of the Council for not mitigating the effects for residents.</li> <li>Rise in mental health impacts</li> <li>Rise in safeguarding issues including around domestic abuse</li> </ul> <p>New burdens placed on local housing authorities by Domestic Abuse Act 2021</p> <p>Increase in approaches from clients experiencing DA in line with National trends that translate to an increase in housing duties owed.</p>	MEDIUM	MAJOR	C1	<ol style="list-style-type: none"> <li>Virtual customer portal signposting access to a range of help, advice and support services incl debt, hsg, hml, health &amp; wellbeing, safeguarding skills &amp; employment.</li> <li>Development of a hub approach to service delivery centred at Civic Office Community Hub with plans to ensure targeted holistic provision of services across the district.</li> <li>Creation of a dedicated private sector lettings resource to increase prevention of hml, reduce demand for TA &amp; instances where a full rehousing duty would otherwise be owed</li> <li>RSI funding secured enabling enhanced targeted response to single homelessness incl creation of a mental health navigator embed within the hml team</li> <li>Plans to create DA navigator role embed within hml team working across housing services funded with new burdens allocation</li> <li>Monthly tracking of demand for early identification of spikes in demand</li> </ol>	MEDIUM	MODERATE	C2	<ol style="list-style-type: none"> <li>Continue to develop the hub approach to service delivery that enables targeted provision of early help &amp; support services that meet the needs of specific localities.</li> <li>Seek further funding opportunities around DA service provision (ECC making available £300Km of new burdens for Essex districts to bid for – awaiting detail)</li> <li>Review of risk level at the expiry of Govt's furlough scheme and £20 weekly uplift in Universal Credit (September 2021.)</li> </ol>	Customer Services Director	Monthly

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 3  Financial Resilience	<b>Covid-19</b> The Council has had a strong Balance Sheet for several years with a high level of unallocated Reserves. However, the impact of Covid-19 (including long-lasting, or permanent legacy issues) has added to a recent downward trajectory in available reserves, as the Council's income – although rising – is struggling to keep pace with the growth in expenditure. <b>Qualis Income</b> Securing planned income returns from the LATCO initiative is vital to maintaining financial self-sufficiency and minimising expenditure reductions <b>Efficiency Savings</b> The medium-term financial outlook means that setting a balanced budget for 2022/23 will be a challenging process, with the realisation of cashable efficiencies an overwhelming priority; and <b>Financial Control</b> Tighter financial control is essential in a more challenging financial environment that lies ahead.	Balanced budget now set for 2021/22 but includes use of £1.350 million from general reserves.  Underlying budget deficit of £1.6 million identified for 2022/23 (gross of assumed £0.5 million contribution from reserves).  Late audit adjustments to 2019/20 resulted in one-off call on reserves (mostly triggered by legacy issues from previous financial years).  Slippage in timetabled income and benefits from Qualis (although positive progress being made).  Updated HRA Business Plan now high priority to identify and address financial sustainability risk (especially with large Housing Development Programme).  Corporate financial planning, management and reporting processes in transition following significant upheaval during 2019/20.  CIPFA Financial Management Code effective from 1 April 2021: step change improvement required to achieve compliance.	VERY HIGH	MAJOR	A1	<b>Covid-19</b> Short term financial impact controlled through management of Government support packages and budgetary control mitigation measures in 2020/21 (forecast GF overspend at Q3 stage down to circa £300k). Medium/Long Term financial impacts being managed through Medium-Term Financial Plan (update adopted by Council 25/02/21) <b>Qualis</b> Council's interests directly overseen and managed by Section 151 Officer with tailored support from specialist professional advisors <b>Efficiency Savings</b> Potential for cashable efficiency savings for 2022/23 now being considered ahead of the autumn 2021 budget preparation process. <b>Financial Control</b> Process improvements being rolled out by Deputy S151 Interim support for Finance Team to address temporary capacity shortages; Phase 1 recruitment process for new Finance team complete (May 2021). Specialist advice utilised to address HRA risk.	MEDIUM	MAJOR	C1	Complete transformation of Corporate Finance function, in the short-term focussing on strengthening professional capacity and rolling out high priority development areas such as Business Partnering.  Complete review of HRA Business Plan and roll out results as at 30/09/21. Ensure cashable efficiencies are given the highest priority in preparing the 2022/23 budget. In the medium-term, continue cultural change process and address current deficit in efficiency and effectiveness.	Strategic Director & 151 Officer	Monthly

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<b>Risk No 4</b> <b>Economic Development</b>	<p><b>Vulnerability:</b> Economic development and employment are 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.</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>• Unable to secure sufficient opportunities</li> <li>• Local area and people lose out</li> <li>• Insufficient inward investment</li> <li>• Impact on economic vitality of area</li> <li>• Loss of business rate revenue</li> <li>• Increased economic cost to the council</li> </ul>	<p>Risk that Council performs relatively poorly compared to other authorities.</p> <p>Risk remains high in terms of the general economy; however, the Council is making good headway in terms of the Council's response to Covid-19 and economic recovery. For example, from the initial appraisal of Waltham Abbey, that there is a lower vacancy rate than the national average; assessed as being 5%. In addition, the Council has no vacant commercial premises.</p> <p>Furlough funding has been used heavily by local businesses, but this creates a risk to unemployment locally when this ceases. The SEISS grants have been used heavily by local businesses. Again, there is a risk when this ceases. EBAF has granted over £200k to local businesses, but £200k remains unclaimed.</p> <p>Demand for industrial and retail assets in the district remains high.</p>	<b>VERY HIGH</b>	<b>MAJOR</b>	<b>A1</b>	<p>Economic Development Plan (Nurturing Growth) was drafted and presented to Economic Development Board and subsequently to Cabinet Cttee for approval. Cabinet requested further consultation with stakeholders, and this was carried out through October &amp; November, culminating in a consultation event on November 13<sup>th</sup>. A revised Economic Strategy and associated report was submitted to Cabinet in May which was agreed and contained a request for additional staff to undertake High Street Recovery work.</p> <p>With the impact of Covid-19 a completely new action plan has been developed which considers a range of options for recovery of local high streets as this is now seen as the priority for Economic Development.</p> <p>A new inward investment site is in production. Click it local has been purchased and rolled out. Loyal Free has been purchased and is being rolled out.</p>	<b>HIGH</b>	<b>MAJOR</b>	<b>B1</b>	<p>At its' meeting of 19<sup>th</sup> Oct, Cabinet formally agreed the priority projects for Covid Economic Recovery; these include regeneration of the five Town Centres in the District, Employment and skills, NWA Business Zone, Sustainable Transport and Local Gazetteer. A decision was made to remove the Digital Gateway for Place project.</p> <p>The work on these projects will serve to help recovery and sustainability of the local economy but will not provide certainty for local businesses. Therefore, the risk for the local economy remains high</p> <p>Ensure full delivery of inward investment site, loyal free and Maybe *.</p> <p>Support development at North Weald for maximum return in jobs and investment. Deadline for all these items is September. Continuing heavy marketing of EBAF scheme to ensure take up.</p> <p>Work with partners on an end of furlough skills and employment initiative.</p>	Partnerships & Economic Development specialist	Monthly

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 5  Data / Information	<p><b>Vulnerability:</b> The authority handles a large amount of personal and business data. Either through hacking or carelessness, security of the data could be compromised.</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>Breach of the 2018 Data Protection Act (DPA) and the General Data Protection Regulations leading to significant fines or/and intervention by the Information Commissioner's Office (ICO)</li> <li>Increased costs and legal implications</li> <li>Reputation damaged and loss of public confidence</li> </ul>	<p>Risk of data held by the Council ends up in inappropriate hands. System loss. Generally effective to date, with no significant lapses since the introduction of the 2018 DPA.</p> <p>The work programme for the Information Governance Group, who oversees this risk, is comprehensive but has limited resource to progress the work.</p>	HIGH	MAJOR	B1	<p>Significant work was undertaken by the Council to ensure it was compliant in time for the introduction of the GDPR in May 2018. This included review of policy and procedures, staff and Member training and awareness, completing an information asset register/register of processing activities and reviewing security of data arrangements.</p> <p>The Council continues to have a designated Data Protection Officer in post and a system of data breach and subject access request monitoring in place.</p> <p>A recent audit on data retention and disposals has been completed which identified a number of actions.</p> <p>A Senior Information Risk Owner has been identified and an Information Governance Group (IGG) has been formed. In addition, an Information Governance Group and Information Asset Owner Group has been set up.</p> <p>The Information Governance Group has put together a draft work programme and other actions will be reviewed and monitored through this Information Governance Group</p> <p>A Retention and Disposals Policy was launched Feb 2021.</p>	MEDIUM	MODERATE	C2	<p>IGG is reviewing current arrangements and ensure these are strengthened where required. The IGG is working with the Information Asset Owner Group to embed understanding of the importance of information governance across the authority.</p> <p>The IGG Work Programme is being prioritised and the expectations of the Council managed.</p> <p>eLearning modules being developed for data protection, FOI/SARS and cyber security with a review of relevant policies to accompany the eLearning launch.</p> <p>Cyber Security eLearning to go live June 2021 policy review will follow</p> <p>Data Protection Infographic to be published May/June 2021</p>	Service Director – Business Services (SIRO)	Quarterly

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 6  Business Continuity	<p><b>Vulnerability:</b></p> <p>The Council is required to develop and implement robust Business Continuity Plans in line with the requirements of the Civil Contingencies Act.</p> <p>Following the re-organisation and negative outcomes from Internal Audit's review plans need to be updated and changes in responsibilities confirmed.</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>• Services disrupted / Loss of service</li> <li>• Possible loss of income</li> <li>• Staff absence</li> <li>• Hardship for some of the community</li> <li>• Council criticised for not responding effectively</li> </ul> <p>Strain on/or lack of staff resources;</p> <ul style="list-style-type: none"> <li>▪ Increased sickness absence due to Covid19 – staff availability to work</li> <li>▪ Additional capacity needed for projects</li> <li>▪ ICT restructure</li> </ul>	<p>An Internal Audit of Business Continuity arrangements identified a number of weaknesses which were addressed through the BC project.</p> <p>An external consultant has been engaged to develop the strategy and provide coaching to staff to develop plans. This has largely been completed and an exercise to test was undertaken in Feb 2020.</p> <p>All departments now have their own departmental BC plans</p> <p>Corporate strategy now sits above all plans and has been tested.</p> <p>Currently, the organisation is continuing to deliver services to a high standard, working remotely, in new ways etc, however there are strains on project delivery and in some areas BAU due to staff absence, restructures, turnover.</p>	VERY HIGH	MAJOR	A1	<p>Improvement of current business continuity (BC) management arrangement is currently in progress.</p> <p>Our organisational response to the current covid-19 emergency demonstrates a generally effective BCP with essential services / critical functions continuing.</p> <p>Next phase is to co-ordinate the review and updating of plans on an ongoing progressive program.</p> <p>Mitigation re staff resources:</p> <ul style="list-style-type: none"> <li>▪ New recruitment process and careers page to attract new candidates. More efficient and less bureaucratic processes</li> <li>▪ The category A, B, C list of staff availability has recently been reviewed</li> <li>▪ ICT Portfolio Governance Group is established</li> <li>▪ Flexible use of salary budget to plug short term gaps</li> </ul>	MEDIUM	MODERATE	C2	<p>Following the desktop exercise scenario in this year, and as a result of covid-19 emergency, Service Plan owners are tasked with reviewing their plans and amending and adjusting accordingly.</p> <p>The Corporate Plan will be reviewed by the Leadership Team by the end Sept 2021.</p> <p>Service Managers will review their BC Plans by end of September 2021 following the opening of the Civic Offices and our new WoW An officer task and finish group will be formed, supporting managers to review service/team plans in light of the internal change.</p> <p>Externally a County wide BC Group has been formed of Essex Police and Emergency Planning Officers. A positive overlap of support is expected.</p> <p>Senior managers to keep situation under regular review. Staffing issues is a standing item on fortnightly Wider Leadership Team Meeting.</p>	Business Services Director	Quarterly

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 7  Housing Capital Finance	<p><b>Vulnerability:</b> 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.</p> <p>Changes to legislation which reduce income to the HRA.</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>Loss of capital resources</li> <li>Revenues cost of penalty interest</li> <li>Loss of rental income</li> <li>Delays in provision of new social housing</li> <li>Increase in housing waiting list</li> <li>Current 30-year business plan may become unsustainable.</li> </ul>	<p>Risk schemes are delayed by either the planning process or unanticipated site problems.</p> <p>Imposition of further restrictions on rent levels.</p>	HIGH	MODERATE	B2	<p>1) Position being monitored by the House Building Cabinet Committee and a number of contingency options are available including purchasing homes or land on the open market or purchasing from S106 developments. A Consultant has been engaged to work to utilise the receipts before the deadline of the end financial year.</p> <p>2) The Council belongs to the Association of Retained Council Housing which lobbies on such issues.</p> <p>3) The development team are working with finance to develop reports to enable clear visibility around capital funding</p> <p>4) Grant Thornton employed to carry out an overall review finances process</p> <p>5) Consultant has been appointed to review and update the HRA business plan</p> <p>6) RTB receipts Policy approved by Cabinet</p>	MEDIUM	MODERATE	C2	<p>1) Loss of right to buy receipts is minimised.</p> <p>2) Impact of Policy changes is minimised as far as possible.</p> <p>3) Financial reporting requirements to be developed to ensure clear accounting and governance</p> <p>4) The appointment of an HRA finance expert made. They will assist the Council in putting systems in place to mitigate risk</p> <p>5) Action plan to be developed following the report from GT by April 2021</p>	Project Director HRA	Monthly

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<b>Risk No 8</b> <b>Cyber Security</b>	<p><b>Vulnerability:</b> The Authority handles a large amount of personal and business data. Either through hacking or carelessness, security of the data could be compromised.</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>Loss of system access and/or data</li> <li>Unable to provide Council services</li> <li>Increased costs</li> <li>Reputation damaged</li> <li>Ransomware payment</li> <li>Corporate fines</li> </ul>	<p>Risk of data held by the Council ends up in inappropriate hands. System loss. However, no loss of data. Systems have remained protected from cyber-attack.</p> <p>EFDC is targeted directly. Unknown vulnerabilities in systems. Misconfigured systems. EFDC staff error. Disgruntled EFDC staff.</p> <p>System Loss, Data unavailable, Data stolen, Data changed,</p>	<b>VERY HIGH</b>	<b>MAJOR</b>	<b>A1</b>	<p>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. IT monitoring &amp; installing system updates &amp; patches</p> <p>Data is backed up daily with forty days retained. Three backups are also stored off site.</p> <p>Staff training.</p> <p>New firewall in place</p> <p>Off-site back up to cloud now implemented.</p>	<b>MEDIUM</b>	<b>MODERATE</b>	<b>C2</b>	<p>Continued monitoring &amp; researching security attack methodologies and best practice procedures</p> <p>An eLearning module provided by the National Cyber Security Centre will be rolled out across the Council. This will follow a review of relevant policies, date of launch to be confirmed</p>	Business Services Director	Quarterly

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<b>Risk No 9</b>  <b>Delays in issuing Planning Permission</b>  Page 144	<b>Vulnerability:</b> Delays in issuing Planning Permission for development due to objections by Natural England regarding the impact of development on air quality in Epping Forest SAC.  <b>Consequence:</b> <ul style="list-style-type: none"> <li>Delays in granting Planning Permission in the District and getting an adopted Local Plan in place.</li> <li>Loss of New Homes Bonus</li> <li>Restricted Business Rates tax base growth</li> <li>Reputation damaged</li> </ul>	The Habitats Regulations Assessment (HRA) January 2019 found that the Plan would be likely to have a significant effect upon the Epping Forest Special Area of Conservation (the SAC) in respect of both atmospheric pollution and disturbance from recreation & urbanisation.	<b>VERY HIGH</b>	<b>MAJOR</b>	<b>A1</b>	Regular meetings held with key stakeholders including Natural England to update the HRA and develop a mitigation strategy. Interim mitigation strategy (SAMMS) was agreed by Council in October 2018 to mitigate the impact of recreational pressure on the Forest and Natural England have confirmed it is appropriate. The outstanding concerns in relation to the Green Infrastructure Strategy/ SANG strategy and the need for site specific projects to mitigate the impact of recreational pressure associated with growth in the South of District has been addressed in the GI Strategy now going to Stronger Place Select Committee on 29 March and Cabinet on 20 April 2021 Draft Air Pollution Strategy was agreed by Cabinet in July 2020 for further consultation with Natural England. An updated strategy has been prepared and was adopted by Council on 8 February 2021 following confirmation from Natural England that the strategy was agreed.	<b>MEDIUM</b>	<b>MAJOR</b>	<b>C1</b>	Mitigation strategy in place for both recreational pressure and air quality issues.  Interim air pollution strategy has been agreed with Natural England and has been adopted by the Council through a PFH report which was called in to a Full Council meeting on 8 February 2021.  The Interim Air Pollution Strategy was agreed by full Council on 8 February 2021. The first tranche of planning applications delayed (applications that have a Committee resolution to grant permission) will be released at the end of May 2021, after having been agreed by the District Development Management Committee on 26 April 2021. Clearing backlog likely to take at least until end of October 2021. Applications submitted after 8 February 2021 are being dealt with in a Business As Usual manner.	Planning Services Director	Monthly – regular updates are being provided to the inspector



REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
Risk No 10  Climate Emergency	<p><b>Vulnerability:</b></p> <p>The Council declared a climate emergency and has pledged to do everything within its power to make the Epping Forest District carbon neutral by 2030.</p> <p>The Council has identified a number of initial areas of focus, including: Local Plan site allocations achieving high standards of sustainability; carbon reduction of council owned properties; the promotion of sustainable transport and implementing an air quality strategy.</p> <p><b>Consequence:</b></p> <ul style="list-style-type: none"> <li>• Reputational damage</li> <li>• Greatly increased costs from Climate Change Mitigation requirements</li> </ul>	Failure in achieving identified carbon reduction targets and taking action to reach the carbon neutral District by 2030 pledge.	VERY HIGH	MODERATE	A2	<p>The Climate Change and Sustainable Transport Officer have developed a draft action plan with the overall objective of becoming carbon neutral by 2030.</p> <p>The finalised action plan will cover all service areas and the wider District emissions.</p> <p>The draft Climate Change Action Plan was approved to go for consultation by Cabinet on 20<sup>th</sup> April.</p> <p>The 3-month Demand Responsive Transport trial completed on 31st March. There was low demand for Saturday services, which were paused in late February. Delays in the Traffic Commissioner approval process meant fares were only taken from mid-March. Cabinet approved extension of the trial to April 2022 on 11th March. As lockdown eases, demand is increasing.</p>	HIGH	MODERATE	B2	<p>Continued development of the action plan based on comments and feedback from the consultation. Aiming for a wide participation in the consultation to both increase engagement with climate change and get diversity in the views expressed.</p> <p>The move to staff working from home and covid-19 associated projects including increasing active travel as part of the Safer Places project for High Street recovery, will contribute towards a positive impact on carbon reduction.</p>	Chief Operating Officer	Quarterly

REF	RISK (IF-THEN)	BACKGROUND CAUSE-EFFECT	Likelihood	Impact	Inherent Risk Rating	MITIGATION/ CURRENT CONTROLS	Likelihood	Impact	Residual Risk Rating	FURTHER ACTION REQUIRED (INCLUDE TIMESCALES)	RISK OWNER	COMPLETION REVIEW DATE
<b>Risk No 11</b>  <b>Accommodation project</b>	Failure of the accommodation project to deliver: <ul style="list-style-type: none"> <li>New ways of agile working</li> <li>Better use of Council assets</li> </ul> which ultimately impacts on the Council's objectives and delivery of services	<b>Background:</b> The Council has embarked on ambitious plan for the renovation and refurbishment of the civic offices that will involve a decant and repopulation of staff and Members. As well as offering space to external partners.  <b>Effects</b> <ul style="list-style-type: none"> <li>Need to ensure IT resilience that supports agile working practices</li> </ul>	<b>VERY HIGH</b>	<b>MAJOR</b>	<b>A1</b>	<ul style="list-style-type: none"> <li>Contractor ISG have completed work</li> <li>OWOW programme has been running promoting agile and flexible working</li> <li>Survey completed by the people team to understand what colleagues would like going forward.</li> <li>Training completed on use of booking systems and new meeting rooms.</li> <li>Work ongoing to find commercial tenant for 2<sup>nd</sup> floor</li> <li>Community hub being set up on ground floor</li> <li>Essential colleagues only working in Civic</li> </ul>	<b>MEDIUM</b>	<b>MODERATE</b>	<b>C2</b>	Fully close down use of Conder building. Still some equipment to clear.  Feedback from survey to be analysed and actioned.  Comms plan being created to manage opening messages and re use of Civic  Opening and familiarisation commences from 21st June  Commercial space to be let	Service Director Strategy, Delivery and Performance	Monthly

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

## Section 1: Identifying details

Your function, service area and team: **Strategic Director**

If you are submitting this EqlA on behalf of another function, service area or team, specify the originating function, service area or team:

Title of policy or decision: **Risk Management report**

Officer completing the EqlA: Tel: **01992 564446** Email: **smarsh@eppingforestdc.gov.uk**

Date of completing the assessment: 05/07/21

## 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? <b>No; an update of risk management to Audit and Governance Committee</b>
2.2	Describe the main aims, objectives and purpose of the policy (or decision): <b>N/A</b> What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? <b>N/A</b>
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none"><li>• service users</li><li>• employees</li><li>• the wider community or groups of people, particularly where there are areas of known inequalities?</li></ul> <b>N/A</b> Will the policy or decision influence how organisations operate? <b>N/A</b>
2.4	Will the policy or decision involve substantial changes in resources? <b>N/A</b>
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? <b>N/A</b>

### **Section 3: Evidence/data about the user population and consultation<sup>1</sup>**

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? <b>N/A</b>
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? <b>N/A</b>
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: <b>N/A</b>

## Section 4: Impact of policy or decision

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

<b>Description of impact</b>	<b>Nature of impact</b> Positive, neutral, adverse (explain why)	<b>Extent of impact</b> Low, medium, high (use L, M or H)
Age	N/A	N/A
Disability	N/A	N/A
Gender	N/A	N/A
Gender reassignment	N/A	N/A
Marriage/civil partnership	N/A	N/A
Pregnancy/maternity	N/A	N/A
Race	N/A	N/A
Religion/belief	N/A	N/A
Sexual orientation	N/A	N/A

## Section 5: Conclusion

		Tick Yes/No as appropriate	
5.1	Does the EqlA in Section 4 indicate that the policy or decision would have a medium or high adverse impact on one or more equality groups?	No <input checked="" type="checkbox"/>	
		Yes <input type="checkbox"/>	If ' <b>YES</b> ', use the action plan at <b>Section 6</b> 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.



**Section 7: Sign off**

**I confirm that this initial analysis has been completed appropriately.  
(A typed signature is sufficient.)**

Signature of Head of Service: Andrew Small

Date: 05/07/21

Signature of person completing the EqlA: Sarah Marsh

Date: 05/07/21

**Advice**

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

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



**Epping Forest  
District Council**

**Report reference:**

**Date of meeting: 15 July 2021**

**Portfolio: Leader of the Council**

**Subject: Internal Audit Monitoring Report July 2021**

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

**Democratic Services: Laura Kirman (01992564723)**

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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 July 2021**
- (2) Agrees the scope of the External Quality Assessment of the Internal Audit service**

### **Executive Summary:**

This report updates Members on the work completed by Internal Audit and the Corporate Fraud Team since the March 2021 Audit and Governance Committee and provides the current position in relation to overdue recommendations.

The report sets out the scope of the External Quality Assessment of the Internal Audit Service which is required by the Public Sector Internal Audit Standards to be undertaken every five year; the last one being 2016.

### **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:**

#### **2020/21 Internal Audit Plan**

1. The audit plan for 2020/21 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 2021/22 Audit Plan as detailed in Appendix 1.
2. The following six final reports have been issued since the Committee received its last update in March 2021.

### Qualis Group Governance (substantial assurance)

Model Articles of Association and a Shareholder Agreement, setting out the reserved matters, are in place for the Qualis Group. The extent to which the S151 Officer, as the Shareholder's Representative, is authorised to make decisions on behalf of the Council is set out in writing in a Cabinet report. To provide greater clarity and ensure compliance with the Shareholder Agreement, a delegation matrix distinguishing responsibility and accountability between the Council (as shareholder), Qualis Board and directors should be prepared.

The permanent Qualis Board has been in place since October 2020 and comprises suitably experienced and skilled members. Appointments were approved by Full Council following recommendation by the Council's Senior Management Selection Panel. Conflicts of Interest are appropriately managed and to provide additional transparency a conflicts register is being introduced and will be in place by end of July 2021.

Qualis Group 2020/21 one-year business plan has been approved by Cabinet, but the four-year plan was not presented until later in the year as the Board was developing its medium-term strategy. As part of a wider piece of work, a review of the information to be included in the Business Cases for future transfer of services is being carried out by the Council which will ensure enough relevant financial and other business measures, including the use of targets or Key Performance Indicators, are reported on to enable the Council to effectively monitor progress. To ensure the Council is aware of Qualis risks which may have a direct impact on Council risks, significant Qualis risks will be shared with the Council's Section 151 Officer to be captured as part of the Council's risk management framework.

Loans have been provided to Qualis and these have been signed, sealed and include any relevant covenants. Repayments by Qualis have been made on time and in full. The loan agreement in respect of the working capital loan was not in place before the first utilisation in January 2020; however, the Council has ensured that all subsequent loan agreements are in place before commencement to provide a legal basis for the terms of the loan.

### Accounts Payable (moderate assurance)

Overall, the Accounts Payable control framework is effective and no reductions in control effectiveness have occurred due to remote working. The Council has detailed and appropriate policies and procedures to ensure that goods and services procured are required and represent best value. The Council's Procurement Rules have been recently updated and training provided to teams across the Council. A review and update of Financial Regulations, which have not been revised since 2015, is scheduled for later in 2021/22.

There are documented financial levels of delegated authority, which are complied with for order authorisation and certification of payments and there is a good segregation of duties between:

- Purchase Order origination and approval;
- Ordering processes and payments operations;
- Payment run preparation and approval to make the payments; and
- The setting up and review of new supplier details.

During 2021/22 management information reports will be developed to cover areas such as aged creditor listings, disputed invoices, suspected duplicate payments and supplier master file changes. This work was delayed from 2020/21 as resources were diverted due to changes in processes as a result of remote working and additional payment runs

for Covid-19 related grants.

#### Active Directory Management (moderate assurance)

Active Directory management is a directory service developed by Microsoft for the administration of all PCs and servers on a Windows domain. Examination of Active Directory (AD) security settings confirmed that password ageing, complexity and minimum length had all been invoked together with robust restrictions on failed login attempts. However, testing identified that some password settings within the AD domain did not meet recommended best practice standards which increases the risk of password reuse.

A review of AD user access rights highlighted the failure to disable all inactive or unused accounts. To reduce the risk of unauthorised access to the live Council network domain, all inactive and redundant accounts have now been disabled.

Vendor support for Microsoft Windows Server 2008 ceased in January 2020 meaning that no further security patches are provided by the software vendor to address newly identified vulnerabilities. The audit identified 42 Windows Server 2008 servers running, for example, Payroll and the Academy Revenue and Benefits system. The Council is already aware of this issue and a project to remove unsupported servers is underway.

Audit policies within the AD are enabled to capture key events including user logon (success/failure), object access, changes to AD policy settings and use of superuser accounts. All information captured by selected Audit Policies is stored in the AD security log. To meet Microsoft best practice and prevent audit logs being overwritten, the size of the AD Security Log has now been increased.

#### Health & Safety - Council buildings and depots (moderate assurance)

At a Corporate level the Council has a Health and Safety Policy, and this is underpinned by other policies relevant to this audit, for example an Asbestos Policy and a Water Quality Policy. There is, however, no policy or associated procedures that define the Health and Safety framework at the Council's offices and depots and responsibility is assigned across multiple officers. As a result, there is no single record to cover the following which could result in a compliance issue not being scheduled in accordance with guidance or an action not be followed up and cleared:

- Recording of all compliance testing, checking servicing and risk assessments to cover all Council sites; and
- Recording and logging of all actions, matters arising and the deadlines for implementation at each site.

Governance would be enhanced through quarterly exception reporting to the Corporate Safety Team covering depots and offices detailing any overdue compliance testing and certification and flagging up recommended actions and matters that have exceeded their designated implementation date.

#### Storage Area Network (limited assurance)

The Storage Area Network (SAN) is a dedicated network for data storage. In addition to storing data, SANs allow for the automatic backup of data, and the monitoring of the storage and the backup processes. SAN hardware is located in a secure ICT server room and access is restricted to a small number of ICT technical support staff. ICT are in the process of reviewing current swipe card access rights and going forward will regularly review and validate access to the server room to ensure it is minimised.

SAN hardware is afforded full environmental protection including fire suppression, air conditioning and Uninterruptible Power Supply (UPS), and these systems are subject to

regular service and testing. The SAN platform is patched up to date and monitoring software is installed to manage both system performance and generate real time alerts in the event of system downtime.

A separate WatchGuard firewall appliance provides enhanced network security. However, as the WatchGuard appliance is out of vendor support and has not been patched since 2016, ICT are in the process of replacing the firewall hardware protecting the SAN infrastructure. The firewall appliance is administered via a single 'admin' account. To prevent unauthorised access, individual user accounts will be assigned to all firewall administrators and robust firewall appliance password policies will be enabled.

The SAN is centrally administered via a DataCore Management Console which system administrators log on to via a shared default 'Administrator' account. No policy was enabled to enforce password security settings including ageing, complexity, history or minimum length on the Administrator account. ICT have agreed that all SAN administrators will be assigned individual logon credentials and access controls will be enhanced.

The IT service is currently working with the IT auditor on how best to resolve the issues raised in an expedient manner.

#### *IT Disaster Recovery (Limited assurance)*

Extensive work has been undertaken by IT to design and implement a robust IT Disaster Recovery (DR) solution to safeguard Council systems. A third party has been contracted to provide a cloud based secondary data centre DR facility meaning all Council systems should be restored within a two-hours. A full DR test is scheduled for later in the year to provide evidence-based information about the efficacy of, and the likely elapsed times for, partial or full restoration of Council critical systems.

The Disaster Recovery facility does not include any of the Council's legacy applications as these reside on physical servers. These systems are likely to be more time consuming and difficult to recover in the event of a DR situation. An Application Strategy is being drafted outlining timescales for the replacement of all remaining legacy systems.

A documented IT Disaster Recovery plan will be produced outlining all key stages to recover the Council's IT infrastructure to ensure there is a structured approach to any recovery action or system rebuilding / data restore processes that might be necessary. This will expedite system recovery and reduce any unnecessary downtime.

Going forward, Disaster Recovery arrangements will be regularly tested, and a Post Recovery Review process put in place to ensure each ITDR test is subject to critical evaluation. This will include any service affecting issues (near misses) that can be incorporated into the lessons learnt process. IT Disaster Recovery plans will be reviewed and updated following both recovery tests and significant service affecting issues to ensure that valuable information or opportunities to enhance processes are captured.

#### **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.
4. The current tracker is shown at Appendix 2 and contains two high and five medium priority recommendations which have passed their due date and two high priority

recommendations not yet due.

- The two overdue high priority recommendations concern replacement of the Storage Area Network (SAN) firewall to provide a fully vendor supported firewall appliance and implementation of new policies and accounts on the new firewall. This has been delayed due to IT equipment shortages in the UK. The risk to the Council is reduced as there is no direct connectivity to Council data through the firewall; it only allows access to the management console.

Table 1. Summary of tracker as at July 2021.

Recommendation type	Number (July 2021)	Number (March 2021)	Number (January 2021)	Number (December 2020)	Number (September 2020)
High Priority not passed its due date	2	0	0	0	0
High Priority passed its due date	2	0	1	1	2
Medium Priority passed its due date	5	1	2	2	1
Low Priority passed its due date	0	0	0	0	5
<b>Total</b>	<b>9</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>8</b>

### **Other Internal Audit activities**

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

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

**Corporate purchase cards:** Internal Audit is facilitating discussions on the Council's approach to the use of purchase cards which are being considered to streamline the processes for low level spend and one-off payments. Input is provided around achieving value for money whilst retaining adequate controls.

**Supplier payment processes:** Advice is being provided around supplier payment processes, primarily to prevent the Council incurring late payment charges from suppliers, but also to review current processes to identify efficiencies.

**Information Governance:** Internal Audit is actively involved in both the Strategic Information Governance Group (SIGG) and the operational Information Asset Owners Group, feeding back to the Corporate Governance Group. Internal Audit resource is being provided to help deliver the SIGG work plan, including a review of current information governance policies, compliance with the Transparency Code 2015 and the use of Data Protection Impact Assessments in project management.

**Service Assurance Statements:** Internal Audit completed the annual service assurance exercise consulting with Service Managers and Service Directors 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 Annual Governance Statement.

**National Fraud Initiative (NFI) 2020/21:** Internal Audit coordinated preparations for the 2020/21 NFI exercise, including the new Covid Grant Recipient's dataset. The review of matches is in progress.

**External Quality Assessment (EQA)**

7. In line with the Public Sector Internal Audit Standards (PSIAS) an external assessment of the Internal Audit function needs to be undertaken at least once every five years by a qualified independent assessor from outside the Council. The form of the external assessment and the qualifications and independence of the external assessor, including any potential conflict of interest, must be discussed with the Audit Committee.
8. The last EQA was undertaken in 2016/17, the results of which were reported to the March 2017 Audit and Governance Committee meeting. The EQA concluded the Internal Audit function was compliant with the PSIAS and it compared favourably with regards to its peers both within local government and the wider industry.
9. The EQA may be accomplished through a full external assessment, or a self-assessment with independent external validation. Like last time the EQA will be achieved through the self-assessment route.
10. Following a tender process Gard Consultancy Services (GCS) has been appointed to undertake the EQA in July 2021. The results of which will be reported to the September 2021 Audit and Governance Committee. Fieldwork will include interviews with the Audit Chairs of Harlow, Broxbourne and Epping Forest as well as each Section 151 Officer.
11. GCS's managing director, Ray Gard, will be undertaking the review and is an experienced finance and governance manager with extensive public sector experience. His last role being Assistant Director of Finance – Audit, Fraud and Risk Management at London Borough of Waltham Forest (2010-2016). There are no potential conflicts of interest between GCS with the Chief Internal Auditor or Harlow, Broxbourne and Epping Forest Councils.

**Corporate Fraud Team (CFT) update**

12. Since March a further four Right to Buy's (RTB) have withdrawn following their vetting interviews by the team. Another RTB was cancelled after a year long investigation into the validity of the funding whereby it was confirmed that the applicant had been gifted monies from her partner who was found to have abused the Power of Attorney status they hold over their elderly father's finances. Another application along similar lines is currently being investigated. The team has also successfully stopped two tenancy successions.
13. Work has begun on investigating the NFI matches as well as preliminary work on several proactive data mining exercises that will be taking place over the coming months.
14. The Corporate Fraud Team Manager took part in the second Webinar for the public hosted by the housing team in which the work of the CFT was promoted and included an awareness session on social housing fraud.



**Legal and Governance Implications:**

None

**Safer, Cleaner and Greener Implications:**

None

**Consultation Undertaken:**

Corporate Governance Group

**Background Papers:**

2021/22 Audit Strategy and Plan

**Risk Management:**

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

**Equality Analysis:**

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

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Appendix 1 - Audit Plan Monitoring 2021/22  
Progress as at July 2021

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	Service	Plan Days	Status	Fieldwork started	Report issued to Management	Finalised	Opinion: Level of Assurance	High Priority Recs	Medium Priority Recs	Low Priority Recs
<b>Quarter 1 and 2</b>										
Qualis Group Governance - c/f from 2020/21	Chief Executive	12	Draft report	■	■		substantial			
Council buildings and depots H&S compliance - c/f from 2020/21	Business Services	10	Draft report	■	■		moderate			
Housing H&S – gas safety - c/f from 2020/21	Housing and Property	15	In progress	■						
KFC: Payroll - c/f from 2020/21	Corporate Services	12	In progress	■						
Contract management - c/f from 2020/21	Contracts and Technical	20	In progress	■						
Strategic Governance - Qualis Management	Chief Executive	10								
Qualis Management KPIs and payment mechanisms	Chief Executive	10								
Housing Repairs- Qualis Management	Chief Executive	10								
IT Major Incident Management	Corporate Services	8								
KFC - Debtors	Customer Services	15								
Staff Recruitment	Corporate Services	15								
<b>Quarter 3 and 4</b>										
Safeguarding		10								
KFC: Housing Benefits	Customer Services	15								
Leisure Management contract	Contracts and Technical	12								
Feeder systems and reconciliations	Corporate Services	15								
Town centre projects	Economic Development	20								
Council housebuilding	Housing and Property	15								
Contract management	Contracts and Technical	20								
Contractor Health and Safety	Contracts and Technical	15								
KFC - Treasury Management	Corporate Services	10								
Section 106 agreements	Planning Services	12								
<b>TOTAL</b>								<b>0</b>	<b>0</b>	<b>0</b>

Key

c/f = carried forward

H&S = Health and Safety

KFC = Key Financial Controls

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**EFDC Internal Audit Recommendation Tracker (Overdue and High Priority)**

Last updated: 07 July 2021

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Service Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
Harlow Gilston Garden Town 2019/20 Issued July 2020	1	To clarify the accountability and extent of any liability of each partner in the HGGT a signed overarching agreement between the councils should be prepared. Arrangements regarding the recovery of costs incurred by the councils should be agreed by all parties and included in the agreement.	Med	Work is now well underway on the next steps to establish Combined Delivery Service following Board decision on 10 Feb 2020. Legal work is underway to clarify arrangements and delegations for the CDS Link to HIG delivery and governance	HGGT Director  HGGT Project Manager  HGGT Programme Manager	Political and corporate agreement to proposals – 31/03/21 Shadow structures then up and running Formal decision making will need to follow the local election period – 30/09/21	31/03/22	<b>May 21:</b> HGGT Solicitors, Weightmans, are developing a partnership agreement between all the HGGT partners. <b>Jul 21:</b> A meeting is taking place on 13 July at Lead Member and Lead Officer level of all five Partner authorities to progress this, with the intention that a new formalised governance model will be agreed in September 2021 and implemented before March 2022.	Overdue
Harlow Gilston Garden Town 2019/20 Issued July 2020	3	A data sharing agreement should be drawn up to cover any personal or commercially sensitive data which may be shared between the councils as part of the Garden Town project.	Med	A data sharing agreement will be developed and entered into by all the HGGT partners.	HGGT Director  HGGT Programme Manager	31/12/20	<del>31/03/21</del> 30/09/21	<b>Dec 20:</b> HGGT legal advisors, Weightmans, have been instructed to develop a data sharing protocol for the HGGT. The most appropriate form of agreement is currently being evaluated. <b>Feb 21:</b> A draft data sharing agreement for consideration by the HGGT Board is expected week beginning 22 February 2021. <b>Jul 21:</b> Difficulties in obtaining internal legal resource to review the draft agreement has caused delays but this has now been resolved and the agreement will be reviewed shortly, and recommendations made to the Board.	Overdue
Key Financial Controls –	1	With effect from the 31st March 2021 year-end, following a full	Med	Recommendation accepted. This is a key control.	Chief Financial Officer	30/04/21 (as part of	<del>30/06/21</del>	<b>Jul 21:</b> There was a slight delay due to technical problems with the Fixed Asset Register, which	Overdue

**EFDC Internal Audit Recommendation Tracker (Overdue and High Priority)**

Last updated: 07 July 2021

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Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Service Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
<b>Fixed Assets 2019/20</b> Issued November 2020		reconciliation of the Fixed Assets Register to the General Ledger, the documentation be retained in a shared drive and subject to independent review and sign-off prior to the draft accounts being produced. The 31st March 2020 year-end reconciliation be recreated if it cannot be located to evidence the opening balances for 2020/21.				2020/21 Closedown)		prevented the roll forward of the system. Officers worked with CIPFA's support team to resolve the issue and these have now been resolved and the upgrades implemented. The 31st March 2020 year-end reconciliation has been recreated to evidence the opening balances for 2020/21. The 2021/22 entries are currently being worked on and when complete will be retained in the shared drive as recommended. The independent review will be undertaken by the new Principal Accountant (permanent appointment pending). In the meantime, the review is being overseen by a qualified and experienced contractor.	
<b>Active Directory Management 2020/21</b> Issued December 2020	4	A review should be initiated to assess the validity of all accounts with non-expiring passwords. If there are legitimate reasons to have specific accounts with a non-expiring password this should be documented and forwarded to the Chief Internal Auditor.	Med	Accepted.	ICT Infrastructure & Compliance Manager	30/04/21	31/08/21	A review has been completed and those accounts which can easily be changed (for example, training accounts) will be actioned. Some accounts (e.g. revenues and benefits) have hard wired passwords and will involve considerable resource to change. Councillor accounts are currently non-expiring.	Overdue

## EFDC Internal Audit Recommendation Tracker (Overdue and High Priority)

Last updated: 07 July 2021

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Service Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
<b>Active Directory Management 2020/21</b> Issued December 2020	9	All unsupported Windows Server 2008 servers should be promptly replaced or decommissioned with a target set to achieve this.	Med	Accepted. An external Project Manager will be appointed to manage the identification and replacement of all unsupported Windows servers.	Interim IT Service Manager	30/04/21	31/07/21	A project to assess the 2008 servers and produce a technical plan for migrating or rebuilding has been started.	Overdue
<b>Storage Area Network 2020/21</b> Issued May 2021	1	The SAN network environment should be protected by a fully vendor supported firewall appliance.	High	Accepted. The WatchGuard appliance will be replaced with a fully patched and vendor support firewall.	ICT Infrastructure & Compliance Manager	30/06/21	31/08/21	The firewall currently in place is in the process of being replaced. Quotes have been received and a firewall on order. Medium term delivery due to IT equipment shortages in the UK.	Overdue
<b>Storage Area Network 2020/21</b> Issued May 2021	2	All firewall administrators are assigned individual and uniquely identifiable user accounts. Robust password policies should be implemented on the WatchGuard firewall appliance to prevent unauthorised access.	High	Accepted. Individual user accounts will be assigned to all firewall administrators. Firewall appliance password policies will be enabled to prevent unauthorised access.	ICT Infrastructure & Compliance Manager	30/06/21	31/08/21	New policies and accounts will be implemented on the new firewall. However, this is not too much of an issue as there is no direct connectivity to Council data through the firewall; it only allows access to the management console. It is appreciated that logging of individual user connectivity should be provided.	Overdue
<b>IT Disaster Recovery 2020/21</b> Issued July 2021	1	A documented IT Disaster Recovery plan should be produced outlining all key stages to recover the Council's IT infrastructure.	High	A documented and approved IT DR plan will be produced.	ICT Infrastructure & Compliance Manager	31/12/21	n/a	n/a	In progress
<b>IT Disaster Recovery 2020/21</b> Issued July 2021	2	IT Disaster Recovery plans and procedures should be subject to annual rehearsal. Disaster Recovery tests should include data validation checks to safeguard the integrity of restored data.	High	A full IT Disaster Recovery test has been scheduled for September 2021.	ICT Infrastructure & Compliance Manager	31/12/21	n/a	n/a	In progress

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

<b>Section 1: Identifying details</b>
Your function, service area and team: <b>Internal Audit, Chief Executive</b>
If you are submitting this EqIA on behalf of another function, service area or team, specify the originating function, service area or team: <b>N/A</b>
Title of policy or decision: <b>Internal Audit Monitoring Report</b>
Officer completing the EqIA: Tel: <b>01992 564446</b> Email: <b>smarsh@eppingforestdc.gov.uk</b>
Date of completing the assessment: <b>6/7/21</b>

<b>Section 2: Policy to be analysed</b>	
2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? <b>N/A - report is an update to Audit and Governance Committee on the work of Internal Audit Service and Corporate Fraud Team</b>
2.2	Describe the main aims, objectives and purpose of the policy (or decision): <b>For Audit and Governance Committee to note the work of Internal Audit Service and Corporate Fraud Team</b> What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? <b>N/A – Report is for noting only</b>
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none"> <li>• service users</li> <li>• employees</li> <li>• the wider community or groups of people, particularly where there are areas of known inequalities?</li> </ul> <b>N/A</b>  Will the policy or decision influence how organisations operate? <b>N/A – report is not decision-based, it is for noting only.</b>
2.4	Will the policy or decision involve substantial changes in resources? <b>N/A – report is for noting only</b>
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? <b>N/A</b>

### Section 3: Evidence/data about the user population and consultation<sup>1</sup>

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? <b>N/A – report is for noting only</b>
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? <b>N/A – as above</b>
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: <b>N/A – as above</b>

<b>Section 4: Impact of policy or decision</b>		
Use this section to assess any potential impact on equality groups based on what you now know.		
<b>Description of impact</b>	<b>Nature of impact</b> Positive, neutral, adverse (explain why)	<b>Extent of impact</b> Low, medium, high (use L, M or H)
Age	N/A	N/A
Disability	N/A	N/A
Gender	N/A	N/A
Gender reassignment	N/A	N/A
Marriage/civil partnership	N/A	N/A
Pregnancy/maternity	N/A	N/A
Race	N/A	N/A
Religion/belief	N/A	N/A
Sexual orientation	N/A	N/A

<b>Section 5: Conclusion</b>			
		<b>Tick Yes/No as appropriate</b>	
5.1	Does the EqlA 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 <input type="checkbox"/>	If ' <b>YES</b> ', use the action plan at <b>Section 6</b> to describe the adverse impacts and what mitigating actions you could put in place.

<b>Section 7: Sign off</b> <b>I confirm that this initial analysis has been completed appropriately. (A typed signature is sufficient.)</b>	
Signature of Head of Service: Sarah Marsh	Date: 06/07/21
Signature of person completing the EqlA: Sue Linsley	Date: 06/07/21

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

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