



Epping Forest District Council

AUDIT & GOVERNANCE COMMITTEE **Thursday 28th March 2024**

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

Council Chamber - Civic Offices
on **Thursday 28th March 2024 at 7.00 pm**

Georgina Blakemore
Chief Executive

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

Members: Councillors P Bolton, T Matthews, B Vaz, M Owen and
J M Whitehouse

This meeting will be recorded for repeated viewing.

1. WEBCASTING INTRODUCTION

This meeting is to be webcast. 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 third parties).

If you are seated in the lower public seating area then it is likely that the recording cameras will capture your image and this will result in the possibility that your image will become part of the broadcast.

This may infringe your human and data protection rights and if you wish to avoid this then you should move to the upper public gallery.

Could I please also remind Members to activate their microphones before speaking".

2. APOLOGIES FOR ABSENCE

To be announced at the meeting.

Please use the Members Portal webpage to report non-attendance at meetings [https://eppingforestdc-self.achieveservice.com/service/Member Contact](https://eppingforestdc-self.achieveservice.com/service/Member>Contact) to ensure your query is properly logged.

Alternatively, you can access the Members portal from the front page of the Council's website, at the bottom under 'Contact Us' <https://www.eppingforestdc.gov.uk/your-council/members-portal/>

3. DECLARATIONS OF INTEREST

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

4. MINUTES (Pages 4 - 9)

To confirm the minutes of the meeting of the Committee held on 15 February 2024.

5. MATTERS ARISING

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

6. AUDIT & GOVERNANCE COMMITTEE - WORK PROGRAMME (Page 10)

To consider the attached work programme for the Committee for 2023/24.

7. EXTERNAL AUDITOR UPDATE

To receive an update from the external auditor, Deloitte.
(Report to follow)

8. RISK MANAGEMENT (Pages 11 - 28)

(Strategic Director Corporate and Section 151 Officer) To consider and comment on the risk management report.

9. INTERNAL AUDIT PROGRESS REPORT (Pages 29 - 45)

(Head of Internal Audit) To consider and comment on the Internal Audit Progress Report.

10. AUDIT STRATEGY AND AUDIT PLAN 2024/25 (Pages 46 - 69)

(Head of Internal Audit) To consider the internal audit strategy and audit plan 2024/25.

11. CORPORATE FRAUD TEAM PLAN 2024/25 (Pages 70 - 75)

(Head of Internal Audit) To consider the attached corporate fraud plan.

12. 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.

13. EXCLUSION OF PUBLIC AND PRESS

Exclusion:

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

Agenda Item No	Subject	Exempt Information Paragraph Number
Nil	Nil	Nil

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

Background Papers:

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

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

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

Agenda Item 4

EPPING FOREST DISTRICT COUNCIL AUDIT & GOVERNANCE COMMITTEE MEETING MINUTES

Thursday 15 February 2024, 7.00 pm – 8:25 pm
Council Chamber - Civic Offices

Members Present:	Councillors P Bolton, T Matthews, M Owen and J M Whitehouse
Other Councillors:	Councillors J Philip
Apologies:	Councillor B Vaz
Officers In Attendance:	Christopher Hartgrove (Interim Director Finance / Deputy 151 Officer (Shared Services)), Andrew Small (Strategic Director, Corporate and Section 151 Officer), Sarah Marsh (Head of Internal Audit - Internal Audit (Shared Services) / Corporate Fraud), Martin Crowe (Corporate Fraud Team Manager), Gary Woodhall (Team Manager - Democratic & Electoral Services), Sue Linsley (Senior Auditor), Julia Berry (Principal Accountant), Louise Baker (Internal Communications Assistant) and Pat Seager (Chairman's Officer)
Officers In Attendance (Virtually):	Therese Larsen (Democratic Services Officer)
Contractor (Virtually):	External Auditors: Ismaeel Buckus, Deloitte and Mohammed Ramzan Deloitte

[A RECORDING OF THIS MEETING IS AVAILABLE FOR REPEATED VIEWING](#)

26 WEBCASTING INTRODUCTION

The Team Manager for Democratic & Electoral Services, G Woodhall, 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.

27 DECLARATIONS OF INTEREST

Pursuant to the Council's Members' Code of Conduct, Cllr M Owen declared a personal interest in the following items of the agenda by virtue of his employer having dealings with Google. The Councillor had determined that his interest was non-pecuniary and he would remain in the meeting for the consideration of the items and voting thereon:

- Treasury Management Strategy 2024/25 including the Investment Strategy; and
- Capital Strategy 2024/25 – 2026/27.

28 MINUTES

Resolved:

That the minutes of the meeting held on 30 November 2023 be taken as read and signed by the Chairman as a correct record.

29 MATTERS ARISING

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

30 AUDIT & GOVERNANCE COMMITTEE - WORK PROGRAMME

The Committee noted its Work Programme for 2023/24.

31 AUDITED STATEMENT OF ACCOUNTS 2020/21

The Section 151 Officer, A Small, presented the audited Statement of Accounts for 2020/21. A Small informed the Committee that the draft Statement of Accounts were published on 9 September 2021, 6 weeks after the statutory deadline of 31 July 2021. This was caused by capacity issues in the Finance Team at the time, as well as the late audit of the 2019/20 accounts. Following long delays, the audit had now been completed and the final Statement of Accounts for 2020/21 were presented to the Committee for consideration. A Small thanked the Finance Team and the external Auditor for their efforts in getting the accounts audited.

The external Auditor highlighted the 'Key Messages' section of the report and stated that nothing significant had been found during the audit of the accounts for this year, which included the Covid pandemic. In addition, no significant weaknesses had been identified in the Annual Governance Statement.

In respect of the audit of the Accounts for 2021/22, the external Auditor stated that the aim was to submit a report to the Committee at its next meeting in March. Work was also progressing on the audit of the Accounts for 2022/23 so that everything would be up-to-date as soon as possible.

A Small added that the Government had recently launched a consultation on the backlog of unaudited accounts across the Local Government sector, and a raft of measures had been suggested. The Government wanted an opinion to be offered on all outstanding unaudited Accounts by the end of September. A Small would provide further detail on the consultation to the members of the Committee.

In response to a question from the Committee, the Interim Chief Financial Officer, C Hartgrove, confirmed that all the recommendations from the external Auditors were being examined by the Finance Team and many had been implemented some time ago.

A Small concluded that the external Auditors had offered an unqualified opinion on the accounts and the Committee was requested to adopt the Statement of Accounts for 2020/21.

Resolved:

- (1) That the audited Statutory Statement of Accounts for 2020/21 be adopted.

Action:

- (1) A Small to provide details of the Government consultation on measures to clear the backlog of unaudited Local Government Accounts to the members of the Committee.

32 RISK MANAGEMENT

The Strategic Director Corporate and Section 151 Officer, A. Small, highlighted that that at the time of writing there had been no material adjustment to the risk register.

The Committee were advised that the rating of the following risks had reduced: failure of waste contractor/service, compliance with social housing regulation, and delivering a Balanced Budget and Sustainable Medium-Term Financial Plan.

The Committee queried the wider impact on risk from a recruitment freeze, A Small advised that the recruitment freeze came out of budget process for 2023/24, this was not a blanket freeze, requests to fill vacancies were vetted to mitigate effects on services and risks whilst ensuring that a balanced budget was delivered.

The wording associated with FIN 003 'maintaining and improving VFM' would be amended as it was implicit that service delivery would protect taxpayers' interests in the delivery of services.

Resolved

The Committee reviewed and endorsed the risk register.

33 INTERNAL AUDIT PROGRESS REPORT

The Lead Auditor, S Linsley, presented the Internal Audit Monitoring Report and updated the Committee on the work completed by internal audit since the previous meeting. Progress against the audit plan was detailed, and the reduction in the overdue and high recommendations in the tracker was brought to the attention of the Committee.

M Crowe, Corporate Fraud Team Manager, presented the Whistleblowing Policy and highlighted that there had been no major revisions for this year and no whistleblowing reports had been received in the last 12 months.

The Anti-Fraud & Corruption Policy was presented by M Crowe, the policy is now aligned with the UK Government's Economic Crime Plan 2023/26, no major revisions had been required.

The Committee received confirmation that Qualis operated under the Council's policy in relation to services for property. Qualis activities external to the Council would be governed by their own Policies.

S Linsley presented the Local Code of Governance for approval by the Committee. This was an annual review to ensure it remained fit for purpose and complied with the framework. Changes had been made to reflect the Corporate Plan and adopted Local Plan. Progress made against the Annual Governance Statement and actions taken were detailed in the report.

Resolved:

That the Committee:

1. Noted the summary of the work of Internal Audit and the Corporate Fraud Team for the period November 2023 to February 2024
2. Recommended the revised Anti-Fraud and Corruption Strategy to full Council for approval.
3. Noted the revised Whistleblowing policy
4. Approved the Code of Corporate Governance.

34 AUDIT AND GOVERNANCE COMMITTEE EFFECTIVENESS UPDATE

S Marsh, Head of Internal Audit presented the Audit and Governance Committee effectiveness and provided an update on the action plan included in the 2022/23 report. The skills and knowledge exercise would be carried out after the local elections in May 2024, and this would then be linked to the training programme. Specific areas where the Committee's remit and assurance provision needed greater clarification were detailed with relevant assurances.

Resolved:

That the Committee noted the effectiveness update.

35 TREASURY MANAGEMENT QUARTER 3 UPDATE 2023/24

C Hartgrove, Deputy 151 Officer presented the Treasury Management, Q3 of 2023/24 update, which had been prepared in accordance with CIPFA's Treasury Management in the Public Services: Code of Practice (the CIPFA Code 2021 Edition).

During the period April to December 2023 the borrowing position borrowing had increased by £11.9 million to £293.5 million, and the investments had significantly increased by £79.3 million to £93.4 million, this was driven by the capital receipt from the disposal of land an North Weald Airfield.

Service and commercial investment held by the Council included: Qualis and Home Assistance service loans which had increased to £54.3 million, at 31 December 2023; the commercial property balance sheet value was £148.5m with rental income at £6.4 million, as at 31 March 2023; and the Qualis investment loan of £30 million.

The Section 151 provided assurance that the Treasury Management activities undertaken during year fully complied with the CIPFA Code of Practice, and compliance with all indicators had been achieved.

The Committee raised specific queries and were advised that:

- there was an annual assessment of the value of Council owned commercial properties, and risks associated with Qualis loans were independently assessed each year.
- Capital receipts could only be used as capital, but interest raised from capital was considered as a revenue.

Resolved:

That the Committee noted the report.

36 TREASURY MANAGEMENT STRATEGY 2024/25 - INCLUDING INVESTMENT STRATEGY

C Hartgrove, Deputy section 151 Officer presented the Treasury Management Strategy for 2024/25 which included the Investment Strategy, and highlighted the recent North Weald Airfield capital receipt which had minimised the need to borrow and would allow the repayment of some short-term loans and increased the available resources for investment.

Borrowing and Investment had taken place against with high interest rates although there were indications that interest rates had peaked.

The Council held £293.5 million external borrowing details of all outstanding borrowing from the Public Works Loans Board (PWLB) and other Local Authorities were detailed. The Council's need to borrow for the capital programme would continue to rise, although the actual borrowing would remain below the Capital Financing Requirement (CFR).

Treasury Management investments had risen to £93.4m, professional advice was to continue with a cautious approach to approved counterparties as specified in the report. Treasury Management indicators would be reported back to this Committee through the year.

The draft investment strategy was presented, and service and commercial investments were detailed. It was highlighted that in relation to proportionality, i.e the extent to which expenditure planned to meet the service delivery objectives of the Council was dependent on achieving the expected net profit from investments over the lifecycle of the MTFP, would remain below 20%.

The Committee asked for clarity on several points and were advised that:

- The £88m capital receipt will be utilised for the benefit of the Council, the long-term strategy would be developed, the receipt could be utilised to reduce future borrowing and consideration would need to be given for the repayment of short term loans.
- Three types of loan were available from the PWLB, equal instalment of principle (EIP), annuities and maturity loans. The Council held mainly EIP loans which were considered the most appropriate for borrowing for assets. The Qualis loan was a maturity loan, and this had been built into the business case.
- The Capital Finance Requirement (CFR) was a mechanism to contain borrowing to asset acquisition and reflected the capital programme, this would increase as the capital programme spend increases, and prevented long term borrowing to underpin the revenue position.
- The liability benchmark trajectory included in the Capital Strategy 2024/25 showed a reduction over the period to 2026/27.

Resolved:

That the Committee recommended both the draft Treasury Management Strategy 2024/25, and the draft Investment Strategy 2024/25 to full Council for approval.

37 CAPITAL STRATEGY 2024/25 - 2026/27

C Hartgrove, Deputy Section 151 Officer presented the Capital Strategy for 2024/25 to 2026/27, and advised the Strategy set out the Capital Programme for the General Fund and Housing Revenue Account, as recommended by Cabinet on 5th February 2024.

The large capital programme had a planned expenditure £65.3 million in 2024/25, and a total of £142.5 million over the next three years to 2026/27. The delivery was expected to be achieved with a reduced level of borrowing. The Council's Section 151 Officer had concluded the programme is "prudent, affordable and sustainable". Wider topics considered in the strategy included Asset Management, Treasury Management, Service Investments, Commercial Investments, Financial Guarantees, and the way in which professional capacity is maintained through the development and maintenance of knowledge and skills and the selective use of professional advisors.

The Minimum Revenue Provision Statement for 2024/25 (MRP) remained unchanged from that adopted by the Council.

The Committee commented that detail relating to the capital receipt from North Weald was not included in table 3.2 of report.

Resolved:

That the Committee recommended the Capital Strategy 2024/25 to 2026/27), including reconfirming the draft Minimum Revenue Provision (MRP) Statement 2024/25 to full Council for approval.

Agenda Item 6

Audit & Governance Committee Work Programme 2023/24

29 June 2023- delayed until 27 July 2023

- *Annual Report of the Chief Internal Auditor 2022/23*
- *Draft Annual Governance Statement 2022/23*
- *Audit and Governance Committee Annual Report 2022/23*
- *Corporate Fraud Team Strategy 2023/24 and 2022/23 Year End Report*
- *Internal Audit Progress Report*
- *Risk Management Report*
- *Treasury Management Outturn Report 2022/23*

30 November 2023

-
- Internal Audit Progress Report
- Risk Management Report
- Review of the Anti-Fraud and Corruption Strategy c/f
- Treasury Management Mid-Year Report 2023/24
- Review of Code of Corporate Governance -
- Review of the Internal Audit Charter
- Review of the Whistleblowing Policy c/f

16 February 2024

- Treasury Management Strategy (including investment Strategy) 2023/24
- Capital Strategy 2023/24 to 2026/27
- Internal Audit Progress Report, (including The Anti-Fraud and Corruption Strategy and Whistleblowing Policy)
- Risk Management Report

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- Risk Management Report
- Internal Audit Progress Report
- Internal Audit Strategy and Audit Plan 2024/25
- Corporate Fraud Team Strategy 2024/25

Note: External Audit Reports will be incorporated into the work programme

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference:

Date of meeting: **28 March 2024**

Portfolio: **Finance and Economic Development**

Subject: **Risk Management**

Responsible Officer: **Andrew Small (asmall@eppingforestdc.gov.uk)**

Democratic Services Officer: **L Kirman (democraticservices@eppingforestdc.gov.uk)**

Recommendations/Decisions Required:

- (1) **To consider the current risk register and refer to Cabinet for approval.**

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 and refer to Cabinet for approval.

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:

1. The corporate risk register has been reviewed and updated by the Senior Leadership Team in March 2024 to reflect the current position and is attached at appendix 1.
2. The risk register was subsequently presented to the Corporate Governance Group (which includes the Chief Executive, the Monitoring Officer, the Chief Operating Officer, and the Section 151 Officer in its membership) for review and challenge.
3. Members are asked to consider the attached updated Corporate Risk Register (Appendix 1) to determine whether the risks listed are scored appropriately and whether there are any additional risks that should be included.
4. The table below outlines the direction of travel for each risk since it was last updated in February 2024. A new risk (PLA004) concerning the inability to achieve national Key Performance Indicators in respect of the quality of decisions on major planning applications has been escalated from the Planning Service risk register.

5. No risks have increased, and three risks have decreased as follows.
6. CORSER002 (Lack of and/or inadequate Business Continuity Plans). All business continuity plans are now in place and a business continuity desktop exercise was carried out with the Wider Leadership Team. The plans will be tested to ensure they are effective.
7. SUS001 (Climate change). Energy efficiencies in the construction of the depot and waste operations are being actively explored, and energy efficiency investment included in the operational asset management strategy.
8. CONT001 (Waste Service delivery). Planning permission and the waste licence have been obtained, and the contract for the procurement of waste vehicles has been awarded. The project is subject to weekly oversight.

New risk reference	Risk	Residual risk score Feb 2024	Residual risk score Mar 2024	Direction of Travel
HRA 001	Increase in demand from homeless increasing financial need	12	12	↔
HRA 002	Council house build programme	12	12	↔
ECDEV 001	Economic Development	4	4	↔
CORSER 001	Data/information breach	12	12	↔
CORSER 002	Lack of and/or inadequate Business Continuity Plans	16	12	↓
ICT 001	Cyber security (previously titled risk of a cyber security incident)	16	16	↔
SUS 001	Climate Change (previously titled failure to achieve carbon emissions targets)	16	12	↓
CONT 001	Waste Service delivery	15	10	↓
COMP 001	Compliance with social housing regulations	10	10	↔
FIN 001	Delivering a Balanced Budget and Sustainable Medium-Term Financial Plan	10	10	↔
FIN 002	Ensuring the continued financial viability of Qualis	12	12	↔
FIN 003	Maintaining and improving VFM (value for money)	12	12	↔
PEOPLE 001	Future proofing the workforce	12	12	↔

New risk reference	Risk	Residual risk score Feb 2024	Residual risk score Mar 2024	Direction of Travel
PLA004	Inability to achieve national KPI's in respect of quality of decisions on major planning applications	N/A	15	N/A

Resource Implications:

None

Legal and Governance Implications:

Risk Management is an important part of the Council's overall governance arrangements.

Safer, Cleaner and Greener Implications:

None

Consultation / Scrutiny Undertaken:

The Senior Leadership Team and Corporate Governance Group have reviewed the corporate risk register.

Background Papers:

None

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 which could threaten achievement of the Council's corporate objectives would not be considered.

Equality:

An Equality Impact Assessment was carried out and there was no significant impact.


Corporate Risk Register- Mar 2024

Page 14	LIKELIHOOD	Almost Certain	5					
		Highly Likely	4				ICT001	
		Possible	3				HRA001 HRA002 CORSER001 FIN002 FIN003 PEOPLE001 CORSER002 SUS001	PLA004
		Unlikely	2		ECDEV001			FIN001 COMP001 CONT001
		Negligible	1					
					1	2	3	4
			Negligible	Low	Medium	High	Very High	
			IMPACT					

Key

- CORSER002- Business Continuity arrangements
- ICT001- Cyber Security
- CONT001 -Waste service delivery failure
- HRA001- Increase in demand from homeless could increase financial need
- HRA002-Council house build programme
- SUS001- Climate Change
- COMP001-Compliance with social housing regulations
- CORSER001-Data information breach
- FIN002- Ensuring the financial viability of Qualis.
- FIN003- Maintaining and improving VFM.
- ECDEV001- Economic Development
- FIN001- Delivering a balanced budget and Sustainable Medium-Term Financial Plan (MTFP)
- PEOPLE001 – Future proofing the workforce
- PLA004 – Quality of Major Planning Application Decisions


Corporate Risk Register- Mar 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED
						TREATMENT STATUS	DIRECTION OF TRAVEL	ACTION OWNER			ACTION DATE	
HRA001	Increase in numbers of homeless households and lack of supply of suitable accommodation could result in adverse financial impact directly affecting the general fund.	5	4	20	<ol style="list-style-type: none"> Senior officers authorise all placements. Entered into a block booking arrangement with a local provider at a reduced cost. Building our own stock. New provision other social housing providers. Taskforce of key staff in place to improve collection rates of charges 	3	4	12		Interim Service Director Housing & Property	Apr 24	OPEN
	CAUSE - EFFECT (detail narrative)					TREAT			<ol style="list-style-type: none"> Project to improve tenancy sustainment in the private rented sector has been included in the Service Plan for 2023/4. The purpose being to prevent homelessness at an earlier stage. Review the effectiveness of current support to people experiencing domestic abuse and our ability to prevent homelessness. Investigating an Essex wide solution. North Essex housing summit took place in February and an action plan being developed Asset Management Strategy for the HRA due March 24. Will explore with Qualis whether they can assist with options to support homelessness. 		(All) EG	Mar 24
Mar 24	We have seen an unprecedented increase in households becoming homeless due to national factors (cost of living and the implications of the Domestic Abuse Act). There is a possible additional risk of increasing numbers locally from the bridging hotels (2 in the district) if they are made to leave without arrangements for rehousing elsewhere being in place.										Comp Ongoing June 24 Mar 24	


Corporate Risk Register- Mar 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED
						TREATMENT STATUS	DIRECTION OF TRAVEL	ACTION OWNER			ACTION DATE	
HRA002 Council house build programme	Inability to deliver new affordable housing through our own pipeline, the strategic partnership or other ventures.	5	4	20	<ol style="list-style-type: none"> 1. Programme-wide risk management schedule is in place. 2. Project management of all schemes to ensure effective delivery of time, budget, and quality. 3. Carry out 360 Reviews with contractors to review performance. 4. Deliver schemes in line with RIBA development stages 1- 7. 5. Involve Planning staff at early stages and throughout. 6. Carry out robust feasibility studies. 	3	4	12	<ol style="list-style-type: none"> 1. Purchase and Implement sequel to manage cashflows for the schemes rather than outsourced. 2. Deliver schemes in the current pipeline. 3. Explore development opportunities with Qualis, strategic partners and other developers. Considering all contract types. 4. Review the local plan for development opportunities. 5. Review of HRA business plan including development schemes underway. Close monitoring of expenditure required. 6. Monthly meetings with finance business partner to manage cashflow of schemes. 7. Review programme as issued by the contractor. 8. Put together development strategy and implement. 9. Monitor development funding opportunities – notably Homes England. 	Interim Service Director Housing & Property	Apr 24	OPEN
<div style="writing-mode: vertical-rl; transform: rotate(180deg); position: absolute; left: -40px; top: 50%; font-weight: bold;">Page 16</div> CURRENT REVIEW DATE Mar 24	CAUSE – EFFECT (detail narrative)					TREAT					<ol style="list-style-type: none"> 1)RH 2)RH 3)SB 4)SB 5)RH 6)RH 7)RH 8)RH 9)RH 	<ol style="list-style-type: none"> June 24 Sept 24 Ongoing June 24 June 24 Ongoing June 24 June 24 June 24


Corporate Risk Register- Mar 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED	
ECDEV001	Inability to deliver projects linked to the council's UK Shared Prosperity Fund (UKSPF) bid, mean that the council will miss out on the benefits linked to £1 million worth of external funding.	4	5	20	1. Joint meetings between C & W and Economic development 2. Shared priorities 3. Designated project leads in place.	2	2	4	<ul style="list-style-type: none"> Present to Strategic Leadership Team on the delivery plan. Regular meetings (Quarterly) with delivery partners to ensure projects are performing and meeting targets. Develop delivery plan for 2024/25 funding. 	Service Director Customer & Community	Apr 24	OPEN	
	CAUSE - EFFECT (detail narrative)				4. Designated Lead Officer for reporting back to Government 5. Development of internal and external partnerships to ensure funding is utilised on identified need and outputs and outcomes met.	TREATMENT STATUS				DIRECTION OF TRAVEL	ACTION OWNER	ACTION DATE	
Mar 24	i) A lack of staff resource to coordinate the programmes, means that the council is unable to report adequately back to the UK Government on the use of funds. ii) A failure to follow UK Government legal and procurement rules risks the delivery of UKSPF projects. iii) A failure to attend to marketing and communications rules linked to the programme leads to risk of the UK Government withdrawing funding support.					TREAT					FF	Jan 24	
										FF	Ongoing		
										FF	Feb 24		


Corporate Risk Register- Mar 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED
						TREATMENT STATUS	DIRECTION OF TRAVEL	ACTION OWNER			ACTION DATE	
CORSER001 Data Information Breach	Risk of data held by the Council ends up in inappropriate hands.	4	4	16	1) The Council continues to have a designated SIRO, Data Protection Officer, and FOI Officer. 2) A Strategic Information Governance Group and an Information Asset Owner Group are in place and meet quarterly to monitor breaches and learn lessons where needed 3) The Information Governance Group 23/24 work programme is in place and is being prioritised and subject to ongoing review by the SIRO, Chief Auditor and DPO quarterly. 4) GDPR & Cyber security e-learning training on Litmos was provided during 2022. Cyber Security - 92.3% completion and GDPR 73.6% completion. People Team review employees who have not undertaken the training. Automated reports are sent to managers 5) Training is underway with SLT, started on 30 January 2023 is ongoing until March 2024. Quarterly sessions in place for 2023. 6) ICT information Governance policy review completed. 7) Align electronic data to retention and disposal policy. Data cleanse project launch summer 2023 initially focussing on F drives. 8) Microsoft Tenant Audit completed.	3	4	12	1) FOI infographic eLearning on Litmos along with raising awareness communication and data governance will be rolled out during 2023. 2) Reviewing implications of Data Protection and Digital Information Bill that is with the House of Lords at Committee stage 3) ICT and Information Governance Group to discuss further controls following review of the Microsoft Tenant audit – this links into Colchester work 4) Members code being reviewed for Members using personal email addresses on Council business 5) Data cleanse Z drive has commenced	Service Director Corporate Services	Apr 24	OPEN
CURRENT REVIEW DATE	CAUSE – EFFECT (detail narrative)					TREATMENT STATUS				DIRECTION OF TRAVEL	ACTION OWNER	ACTION DATE
Mar 24	Breach of the 2018 Data Protection Act (DPA) and the General Data Protection Regulations (GDPR) leading to significant fines or/and intervention by the Information Commissioner's Office (ICO) <ul style="list-style-type: none"> • Increased costs and legal implications • Reputational damage to the Council 					TREAT					PM/S M/LR	Mar 24
									PM/M KS	Mar 24		
									MKS/ PM	Sept 24		
									PM/N B	Comp		
									PM	June 24		


Corporate Risk Register- Mar 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED
						TREATMENT STATUS	DIRECTION OF TRVEL	ACTION OWNER			ACTION DATE	
CORSER002 Business Continuity (BC) Arrangements	Not having robust BC plans in place for critical services and regularly tested could result in an event occurring having adverse impact on service delivery.	5	5	25	1. There is a well-established MIM process for ICT issues to be managed. 2. Majority of 'office' based employees can work from home. 3. The Council has alternative locations it could work from. 4. BC Plan templates and manager training completed in April 2023 conjunction with Essex Police BC Team. 5. BCP framework in place. 6. Service BC Plans and BIAs in place for majority of Council 7. All management involved in desktop test.	3	4	12	1. Finalise Corporate BC Plan. Include the role of internal Gold officer and Group also Silver and bronze response. – Final draft yet to be completed. 2. BC Officer booked to attend specific BC course and take Exam 3. Some service areas BC Plans are requiring completion 4. Lessons learnt from desktop test required 5. Lessons learnt action plan created and work underway 6. Ensure that adequate contingency arrangements are in place for the Elections	Service Director Corporate Services	April 24	OPEN
CURRENT REVIEW DATE Mar 24	CAUSE - EFFECT (detail narrative)					TREAT					DIRECTION OF TRVEL	
	The Council is required to develop and implement robust Business Continuity Plans in line with the requirements of the Civil Contingencies Act 2004. Failure to do so can result in loss of service delivery. <ul style="list-style-type: none"> Possible loss of income Staff absence Hardship for some of the community Council criticised for not responding effectively 										1) LL Feb 24 2) LL Oct 24 3) LL Mar 24 4) LL Comp 5) PM/ RP June 24 6) PM Comp	


Corporate Risk Register- Mar 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED
						TREATMENT STATUS	TREATMENT STATUS	TREATMENT STATUS			DIRECTION OF TRAVEL	ACTION OWNER
ICT001 Cyber security	If EFDC are subject to a serious cyber incident, the impact to our services and communities could be extensive.	5	5	25	<ul style="list-style-type: none"> - Data backed-up off-site. - Documented and tested incident management procedures in place. - Mandatory cybersecurity training for staff, run in conjunction with Essex Police. - People Team notifies ICT of all leavers to ensure access rights are promptly disabled. - Single sign-on and/or multi-factor authentication applied wherever possible. 	4	4	16		Joint ICT & Transformation Director	Apr 24	OPEN
CURRENT REVIEW DATE	CAUSE - EFFECT (detail narrative)				<ul style="list-style-type: none"> - Mystery Phishing campaigns run - Updated Information Security, Security Breach, ICT Remote Access, and ICT Security policies in place. - Public Sector Network compliance, with penetration testing completed. - Network firewalls in place to protect network; device firewalls and anti-virus software deployed 	TREAT						<ul style="list-style-type: none"> MW MKS MW MKS/JW
Mar 24	<p>Every organisation carries multiple risks in relation to cyber threats in particular government organisations</p> <p>The Authority handles a large amount of personal and business data. Cyber risks stem from 3 main root causes that require a cross organisational response</p> <ul style="list-style-type: none"> • Insufficient technical controls • Poor staff awareness and practice • Third party and supply chain risks <p>potentially leading to</p> <ul style="list-style-type: none"> • Loss of system access and/or data • Interruption and degradation of Council services • Increase costs • Reputational damage • Corporate fines 											

Corporate Risk Register- Mar 2024


RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED
						TREATMENT STATUS	DIRECTION OF TRAVEL	ACTION OWNER			ACTION DATE	
SUS001 Climate Change	If the Council does not achieve carbon emission targets, then it will not achieve the targets contained within the Corporate Plan and will result in increased costs.	5	5	25	Policy controls: Climate Change Action Plan, Local Plan - environmental policies, Sustainability Guidance vols 1-3 covering major and minor development and extensions/refurbishments, Interim Air Pollution Mitigation Strategy, Air Quality Action Plan Other controls: -Climate Change Steering Group - Fleet conversion to Electric Vehicles - EV charge points at offices and on EFDC public land. -Carbon Literacy training - Net zero training given to planning officers	3	4	12	1. Include energy efficiency investment in Housing Asset Management Strategy Plan, strategy due early 2024 to complete remaining 50% of stock survey in 2023/24. 2.Include energy efficiency investment in operational asset management strategy 3.EV charge points on EFDC land to be part of asset management strategy. 4.Identify EFDC planning staff with required specialist knowledge to oversee carbon emissions and climate considerations. 5.Energy efficiencies in the construction of the depot and waste operations are being actively explored 6.Implement a tree policy to protect against subsidence and building damage. 7.Express interest into next round of Funding we are marketing with SE energy hub for energy improvements on private housing	Chief Operating Officer/ Service Director Planning	Apr 24	OPEN
CURRENT REVIEW DATE Mar 24	CAUSE - EFFECT (detail narrative)					TREAT					1)SB/DG 2) DG 3)SB/CH 4)GC 5) JW 6)MT 7)MT	Mar 24 Mar 24 May 24 Mar 24 June 24 Mar 24 Mar 24

Corporate Risk Register- Mar 2024


RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED
						TREATMENT STATUS	DIRECTION OF TRAVEL	ACTION OWNER				
CON001	If a waste service is not in place by November 2024, then significant costs could be incurred	5	5	25	1-OPS Ltd appointed to project manage Future Waste Services Project. Programme Board set up. 2-There are 3 workstreams: Workstream 1 – Waste services delivery	2	5	10	1) Cabinet approved on 10 th July to set up a wholly owned EFDC subsidiary to deliver waste services from November 2024. 2) Future Waste services project steering group meet fortnightly. 3) Planning permission approved at DDMC 13/02/2024 for operations hub at NWA. 4) PCSA has been awarded Procurement for contractor to construct Operations hub completed 5) Value engineering exercise underway for construction of the operations hub.	Service Director - Contracts	Apr 24	OPEN
	CAUSE - EFFECT (detail narrative)				Workstream 2 - Mobilise a waste vehicle facility at NWA. Workstream 3 - Procure a Vehicle Fleet.							
Mar 24	Failure to obtain planning permission for waste vehicle depot at NWA Consequences: • Reputational damage to the Council • Significant additional costs to the Council Environmental impact – increased rubbish on street, and health issues if waste left out too long before collected				3-Interim Managing Director appointed for the new waste company 4-Award contract for Procurement of waste vehicles approved by Cabinet 15 th Jan 2024 5- Waste Licence obtain for waste vehicles at NWA 6- Waste Management Partnership Board 7- Contingency plans in place	TREAT					JW	Comp Apr 24

Corporate Risk Register- Mar 2024


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RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED
						TREATMENT STATUS	DIRECTION OF TRAVEL	ACTION OWNER			ACTION DATE	
COMP001	If the Council, is unable to demonstrate compliance with numerous statutory H&S requirements it could face a Regulatory Notice and/or heavy fines. There is also a need to meet Consumer Standards and Consumer Standards as laid out in the Social Housing (Regulation) Bill (2023). If the Council is unprepared, it will face serious reputational damage.	4	5	20	<ol style="list-style-type: none"> 1) Comprehensive suite of policies in place. 2) Specialist compliance IT solution has started to be implemented 3) Weekly oversight of compliance by ELT. 4) COO is agreed lead on Health and Safety for Housing (as required by the Regulator) 5) The Director for Housing & Property is lead for Consumer Standards. As required by the Regulator. 6) Outcomes of the stock condition survey have informed the HRA business plan and takes into consideration the H & S and compliance requirements went to Scrutiny 16/01/2024 	2	5	10		Interim Service Director Housing and Property	Apr 24	OPEN
	CAUSE - EFFECT (detail narrative)											
Mar 24	In addition to the requirements of the Social Housing Regulator described above there are requirements from the Building Safety Act 2022 and Fire Safety Act 2021. HSE is now the new regulator for building safety and whilst currently applies to 7 storeys and above the intention is to reduce this down to lower storey blocks. Requires a competent person to be formally appointed and 'golden thread' of records and retention of documents. Fire Safety Act 2021 – applies to EFDC from January 2023 and will amend the existing regulatory (reform) Fire safety order 2005. Applies to all buildings not just housing. The Council must self-refer if not compliant. Fire Safety (England) Regulations 2022.					TREAT			<ol style="list-style-type: none"> 1) Remaining 50% Stock condition survey to be completed. 2) Survey of phase 2 of social housing residents' satisfaction with housing services will take place 3) HRA Asset Management Strategy to be in place for March 24 ensuring that structural and compliance needs for the council's council housing are given priority and are fully resourced. 4) HAMS project phase 2 due for completion autumn 2024 key areas asset management and repairs. 		<ol style="list-style-type: none"> 1) SB Mar 25 2) SB Mar 24 3) SB Mar 24 4) SB Oct 24 	

Corporate Risk Register- Mar 2024


RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED					
													TREATMENT STATUS	DIRECTION OF TRAVEL	ACTION OWNER	ACTION DATE	
FIN001	Delivering a Balanced Budget and Sustainable Medium-Term Financial Plan (MTFP)	5	5	25	1) The active monitoring and reporting on internal and external factors affecting the MTFP, including the 2025/26 Budget through the established Financial Planning Framework 2) Regular communication of financial position and future prospects to Members (through the Cabinet and Scrutiny process) and senior management (via SLT route).	2	5	10		Strategic Director of Resources (Section 151 Officer)	Sept 24	OPEN					
	CAUSE – EFFECT (detail narrative)																
Mar 24	<p>The Council has a legal duty under the Local Government Finance Act 1992 to maintain a balanced budget. Furthermore, Section 114 (3) of the Local Government Finance Act 1988 dictates....” the CFO (Section 151 Officer) of a relevant authority shall make a report under this section if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure”.</p> <p>The updated Medium-Term Financial Plan (MTFP) 2024/25 to 2028/29 approved by Council on 20th February 2024 showed a balanced General Fund budget for both 2024/25 (the Budget) and 2025/26 (the Forecast) primarily due to a temporary fall in Capital Financing Costs following the North Weald Airfield capital receipt. There is however a medium-term structural deficit which re-emerges from 2026/27, including the need to reduce the base budget by £1.982 million by 2028/29.</p>					TREAT		1) Maintain (effective) Recruitment Freeze in 2024/25. 2) Maintain (timely) 2024/25 Quarterly Budget Monitoring Reporting process through Cabinet and Scrutiny. 3) Prepare Financial Planning Framework 2025/26 to 2029/30 for Cabinet in September 2024. 4) Continue the further development and delivery of “Fit for the Future” Transformation Plan (including Shared Services), ensuring key milestones, deadlines and financial targets are met.		AS	April – March (24/5)	CH	April – March (24/25)	CH	Sept 2024	MKS	April – March (24/25)

Corporate Risk Register- Mar 2024


RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED	
													TREATMENT STATUS
FIN002	Ensuring the financial viability of Qualis.	3	5	15	1) Quarterly monitoring and reporting on progress against Qualis Business Plan through the established Governance Framework. 2) Quarterly reporting on Council budget position (including Qualis loan margins and other transactions) through Cabinet and Scrutiny process. 3) Enhanced reporting (with effect from 2023/24 in compliance with December 2021 codes) through Audit & Governance Committee re Capital and Treasury Management strategies (especially on Qualis-related Service and Commercial Investments). 4) Monitoring and reporting on monthly Cash Flow Statement from Qualis.	3	4	12	1) Monitor and report quarterly on Qualis-related Council risk exposure.	Strategic Director of Resources (Section 151 Officer)	Apr 24	OPEN	
	CAUSE – EFFECT (detail narrative)												
Mar 24	<p>The Council's LATCO, the Qualis Group, has had to operate in particularly difficult economic and trading conditions since its inception. This is proving challenging in property development especially, with the recent sharp increase in worldwide interest rates threatening the viability of planned housing and regeneration schemes. In particular, the Council's medium-term income assumptions are dependent on the successful delivery of these schemes through the margins that it makes on on-lending to Qualis.</p> <p>The Council has obtained security wherever possible against its financial commitments to Qualis, so has purposely mitigated risk to a large extent. Nevertheless, in the event that Qualis fails to establish and maintain its financial viability in the medium-term, the Council would potentially suffer significant financial loss, as well as reputational damage.</p>					TREAT					AS	Mar 24	

Corporate Risk Register- Mar 2024

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RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED		
													TREATMENT STATUS	DIRECTION OF TRAVEL
FIN003	Maintaining and improving VFM.	4	5	20	1) Quarterly performance monitoring and reporting through established Cabinet and Scrutiny progress. 2) Ad hoc scrutiny of Qualis service-delivery performance.	3	4	12	1) Client Officer to attend regular performance meetings for the GM contract. 2) S151 regular attendance at Asset strategy meetings. Client Officer to attend performance meetings for the asset management contract 3) Further develop, monitor and report on VFM metrics, including benchmarking and 'baselining' services prior to outsourcing. 4) We have got ongoing monthly benchmarking with Housemark -a sector specialist in benchmarking.	Chief Operating Officer	Apr 24	OPEN		
	CAUSE – EFFECT (detail narrative)													
Mar 24	<p>The Council is a Best Value authority under the Local Government Act 1999 and is under a general Duty of Best Value, which requires it 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” (an optimal balance thereof representing “Value for Money”).</p> <p>The Council’s Duty of Best Value is further reflected in Sections 20 and 21 of the Local Audit and Accountability Act 2014, which require (external) auditors to be satisfied that the Council “has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources”.</p> <p>The Council is redesigning service delivery arrangements in a range of areas (including the transfer of some services to Qualis), so has to ensure that the Duty of Best Value continues to be met.</p>					TREAT					JG	June 24		
										JG	Mar 24			
										JG	Mar 24			
										JG	June 24			

Corporate Risk Register- Mar 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISKSCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED
PEOPLE001 Future proofing the workforce	Experiencing significant workforce issues around not having the right skills, behaviours, productivity and capacity in place to deliver services to our residents and deliver the Corporate Plan 2023-27.	4	5	20	1. People Strategy 2024/27 in place that recognises the importance of attraction & retention, employee development, supports our new ways of working and engagement with employees and trade unions, and wellbeing support. 2. A successful Apprentice Scheme which maximises expenditure of the Apprenticeship Levy 3. Well established and embedded hybrid/flexible ways of working 4. Leadership development programmes and career pathways. 5. A dedicated L&D (Learning and OD Development) budget and team 6. Partnership working/shared services other authorities and public services which offers potential career, specialist and personal development. 7. Officers involved in a range of Essex wide groups/LGA/EELGA discussing attraction and recruitment to wider Essex.	3	4	12	1. Service workforce development plans become an element of our Service Planning Process 2. Workforce planning upskilling is an essential skill for all leadership and line managers. 3. Shared Services in discovery phase	Head Of Service – People	Apr 24	OPEN
CURRENT REVIEW Mar 27	CAUSE - EFFECT (detail narrative)					TREATMENT STATUS				DIRECTION OF TRAVEL	ACTION OWNER	ACTION DATE
	The Council requires a highly skilled and motivated workforce to deliver the Corporate Plan and services to our residents. Public services are facing challenging times regarding; <ul style="list-style-type: none"> ▪ financial restraints ▪ cost of goods and services for employees and employers ▪ tight labour markets ▪ increasing trade union unrest The Council needs to attract, recruit, and retain a workforce that can meet these challenges whilst meeting high standards of delivery					TREAT					1) JB/C G	Mar 24 Mar 24 Mar 24

Corporate Risk Register- Mar 2024

RISK REF (ID)	RISK (IF-THEN) - (one line snapshot)	INHERENT LIKELIHOOD	INHERENT IMPACT	INHERENT RISK SCORE	MITIGATION CURRENT CONTROLS	RESIDUAL LIKELIHOOD	RESIDUAL IMPACT	RESIDUAL RISK SCORE	FURTHER ACTIONS REQUIRED	RISK OWNER (Officer & PFH)	COMPLETE OR NEXT REVIEW DATE	STATUS OPEN/ CLOSED
PLA004 Quality of major planning application decisions	Inability to achieve national KPI's with respect of Quality of Decisions on Major Applications	4	5	20	The quality of decisions made by the authority on applications for non-major development – currently 9.8% Case Management Monitoring of Quality of Appeal Decisions.	3	5	15		Service Manager Planning	Apr 24	OPEN
CURRENT REVIEW DATE	CAUSE - EFFECT (detail narrative)				Action Plan – liaise with PAS and set up a Member/officer Transformation Planning Board	TREATMENT STATUS				DIRECTION OF TRAVEL	ACTION OWNER	ACTION DATE
Mar 24	<p>More than 10% of decisions on Major Applications being allowed on appeal.</p> <p>Inability to meet the target could result in decision making of Major Applications being taken from us and as a result. Applicants having the option of submitting major applications direct to the Planning Inspectorate for determination</p> <p>Reputation damage</p> <p>Loss of local decision making</p> <p>Low staff morale</p> <p>Loss of Planning income on Major Applications</p> <p>Additional cost on defending appeals for Committee overturns and/or difficulty in obtaining professional input.</p>				Restructure Planning Services Additional resourcing for defending appeals, including external professional input.	TREAT		<p>Officer training and raising awareness of Planning Services and other relevant services/decision makers.</p> <p>Manager training on performance management.</p> <p>Review of decision-making following PAS Committee Review response.</p> <p>Report to Place Scrutiny Cttee after PAS response with transformation.</p>		N/A	NR/GC NR NR/GC NR/GC	Comp Mar 24 Apr 24 May/June 2024

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference:

Date of meeting: 28 March 2024

Portfolio: Leader of the Council

Subject: Internal Audit Monitoring Report March 2024

Responsible Officer: Sarah Marsh (01992 564446)

Democratic Services: Laura Kirman (01992 564243)

Recommendations/Decisions Required:

- (1) The Committee notes the summary of the work of Internal Audit and the Corporate Fraud Team for the period February to March 2024**
- (2) The Committee approves the deferral/cancellation of three audits**

Executive Summary:

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

Approval is sought to cancel one and defer two audits from the 2023/24 Audit Plan for which other assurances have been obtained.

This report gives an update on the progress of actions taken to address issues identified in the Annual Governance Statement.

Reasons for Proposed Decision:

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

Other Options for Action:

No other options.

Report:

2023/24 Internal Audit Plan

1. Progress is being made on the 2023/24 Audit Plan as detailed in Appendix 1.
2. It is requested that the Committee agrees to the cancellation of the following audit:

- Section 114 Notices – The Council has robust spending controls in place and has issued a balanced budget for 2024/25.

and approves the deferral of two audits as follows:

- Delivery of the Local Plan – To allow more time for implementation of the Local Plan which was adopted in March 2023.
- Council Tax and Business Rates – This audit has been deferred to 2024/25 due to timing issues and to ensure the service is not audited during Quarter 4 when the service is preparing for and undertaking its annual billing process.

3. One final report has been issued since the Committee received its last update in February 2024.

Purchase Cards (Reasonable Assurance)

Card purchases are made in line with the Council’s Purchase Card Policy which was revised in January 2024 to reflect the changing business needs of the Council. Staff should be reminded of the requirement to save receipts in the designated folder so the Council can reclaim VAT on purchases.

Purchases are subject to robust approval and monitoring processes. To improve efficiency, the Council is currently undertaking a small pilot trialling approval and expenditure coding via the NatWest portal as the current manual process is time consuming.

There are robust processes for issuing and cancelling cards. A business case and Section 151 Officer approval is required before issuing new cards, and cards are cancelled promptly when officers leave the Council. A periodic review of card usage to identify any cards no longer needed will reduce the risk of fraud.

Recommendation Tracker

4. The Audit and Governance Committee continues to receive details of all overdue recommendations, plus any high priority recommendations from final reports regardless of whether they are overdue or not.
5. The current overdue tracker is shown at Appendix 2 and contains six medium and one low priority recommendations which have passed their due date. There are two high priority recommendations which are not yet due for completion. These relate to the Qualis Property Solution - KPIs and Payment Mechanisms audit.

Table 1. Summary of tracker in March 2024

Recommendation type	Number (March 2024)	Number (February 2024)	Number (November 2023)	Number (June 2023)	Number (March 2023)	Number (February 2023)
High Priority not yet passed its due date	2	2	2	0	0	0
High Priority passed its due date	0	0	0	0	0	0

Medium Priority passed its due date	6	7	9	11	7	7
Low Priority passed its due date	1	2	3	1	1	1
Total	9	11	14	12	8	8

Other Internal Audit activities

6. Internal Audit adds value by providing advice and guidance to various services across the Council. During the period

Risk Management: Internal Audit continues to assist with the roll out of the new corporate risk management framework. In addition to the quarterly review of the corporate risks by the Senior Leadership Team, an operational risk management group has been established (chaired by the Head of Internal Audit) to further embed risk management in the organisation.

Information Governance: Internal Audit supports both the Strategic Information Governance Group and the operational Information Asset Owners Group, assisting with implementation of the workplan.

Decision Matrix: Internal Audit is Involved with revising the Council's decision-making matrix to align with other Council policies and to ensure it is fit for purpose.

Progress against the 2022/23 Annual Governance Statement

7. In July 2023, the Audit and Governance Committee noted the Annual Governance Statement (AGS) which accompanies the Council's Statement of Accounts. The AGS outlines the proposed actions to be taken to deal with significant governance issues identified. The Corporate Governance Group monitors the actions set out in the AGS on a regular basis. The progress made to date on addressing the issues identified for improvement during 2023/24 is shown in the table below.

No.	Objective	Progress update
1	<p>Economic Issues</p> <p>At the time of preparing this (2022/23) AGS, economic volatility – both nationally and globally – continues, although there are some early signs of stability emerging with inflation beginning to settle down (CPI peaked at 11.1% in October 2022), with notable reductions in fuel and energy prices. Interest rates though continue to rise as the Government strives to further dampen inflation. This is having a direct impact on both the Council and Qualis, threatening</p>	<p>The implications continue to be monitored by SLT and feature as key considerations in the reports presented to Cabinet and in the development of the MTFP (Medium-Term Financial Plan) for 2024/25 and future years.</p> <p>This includes the Section 151 Officer's quarterly Qualis Monitoring Report to Cabinet.</p> <p>Frontline services, especially Revenues and Benefits, continue to prioritise and resource the delivery of the various support packages offered by the Government in response to public need (e.g. through various Energy schemes and rebates).</p> <p>The Council has a Cost-of-Living page on its website, which includes useful websites,</p>

	<p>the viability of a range of capital schemes.</p> <p>The economic situation is also proving challenging for the local community and is increasing the demand for Council services in some areas (e.g. Housing Benefits) as well exerting pressure on core Council funding streams such as Council Tax and Business Rates.</p>	<p>organisations, and advice to help with rising costs.</p>
2	<p>Statement of Accounts</p> <p>The delays with the audit of the Accounts reported in the 2021/22 AGS have worsened (nationally) in 2022/23, with the Government now actively considering a range of concerns raised from within the Local Government sector. Locally, the Council has an increasingly resilient Finance function, but a shortfall in External Audit resources has prevented the final sign off of the draft 2020/21 Accounts and limited audit work has been undertaken on the draft 2021/22 Accounts. Concerns include potential accuracy of rolled forward balances in the 2022/23 Accounts.</p>	<p>The Council is continuing to work with its External Auditors to resolve the audit difficulties, and the Section 151 Officer is also accessing professional guidance and support available through professional networks, including the Essex Finance Officers Association (EFOA).</p> <p>The delay in auditing accounts is a national issue. In February 2024 the Minister for Local Government launched a consultation on measures to clear the local audit backlog in England.</p> <p>The 2020/21 Accounts were approved by the Audit and Governance Committee in February 2024 and there has been significant progress made on the 2021/22 Accounts.</p> <p>The Audit and Governance Committee is being kept informed on progress.</p>
3	<p>Financial Management Code</p> <p>The assessment has carried over from the 2021/22 AGS action plan, although further progress was made in addressing the underlying principles of the Code in 2022/23.</p>	<p>The Code assessment will now be undertaken in 2024/25 to ensure that the Council can demonstrate compliance with the Code. If there are any remaining deficiencies, an action plan will be developed to address these.</p> <p>A template for the review has been identified and resource being identified to undertake the review.</p>
4	<p>Income Recovery</p> <p>The Income Recovery functions require improvement, with the Council experiencing a range of interlinked financial pressures as a consequence of sub-optimal performance (leading to increased revenue costs through additional bad debt provisions and lower returns from funding incentives such as the Essex</p>	<p>Additional performance measures have been introduced in 2023/24 to monitor and capture the Council's progress in tackling a backlog in outstanding Sundry Debts more closely. Additional resources are also being engaged within the Revenues function.</p> <p>Income collection and recovery systems (including performance), for both Local Tax and Sundry Debts, is being explored and benchmarked as part of the shared services partnership with Braintree District Council and</p>

	“Council Tax Sharing Agreement” (CTSA). The Sundry Debtors function has a substantial backlog of outstanding cases (exacerbated by the recent installation of a new IT system) and the Council experienced higher Local Tax arrears than expected at the year end, due to a decline in both Council Tax and Business Rates collection performance in Quarter 4 of 2022/23.	Colchester City Council.
5	Financial Regulations The review has carried over from the 2021/22 AGS action plan, with the delay partly as a consequence of ongoing delays to the introduction of the new Management Structure.	The review has been scheduled in for 2024/25. The updated Financial Regulations will be systematically rolled out in a structured way to ensure that they are suitably disseminated and clearly embedded within frontline service areas.
<i>Common themes emerging from the 2022/23 Service Assurance Statements were:</i>		
6	Risk Management Further work is required to develop and embed risk management processes.	A revised risk management strategy and policy has been developed and approved by Cabinet in December 2023. Risk management features quarterly at SLT to review strategic risks and an operational risk management group meets quarterly. Service and Directorate risk registers have been developed. Member training on risk management was provided in January 2024.
7	Business Continuity A Business Continuity project has been ongoing during 2022/23 which has included providing relevant training to services so that they can develop their business continuity plans.	Business continuity arrangements are being strengthened through the completion of all Business Continuity Plans (corporate and service level). A business continuity exercise by the Wider Leadership Team was undertaken in November 2023, the outcomes of which are being used to help inform the Plans.

Corporate Fraud Team (CFT) Update

8. The CFT have begun an internal investigation in respect of procurement anomalies and assisted a service area in enquiries related to a disciplinary matter.
9. Consultation with the existing software provider looking at the use of Artificial Intelligence (AI) tools in fraud investigation is underway.

Legal and Governance Implications:

None

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

Corporate Governance Group

Background Papers:

2023/24 Internal Audit Strategy and Plan

Risk Management:

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

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making.

Appendix 1 - Audit Plan Monitoring 2023/24
 Progress as at March 2024

	Service	Plan Days	Status	Fieldwork started	Report issued to Management	Finalised	Opinion: Level of Assurance	High Priority Recs	Medium Priority Recs	Low Priority Recs
22/23 Right to Buy Conveyancing	Corporate Services	5	Final report	■	■	■	n/a	0	0	0
22/23 Cash and banking	Corporate Services	10	Final report	■	■	■	Substantial	0	3	1
IT Disaster Recovery	Corporate Services	10	Final report	■	■	■	Substantial	0	3	0
22/23 Safes	Corporate Services	5	Final report	■	■	■	Reasonable	0	0	1
Data analytics - purchase cards	Corporate Services	10	Final report	■	■	■	Reasonable	0	1	2
KFC Fixed Assets	Corporate Services	12	Draft report	■	■					
KFC Housing rents and arrears	Housing & Property	15	In progress	■						
Homelessness	Community Culture & Wellbeing	12	In progress	■						
Housing - statutory H&S compliance	Housing & Property	12	Scoping							
Debtors (new audit)	Chief Executive	10	Scoping							
Tree strategy	Regulatory Services	12	Scoping							
Qualis Commercial	Chief Executive	12								
Commercial rent and leases	Housing & Property	20								
Budgetary control	Corporate Services	15								
Defer/cancel - subject to approval										
KFC Council Tax and Business Rates	Chief Executive	15								
Delivery of the Local Plan	Planning Services	15								
Public Interest Reports	Chief Executive	15								

KFC = key financial control

EFDC Internal Audit Recommendation Tracker (Overdue and In Progress)

Last updated: 8 March 2024

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
<p>Harlow Gilston Garden Town 2019/20 Issued July 2020</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 36</p>	1	<p>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. This will include a data sharing agreement.</p> <p>Arrangements regarding the recovery of costs incurred by the councils should be agreed by all parties and included in the agreement.</p>	Med	<p>Work is now well underway on the next steps to establish Combined Delivery Service following Board decision on 10 Feb 2020.</p> <p>Legal work is underway to clarify arrangements and delegations for the CDS</p> <p>Link to HIG delivery and governance</p>	<p>HGGT Director</p> <p>HGGT Project Manager</p> <p>HGGT Programme Manager</p>	<p>Political and corporate agreement to proposals – 31/03/21</p> <p>Shadow structures then up and running</p> <p>Formal decision making will need to follow the local election period – 30/09/21</p>	<p>31/03/22</p> <p>31/12/22</p> <p>31/03/23</p> <p>31/03/24</p>	<p>May 21: HGGT Solicitors, Weightmans, are developing a partnership agreement between all the HGGT partners.</p> <p>Jul 21: Lead Members and Lead Officers of all five Partner authorities are meeting to progress this.</p> <p>Sep/Oct 21: An HGGT Governance Review Task and Finish Group has been established to take forward the formalisation of governance arrangements for HGGT. The Task and Finish Group agreed for further work to be undertaken towards the establishment of a Joint Committee.</p> <p>Jan 22: Work to put in place a Joint Committee continues to progress. Given the scale and complexity of the work, the timescales have been pushed back and we are now looking for formal approval in summer 2022 and for operation of the Joint Committee to commence in September 2022.</p> <p>The Partner Councils will be taking a stage 1 sign-off report through their formal decision-making processes to seek agreement 'in principle'.</p>	Overdue

EFDC Internal Audit Recommendation Tracker (Overdue and In Progress)

Last updated: 8 March 2024

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<p style="text-align: center;">Page 37</p>								<p>Jun 22: The stage 1 governance report was approved by all five Partner Councils and detailed work is progressing. It is anticipated that the Partnership will formally consult with Members in September 2022 with final draft proposals. An update report is being taken to the HGGT Board on 13 June 2022. The expectation is that the joint Committee will be formed and in place during 22/23. The establishment of the Joint Committee would include Inter Authority Agreements formally addressing cost and risk sharing.</p> <p>Aug 22: A report setting out the legal Joint Delegations Framework will go to HGGT Board 13 Sept 2022. This will include a recommendation to return in Dec 22 with a Inter Authority Agreement formally addressing cost and risk sharing. Subject to approval by all five council partners, anticipate a go live to the Joint committee and IAA for start of municipal year 2023.</p> <p>Nov 22/Feb 23: The HGGT Board endorsed the legal Joint Delegations Framework in Sept 2022. The Inter</p>	

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Last updated: 8 March 2024

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<p style="text-align: center;">Page 38</p>								<p>Authority Agreement formally addressing cost and risk sharing will go to the Board in Feb/March 2023 subject to agreement by the 5 Council partners on which local authority will be the Accountable Body for the partnership in the future. Subject to approval by all five council partners, anticipate a go live to the Joint committee and IAA in the municipal year 2023.</p> <p>Jun 23: The HGGT Board endorsed the legal Joint Delegations Framework in Sept 2022. The Inter Authority Agreement formally addressing cost and risk sharing will now go to the Board in June 2023. Subject to approval by all five council partners through individual council processes, anticipate a go live to the Joint committee and IAA in the municipal year 2023/24.</p> <p>Nov 23: Board members endorsed the proposal to establish a Joint Committee, and the matter has now been referred to the governing bodies of the respective five partner authorities for ratification. It is intended, however, that the JC forms in</p>	

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								shadow from December 2023 with the first formal meeting convening in March 2024. Feb/Mar 24: All five council partners have now formally agreed to enter into the Inter Authority Agreement and set up the HGGT Joint Committee. The Deed is currently being executed and subject to that, the first Joint Committee will be held in June 2024.	
Key Financial Controls – Fixed Assets 2009/20 Issued November 2020	3	Detailed Fixed Asset financial procedures be drafted, and to include a section on year-end processes.	Med	Detailed financial procedures will be developed and documented alongside updated Financial Regulations.	Chief Financial Officer	30/09/21	31/08/22 31/12/22 31/03/23 20/09/23 31/03/24	Nov 21/Feb 22: A Senior Finance Business Partner has been appointed to cover HRA, Capital and Projects. The Capital role includes responsibility for the Fixed Asset Register (FAR). Processes are being reviewed as well as understanding how the CIPFA asset system works and how it feeds into the year-end processes. Jun 22: Process notes will be compiled (including the roll forward of the FAR through to closedown). It will take time to do this and is dependent on how well the closedown goes. Aug/Nov 22/Feb 23: Due to the late running 2020/21 audit, there was a substantial delay in getting clearance	Overdue

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<p style="text-align: center;">Page 40</p>								<p>from the external auditors to roll forward the Fixed Asset Register into 2021/22. This led to a condensed timetable for preparing the 2021/22 Statement of Accounts and officers did not have to time to document the system at that point as planned (key content includes the roll forward process) and 'rough notes' were taken during the subsequent closedown process. The Capital team are now committed to completing the task in Quarter 3 (i.e. by 31st December 2022) when clearance is anticipated from the external auditors to roll forward the Fixed Asset Register from 2021/22 into 2022/23.</p> <p>Jun/Nov 23: Work has started on the procedure notes. This is included in 2023/24 Finance Service Plan.</p> <p>Feb/Mar 24: The team had a member on long-term sick leave which impacted on ability to complete the process notes. The aim is to draft the procedure notes during the year-end process 2023-24.</p>	

EFDC Internal Audit Recommendation Tracker (Overdue and In Progress)

Last updated: 8 March 2024

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
<p>Procurement and Contract Issued January 2022</p> <p style="text-align: center;">Page 41</p>	3	<p>(a) Procurement Rules are revised to clarify that the Procurement team should be notified before officer's sign contracts on behalf of the Council.</p> <p>(b) The introduction of monitoring processes by marketplace contract expenditure reports and supplier expenditure reports from the general ledger would highlight high value expenditure by supplier. This would also ensure that the Procurement and Contract team is aware of the Council's signed contracts and that purchase orders are raised contract extensions.</p>	Med	<p>Amendments to the Rules can take some time to implement due to the Governance process.</p> <p>Provided access to the appropriate systems is provided, the Team will perform periodic checks (bi-annual or quarterly) to look for anomalies or high value spend, as long as resource is available within the team.</p>	Team Manager – Procurement and Contract Management	31/03/23	31/03/24	<p>Jun 23: (a) This change has not yet been made. The Rules were only changed in January 2022 and therefore more time is needed to formally review and amend Procurement Rules.</p> <p>(b) Procurement and Contract Development Team have used Marketplace reports to attempt to identify high value spends that require contracts and ensure they are in place. Enquiries have been made to gain access to Business Objects to obtain more accurate supplier expenditure information, however, the request has not yet been actioned.</p> <p>Nov 23/Jan/Mar 24: The process of updating Procurement Rules is still to be completed. Some additional amendments are required as part of a larger piece of work to align the Council with other authorities within the Shared Procurement Service which have not yet fully been determined, and these changes will be made at the same time as part of a single Governance process.</p>	Overdue

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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
Treasury Management Issued May 2022	1	Treasury Management risks and the associated control framework are detailed within the Finance Risk Register or a separate Treasury Management Risk Register. The risk and mitigating controls be linked to the CIPFA Treasury Management practice notes. Risks need to include the absence of adequate business continuity planning arrangements.	Med	The absence of a Service Risk Register reflects the Council's current Risk Management Framework and is consistent with other services. The recommendation is supported and, at the time of responding to this report, the Corporate Risk Management Working Group is considering a range of measures designed to strengthen current Risk Management arrangements; especially the management of operational risk and is likely to recommend the widespread introduction of Service Risk Registers.	Chief Financial Officer and Deputy S151 Officer & Principal Accountant.	31/12/22	30/06/23 31/03/24	Feb/Jun 23: Risk management training by Zurich is being rolled out corporately in February 2023 following which service risk registers will be developed. Treasury management risks will be included in the finance risk register. Nov 23: The service risk register is currently being developed. Feb/Mar 24: Management Risks and their mitigation are identified as part of the Council's Treasury Management Strategy every year and are monitored through the treasury management report to the Audit and Governance Committee. The service risk register is still to be completed.	Overdue
Council House Building Issued June 2023	2	Controls be strengthened with the Head of Development developing: <ul style="list-style-type: none"> a process flow diagram to detail the approval processes at each gateway (go / no go) stage of 	Low	A process diagram by July 2023. Approval dates are saved on file for both cabinet and planning approvals, so this does present some duplication of work. However, the inclusion of these dates in an overall programme file will be completed during June 2023.	Service Manager Housing Development	31/07/23	31/12/23 31/04/24	Nov 23: A process flow diagram is being developed. Feb/Mar 24: A draft process map has been prepared and is awaiting approval.	Overdue

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		the development of a scheme; and <ul style="list-style-type: none"> a log of the approval dates and references to the approval documents for each scheme when it is approved to progress to the next stage. 							
Sundry Debtors Issued June 2023 43	3	ASH should be reconciled to eFinancials quarterly and any differences investigated and corrected promptly.	Med	The Interim Chief Financial Officer commissioned a detailed review of the reconciliation in August 2022 and significant differences, including a missing unallocated cash batch file (approximately £400,000) from the previous sundry debt system (AIMS), which had not been uploaded into the ASH system, were identified. On 31 October 2022 an unexplained difference of £113,736 remained and officers are still working on resolving this.	Interim Chief Finance Officer	31/12/23	30/06/24	<p>Feb/Mar 24: There has been some progress made since October 2022 in investigating the unexplained difference identified. The AIMS system has been decommissioned and the ASH system contract is nearing the end.</p> <p>Progress has been made on the monitoring of the daily interface from ASH to eFinancials that have eliminated duplicate uploads and ensuring that all the interfaces have been uploaded. This ensures the accuracy on the transactional level.</p> <p>There are still issues however with the reconciliation of the balances at the period end. The Accounting Systems Treasury Team is working closely with the Debt</p>	Overdue

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Last updated: 8 March 2024

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								Recovery Team to reconcile the two systems.	
Sundry Debtors Issued June 2023	6	The Sundry Income and Debt policy should be updated to reflect current roles and responsibilities, and current working practices, including the recovery profiles available on ASH.	Med	The Sundry Income and Debt policy is under review.	Corporate Debt Team Manager	31/12/23	30/06/24	Mar24: The policy is awaiting review.	Overdue
Qualis Property Solution- KPIs and Payment Mechanisms Issued June 2023	1	The Council and Qualis Property Solutions should agree on the annual benchmarking data to be reported to Members. Qualis Property Solutions annual performance reporting should be presented to Stronger Communities Select Committee and/or Overview and Scrutiny Committee prior to Cabinet to allow greater scrutiny and challenge, as it involves the management of public resources.	High	A comprehensive independent review of QPS performance and VFM was commissioned from Housemark; report received early June 2023. A report is going to Communities Select Committee 27 June 2023. Annual benchmarking via Housemark is to be agreed and arranged in due course with reporting annually to Communities Select Committee.	Interim Housing and Property Director/ Qualis Property Solutions (QPS) Managing Director	31/03/24		Nov 23: The review was reported to the Communities Select Committee in June 2023 at which it was agreed that further work would be undertaken to understand and resolve the issues and the results be reported back to the Committee. It was agreed that an annual benchmarking review of the Housing Repairs arrangements will be commissioned. Feb/Mar 24: Membership of Housemark in place, on-boarding session underway Jan & Feb 2024. Membership includes monthly submission of performance data plus annual reporting / benchmarking. Key EFDC and QPS Leads engaged in on-boarding including	In progress

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EFDC Internal Audit Recommendation Tracker (Overdue and In Progress)

Last updated: 8 March 2024

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								Finance colleagues from EFDC. Housemark data will include performance and Financial benchmarking. Annual reporting to Committees will be undertaken.	
<p>Qualis Property Solution- KPIs and Payment Mechanisms</p> <p>Issued June 2023</p>	2	<p>An independent review of Qualis Property Solutions should be commissioned, and the SLA revisited.</p> <p>The review should include determining the actual proportion of standard to non-standard charges for 2021/2022 to check whether the basis of the costs in the SLA is fair.</p>	High	<p>The Housemark benchmarking report reviewed these areas, the findings from which require a further deep dive with a view to making amendments to form, function and process. An improvement action plan will arise from the Housemark report with items, including this, for action.</p>	Interim Housing & Property Director/ Interim Head of Assets	31/03/24		<p>Nov 23: Progress is being made on reviewing the Housemark report and drawing up an improvement action plan.</p> <p>Feb/Mar 24: A review of the SLA is currently underway and involves EFDC and QPS colleagues. The price structure for 2024/25 is already in place. The revised SLA aims to set pricing structure for 2025/26 following collation of Housemark data during 2024.</p>	In progress

Agenda Item 10

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference:

Date of meeting: 28 March 2024

Portfolio: Leader of the Council

Subject: Internal Audit Strategy and Plan 2024/25

Responsible Officer: Sarah Marsh (01992 564446).

Democratic Services: Laura Kirman (01992 564470).

Recommendations/Decisions Required:

- (1) The effectiveness and contribution of the Internal Audit Strategy and Plan within the Council's assurance framework be considered; and**
- (2) The Internal Audit Strategy and Plan for 2024/25 be approved.**

Executive Summary:

Internal Audit supports and contributes to the achievement of the Council's objectives by supporting good governance, with the outcomes from Internal Audit work feeding into the Annual Governance Statement. The Internal Audit Strategy and Plan for 2024/25, and the indicative work programme for the subsequent two years (2025/26 and 2026/27) sets out how this will be achieved.

Reasons for Proposed Decision:

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

Other Options for Action:

None.

Report

INTRODUCTION

1. The Internal Audit function provides independent and objective assurance and consulting services to Epping Forest District Council. This Internal Audit strategy summarises the key principles for the Internal Audit Team for the period 2024/25, with some longer term aims. The strategy supports the Audit Plan (Appendix A) which sets out the work of the Internal Audit service for the year.
2. Internal Audit supports and contributes to the achievement of the Council's 2023-2027 Corporate Plan. These have been considered whilst developing the Internal Audit strategy and plan, especially the associated risks in delivering these key objectives:

- Stronger Communities
- Stronger Place
- Stronger Council

PURPOSE

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

INTERNAL AUDIT MISSION AND CORE PRINCIPLES

4. The Global Institute of Internal Auditors has developed an International Professional Practices Framework (IPPF) for auditors. The IPPF includes a mission and ten core principles. These have been adopted by this Internal Audit Shared Service and are listed below.

Mission: To enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight.

Core principles:

- *Demonstrates integrity.*
- *Demonstrates competence and due professional care.*
- *Is objective and free from undue influence (independent)*
- *Aligns with the strategies, objectives, and risks of the organisation.*
- *Is appropriately positioned and adequately resourced.*
- *Demonstrates quality and continuous improvement*
- *Communicates effectively.*
- *Provides risk-based assurance.*
- *Is insightful, proactive, and future-focused.*
- *Promotes organisational improvement.*

THE INTERNAL AUDIT APPROACH

5. While Internal Audit provides assurance through completing a programme of planned work the service is also flexible and responsive to changing and emerging issues.
6. Some audit work is delivered on a consultancy basis, contributing advice on risk and controls, for example ex-officio attendance at project meetings or undertaking a specific investigation of a newly identified issue.
7. The purpose, authority and responsibility of Internal Audit is formally defined in the Internal Audit Charter, which was approved at the November 2023 Audit and Governance Committee.

KEY DELIVERABLES

8. The key deliverables for the Internal Audit service during 2024/25 are:
- *Delivery of the Audit Plan* - the Head of Internal Audit will ensure there is sufficient audit coverage in order to provide an annual Internal Audit opinion and report, which feeds into the Council's Annual Governance Statement.
 - *Integrated approach to assurance* – Providing ongoing assurance to management on the integrity, effectiveness and operation of the Council's internal control, governance, and risk management processes. Working with other assurance providers to prevent duplication of work.
 - *Management commitment* - Ensure agreed management responses to audit recommendations made are implemented thereby improving the overall control framework.
 - *Continually develop our approach* – To develop, improve and deliver a quality assurance and improvement programme for the service, including working closely with the Audit and Governance Committee and senior management.
 - *Business insight* - working more closely with Officers, Members, and services to establish greater relevance to what matter most to the Council by contemplating current and future key risks and challenges.

PROTOCOL FOR AUDIT REVIEWS

9. Internal Audit will conduct each review in line with our standard audit methodology which is aligned to the Public Sector Internal Audit Standards.
10. For each audit a Lead Auditee will be identified who will be involved in scoping to ensure the audit is appropriately focused on key risks areas, providing assurance, and maximising added value. A terms of reference will be produced for each audit to ensure the scope, objectives and approach are agreed with the appropriate Service Director.
11. Following fieldwork, a draft Internal Audit report will be issued for discussion with the appropriate levels of management which is normally set out in the terms of reference.
12. Final reports will be issued after the agreement of draft reports and contain completed management actions plans, identifying those responsible for their implementation and appropriate timescales.
13. Agreed actions or recommendations will be followed up through the Internal Audit tracker process. All high priority recommendations and any passing their original implementation date are reported to the Audit and Governance Committee.

QUALITY ASSURANCE AND PERFORMANCE MANAGEMENT

14. The Internal Audit Quality Assurance and Improvement Programme ensures the work of the Internal Audit function conforms with the Public Sector Internal Audit Standards (PSIAS), operates in an efficient and effective manner and is adding value and continually improving Internal Audit activity. This is achieved through internal and external assessment, monitoring, and reporting on performance.
15. In March 2023 the Internal Audit function underwent an External Quality Assessment (EQA), which, in line with the PSIAS, must be conducted every five years by a qualified, independent assessor from outside the Council. The EQA, which covered the four councils in the shared service, confirmed the Internal Audit service conforms to the Public Sector Internal Audit Standards and the results communicated to the November

2023 Audit and Governance Committee.

16. It should be noted that in January 2024 the new Global Internal Audit Standards were released. The Standards will become effective on 9 January 2025, 12 months after their release. Early adoption is being encouraged. Time has been set aside in the Plan to ensure the Internal Audit service can demonstrate compliance by the deadline, or, have an action plan in place where there are gaps or further development required. The results of this will be reported to the Audit and Governance Committee.
17. To achieve planned coverage, deliver a high standard of customer care and demonstrate effectiveness of the service, performance targets have been established based on best professional practice.
18. The following service performance targets will be reported on in 2024/25 and are the same as used in 2023/24:

Aspect of Service	Performance Indicator	Target
Audit Plan	<ul style="list-style-type: none"> • Achievement of the annual Plan 	<ul style="list-style-type: none"> • Sufficient Internal Audit work in order that the Head of Internal Audit can give their annual opinion.
Internal Audit processes	<ul style="list-style-type: none"> • Issue of draft report after closing meeting • Issue of final report after agreement with client to draft 	<ul style="list-style-type: none"> • 10 working days • 5 working days
Effective management engagement	<ul style="list-style-type: none"> • Management responses within 10 working days of draft report • Implementation of agreed audit recommendations 	<ul style="list-style-type: none"> • 10 working days • Within agreed timescales
Continuous Professional Development (CPD)	<ul style="list-style-type: none"> • Auditors maintain and improve their knowledge, skills, and other competencies through directed and self-directed activities. 	<ul style="list-style-type: none"> • 40 hours of CPD activity per auditor

DEVELOPING THE INTERNAL AUDIT PLAN

19. The methodology for developing the Internal Audit Plan is focused on the quantification of the risks associated with the Council's objectives in consultation with key officers. This process also considers:
 - Knowledge and experience accumulated in Internal Audit, including the results of previous reviews.
 - A review of audit themes against the strategic risk register and Council priorities.
 - The work of other assurance providers both internally and externally.
 - The external environment including economic climate, and government initiatives such as the UK Shared Prosperity Fund. and changes in funding.
 - Harmonisation of themes with Harlow District Council, Borough of Broxbourne Council and St Albans City & District Council to enable benchmarking and sharing of good practice.
20. It is imperative there is good alignment between the Internal Audit Plan and the risks facing each Council. Through this, Internal Audit's work will help inform each Council's risk management framework, enabling greater recognition of key mitigating controls and other sources of assurances available. Where possible the risks identified in the Audit

Plan (Appendix A) have been taken directly from the Council's Risk Register.

21. In addition, an assurance map has been produced (Appendix B) that provides a structured way to identify the main sources and types of risk assurance in the Council. This demonstrates sufficient Internal Audit work has either been undertaken or has been planned for the Council's key risks.
22. The Internal Audit Plan is indicative, and changes may need to be made as the risk profile and priorities of the Council change. This will be achieved by ongoing review and amendment in consultation with relevant officers and any significant changes brought to the Audit and Governance Committee for approval.
23. It is important for Internal Audit to plan ahead and allocate resources over the medium term but still maintain a flexibility of approach. This is achieved by documenting known risks over a three-year period so that the three-year plan includes an indication of proposed audit work for years two and three, based on current known risks if circumstances remain unchanged. However, as new risks emerge audit resources over the medium term will be focused accordingly.
24. The sections of the Internal Audit Plan include:
 - Corporate Framework – key risk areas including those defined in the Council's corporate risk register.
 - Strategic themes – including cross cutting issues some of which will be incorporated within operational audits or will be undertaken through consultative work.
 - Service areas – operational audits determined on a risk assessment and/or business priorities.

PRIORITY AREAS FOR 2024/25

25. Having regard for the current risk profile of the Council the following have been identified as priority areas for Internal Audit work for 2024/25. These may not be audits in themselves, but cross cutting themes that will be fundamental to the scope of Internal Audit work undertaken.
 - *Information Governance and Management* - Internal Audit continues to work with the Council's Data Protection Officer and Senior Information Risk Officer (SIRO), helping to ensure and maintain compliance across the Council.
 - *Risk Management* – Internal Audit has a key role in promoting effective risk management and will continue to work with the Senior Leadership Team and insurance to help develop and embed a robust risk management framework across the Council. Within individual audits Internal Audit will seek compliance with good risk management practices and the adequacy of controls put in place by management to mitigate risks in their service areas.
 - *Fraud* – Internal Audit will support the Council's anti-fraud and corruption strategy and consider the potential for fraud within work, working in tandem with the Corporate Fraud Team.
 - *Value for Money (VfM)* – a focus on VfM will be reflected in Internal Audit's work mainly as a cross cutting theme within operational audits, benchmarking where appropriate with Harlow, Broxbourne, and St Albans. Audits will consider how the Council makes the best use of resources and assets, the balance of cost and performance and meeting the needs of our residents; and providing challenge on whether services could be provided in a different way.

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

26. At the operational level the key priorities of Internal Audit work in 2024/25 include:

- *Qualis* – Building on previous Qualis audits Internal Audit will continue to actively seek assurances on the adequacy of internal control, governance and the management of risks regarding Qualis from the Council’s perspective, with a specific emphasis on Qualis Commercial in 2024/25.
- *Key Financial Systems* – the effectiveness of controls and management of risks with the core financial systems remains a key part of the Internal Audit work. Audits are scheduled on a cyclical basis so not all key financial systems will be undertaken each year.
- *Governance frameworks* – Internal Audit will continue to assist the Council in enhancing its governance frameworks including information governance, project and programme governance, risk management, business continuity and health and safety.
- *Data analytics* – Internal Audit continues to use data analytics where possible to help inform its audits.

RESOURCES

27. Internal Audit continues to be a formal shared service between Epping Forest, Harlow, Broxbourne, and St Albans Councils, with Broxbourne being the host authority and employer of the Internal Audit staff. A Shared Services Board meets quarterly to oversee the implementation and delivery of the Internal Audit function, monitor common issues or themes arising from audits, assess quality and performance and consider major changes to the service. The Board comprises of the Section 151 Officers from each authority as well as the Head of Internal Audit.

28. The Internal Audit function consists of the Head of Internal Audit (1.0 f.t.e), five Senior Auditors (4.65 f.t.e) and three Auditors (each 1.0 f.t.e). There are no vacancies and one auditor was offered a permanent position after completion of their apprenticeship. Two other auditors are currently following an apprenticeship scheme. Everyone in the team works across all four authorities. In addition, the service has a call off contract with an external provider of Internal Audit to undertake more specialist audits when required.

AUDIT PLAN 2024/25

29. The Audit Plan as detailed in Appendix A requires 464 days (compared to 451 days for 2023/24), as set out in the table below:

Thematic Area	Audit days 2024/25
Corporate framework including governance, assurance framework, fraud, value for money and risk management	83
Cross cutting/themed audits	100
Operational Audits	125
Follow Up work	40
Audit and Governance Committee support including training	20
Advice, other engagement with the business and contingency	96
TOTAL	464

Resource Implications:

No additional resources required.

Legal and Governance Implications:

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

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

Corporate Governance Group

Background Papers:

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

Risk Management:

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

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. An Equality Impact Assessment was carried out and there was no significant impact.

Audit Area and Context	Corporate Risks	2024/25	2025/26	2026/27	Outline/Scope of work for 2024/25 (to be finalised when the work is scoped)
Corporate Framework					
Governance and Probity	The Council's governance framework underpins everything it does; therefore, robust arrangements are key in managing this risk	Governance – Qualis Commercial Corporate Governance Group (not an audit)	Harlow and Gilston Garden Town (last audit 2019/20) Corporate Governance Group (not an audit)	Governance – Qualis Group (Qualis Living) Corporate Governance Group (not an audit)	Theme here is to review effectiveness of governance and oversight arrangements. In 2024/25 continue with Qualis governance audits being the Council's most significant partnership, focusing on Qualis Commercial (the development arm of the Qualis Group) Member of the officer Corporate Governance Group
Fraud, including proactive fraud work Any loss through fraud is a drain on resources which, in turn, reduces the amounts available for service delivery	Financial resilience features on the corporate risk register - any loss through fraud is a drain on resources which, in turn, reduces the amounts available for service delivery	✓ A tick signifies that Internal Audit work will take place but it is not formally defined	✓	✓	Co-ordinating data matching (National Fraud Initiative), training and awareness, interaction with corporate fraud initiatives, oversight of the delivery of the Council's anti-fraud and corruption strategy and the Corporate Fraud Team. Potential for fraud considered in all audits.
Assurance Framework including Risk Management and	Risk in achieving corporate priorities	✓	✓	✓	Co-ordination of year-end assurance reporting, including the Annual Governance Statement. Member of the Corporate Governance Group.

Audit Area and Context	Corporate Risks	2024/25	2025/26	2026/27	Outline/Scope of work for 2024/25 (to be finalised when the work is scoped)
support to Audit Committee					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.
Information Management and Governance Data protection and security. Data sets, owners and protocols. Governance and data sharing. Training and awareness	Data/information features on the corporate risk register Breach of data protection and other legislation related risks which could lead to significant fines and reputational damage	✓	✓	✓	Continue to assist the Council's Data Protection Officer (DPO) and Senior Information Risk Officer (SIRO) through participation in the officer Strategic Information Governance Group and the operational Information Assets Owners Groups and providing assurance where requested.
Performance Management Data integrity and quality (collection, collation, analysis and validation). Use of performance targets.	Risk of non-achievement of corporate priorities and lack of transparency	✓	Corporate Performance Indicators (OKRs): underperformance	✓	The suitability and integrity of Performance Indicators is considered within operational audits. The 2025/26 audit will look at in detail corporate OKRs (Objectives and Key Results) indicators that regularly underperform to ensure the right OKR is being used and is being calculated correctly before understanding the reasons for the underperformance and what is being done to address it.

Audit Area and Context	Corporate Risks	2024/25	2025/26	2026/27	Outline/Scope of work for 2024/25 (to be finalised when the work is scoped)
Value for Money (VfM) Guiding principle of the Council.	VfM helps the Council manage its corporate risk on financial resilience	✓	✓	✓	VfM is considered within operational audits in terms of 3Es (economy, efficiency, and effectiveness) and bench marking.
Joint Working, Shared Services, outsourcing, trading companies and Partnerships	Alternative working arrangements such as joint ventures, shared services, outsourcing and subsidiary companies are mechanisms for helping deliver the Council's corporate plan	Qualis Commercial (last audit 2021/22)	Gilston and Harlow Garden Town (last audit 2019/20)	Qualis Living	Theme here is to ensure joint arrangements are working in the best interests for the Council with appropriate governance/monitoring arrangements in place. The audits listed here are not new audits but the same as those listed under governance.
Projects Business case, project methodology, governance arrangements, contract management and viability	Poor project management increases risk of projects not being delivered on time, to budget or not meeting the needs of the Council	✓	North Weald Airfield master plan	✓	Time is set aside each year for Internal Audit to attend appropriate project meetings, as well as providing ad hoc advice and support. This includes Internal Audit's participation in the officer Portfolio and Steering Group meeting, which is chaired by the Chief Operating Officer.
Contingency	Annual provision for responsive work, special investigations or	✓	✓	✓	This includes completion of relevant audits from the 2023/24 audit plan. And also take into account

Audit Area and Context	Corporate Risks	2024/25	2025/26	2026/27	Outline/Scope of work for 2024/25 (to be finalised when the work is scoped)
	key/emerging risk areas.				themes/issues coming out of the Annual Governance Statement.
Themed/cross cutting audits					
Income Streams To ensure financial resilience the Council needs to protect and maximise its income streams	Finance resilience features on the corporate risk register	Commercial rents and leases (last audit 2018/19) Council Tax and Business Rates (same audit as detailed later under Key Financial Controls)	Parking (last audit 2018/19)	✓	Each year a portion of Internal Audit work will focus on ensuring key income streams for the Council are maintained and adequately controlled. The 2024/25 commercial rent and leases audit (carried forward from last year) will ensure the Council is collecting the rent due to them and that lease agreements are being adhered to
Procurement Themed audits - compliance, vfm, fraud, goods and services. End to end processes (need, selection, appointment, contract management and exit strategies)	Risks include non-compliance with legislation, fraud, not achieving value for money, poor service delivery.	Contract management	Tender and letting processes, including use of frameworks	✓	In 2024/25, the focus will be on contract management arrangements for small to medium contracts, and to ensure these are captured on the Council's contract register. In addition, where Internal Audit is carrying out its audits it will ensure, where applicable, that the Council's' Procurement Rules and Financial Regulations are being complied with.
Health & Safety (H&S)	Risk of compromising the health and safety of	✓	Corporate H&S (last audit 2018/19)	✓	Internal Audit continues to be a member of the Corporate Health and Safety Group

Audit Area and Context	Corporate Risks	2024/25	2025/26	2026/27	Outline/Scope of work for 2024/25 (to be finalised when the work is scoped)
	individuals and noncompliance with H&S legislation leading to fines or imprisonment				
Business Continuity Planning (BCP) and climate emergency response	Business continuity is on the corporate risk register	Business Continuity (BC) – not an audit Climate emergency action plan	Emergency Planning	Business continuity	During 2024/25 Internal Audit will keep a watching brief as business continuity arrangements are embedded and review the outcomes of any BC exercises. The 2024/25 climate emergency audit is to ensure there is a joined up process across the Council in delivering its action plan.
Key Financial Controls (KFC) Rolling programme of full system and key financial control audits (unless significant change in process/system or poor audit outcome)	Finance resilience features on the corporate risk register	Council Tax and Business Rates (last audit 2018/19) Debtors review (started at the end of 2023/24)	Payroll (last audited 2020/21) Fixed assets (last audit 2019/20) Accounts payable (last audit 2020/21)	Treasury management (Last audit 2021/22) Housing Benefits (last audit 2021/22)	Rolling programme of key financial control (KFC) audits, therefore, some audits do not feature in this 3-year plan being general ledger, fixed assets, cash and banking and housing rents as they have been audited in recent years.
IT Audits: IT Governance, IT Regulation, Security/Privacy,	Cyber security features on the corporate risk register	Cyber security (last audit 2022/23)	Potential audits could include: IT Strategy, IT asset management; IT disaster recovery;	Cyber security (last audit 2022/23)	A specialist IT Auditor will be brought in as required for the more technical audits.

Audit Area and Context	Corporate Risks	2024/25	2025/26	2026/27	Outline/Scope of work for 2024/25 (to be finalised when the work is scoped)
Business Systems, Disaster Recovery plan (DRP)/BCP, Network, Emerging Technologies e.g. mobile devices, IT Applications and Projects	Opportunity for IT to be an enabler for delivering the Council's priorities.		change and patch management, software licences		Due to the fast pace in IT technology changes and risk IT cyber security will be audited every two years
Operational/service audits - Audits post 2024/25 may change depending on the Council's risk profile					
Contracts, Partnerships and Procurement <ul style="list-style-type: none"> • Contracts & procurement • Leisure and car parking • Waste • Commercial and corporate operations 	Future waste service delivery is on the corporate risk register	Covered elsewhere in the plan	Waste delivery	Leisure contract (last audit 2021/22)	From November 2024 waste collection services will be delivered by the Council's wholly owned company, Terra Verde Services Ltd (TVS). The 2025/26 audit will assess the governance and monitoring arrangements to ensure successful delivery of this service.
Regulatory services <ul style="list-style-type: none"> • Arboriculture • Community resilience • CountyCare • Environmental health 	These services helps deliver the Council's three priorities: stronger council, stronger communities, and stronger place	Tree strategy	Grounds maintenance contract (last audited 2015/16 when in house)	✓	The 2024/25 tree strategy audit (carried forward from last year) will ensure there is a joined-up approach in the way the Council monitors and maintains its trees.

Audit Area and Context	Corporate Risks	2024/25	2025/26	2026/27	Outline/Scope of work for 2024/25 (to be finalised when the work is scoped)
<ul style="list-style-type: none"> • Private sector housing • Grants • Environmental protection • Licencing • Fleet operations 					
<p>Planning Development</p> <ul style="list-style-type: none"> • Development Management • Building Control • Sustainable travel • Climate change • Planning Policy and implementation 	Climate change features featured on the corporate risk register	Development Management Committee Review - progress check (not an audit)	Delivery of the Local Plan	Development Management, including processing times and pre-paid planning applications	<p>During 2024/25 Internal Audit will assess progress being made following the 2023/24 review undertaken by the Planning Advisory Service</p> <p>Internal Audit will assess in 2025/26 the processes in place to deliver the Local Plan (following its adoption), in particular the effectiveness of Planning Performance Agreements (PPAs) and consider whether there is a joined-up process between planning and relevant corporate priorities such as Economic Development or climate change strategy</p>
<p>Customer and Community and Wellbeing</p> <ul style="list-style-type: none"> • Customer services • Community and wellbeing • Community hub 	Economic development features on the corporate risk register	✓	Economic Development	✓	<p>No specific audit work for 2024/25. Instead Internal Audit will review the departmental risk register to gain assurance these have been adequately articulated and are being managed to an acceptable level</p> <p>The 2025/26 economic development audit is to ensure there is a joined up</p>

Audit Area and Context	Corporate Risks	2024/25	2025/26	2026/27	Outline/Scope of work for 2024/25 (to be finalised when the work is scoped)
<ul style="list-style-type: none"> • Public health improvement • Economic Development • Heritage and Venues 					<p>approach, especially between Economic Development and Community and Wellbeing in delivering the Council's Economic Development priorities.</p>
<p>Housing and Property</p> <ul style="list-style-type: none"> • Housing assets • Housing development • Housing strategy • Housing needs and management 	<p>Compliance with social housing regulation, homelessness and Council house build programme all feature on the corporate risk register</p>	<p>Voids</p>	<p>Responsive Repairs (last audit 2022/23)</p> <p>Potential other audits could include:</p> <p>Delivery of the asset management strategy</p> <p>Service charges – tenants and leaseholders</p> <p>Home Ownership</p> <p>Planned maintenance and major repairs (last audit 2017/18)</p> <p>Section 20s and leaseholders</p>	<p>✓</p>	<p>In 2024/25 Internal Audit will ensure there is a joined up process both within the Council and with Qualis to ensure voids are dealt with in a timely and cost efficient way</p>
<p>Corporate Services including HR and Finance</p>	<p>These services support the Council's stronger council</p>	<p>People Strategy</p> <p>Budgetary control</p>	<p>Staff performance management (including</p>	<p>✓</p>	<p>Many of the financial, business support and H&S aspects are covered elsewhere in the plan.</p>

Audit Area and Context	Corporate Risks	2024/25	2025/26	2026/27	Outline/Scope of work for 2024/25 <i>(to be finalised when the work is scoped)</i>
<ul style="list-style-type: none"> • Business Support • Legal (shared service) • Health and safety • Business Continuity • Democratic and Member services • External communication • Accountancy • Insurance • Payment solutions • People Team • Revenues and Benefits • Corporate Fraud • Internal Audit 	<p>priority and financial resilience risks</p>		<p>absence management)</p>		<p>The 2024/25 people strategy audit will assess the mechanisms in place to address the corporate risk around future proofing the workforce</p> <p>The 2024/25 budgetary control audit will ensure there are robust processes to both set the budget and to monitor this closely throughout the year at an operational level</p>
<p>ICT & Transformation and strategic projects</p> <ul style="list-style-type: none"> • Digital Innovation Zone • ICT - note: IT audits covered 	<p>These services help the Council achieve its three priorities: stronger council, stronger communities and stronger place</p>	✓	✓	✓	<p>Internal Audit work in these areas is captured elsewhere in this plan.</p>

Audit Area and Context	Corporate Risks	2024/25	2025/26	2026/27	Outline/Scope of work for 2024/25 <i>(to be finalised when the work is scoped)</i>
elsewhere in the Plan <ul style="list-style-type: none"> • Project Management Office • Continuous improvement • Strategic projects 					
Follow Up Audits Review of progress against recommendations on the tracker.	Tracker process ensures risks identified in audits have been managed to an acceptable level.	✓	✓	✓	Includes specific follow up audits especially where Limited assurance previously given. Includes maintenance of the recommendation tracker.

Risk based assurance map for Epping Forest District Council

Ref	Corporate risk	Risk profile as at March 2024	1st line of assurance – delivering the risk and control environment	2nd line of assurance – oversight and assurance functions	3rd line of assurance – independent assurance and advice
HRA001	Increase in demand from homeless could increase financial need	12 (amber)	<p>Senior officers authorise all placements.</p> <p>Entered into a block booking arrangement with a local provider at a reduced cost.</p> <p>Building our own stock.</p> <p>New provision other social housing providers.</p> <p>Taskforce of key staff in place to improve collection rates of charges</p>	<p>Portfolio Holder and Cabinet oversight</p> <p>Monthly tracking for early identification of spikes in demand</p>	2023/24 homelessness audit in progress
HRA002	House building programme	12 (amber)	<p>Programme-wide risk management schedule is in place.</p> <p>Project management of all schemes</p> <p>Reviews of contractor performance</p> <p>Use of feasibility studies</p>	Portfolio Holder and Cabinet oversight	2021/22 and 2022/23 Council house building programme audits (both substantial assurance)

Ref	Corporate risk	Risk profile as at March 2024	1st line of assurance – delivering the risk and control environment	2nd line of assurance – oversight and assurance functions	3rd line of assurance – independent assurance and advice
ECODEV001	Economic Development	4 (green)	<p>Economic Development and Community and Wellbeing are delivering the Economic Development priorities.</p> <p>Designated project leads</p>	<p>Economic Strategy and associated report approved by Cabinet.</p> <p>Designated Lead Officer for reporting back to Government</p>	<p>Internal Audit: 2018/19 Economic Development audit (substantial assurance).</p> <p>Internal Audit provided assurances on the payment of Covid-19 business grants, some of which were administered by the Economic Development Team.</p>
CORSER001	Risk of Data/information Breach	12 (amber)	<p>Suite of data protection and retention policies and procedures.</p> <p>Supplemented with mandatory training and a staff awareness programme.</p>	<p>Named Data Protection Officer (DPO) and Senior Information Risk Officer (SIRO).</p> <p>A corporate Information Governance Group (IGG) which reports into the Corporate Governance Group. The operational Information Assets Owners Group (IAOG) reports into IGG.</p>	<p>Internal Audit monitors implementation of the IGG and IAOG action plans by sitting on these groups. Internal Audit also assists in providing advice and assurances to both groups where required (for example ensuring Register of Processing Activities are up to date and data retention periods are fit for purpose)</p>
CORSERV002	Lack of and/or inadequate Business Continuity (BC) Plans	12 (amber)	<p>Dedicated Officer – Contingency Planning and Corporate Safety Officer.</p>	<p>Oversight through the Corporate Governance Group.</p> <p>Learning points from the BC desk top exercise</p>	<p>Internal Audit: 2018/19 Business Continuity audit (no assurance) and since then oversight to ensure</p>

Ref	Corporate risk	Risk profile as at March 2024	1st line of assurance – delivering the risk and control environment	2nd line of assurance – oversight and assurance functions	3rd line of assurance – independent assurance and advice
			<p>Consultant was initially used to develop the Council’s approach to BC. Corporate and service level BC plans largely in place. These were reviewed and updated during 2023/24.</p>	<p>completed December 2023 by the Wider Leadership Team.</p>	<p>recommendations implementation.</p> <p>2020/21 IT Disaster Recovery audit (limited assurance) and 2023/24 Cyber Security audit (substantial assurance)</p> <p>Internal Audit were part of the December 2023 BC desk top exercise.</p>
ICT001	Risk of cyber security incident	16 (red)	<p>Cyber security controls in place including system controls, data backups, firewalls, virus checkers and penetration testing. Also, IT monitoring and installing system updates and patches.</p>	<p>IT Security Officer Senior Information Risk Officer</p>	<p>2020/21 and 2022/23 Cyber Security audits (both limited assurance)</p> <p>See above for IT Disaster Recovery audit.</p> <p>2021/22 Major Incident Management Strategy audit (moderate assurance)</p>
SUS001	Climate Change	12 (amber)	<p>Dedicated Climate Change and a Sustainable Transport Officers.</p> <p>Delivery of the Climate Change Action Plan by services.</p>	<p>Climate Change Steering Group</p> <p>Climate Change Action Plan was submitted and approved by Cabinet in April 2022; who oversee delivery of this.</p>	<p>Watching brief by Internal Audit since this risk was introduced January 2020.</p> <p>Climate Emergency Action Plan audit planned for 2024/25.</p>

Ref	Corporate risk	Risk profile as at March 2024	1st line of assurance – delivering the risk and control environment	2nd line of assurance – oversight and assurance functions	3rd line of assurance – independent assurance and advice
CONT001	Future waste service delivery	10 (amber)	External project manager Delivery of the three work streams: waste service delivery, mobilise waste vehicle facility at North Weald Airfield and procure a vehicle fleet.	Cabinet oversight Waste Management Partnership Board	Recycling Management and Income audit 2019/20 (substantial assurance) Waste Delivery audit planned for 2025/26 following formation of the the Council's wholly owned company, due to go live in November 2024.
COMP001	Failure of compliance with statutory housing regulations	10 (amber)	Documented compliance checks maintained for each of the 'big six' (gas, electrical, fire, asbestos, legionella, lifting operations and lifting equipment regulations). Monitored via a specialist IT dashboard. Stock condition surveys Comprehensive suite of policies	The Chief Operating Officer is the agreed lead on Health and Safety for Housing (as required by the Regulator). The Director for Housing & Property is lead for Consumer Standards (as required by the Regulator). Weekly oversight of compliance by the Executive Leadership Team.	Gas Safety audit 2020/21 (substantial assurance). Asbestos Management 2019/20 (moderate assurance) 2023/24 Housing H&S statutory compliance audit in progress
FIN001	Failure to maintain a Balanced Budget and Sustainable Medium-Term	10 (amber)	The active monitoring and reporting on internal and external factors affecting the MTFP (Medium Term	Regular communication of financial position and future prospects to Members (through the Cabinet and Scrutiny	External Audit annual opinion on the Council's financial statements and arrangements for securing economy,

Ref	Corporate risk	Risk profile as at March 2024	1st line of assurance – delivering the risk and control environment	2nd line of assurance – oversight and assurance functions	3rd line of assurance – independent assurance and advice
	Financial Plan (MTFP)		Financial Plan), including the 2024/25 Budget through the established Financial Planning Framework	process) and senior management, via SLT (Senior Leadership Team) route.	efficiency, and effectiveness in its use of resources (currently stalled due to national issues). Budgetary Control audit added to the 2024/25 Internal Audit Plan
FIN002	Failure to ensure continued financial viability of Qualis.	12 (amber)	<p>Contract management processes</p> <p>Service Level Agreements</p> <p>Service delivery performance monitoring</p> <p>Monitoring and reporting on monthly Cash Flow Statement from Qualis</p>	<p>Quarterly monitoring and reporting on progress against Qualis Business Plan</p> <p>Quarterly reporting on Council budget position (including Qualis loan margins and other transactions) through Cabinet and Scrutiny process.</p> <p>Enhanced reporting (with effect from 2023/24 in compliance with December 2021 codes) through Audit and Governance Committee re Capital and Treasury Management strategies (especially on Qualis-related Service and</p>	<p>2021/22 Qualis Group Governance audit (substantial assurance)</p> <p>2022/23 Qualis Management – Key Performance Indicators and Payment Mechanisms audit (limited assurance)</p> <p>Qualis Commercial audit planned for 2024/25</p>

Ref	Corporate risk	Risk profile as at March 2024	1st line of assurance – delivering the risk and control environment	2nd line of assurance – oversight and assurance functions	3rd line of assurance – independent assurance and advice
				Commercial Investments).	
FIN003	Failure to maintain and improve Value for Money (VFM).	12 (amber)	Redesign of service delivery arrangements in a range of areas (including the transfer of some services to Qualis),	<p>Quarterly performance monitoring and reporting through established Cabinet and Scrutiny progress.</p> <p>Ad hoc scrutiny of Qualis service-delivery performance.</p>	<p>External Audit annual opinion on the Council’s financial statements and arrangements for securing economy, efficiency, and effectiveness in its use of resources.</p> <p>VFM is considered within operational audits in terms of 3Es (economy, efficiency and effectiveness) and bench marking.</p>
PEOPLE001	Future proofing the workforce	12 (amber)	<p>People Strategy 2024/27 in place</p> <p>A dedicated L&D (Learning and Development) budget and team</p> <p>Apprentice Scheme</p> <p>Hybrid/flexible way of working</p> <p>Leadership development programmes and career pathways</p>	Oversight by Executive Leadership Team	An audit around the People Strategy is planned for 2024/25

Appendix B

Ref	Corporate risk	Risk profile as at March 2024	1st line of assurance – delivering the risk and control environment	2nd line of assurance – oversight and assurance functions	3rd line of assurance – independent assurance and advice
			Partnership working/shared services other authorities and public services which offers potential career, specialist and personal development.		
PLA004	Quality of Major Planning Application Decisions	15 (red)	Trained Officers Planning policies Case management	Management monitoring of quality of appeal decisions	An Internal Audit progress check against the Development Management Committee Review, undertaken by the Planning Advisory Service, is planned for 2024/25

Agenda Item 11

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 Plan 2024 / 25

Responsible Officer: Sarah Marsh (01992 564446).

Democratic Services:

Recommendations/Decisions Required:

- (1) The Corporate Fraud Team Plan for 2024/25 be approved.

Executive Summary:

This report sets out the focus and approach of the Corporate Fraud Team for the year 2024/25.

Reasons for Proposed Decision:

To approve the Corporate Fraud Team's Plan for 2024/25 as the Audit and Governance Committee has a role in ensuring anti-fraud arrangements are in place as per their Terms of Reference.

Other Options for Action:

None

Report:

Introduction

1. The Corporate Fraud Team brings a uniform approach to fraud investigation work within EFDC (Epping Forest District Council), ensuring the Council has adequate resources dedicated to anti-fraud activity.
2. This plan summarises the key principles for the Corporate Fraud Team (CFT) for the 2024/25 period along with some longer term aims.
3. The Corporate Fraud Team sits alongside the Internal Audit team and therefore both supports and contributes to the achievement of the Council's 2023-27 strategic aims. These have been considered when developing the Corporate Fraud Plan being:
 - To ensure there is efficient use of Council resources which is protected from fraud,

abuse, and corruption.

- To contribute to the commitment of financial independence and keeping Council Tax low by preventing and detecting frauds which deliberately target and affect the Council's tax base.
- To ensure that the Council adopts a culture of innovation which is not compromised by fraud.

Purpose

4. The purpose of the Corporate Fraud Team Plan is to document the Corporate Fraud Team's approach to:
 - Providing independent and professional investigations into all aspects of fraud affecting the Council and third parties such as commercial partnerships etc.
 - Preventing fraud and abuse and taking fair and consistent action against those committing offences.
 - Supporting 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

This plan is indicative of the CFT's priorities for the forthcoming year, however, it can be changed or flexed as the risk profile and priorities of the Council change. This will be achieved by ongoing review and amendment in consultation with relevant officers. Any significant changes will be brought to the Audit and Governance Committee's attention.

The Corporate Fraud Team Approach

This plan sets out the main focus of work that will be undertaken by the team during the period 2024/25 These are set out in two main groups:

- Proactive work, where the CFT takes on intelligence-based projects and investigations and
- Reactive work which is usually responding to received information such as reports of suspected fraud from members of the public, staff etc.

Ongoing Proactive Work

- As a recognised area of high success since its inception in 2014, the process of vetting 100% of Right to Buy Applications will continue into 2024/25 with the amount of financial savings this area of work generates meaning it has become a staple function for the CFT. For example, it has been found that each year since 2014, on average approximately one third of all applications are stopped / withdrawn as a result of the fraud team's involvement. This results in annual savings in this area that are usually in excess of £1.5 million taking into account the ever-increasing discount amounts.

The success in this area also results in unsold properties being retained within the Council's housing stock. Furthermore, keeping them within the housing stock means they can continue to provide significant revenue streams in the form of on-going rent payments which have been calculated to be worth approximately £1 million to the Council going forward. The regular increases in the maximum amount of discount available to tenants wishing to purchase their council properties means that the Right to Buy remains an attractive prospect to individuals who plan to abuse the system.

- In line with the plan of reviewing other areas of high fraud risk within the Council, most notably where any fraud and/or abuse represents a significant risk to the Council's financial position, the Corporate Fraud Team plan to continue working closely with colleagues in Revenues with ongoing proactive processes targeting revenue. This includes areas such as Non-Domestic Rates fraud and fraud within Council Tax discounts and exemptions. Work undertaken in conjunction with the Council Tax department has historically yielded good results and resulted in several cases whereby previously uncollected revenue has / is being recovered.
- In addition, the team has built a close working relationship with colleagues in Finance and Accountancy and have worked together on a number of investigations. This working relationship has successfully identified a number of potential frauds which have been investigated and stopped prior to the Council losing any money. Ongoing consultation between the two teams is helping to improve working practices resulting in timely referrals and outcomes.
- The team will continue with the good working relationship it has with the Housing Department, which has been instrumental in forging closer working arrangements between the investigators and their housing officer colleagues when dealing with issues surrounding suspected social housing fraud.
- The ongoing process of engaging other key stakeholders across the Council will continue in order to raise awareness and encourage the reporting of suspicions. This enables the Corporate Fraud Team to have a better understanding of the various processes employed within each service area in order to identify potential areas of fraud risk with input into policy revisions where appropriate. This is of particular importance as the Council continues to evolve as part of transformation plans, restructuring of services and potential shared service arrangements. During this year, it is planned to survey all services in order to keep an up to date knowledge of potential fraud risks and identify any new ones as the Council's business adapts.
- The CFT also hopes to engage further within the outside community (for example, attending meetings of resident's associations etc.) in order to promote the service and raise awareness of fraud issues affecting the Council. and along with the proliferation and success of online video conferencing, the CFT will be actively exploring attendance at community group meetings, resident association meetings etc. with a view to forging ongoing links within the community and as a useful vehicle for undertaking the research needed for new advertising campaigns.
- It is also planned that Fraud Awareness training sessions will be arranged for

Members following the elections in May 2024.

Reactive Work

- The team will review, and risk assess 100% of the referrals it receives in order to ensure efficient allocation of resources and ensure the highest risk referrals are prioritised.
- The team will be continuing with its programme of engaging with other teams within the Council in order to provide advice, training, and support. The team continues to provide advice and training to staff, and the team can provide tailored training packages to services. The team will also continue to publicise its work including successful prosecutions by maintaining a policy of utilising press releases, existing mediums such the corporate website and social media platforms.

In addition to the above, the Corporate Fraud Team plans to undertake the following areas of work in the forthcoming year:

National Fraud Initiative (NFI) Exercise

The NFI exercise has formed a fundamental staple of the work programme for the fraud team and will continue to be so going forward into the next year. As is usual for this exercise and in line with already established procedures, any matches that potentially involve staff will be given the highest priority closely followed by the remaining matches that are qualified and/or identified as “high risk”. The CFT will continue to work closely with their colleagues in the Housing, Revenue and Benefits, and The People Teams as well as other local authorities and public-sector organisations to review these data matches and undertake any resulting investigations as appropriate.

Other areas of work

The Corporate Fraud Team in the past has utilised its skillsets by undertaking a number of different kinds of investigative work such as Disciplinary Investigations for The People Team, Standards Investigations on behalf of the Council’s Monitoring Officer and a number of cases received as a result of the Council’s Whistleblowing procedures. Due to the success of this, the team will continue to make itself available to take on differing and challenging types of work.

The team will continue to provide training and advice to external organisations where appropriate and the team are constantly working to identify areas where potential exists to engage in joint working and/or shared service protocols, with such agreements giving the possibility of revenue raising opportunities.

Staff Development

The Corporate Fraud Team are expected to undertake a set number of hours of Continued Professional Development so that their existing knowledge and skills remain up to date and they are given an opportunity to develop new skills.

Longer Term Projects

Several longer-term projects are currently continuing into 2024/25 and beyond. These include:

- Consultation is ongoing with The People Team (as part of the Recruitment Strategy) to look into pre-employment vetting procedures with a view to possibly developing and incorporating a more robust process. This may also lead to a training programme for recruiting managers.
- As previously mentioned, collaborative work between the Corporate Fraud Team and Internal Audit into specific areas of identified risk takes place, and where possible, utilising data mining/matching techniques.
- A review of documents utilised by the Council for access to its services (such as application forms etc) to ensure that they are as “fraud proof” as possible with the introduction of several application processes to be updated or initialised during the next 12 months, including some potential revisions to Housing Needs / Homelessness documentation.

Resources

The Corporate Fraud Team consists of a Corporate Fraud Team Manager and one investigator (both full time) reporting to the Head of Internal Audit. Both are fully qualified and accredited Counter Fraud Specialists with experience of criminal investigation work across the public and private sectors.

As the team is smaller than in previous years, in order to mitigate this, adjustments are being made looking at areas of work prioritisation, ensuring the best use of resources and introducing different methods of assessing work such as intelligence-based investigation and risk assessing each referral the team receives.

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.