



Epping Forest District Council

AUDIT AND GOVERNANCE COMMITTEE Monday, 30th July, 2018

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

**Council Chamber, Civic Offices, High Street, Epping
on Monday, 30th July, 2018
at 7.00 pm .**

**Derek Macnab
Chief Executive**

**Democratic Services
Officer**

Rebecca Perrin
Tel: 01992 564532 Email:
democraticservices@eppingforestdc.gov.uk

Members:

Councillors J Knapman, L Hughes, R Jennings and J M Whitehouse

Independent A Jarvis and N Nanayakkara

WEBCASTING/FILMING NOTICE

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

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

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

If you have any queries regarding this, please contact the Public Relations Manager on 01992 564039.

1. WEBCASTING INTRODUCTION

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

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

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

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

2. ELECTION OF CHAIRMAN AND VICE-CHAIRMAN

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

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

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

3. APOLOGIES FOR ABSENCE

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

4. DECLARATIONS OF INTEREST

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

5. MINUTES (Pages 5 - 14)

To confirm the minutes of the last meeting of the Committee held on 26 March 2018 (attached).

6. MATTERS ARISING

To consider any matters arising from the previous meeting.

7. AUDIT & GOVERNANCE WORK PROGRAMME 2018/19 (Pages 15 - 16)

To consider the attached Work Programme for 2018/19.

8. STATUTORY STATEMENT OF ACCOUNTS 2017/18 (Pages 17 - 22)

To consider the attached report. (AGC-001-2018/19).

9. ANNUAL REPORT OF THE CHIEF INTERNAL AUDITOR (Pages 23 - 54)

(Chief Internal Auditor) To consider the attached report (AGC-002-2018/19).

10. ANNUAL GOVERNANCE STATEMENT 2017-18 (Pages 55 - 72)

(Chief Internal Auditor) To consider the attached report (AGC-003-2018/19).

11. CORPORATE FRAUD TEAM STRATEGY 2018 / 2019 (Pages 73 - 90)

To consider the attached report (AGC-004-2018/19).

12. AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT (Pages 91 - 106)

(Chief Internal Auditor) To consider the attached report (AGC-005-2018/19).

13. INTERNAL AUDIT MONITORING REPORT - APRIL TO JULY 2018 (Pages 107 - 124)

(Chief Internal Auditor) To consider the attached report (AGC-006-2018/19).

14. 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.

15. EXCLUSION OF PUBLIC AND PRESS

Exclusion:

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

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

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

Background Papers:

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

Officer's opinion:

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

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

EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

Committee: Audit and Governance Committee **Date:** 26 March 2018

Place: Council Chamber, Civic Offices, High Street, Epping **Time:** 7.30 - 8.55 pm

Members Present: J Knapman (Chairman), A Jarvis (Vice-Chairman), L Hughes, R Jennings, A Patel, J M Whitehouse and N Nanayakkara

Other Councillors: A Lion and G Mohindra

Apologies: -

Officers Present: P Maddock (Assistant Director (Accountancy)), S Hill (Assistant Director (Governance)), S Marsh (Chief Internal Auditor), S Linsley (Senior Auditor), G J Woodhall (Senior Democratic Services Officer) and J Leither (Webcasting Officer)

48. WEBCASTING INTRODUCTION

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

49. DECLARATIONS OF INTEREST

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

50. MINUTES

Resolved:

(1) That the minutes of the meeting held on 5 February 2018 be taken as read and signed by the Chairman as a correct record.

51. MATTERS ARISING

There were no matters arising from the previous meeting for further discussion.

52. AUDIT & GOVERNANCE WORK PROGRAMME 2017/18

The Chief Internal Auditor reported that it was too early for the Committee to receive the Planning Letter for 2018/19 from the newly appointed External Auditor, and the report on the Corporate Fraud Team Strategy 2018/19 would now be submitted to the next meeting of the Committee due to staff sickness. It was also highlighted that the report listed as unallocated, Information Regarding the Whistle Blowing Policy, had actually been submitted to the Committee in November 2017.

53. EFFECTIVENESS OF THE ARRANGEMENTS FOR RISK MANAGEMENT

The Assistant Director of Resources (Accountancy) presented a report on the effectiveness of the arrangements for Risk Management within the Council.

The Assistant Director reminded the Committee that its terms of reference included the consideration of the effectiveness of the Council's Risk Management arrangements. This contrasted with the role of the Finance & Performance Management Cabinet Committee, which was to advise and make recommendations to the Cabinet on Risk Management and Insurance issues. The internal arrangements for Risk Management had not changed during the year. Each Directorate had a nominated '*Champion*' for Risk Management who represented their Directorate at meetings of the Risk Management Group. All Directorates were required to have a section on Risk Management in their Business Plans and have a standing item regarding Risk Management on the agenda of their management team meetings. This was to ensure that Directorate Risk Registers and Action Plans were regularly monitored.

The Director stated that, at the corporate level, the Risk Management Group met quarterly to discuss issues and recommend alterations for the Corporate Risk Register to the Corporate Governance Group. The Corporate Governance Group considered the proposed changes from the Risk Management Group and undertook a separate review of the Corporate Risk Register to ensure that there were not any further risks for inclusion. Recommendations for updating the Corporate Risk Register were then considered by the Finance & Performance Management Cabinet Committee before being recommended for approval by the Cabinet. The key updates to the Corporate Risk Register during 2017/18 were outlined for the benefit of the Committee.

The Director advised the Committee that the internal audit of Risk Management in 2015/16 had been given a rating of substantial assurance. There was just one recommendation that was scored as a priority 2 and this had now been actioned. In addition, there would be an amendment to the Risk Register for Risk 1, Local Plan, to incorporate the Judicial Review and the subsequent revision of dates, plus the risk in relation to the Waste Management Contract would also be reviewed in light of the recent decision by the Chinese Government to increase the quality of imported recycled materials.

In respect of the Transformation Programme, the Chairman felt that a report should be submitted to the Committee on the risks to the Council from the ongoing changes at the top tiers of management and reassuring the Committee that Epping Forest was still a strong Council with strong leadership. Cllr Jennings also wanted reassurance that the newly appointed staff to the statutory positions were appropriately qualified and skilled.

The Assistant Director of Governance responded that the Council was still in a state of flux regarding the senior management restructure, and there would be a further report at the next meeting of the Cabinet. D Macnab was now in post as Acting Chief Executive, and the Heads of Service would replace the current Assistant Directors; it was always envisaged that the Section 151 Officer and Monitoring Officer would be at this (Head of Service) level. The new Section 151 and Monitoring Officers had both been properly appointed and were attending meetings of both the Management Board and Corporate Governance Group: P Maddock was a qualified Accountant and S Hill had previously been the Deputy Monitoring Officer. The Council was now considering the delegated authorities within the Constitution for the two Directors who had left the Council, and there would be further reports on this matter to subsequent

Cabinet meetings in 2018. The Chairman commented that it was rare for the Monitoring Officer to not have a Legal qualification; but the Assistant Director of Governance reassured the Committee that he had access to internal and external advice, and the Council was liable for any costs incurred to support the Monitoring Officer in the discharge of their duties.

The Vice-Chairman was disappointed that certain high profile, recent events at other Councils, such as the failure to deal with an emergency incident and an increase in thefts, had not been referred to and considered when the Council's Risk Register was reviewed. The Assistant Director of Resources reassured the Committee that these type of risks would normally appear in the individual Directorate Risk Registers, and the Council was aware of these category of incidents. The Committee queried whether it was appropriate to have all of the risks in relation to the Transformation Programme under a single umbrella, or whether there should be separate risks for some of the higher profile projects. The Assistant Director of Resources explained that there was a separate Risk Register for each individual project in the Transformation Programme, but this arrangement could be reviewed as part of the regular monitoring of the risks facing the Council and perhaps consideration could be given to the People Strategy and Accommodation Review being listed separately within the Risk Register.

Resolved:

- (1) That the arrangements for Risk Management within the Council be considered effective; and
- (2) That the following items be considered and reviewed by Officers to provide the Committee with further reassurance concerning the effectiveness of the arrangements for Risk Management within the Council:
 - (a) the continued strong leadership of the Council following the recent Senior Management changes;
 - (b) support for the Monitoring Officer; and
 - (c) the treatment of the risks associated with the wider Transformation Programme.

54. INTERNAL AUDIT STRATEGY AND PLAN 2018/19

The Chief Internal Auditor presented a report on the Internal Audit Strategy and Plan for 2018/19.

The Chief Internal Auditor stated that the draft Audit Plan for 2017/18, and the indicative Plans for the two subsequent years (2018/19 and 2019/20) had included all of the fundamental financial systems, to provide assurance to Management and Members that there were controls in place for good financial management. The annual audit of these systems had been required by the Council's External Auditors in the past, but this was no longer the case. The Plan also included any high risk financial areas identified by the Corporate Risk Register, plus a contingency provision for investigations and other unplanned work identified during the year, as well as references to any cross-cutting or themed audits across the shared Internal Audit Service. There was also flexibility within the Plan to accommodate reviews of areas considered to be of a high risk to the achievement of the Council's objectives. Progress against the Plan would be monitored by the Committee, and any proposed amendments would be subject to the approval of the Committee.

The Chief Internal Auditor advised the Committee that the key deliverables for the Internal Audit Service during 2018/19 would be:

- delivery of the Plan to provide sufficient audit coverage;
- an integrated approach to assurance;
- commitment from management to audit recommendations;
- to develop, improve and deliver a quality service; and
- increased business insight to establish what matters most to the Council.

The Chief Internal Auditor highlighted that, in November 2016, the Service underwent an External Quality Assessment, which covered all three Councils in the Shared Service, and confirmed that the Service complied with the Public Sector Internal Audit Standards. An internal review at the end of 2017/18 reaffirmed this compliance.

The following Service performance targets would be reported on in 2018/19:

- achievement of the Annual Plan;
- issue of draft and final reports;
- management responses to audit reports and implementation of audit recommendations; and
- continuous professional development of team members.

The Chief Internal Auditor reported that the following cross cutting themes had been identified as priority areas for Internal Audit work in 2018/19:

- Change Management;
- Information, Governance and Management, including the General Data Protection Regulation;
- Risk Management;
- Fraud;
- Value for Money; and
- Support for the Audit & Governance Committee.

At the operational level, the key priorities of Internal Audit work would include:

- Transformation;
- Analytical review of data sets such as payroll and inventories; and
- Key financial systems.

The Chief Internal Auditor informed the Committee that 2017/18 had been the first year for the formal, shared Internal Audit Service between Harlow District, Broxbourne Borough and Epping Forest District Councils, with Broxbourne Borough Council becoming the host authority and employer of the shared Internal Audit Staff from 1 April 2017. A Shared Services Board had been established to oversee and implement the Shared Internal Audit Service, and to consider any major changes to the Service. Due to an internal promotion, one of the Auditor positions was currently vacant, and would be filled by an apprentice with a view to make the position permanent if performance was satisfactory. This would allow good use to be made of the Government's Apprentice Levy, as well as help in developing the auditors of the future.

The Chief Internal Auditor proclaimed that the proposed Audit Plan for 2017/18 totalled 512 days, and was based on what needed to be provided for the Council through the use of a number of themes. The Plan included a contingency allocation of 15 days and an allocation of 32 days for support to the Audit and Governance Committee. The Internal Audit Three Year Plan had been attached at Appendix 1 of the report, and was explored in more detail by the Chief Internal Auditor for the benefit of the Committee.

In respect of the planned audit of the planning application process, where the Chairman explained that there a number of concerns around performance, the Chief Internal Auditor confirmed that the terms of reference for the audit would be formulated after identifying the key risks.

The independent member, N Nanayakkara, expressed some concern about the number of deferrals being requested from the Audit Plan. It was pointed out that the Audit Plan would also include 32 days of deferred audits from this year, so it was actually only 480 days not 512 days as reported. The Committee enquired as to whether there was a possible capacity issue for the shared service with the team being too lean, or was the Audit Plan being continually over programmed. The Chief Internal Auditor responded that external Audit resources had been used when required to cover gaps, but the work required for the impending implementation of the General Data Protection Regulation had exploded within all three Councils, which had required more time than originally anticipated as the Internal Audit Service was heavily involved in giving guidance and advice. The Service had also suffered from long-term sickness issues as well as one member being summoned for Jury service after the Christmas period. The Plan was not overstretched but there had been some unforeseen circumstances during 2017/18.

The independent member, N Nanayakkara, expressed further concerns about the shape of the proposed Audit Plan for 2018/19, given the perceived capacity issues and the 50% reduction in the contingency allocation from the Audit Plan for 2017/18. How would the Council avoid the need to defer further audits during 2018/19? The Chief Internal Auditor reassured the Committee that a certain allowance for sick leave was factored into the Audit Plan, but the Audit Plan was monitored closely; however, some audits would always take longer than anticipated and some would take less. The Chief Internal Auditor was confident that the proposed Audit Plan would be delivered next year, but this was why progress with the Audit Plan was reported to the Committee at each meeting.

The independent member, N Nanayakkara, suggested that the Audit Plan could be subject to a critical review after six months to identify any potential issues and possible measures required to keep the Plan on track. It was also suggested that the Committee could make more explicit the criteria for justifying a change to the Audit Plan during the municipal year, as there was a possible limit on the patience of the Council in tolerating the perceived capacity issues within the Shared Service. The Chief Internal Auditor would welcome any discussions with the Committee after six months of the Audit Plan.

Cllr J M Whitehouse understood that there was an increasing demand for internal audit involvement in project work across the Council; however, the work within the Audit Plan also needed to be fulfilled. With respect to the data analytics work being undertaken, did this indicate a return to benchmarking which was popular a few years back. The Chief Internal Auditor indicated that it did not, and the Service was using a package called Idea for data interrogation, whereby the data could be examined to ascertain how robust it was. The Service was taking small steps with this to see what its potential was, and this process was more involved than the data matching exercises previously undertaken to uncover fraud.

In response to a query from Cllr Patel, the Chief Internal Auditor clarified that the prioritisation of one project over another had not been audited; audits were selected according to risk and this was not currently considered a significant risk. Cllr Patel enquired as to whether a value for money assessment was performed when decisions were being taken concerning which project(s) to progress. The Chief Internal Auditor stated that that had been examined, although there was an audit on

project management methodology planned. The Senior Internal Auditor added that an audit was currently being undertaken on the assessment of large capital projects by the Council, and one of the elements of this audit was how one project was chosen over another.

In response to further questions from the Committee, the Senior Internal Auditor confirmed that the Internal Audit Service did not usually take any consideration of the Select Committee work programmes when developing the Audit Plan, although the Work Programmes were monitored to ascertain if there were any issues that the Service should be aware of. The Neighbourhoods Select Committee had received a report at its last meeting on the health and safety issues at Town Mead Depot, and this issue was being closely monitored by the Select Committee.

The Chief Internal Auditor clarified that there was a section in the Plan on Performance Management. Audit work was performed each year on the corporate indicators, and the performance of individual performance indicators was taken account of when performing audits. Cllr Jennings enquired whether Internal Audit had any input on the setting of the targets for performance indicators? Cllr Jennings felt that the Council needed indicators that would stretch the performance of the different services; too many were relatively easy to comply with and seemed to remain at the same level year after year. In addition, some of the indicators did not appear to be particularly relevant anymore. The Chief Internal Auditor reassured the Committee that part of each audit was to challenge the relevant performance indicators, which could also be compared with the performance of similar indicators at the two other Councils in the shared service.

The Chief Internal Auditor confirmed that, as part of the IT Audit programme, the home working and mobile working policies would be examined as part of the Audit Plan next year. Cllr Jennings commented that digital connectivity was crucial for both home working and the wider economy, and the District needed proper broadband capability – preferably fibre not copper wire. The Assistant Director of Governance reminded the Committee that a report on the Superfast Broadband project would be considered by the Cabinet at its next meeting, although many staff did not live within the District so improving the broadband within the District would not necessarily assist them. The Portfolio Holder for Technology & Support Services informed the Committee that the Council was looking to increase the coverage of broadband throughout the District from 97% to 99.7% over the next three years via the superfast broadband project. When the project had been completed then Epping Forest would be one of the best Districts in Essex for broadband availability, and this would include the rural areas. The availability of broadband throughout the District had also been included in the draft Local Plan.

Resolved:

- (1) That the Internal Audit Strategy and Plan for 2018/19 be approved, subject to early stage warnings about any capacity issues which could adversely affect the delivery of the Audit Plan; and
- (2) That further consideration be given by the Committee to the criteria for the deferral of audits from the Audit Plan.

55. INTERNAL AUDIT MONITORING REPORT - FEBRUARY TO MARCH 2018

The Senior Internal Auditor presented the Internal Audit Monitoring report for the period February to March 2018.

The Senior Internal Auditor advised the Committee that good progress was being made against the Audit Plan for this year, but that the Committee was requested to approve the deferral of three audits to the Plan for next year:

- (i) Safeguarding – to allow the recent service re-structure to fully bed in;
- (ii) North Weald Airfield: Establishment – due to capacity issues within Internal Audit arising from sickness/jury service and the Team's involvement in preparing the Council for the General Data Protection Regulation; and
- (iii) Governance: St John's Road Development – as per (b) above.

In addition, the Committee was requested to approve the removal of an audit regarding Anti-Social Behaviour from the Plan. The latter audit was simply to ensure that there was a consistent approach to Anti-Social Behaviour across the whole of the Council rather than any internal control concerns, and discussions with Senior Management had confirmed that this was the case. Despite the need to defer / remove these audits from the Audit Plan for this year, it was still expected that sufficient audit work would have been undertaken to enable the Chief Internal Auditor to give their annual opinion.

The Senior Internal Auditor informed the Committee that one report had been issued since the previous meeting, which had been given moderate assurance, on Commercial Property Service Charges. The Audit Recommendation Tracker currently contained four recommendations which had passed their due date: one high priority and one medium priority recommendation concerning Health & Safety at Townmead Depot, and two low priority recommendations regarding External Data Transfers. It was highlighted that Fire Safety Training at Town Mead Depot had been arranged for April 2018.

The Senior Internal Auditor reminded the Committee that staff within the Shared Service were represented on a number of business groups and project teams, in addition to less formal meetings to provide advice and guidance. The main focus of the Team's non-audit work had been the implementation of the General Data Protection Regulation (GDPR) across the Council, which was considered a key risk area across the whole of the Council.

The Senior Internal Auditor stated that the Internal Audit Service should ensure that it was compliant with the Public Sector Internal Audit Standards (PSIAS) on an annual basis. The Service was confirmed as being fully compliant with the Standards by an external assessor, and this remained the case as there had been no significant changes to the delivery or operation of the Service nor the role of the Chief Internal Auditor.

The Senior Internal Auditor updated the Committee on the current status of the Service's Performance Indicators, as well as the recent review of the significant issues identified in the 2016/17 Annual Governance Statement.

In respect of the Commercial Property Service Charges audit report, the Chief Internal Auditor reminded the Committee that many of the Council's commercial properties did not have Service Charges as there were no communal areas within them. The Chairman felt that only collecting the Service Charges from 18 out of 86 properties did not look like a good performance by the Council. However, the Senior Internal Auditor reminded the Committee that Service Charges were being levied on all 86 properties, the Audit was concerned with the additional management fee being levied but only collected at 18 properties. The Audit recognised that the Council

collected Service Charges at all 86 properties, but the Audit was specifically examining the management fees levied not the wider lease compliance. The Finance Portfolio Holder added that the average management fee was £12 per property per annum, so it did not involve a large sum of money.

In relation to the audit on Anti-Social Behaviour, which had been proposed for deletion from the Audit Plan, the Chief Internal Auditor informed the Committee that she had spoken to the Assistant Director responsible, who had reassured her that the Council implemented good practice. Therefore, the Chief Internal Auditor had decided to concentrate audit resources on areas with a higher risk profile. However, as the audit had not been performed, the Chief Internal Auditor could not give any assurance about the collaboration work undertaken by the Council with its partners.

The Committee was concerned about the level of deferred audits for the current year – 66 audit days so far. The Chief Internal Auditor stated that she was personally disappointed as she had felt the Audit Plan was achievable. However, the deferred audits, although important, were not of such a high risk and hence they could be deferred until 2018/19. The Internal Audit Team would still have to perform enough audits to inform the Chief Internal Auditor's annual audit opinion. It was suggested that a target could be set for the acceptable number of audits to be deferred during a municipal year, but the Chief Internal Auditor countered that the Audit Plan needed to be fluid in order to react to events, as work in relation to the General Data Protection Regulation was very important at the current time. The Committee was reassured that most Audit Plans suffered deferred audits, and the Team did more in the background than just audit work.

When it was suggested that the Council could use underspends from this year's Budget to provide more audit resource, the Chief Internal Auditor responded that she would use more external audit resource if she had the budget but they would have the disadvantage of not understanding the culture at Epping Forest. Plus, there was not the possibility of additional resources being provided at either Harlow District or Broxbourne Borough Councils. The Chief Internal Auditor felt that the shared Team provided a good service and covered the key areas for the Council. The Committee felt that the Audit Plan for next year should be closely monitored and if project work was proving a distraction to the achievement of the Audit Plan then additional audit resource should be purchased. The Monitoring Officer affirmed that the Corporate Governance Group could consider obtaining additional resources for the Internal Audit Team if required.

Resolved:

- (1) That the progress made against the Internal Audit Plan for 2017/18 be noted;
- (2) That the proposal to defer the following three audits from the 2017/18 Audit Plan to 2018/19 be agreed:
 - (a) Safeguarding;
 - (b) North Weald Airfield: Establishment; and
 - (c) Governance: St John's Road Development;
- (3) That the proposal to remove the audit on Anti-Social Behaviour from the Audit Plan for 2017/18 be agreed;

(4) That the Corporate Governance Group be requested to consider whether additional resources should be made available for the Internal Audit Team as necessary during 2018/19; and

(5) That the continued compliance of the Internal Audit Service with the Public Sector Internal Audit Standards be noted.

56. ANY OTHER BUSINESS

The Vice-Chairman took the opportunity to extend his gratitude and best wishes to C O'Boyle and B Palmer, the former Directors of Governance and Resources, for all the assistance and guidance that they had provided during the Vice-Chairman's time on the Committee. The Committee wholeheartedly agreed with the comments of the Vice-Chairman.

57. EXCLUSION OF PUBLIC AND PRESS

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

CHAIRMAN

This page is intentionally left blank

Audit & Governance Committee Work Programme 2018/19

30 July 2018

- Annual Report of the Chief Internal Auditor 2017/18.
 - Audit and Governance Committee Annual Report 2017/18.
 - Internal Audit Progress Report.
 - Statutory Statement of Accounts 2017/18
 - Annual Governance Statement 2017/18
 - Corporate Fraud Team Strategy 2018/19 (deferred from March 2018)
- ❖ Audit of Accounts Annual Governance Statement 2017/18

24 September 2018

- Treasury Management Annual Outturn Report.
- Internal Audit Progress Report.

26 November 2018

- Treasury Management Mid-Year Report.
 - Internal Audit Progress Report.
 - Review of the Audit and Governance Committee Terms of Reference.
 - Review of the Audit and Governance Committee Effectiveness.
 - Anti-Fraud and Corruption Strategy
- ❖ Annual Audit Letter 2018/19.

28 January 2019

- Treasury Management Investment & Strategy Statements.
- Internal Audit Progress Report.
- Review of Code of Corporate Governance.
- Review of the Internal Audit Charter.

25 March 2019

- Effectiveness of Risk Management.
 - Internal Audit Progress Report
 - Internal Audit Strategy and Audit Plan 2019/20.
 - Corporate Fraud Team Strategy 2019/20.
- ❖ Planning Letter 2019/20.
- ❖ Audit Plan 2018/19.
- ❖ Grant Claims Audit Report 2017/18.

Key

- EFDC Officer Report.
- ❖ External Auditor Report.

N.B...In addition, the Committee's annual private meetings with the External (7pm) and Internal (7.15pm) Auditors are scheduled to take place prior to the 25 March 2019 meeting in the Conference Room.

This page is intentionally left blank

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference: AGC-001-2018/19

Date of meeting: 30 July 2018

Portfolio: Finance

Subject: Statutory Statement of Accounts 2017/18

Responsible Officer: Peter Maddock (01992 564602)

Democratic Services: Rebecca Perrin (01992 564532)

Recommendations/Decisions Required:

(1) That a report be submitted to the Council recommending that the Statutory Statement of Accounts for 2017/18 be adopted.

Executive Summary:

One of the key roles of this Committee is scrutinising the annual Statutory Statement of Accounts. All Members of the Council will have the opportunity to debate the Accounts at Full Council and part of that debate will be to consider the recommendation of this Committee.

It is anticipated that the audit will be completed and that the Statutory Statement of Accounts will be presented to Council on 31 July. There is a separate report elsewhere on the agenda that sets out the key findings of the audit.

There has been no significant changes to presentation of the annual Statutory Statement of Accounts for 2017/18 but the completion timetable has changed such that this meeting rather than the September meeting will need to consider the accounts. The timetable is for the accounts to be completed by 31st May each year previously this was 30th June and for the audit to be complete by 31st July previously 30th September.

To assist Members with their consideration of the Accounts a report follows together with the Accounts themselves.

Reasons for Proposed Decision:

It is important that this Committee scrutinises the annual Statutory Statement of Accounts so that residents and other Members can have confidence in the Accounts.

Officers have exercised their professional judgement and liaised closely with external experts and the External Auditor to produce the Statutory Statement of Accounts. If Members are satisfied with the content of this report and the verbal responses to any questions raised, they are requested to recommend the Statutory Statement of Accounts for adoption by Full Council on 31st July.

Other Options for Action:

The Committee could decide that the accounts should be amended or expanded prior to them being presented to Full Council.

Report:

1. The Accounts and Audit Regulations require Full Council or an Executive Committee to adopt the Council's Statement of Accounts before the end of July. The Council's constitution reserves the adoption of the Accounts to Full Council only. However, prior to Council considering the accounts it is important that they have been subject to Member scrutiny. This Committee has scrutinised the Statement of Accounts for several years.

2. The consideration of the Statement of Accounts is contained in the Terms of Reference of this Committee, the relevant parts being:

“(p) To review the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.”

3. This review is performed through a consideration of key aspects of the accounts including:

- (i) critical accounting policies and practices, and any changes to them;
- (ii) decisions requiring a major element of judgement;
- (iii) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
- (iv) significant adjustments resulting from the audit; and
- (v) any material weakness in internal control reported by the Internal or External Auditor.

Critical Accounting Policies and Practices, and Any Changes to Them

4. There have been no significant changes in accounting policies and practices during the year. The accounting policies are set out on pages 23 to 30 of the Accounts.

Decisions Requiring a Major Element of Judgement

5. In preparing a set of accounts at a point in time it is inevitable that some of the information required will not yet be available. If an actual amount is uncertain an estimate is used. The estimate will be based on the assessment of information available at the time the accounts are closed. When the actual figures are determined any difference is usually accounted for in the following year. If the estimate was wrong by a material amount it would be necessary to consider re-stating the figures, this is extremely rare.

6. Two of the notes required by International Financial Reporting Standards are relevant here, Note 3 “Critical judgements in applying accounting policies” and Note 4 “Assumptions made about the future and other major sources of estimation uncertainty”. The key critical judgement highlighted in Note 3 is that the Council does not currently need to close facilities or significantly reduce levels of service provision. If this were not the case it would be necessary to consider any assets that would be affected and any consequent impairment of their values.

7. The main area included under Note 4, relates to the Council's pension liability. The substantial annual fluctuations in the pension liability make clear the element of judgement exercised by the actuary in establishing the pension figures. The largest creditor on the Balance Sheet is the Council's liability to the pension fund. The Balance Sheet shows that the pension liability for the Council has decreased in the year from £81.121 million to £74.860 million. This is due to the £3.072 million increase in the value of the projected liabilities being

lower than the £9.333 million increase in scheme assets.

8. The key to calculating the value of the projected liabilities is the discount rate, and as this falls the size of the liability increases. The decrease in the discount rate from 2.7% to 2.55% reflects the decrease in yields in the corporate bond market, which actuaries are required to base discount rates on.

9. The figures shown in the table below illustrate how the overall deficit has changed over time. Further fluctuations are likely in subsequent years as it becomes clear how members of the pension scheme are responding to the change from a final salary scheme to a career average based scheme.

	2017/18 £'m	2016/17 £'m	2015/16 £'m	2014/15 £'m	2013/14 £'m
Liabilities	(223.1)	(220.0)	(183.6)	(185.0)	(159.5)
Assets	148.2	138.9	116.7	115.1	101.7
Deficit	(74.9)	(81.1)	(66.9)	(69.9)	(57.8)

10. The inclusion of this amount in the Balance Sheet shows the extent of the authority's liability if the pension fund was to close on 31 March 2018. It does not mean that this full liability will have to be paid over to the pension fund in the near future.

11. There are two other areas in the Statement of Accounts to bring to Member's attention as having required a major element of judgement. The first of these is asset valuations, Property, Plant and Equipment (PPE), dominates the Balance Sheet with a value of nearly £753 million and Investment Properties are the next largest asset with a value of £114 million. Assets are revalued periodically to ensure their valuations are correct and up to date.

12. This year has seen an increase on revaluation of more than £21 million on PPE, of which more than £18 million relates to Council Dwellings and Garages. As in previous years, the valuation of the Council's Dwellings and Garages was undertaken by the District Valuer. Investment Properties were revalued by external valuers and this resulted in an increase of £4 million in the value of industrial estates and £42m in the value of commercial properties. The latter now includes the shopping park which in the prior year was classified as an asset under construction and part of PPE. The auditors have carefully considered all of the revaluations and are satisfied that the asset values are not materially misstated.

13. The other area is the provision for business rate appeals. Historically the values for non-domestic property have been updated every five years. If an occupier is unhappy with the valuation set by the Valuation Office Agency (VOA) they can appeal. Throughout the recession the number of appeals increased and the VOA was unable to keep up with the workload and process the appeals on a timely basis. This meant that when local retention came in there were a very large number of appeals outstanding, most of which related to the 2010 list but some went back to the 2005 list. Even though the appeals arose before the start of the new system, and central government had received the income from the bills being challenged, the liability for settling the outstanding appeals was given to local authorities.

14. The Collection Fund includes a Provision for Appeals of £3.4 million, which is similar to 2016/17. This provision was calculated with the help of an external firm of rating experts who analysed each outstanding appeal up to the end of March 2017 and gave a projected value for settlement. The Valuation Office Agency has made some progress during the year in settling these appeals but we still have around a hundred outstanding. To date the appeals that have been settled are similar in total to the provisions that were held against them and it appears the provision is not materially misstated. Although it is important to include a note of caution here as there are still appeals outstanding on some of the largest non-domestic premises in the District, including one with a rateable value of £5.83 million. From April 2017 the new rating list came into force and a new system of dealing with appeals was also introduced. To date no appeals relating to this list have been settled so there is no real information to base the provision relating to 2017/18 on. A best estimate using past trends

and information from central government has been used to assess the amount for this portion of the appeals provision.

15. Where it has been necessary to exercise judgement in the interpretation of the Code of Practice advice has been sought from CIPFA and staff have liaised closely with both the External Audit Manager and other Essex authorities.

The Extent to which the Financial Statements are Affected by any Unusual Transactions in the Year and how they are Disclosed

16. The financial statements for 2017/18 show the St Johns Site as an asset held for sale valued at £6.139 million. It was originally classified under Current Assets as completion of the sale was expected in February 2019. However it now looks likely to occur during 2019/20 and has therefore been reclassified as a Non-Current Asset. There have been no extraordinary items and no prior year adjustments.

Significant Adjustments Resulting from the Audit

17. There have been two significant adjustments required since the draft accounts were issued:-

- (a) The pensions information had to be restated as it was discovered that there was a significant difference in the overall estimated value of the fund (£6,630 million) compared to what actually transpired (£6,519 million). This meant the liability relating to this council recorded in the accounts increased from £72.001 million to £74.860 million.
- (b) Before the Shopping Park was reclassified as an investment property there was an increase in valuation which was added to the Revaluation Reserve. On reclassification this revalued amount should have been moved to the Capital Adjustment Account but the asset management system did not flag this entry and unfortunately this was not spotted until after 31st May. This has no affect on the Council's Comprehensive Income and Expenditure or Balance Sheet totals.

There were a couple of other more minor adjustments and reclassifications which is usually the case.

Any Material Weakness in Internal Control Reported by the Internal or External Auditor

18. Neither the Internal nor External Auditor has reported any material weakness in internal controls. If any arise before the conclusion of the audit they will be reported to this Committee.

Resource Implications:

The Accounts set out the resource implications of the Authorities activities for 2017/18. The recommendation of the Accounts to Full Council does not in itself have any resource implications.

Legal and Governance Implications:

Full Council must approve the Accounts before the end of September and as part of the overall governance framework the Accounts should be subject to Member scrutiny prior to their approval.

Safer, Cleaner and Greener Implications:

There are no environmental implications.

Consultation Undertaken:

None.

Background Papers:

Reports on the revenue and capital outturns to the Finance & Performance Management Cabinet Committee on 21 June 2018.

Impact Assessments:

There are no equalities or risk management impacts.

Due Regard Record

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

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

This is a factual report detailing the Council's income and expenditure for 2017/18 and the overall financial position at the end of 2017/18. It does not involve the discussion of any matters of policy or the allocation of any resources. Therefore no groups of people are affected by this report and no discrimination will arise as a result of the report.

This page is intentionally left blank

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference: **AGC-002-2018/19**

Date of meeting: **30 July 2018**

Portfolio: Technology and Support Services

Subject: Annual Report of the Chief Internal Auditor

Responsible Officer: Sarah Marsh (01992 564446).

Democratic Services: Rebecca Perrin (01992 564532).

Recommendations/Decisions Required:

(1) The Committee is requested to note the following report for 2017/18 and the assurance level given;

- (a) Reviews the contents of this report and appendices as part of their review of the Annual Governance Statement; and
- (b) Agrees that for the 12 months ended 31 March 2018, the Council has operated adequate and effective governance, risk management arrangements and control processes.

Executive Summary:

This report is presented in support of the Internal Audit opinion on the adequacy of Epping Forest District Council's (EFDC) internal control environment and provides a summary of the work undertaken by Internal Audit for 2017/18.

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

Reasons for Proposed Decision:

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

Other Options for Action:

No other options.

Report:

Introduction

This document summarises the results of internal audit work during 2017/18 and, as required by the Accounts and Audit (England) Regulations 2015, gives an overall opinion of the Council's governance, risk management and control framework.

Overall Opinion

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

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

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

- All audits undertaken during the year;
- Any follow-up action taken in respect of audits from previous periods;
- High priority recommendations not accepted by management or acted upon (there were none) and the consequent risks;
- The effects of any significant changes in the Council's objectives, activities or systems;
- Matters arising from previous reports to the Audit and Governance Committee;
- Any limitations which may have been placed on the scope of internal audit (there have not been any);
- Whether there have been any resources constraints impinged on the Chief Internal Auditor's ability to meet the full audit needs of the Council (there have been none); and
- The results of work performed by other assurance providers including the work of the financial statement auditors.

The Chief Internal Auditor is satisfied that sufficient internal audit work has been undertaken to allow them to draw a reasonable conclusion as to the adequacy and effectiveness (or inadequacy and ineffectiveness) of the Council's risk management, control and governance processes.

Based upon the results of work undertaken during the year it is the Chief Internal Auditor's overall opinion that the Council has adequate and effective governance, risk management arrangements and control processes.

Context

This report outlines the work undertaken by Internal Audit covering the period 1 April 2017 to 31 March 2018.

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

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

The annual report must incorporate:

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

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

Internal Audit Work during 2017/18

The 2017/18 Internal Audit Plan was presented to the Audit and Governance Committee in March 2017. The plan was prepared based on the risks associated with the Council's objectives in consultation with key officers and took into account:

- Knowledge and experience accumulated in Internal Audit, including the results of previous reviews
- A review of audit themes against the Corporate risk register and Council priorities
- The work of other assurance providers both internally and externally
- The external environment including economic climate, government initiatives such as welfare reform and changes in funding

The plan was designed to allow sufficient audit coverage to support the overall opinion for the Council. There have been some variations to the plan, which have been approved by the Audit and Governance Committee, and there has been sufficient internal audit coverage in order to give this opinion.

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

- 'Substantial' assurance – Overall, there is a sound system of control. Any weaknesses which put system/service objectives at risk will be minor and does not lead the Council to significant risk exposure.
- 'Moderate' assurance – Basically sound control, with areas of weakness, which put system/service objectives at risk. (Any high priority recommendations will prevent this level of assessment).
- 'Limited' assurance – There are significant weaknesses in more than one key control area, which could put system/service objectives or the Council at risk.
- 'No' assurance – There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk.

Summary of Assurance Work

A total of 19 assurance reviews were completed and overall the audits are positive with the majority being given Substantial assurance. There were no Limited or No assurance reports. For the reports given Moderate assurance these relate to a specific area rather than represent a breakdown of controls across the Council. The Moderate assurance rating was

re-instated for the 2017/18 Audit Plan.

Assurance rating	2017/18	2016/17
Substantial	13	17
Moderate	6	n/a
Limited	0	1
No	0	0
Total	19	18

Appendix A sets out work carried out by the Internal Audit service during the year in narrative form and compares this to the original plan agreed by the Audit and Governance Committee March 2017. This summary includes individual audit reviews, consultancy and advice and other Internal Audit engagement activities with the Council.

It is important that the work of Internal Audit is aligned with the strategies, objectives, and risks of the organisation. This is set out in the Audit Strategy and Audit Plan which the Audit and Governance Committee receive each March. Appendix B lists the individual audit reports issued as part of the 2017/18 Plan.

Tracker process

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

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

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

Other Sources of Assurance

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

Special investigations: Internal Audit and the Corporate Fraud Team investigate any allegations of fraud and suspected irregularity although there are separate arrangements for reporting, investigating and dealing with benefits fraud. A record is maintained of all reported and alleged fraud and theft which forms the basis for an annual report on fraud which is presented to the Audit and Governance Committee. There were no significant (estimated at more than £10,000) investigations into suspected internal fraud although an internal investigation was carried following the Chief Internal Auditor receiving a Whistleblowing allegation.

Advice: Internal Audit is most effective when its advice is utilised to ensure that appropriate controls are incorporated at an early stage in the planning of policy or systems. This includes Internal Audit represented on key business groups which in 2017/18 included:

- The Corporate Governance Group
- Risk Management Group

- General Data Protection Regulations Working Group
- Project and Programme Project Group
- Corporate and Business Planning Project Group
- Corporate Debt Working Party
- Personal Data Working Party
- E-Invoicing Group

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

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

Effectiveness

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

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

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

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

Aspect of Service	Performance Indicator	Target	2017/18 Year End outcome	2016/17 Year End outcome
-------------------	-----------------------	--------	--------------------------	--------------------------

Audit Plan	<ul style="list-style-type: none"> • Achievement of the Annual Plan 	<ul style="list-style-type: none"> • 95% 	<ul style="list-style-type: none"> • 87%* 	<ul style="list-style-type: none"> • 84%
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 	<ul style="list-style-type: none"> • 5 days • 3 days 	<ul style="list-style-type: none"> • 16 days • 4 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 	<ul style="list-style-type: none"> • 10 days • Largely met (as reported by tracker) 	<ul style="list-style-type: none"> • 21 days • Largely met (as reported by tracker)

* This figure is based on the amended plan as approved by the Audit and Governance Committee. Other audit work carried out includes participation on project and business groups, which is difficult to quantify in terms of audit plan coverage.

Internal Audit staff participate in Continuous Professional Development including keeping abreast of best professional practice. Members of the Internal Audit team participate in various networking groups including the Essex Audit Group, Midland Audit Group and the London Audit Group, where speakers on topical issues give presentations. There are also close working relationships with other councils.

Resource Implications:

Within the report

Legal and Governance Implications:

Within the report

Safer, Cleaner and Greener Implications:

No specific implications

Consultation Undertaken:

Corporate Governance Group

Background Papers:

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

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

Risk Management:

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

Equality Analysis:

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

This page is intentionally left blank

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2017/18	Year End position	Status/assurance
Corporate Framework				
<p>Governance and Probity</p>	<p>The Council's governance framework underpins everything it does; therefore, robust arrangements are key in managing this risk.</p> <p>Strategic sites features on the corporate risk register.</p>	<p>Transformation – during 17/18 continue to provide advice and guidance as Transformation projects are delivered, ensuring internal controls, governance and risk management processes remain robust during the change programme</p> <p>In 17/18 examine the robustness of the decision making process for the St Johns Road development.</p> <p>Member of the Corporate Governance Group.</p>	<p>Transformation - Internal Audit continued to meet regularly with the Head of Transformation and sat on a number of project groups to provide advice and share good practice seen elsewhere</p> <p>Governance: St Johns Road – audit deferred due to limited activity in this area during 2017/18</p> <p>Member of the Corporate Governance Group. Review of the Council's Code of Corporate Governance.</p>	<p>Completed for 2017/18</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2017/18	Year End position	Status/assurance
<p>Fraud, including proactive fraud work</p> <p>Any loss through fraud is a drain on resources which, in turn, reduces the amounts available for service delivery</p>	<p>Financial resilience and providing services are key in relation to the corporate risk register and achievement of the Council's corporate plan</p>	<p>Co-ordinating data matching (National Fraud Initiative), training and awareness, interaction with corporate fraud initiatives and the corporate fraud team. Potential for fraud considered in all audits.</p>	<p>Internal Audit (IA) continued in year work regarding the National Fraud Initiative (NFI).</p> <p>IA and the Corporate Fraud Team continue to work collaboratively on internal investigations and promoting anti-fraud awareness</p>	<p>Completed for 2017/18</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2017/18	Year End position	Status/assurance
Assurance Framework including Risk Management and support to Audit Committee	Risk in achieving corporate priorities as these are underpinned by sound leadership, management of resources, and governance.	Coordination of year end assurance reporting and Audit Committee support and attendance. Ex Officio member of Corporate Governance Group and Risk Management Group. Assistance to Director of Resources in developing and embedding risk management	<p>IA drove the annual Service Assurance Statement review each service undertakes regarding its own effectiveness of its governance, risk management and internal control arrangements. Findings and key themes/common issues were fed into the Annual Governance Statement</p> <p>As a member of the Risk Management Group IA has been trialling a new risk register format within the directorates, which was being well received</p> <p>The Council's whistleblowing policy has been refreshed and communicated to staff.</p> <p>IA facilitated a skills and knowledge analysis of the Audit and Governance Committee, from which a training programme was devised and delivered. Topics have included the effective audit committee and treasury management as well as identifying training opportunities in neighbouring councils.</p>	Completed for 2017/18

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2017/18	Year End position	Status/assurance
<p>Information Management and Governance</p> <p>Data protection and security. Data sets, owners and protocols. Governance and data sharing. Training and awareness</p>	<p>Data/information features on the strategic risk register</p> <p>Breach of data protection and other legislation related risks which could lead to significant fines and reputational damage.</p>	<p>IA will continue its work from 16/17 in helping the Council prepare for the new EU General Data Protection Regulation (GDPR) which comes in effect May 2018. This includes construction and population of a corporate Information Asset Register and review of data related policy and procedures.</p>	<p>IA created a template to capture where all data was held across the Council (both electronic and paper). IA collated the responses and the results shared with the Council's Data Protection Officer.</p> <p>In addition, IA involvement included review of relevant policy and procedures and advising on process and training requirements, as well as supporting the GDPR Working Group.</p>	<p>Completed for 2017/18</p>
<p>Performance Management</p> <p>Data integrity and quality (collection, collation, analysis and validation). Use of performance targets.</p>	<p>Risk of non-achievement of corporate priorities</p>	<p>Performance Indicators (PIs) considered within operational audits.</p> <p>In 17/18 Internal Audit will provide advice and guidance as the Council revamps its performance indicators (PIs) and Corporate Plan.</p>	<p>Audits have found no concerns regarding the management of performance and robustness of performance indicators used where audited. This includes absence management, leisure management contract and debtors</p> <p>IA has met regularly with the Head of Transformation and his team and provided advice and guidance both for the current corporate PIs and those being designed to support the new corporate plan.</p>	<p>Completed for 2017/18</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2017/18	Year End position	Status/assurance
<p>Value for Money</p> <p>Guiding principle of the Council.</p>	<p>Financial resilience and providing services are key in relation to the corporate risk register and achievement of the Council's corporate plan</p>	<p>Agency staff</p> <p>VfM considered within operational audits (in terms of the 3es – economy, efficiency and effectiveness)</p>	<p>Agency staff – at an operational level the use of agency workers is being well managed, however, there is a lack of corporate approach to monitor use of these and to ensure value for money is being achieved.</p> <p>Areas for improvement in terms of the 3Es identified in a number of audits including lone working, income (Fleet operations) and cyber security</p>	<p>Agency staff – Moderate Assurance</p>
<p>Income Streams</p> <p>To ensure financial resilience the Council needs to protect and maximise its income streams</p>	<p>Finance – income features on the strategic risk register</p>	<p>Each year a portion of IA work will focus on ensuring key income streams for the Council are maintained and adequately controlled.</p> <p>The card payment audit will ensure there are robust controls in place where card payments are taken regardless of location.</p> <p>The 17/18 community halls review will also consider whether the Council is making best use of these facilities.</p>	<p>Card Payments - robust controls surrounding the processing and security arrangements of debit and credit card payment income.</p> <p>The community halls audit was replaced with an audit of income for Fleet operations based at Oakwood Hill following a request from management to review the adequacy of controls in place. The audit identified there are robust cash handling controls in place and to reduce the inherent risks associated with cash customers are offered other methods of payment including credit/debit card payment.</p>	<p>Card income payments – Substantial assurance</p> <p>Fleet operations (income) – Substantial assurance</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2017/18	Year End position	Status/assurance
<p>Joint Working, Shared Services, Outsourcing and Partnerships</p> <p>Opportunities for cost savings and improved value for money through joint working is a feature of the Corporate Plan.</p>	<p>Partnerships feature on the corporate risk register</p>	<p>Ensuring arrangements are working in the best interest for the Council with appropriate governance and monitoring arrangements in place.</p> <p>For 17/18 this will include Community Safety, looking at the key partnerships in place and, linking with the safeguarding audit.</p>	<p>Community Safety – proper governance and monitoring arrangements exist at both Member and officer level. Data sharing agreements exist to ensure data is held and shared securely between organisations in the Community Safety Partnership.</p>	<p>Community Safety (Joint Working) - Substantial assurance)</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2017/18	Year End position	Status/assurance
<p>Projects</p> <p>Business case, project methodology, governance arrangements, contract management and viability</p>	<p>Poor project management increases risk of projects not being delivered on time, to budget or does not meet the needs of the Council</p> <p>Strategic sites features on the corporate risk register</p>	<p>Internal Audit in 17/18 will ensure satisfactory progress is being made with the Council's house building programme and in the new way customer services is being delivered.</p> <p>In 17/18 will also assess the bid process for capital projects, use of equality impact assessments and how progress in terms of budget, timescales and quality are assessed.</p>	<p>Council house building programme - overall, the council house building programme is well managed with adequate officer and Member monitoring and oversight processes in place.</p> <p>Customer Services – oversight through reports to the Transformation and Members, as well as discussions with key officers.</p> <p>Capital projects (non-housing) programme - overall, the Council manages capital projects well and has a robust approval process. New corporate project management processes, established in 2016, along with the implementation in June 2017 of the performance and project IT system, Pentana, has significantly improved project management practices across the Council.</p> <p>In addition IA was an active member of several project groups including Project and Programme, personal data (HR/payroll), e-invoicing, GDPR and corporate debt working party.</p>	<p>Council house building programme – Substantial assurance</p> <p>Capital projects (non-housing) – Substantial assurance</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2017/18	Year End position	Status/assurance
Contingency	Annual provision for responsive work, special investigations or key/emerging risk areas.	Will also take into account themes/issues coming out of the Annual Governance Statement	<p>Majority of contingency used for IA participation in GDPR, as this resource requirement was greater than anticipated at the beginning of the Audit Plan.</p> <p>In addition, the following investigation was completed:</p> <ul style="list-style-type: none"> Internal Audit investigated an anonymous whistleblowing allegation in relation to a pay award. This was not fully substantiated but controls have been strengthened in this area to reduce the risk of future allegations 	.Completed for 2017/18
Themed/cross cutting audits				
<p>Procurement</p> <p>Themed audits - compliance, vfm, fraud, goods and services. End to end processes (need, selection, appointment, contract management and exit strategies)</p>	Risks include noncompliance with legislation, fraud and not achieving value for money.	The focus of IA work this year will look at the framework to identify, prepare for and tender contracts before they expire.	In ensuring the Council was ready for the 25 May 2018 General Data Protection Regulations deadline IA has ensured there was a co-ordinated approach to identify those contracts processing personal and sensitive data so that contract clauses can be amended in line with GDPR requirements. This commenced with a review of contracts listed in the Council's contract register.	Completed for 2017/18

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2017/18	Year End position	Status/assurance
Health & Safety (H&S)	Risk of compromising the health and safety of individuals and noncompliance with H&S legislation leading to fines or imprisonment.	Staff H&S in 17/18 will focus on front line staff working alone including Housing and Community Safety Officers	Staff H&S: lone working - health and safety of lone workers is well managed with adequate policies, procedures and monitoring arrangements in place to ensure risks are identified and effective measures put in place to mitigate these risks.	Staff H&S: lone working – Substantial assurance
Business Continuity Planning (BCP)	Business continuity features on the strategic risk register	During 16/17 Internal Audit maintained oversight of BCP. 17/18 is a full assurance audit.	Business Continuity Planning – assurances provided by BCP being a standing agenda item on the Risk Management Group, of which Internal Audit is a member, and IA using EFDCBCPp processes and templates as examples of good practice for other councils	Completed for 2017/18

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2017/18	Year End position	Status/assurance
Key Financial Controls (KFC)	Finance – income features on the strategic risk register	Housing Benefits Main accounting system/general ledger Payroll Debtors	<p>Housing Benefit – due to robust control and processes in place no recommendations were raised.</p> <p>General Ledger – good controls over the general ledger (GL) processes. A number of systems feed data into GL and reconciled by Accountancy prior to uploading to the GL. At the time of the audit the monthly income control and bank account reconciliations were not up to date but these have subsequently been carried out and remain up to date.</p> <p>Payroll – the Council implemented a new payroll/HR IT system, iTrent, in December 2016 which has automated a number of processes. Robust payroll processes in place to ensure the completeness and accuracy of the payroll data including a range of monthly checks</p>	<p>Housing Benefit – Substantial assurance</p> <p>General Ledger – Moderate assurance</p> <p>Payroll – Substantial assurance</p> <p>Debtors – fieldwork in progress. To be reported as part of 2018/19 Plan</p>
IT Audits: IT Governance, IT Regulation, Security/Privacy, Business Systems, DRP/BCP, Network, Emerging Technologies e.g. mobile devices, IT Applications and Projects	<p>Risks around data and asset security and loss of service.</p> <p>Opportunity for IT to be an enabler for delivering the Council's priorities.</p>	A specialist IT Auditor will be brought in as required for more technical audits. Cyber security is a non-technical audit to assess the adequacy of the Council's framework in preventing cyber-crime. The outcomes of which may help shape future IT related audits.	Cyber security – there is a robust framework in place to protect the Council's IT systems. This includes both technological measures such as firewalls and monitoring as well as people related controls such as user access, policy and procedures, training and awareness.	Cyber security – Substantial assurance

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2017/18	Year End position	Status/assurance
Operational/service audits				
Communities Housing Property Housing Operations Public Sector Housing and Communities Support	Housing capital, welfare reform and safeguarding feature on the strategic risk register	<p>H&S- statutory testing and compliance will focus fire risk assessments in 17/18 as not previously audited.</p> <p>Planned maintenance and major works will ensure this high value investment for the Council maintains our housing stock at an acceptable standard</p> <p>17/18 safeguarding audit - focus not just within Communities but to ensure there is a joined up Council approach to protecting vulnerable children and adults.</p> <p>Anti-Social Behaviour (ASB) in 17/18 will to ensure there is a joined up approach to ASB across the Council (not just for our housing tenants).</p>	<p>H&S: Fire Risk Assessments (FRA) – FRAs are in place for Council owned residential blocks of flats and communal areas. Improvements needed to be made in the way fire safety recommendations raised in the FRAs are recorded and monitored.</p> <p>Planned Maintenance and Major works – rolling programme of five year stock condition surveys in place. Robust contract management processes ensure that planned maintenance works are delivered to budget, time and specification.</p> <p>Safeguarding – deferred until later in 2018/19 to allow the recent service restructure to fully embed.</p> <p>Anti-Social Behaviour – not undertaken as this audit was to ensure there is a joined up approach to ASB across the Council. Internal Audit’s knowledge of the Council and discussions with senior management confirmed this is the case rather than any internal control concerns.</p>	<p>Fire Risk Assessments – Moderate assurance</p> <p>Planned maintenance and major works – Substantial assurance</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2017/18	Year End position	Status/assurance
<p>Neighbourhoods</p> <p>Neighbourhood Services</p> <p>Technical Services</p> <p>Forward Planning & Economic Development</p>	<p>Local Plan and Economic Development features on the strategic risk register.</p>	<p>Progress against the Asset Management Strategy will be assessed in 17/18.</p> <p>Examine the tender process for the new leisure contract and ensure robust contract monitoring arrangements in place to deliver the expected benefits.</p> <p>Commercial properties will build on the 15/16 commercial rents audit focusing this time on service charges and lease agreements</p> <p>Local Plan audit in 17/18 will assess the adequacy of staffing resources (internal and external) to deliver this following recent staff movements</p> <p>North Weald Airfield (NWA) is an 'establishment' audit to ensure key Council policy, processes and processes are being followed being remote from the Civic Offices</p>	<p>Asset Management Strategy – the Council has in place detailed departmental strategies which are reported to relevant cabinet committees. There are links to the Corporate Plan and corporate priorities; however, there is no overarching strategy which takes a holistic view. There is a risk that individual asset management strategies may conflict with each other.</p> <p>Leisure Management contract - the contract is operating well. There are good contract monitoring and oversight processes in place, however these need formalised as well as strengthening risk management processes.</p> <p>Commercial Properties: Service charges – service charges are being charged as per lease but weaknesses identified around invoicing, reconciliations and management fees</p> <p>Local Plan: Staffing resources – staff resource required for the preparation of the Local Plan, the Council's top priority, is being well managed, being closely monitored and reported to both senior management and Members.</p> <p>North Weald Airfield (establishment audit) – deferred to 2018/19</p>	<p>Asset Management Strategy – Moderate assurance</p> <p>Leisure Management contract management – Moderate assurance</p> <p>Commercial Properties: Service charges – Moderate assurance</p> <p>Local Plan: Staffing resources – Substantial assurance</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2017/18	Year End position	Status/assurance
<p>Governance</p> <p>Governance & Performance Management (see earlier for Performance Management)</p> <p>Legal Services</p> <p>Development Management</p>	<p>Risk of corporate priorities not being met should these service areas fail to deliver.</p>	<p>Examination of planning application processes on the back of last year's planning fees audit.</p> <p>IA will examine the framework in place ensure the Council is compliant with equality and diversity legislation, and in particular the robustness of Equality Impact Assessments.</p> <p>Complaints will examine the new process introduced during 2016/17.</p>	<p>Planning Application Processes – processes are operating satisfactorily and planning applications are determined in accordance with the procedures in the Council's Constitution and Scheme of Delegation.</p> <p>Equality Impact Assessments – deferred to 2018/19 to allow time for recent changes to be fully implemented.</p> <p>Complaints – At the request of management this audit has been deferred as the process for managing complaints is being reviewed during 2018/19 and there are likely to be significant changes to the system</p>	<p>Planning application process – Substantial assurance</p>
<p>Resources</p> <p>Human Resources (HR)</p> <p>Benefits and Revenues (both covered under KFC audits)</p> <p>Accountancy</p> <p>ICT & Facilities Management (IT audits covered elsewhere)</p>	<p>Finance – income features on the strategic risk register.</p> <p>Risk of corporate priorities not being met should these service areas fail to deliver.</p>	<p>The payroll/HR system audit links with the key financial control payroll audit but will examine the HR side in more detail.</p> <p>Absence management will ensure there are adequate policy, procedures and tools available to managers in order for them to manage staff absences effectively.</p>	<p>New payroll/HR system: Covered in the payroll audit detailed above under Key Financial Control</p> <p>HR: Absence Management – HR helps to proactively manage sickness absence across the Council through the issue of timely management information and provision of support to managers during absence-related follow up meetings.</p> <p>-</p>	<p>Absence Management – Substantial assurance</p>

Audit Area and Context	Corporate Risks	Proposed outline/ scope for 2017/18	Year End position	Status/assurance
<p>Follow Up Audits</p> <p>Review of progress against recommendations on the tracker.</p>	<p>Tracker process ensures risks identified in audits have been managed to an acceptable level.</p>	<p>Includes specific follow up audits especially where Limited assurance previously given. Includes maintenance of the recommendation tracker.</p>	<p>Implementation of all recommendations continues to be scrutinised as part of the tracker process</p> <p>Recommendations made in previous reports are routinely followed up when the audit is next undertaken, for example payroll, debtors and general ledger</p> <p>Townmead depot Health and Safety follow up – good progress had been made to address the risks identified in the previous Limited assurance audit. There was, however, a need to implement recommendations from the Fire Risk Assessment undertaken after the original audit.</p>	<p>Completed for 2017/18</p>

Appendix B - Audit Plan Monitoring 2017-18
Year End position

	Directorate	Plan Days	Status	Fieldwork started	Report issued to Management	Finalised	Opinion: Level of Assurance	High Priority Recs	Medium Priority Recs	Low Priority Recs
Cyber security	Resources	16	Final report	■	■	■	Substantial	0	1	0
Health & Safety - Lone Working	Resources	10	Final report	■	■	■	Substantial	0	3	0
Income - card payments	Resources	15	Final report	■	■	■	Substantial	0	1	0
HR absence management	Resources	12	Final report	■	■	■	Substantial	0	2	2
Capital projects (non-housing)	Resources	14	Draft report	■	■		Substantial	0	1	1
Agency staff	Resources	12	Final report	■	■	■	Moderate	0	5	0
House building programme	Communities	10	Final report	■	■	■	Substantial	0	4	0
Community Safety - joint working	Communities	10	Final report	■	■	■	Substantial	0	0	1
Planned maintenance and major works	Communities	12	Final report	■	■	■	Substantial	0	1	1
Health & Safety - Fire Risk Assessments	Communities	10	Final report	■	■	■	Moderate	0	2	0
Planning Applications	Governance	5	Final report	■	■	■	Substantial	0	0	0
Local Plan - Staff Resources	Neighbourhoods	5	Final report	■	■	■	Substantial	0	0	0
Income - Fleet Operations	Neighbourhoods	12	Final report	■	■	■	Substantial	0	0	0
Commercial property - service charges	Neighbourhoods	12	Final report	■	■	■	Moderate	0	3	3
Asset Management Strategy	Neighbourhoods	10	Final report	■	■	■	Moderate	0	4	1
Leisure management contract	Neighbourhoods	12	Final report	■	■	■	Moderate	0	4	1
Housing Benefits	Key Financial Control	10	Final report	■	■	■	Substantial	0	0	0
Payroll inc new HR/payroll system	Key Financial Control	14	Final report	■	■	■	Substantial	0	1	3
Accounting system/General Ledger	Key Financial Control	10	Final report	■	■	■	Moderate	0	1	0
Debtors	Key Financial Control	12	In Progress	■			Will be reported as part of 2018/19 Plan			
Business Continuity Planning	Neighbourhoods	10	Ongoing							
Contract register	Resources	15	Ongoing							
Additional audits										
Health & Safety - Townmead Depot follow up	Neighbourhoods	5	Final Report	■	■	■	n/a	1	0	0
							Totals	1	33	13
Defer (approved)										
Safeguarding	Communities	10								

Anti Social Behaviour	Communities	12								
Governance St John's Road	Neighbourhoods	10								
North Weald Airfield - establishment audit	Neighbourhoods	12								
Complaints	Chief Executive	10								
Equality Impact Assessments	Chief Executive	12								

Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:
 - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
 - advancing equality of opportunity between people who share a protected characteristic and those who do not,
 - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
 - age
 - disability
 - gender
 - gender reassignment
 - marriage/civil partnership
 - pregnancy/maternity
 - race
 - religion/belief
 - sexual orientation.
3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy or change.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. All **Cabinet, Council, and Portfolio Holder reports must be accompanied by an EqIA**. An EqIA should also be completed/reviewed at key stages of projects.
8. To assist you in completing this report, please ensure you read the guidance notes in the Equality Analysis Toolkit and refer to the following Factsheets:
 - Factsheet 1: Equality Profile of the Epping Forest District
 - Factsheet 2: Sources of information about equality protected characteristics
 - Factsheet 3: Glossary of equality related terms
 - Factsheet 4: Common misunderstandings about the Equality Duty
 - Factsheet 5: Frequently asked questions
 - Factsheet 6: Reporting equality analysis to a committee or other decision making body

Section 1: Identifying details

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

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

Title of policy or decision: **Annual Report of the Chief Internal Auditor 2017/18**

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

Date of completing the assessment: **16/07/18**

Section 2: Policy to be analysed

2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? N/A - this is the Chief Internal Auditor's annual report to Audit and Governance Committee on the Council's governance, risk management arrangements and control processes for 2017/18.
2.2	Describe the main aims, objectives and purpose of the policy (or decision): For Audit and Governance Committee to note the annual report of the Chief Internal Auditor for 2017/18 What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? N/A – Report is for noting only
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none">• service users• employees• the wider community or groups of people, particularly where there are areas of known inequalities? N/A Will the policy or decision influence how organisations operate? N/A – report is not decision-based, it is for noting only.
2.4	Will the policy or decision involve substantial changes in resources? N/A – report is for noting only
2.5	Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes? N/A

Section 3: Evidence/data about the user population and consultation¹

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	What does the information tell you about those groups identified? N/A – report is for noting only
3.2	Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision? N/A – as above
3.3	If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary: N/A – as above

Section 4: Impact of policy or decision

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

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

Section 5: Conclusion

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

Section 6: Action plan to address and monitor adverse impacts

What are the potential adverse impacts?	What are the mitigating actions?	Date they will be achieved.

Section 7: Sign off

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

Signature of Head of Service: Sarah Marsh

Date: 16/07/18

Signature of person completing the EqIA: Sue Linsley

Date: 16/07/18

Advice

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

This page is intentionally left blank

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference: AGC-003-2018/19

Date of meeting: 30 July 2018

Portfolio: Technology and Support Services

Subject: Annual Governance Statement 2017/18

Responsible Officer: Sarah Marsh (01992 564446).

Democratic Services Officer: Rebecca Perrin (01992 564532)

Recommendations/Decisions Required:

- (1) The Committee approves the Annual Governance Statement for 2017/18

Executive Summary:

The Council's Statutory Statement of Accounts has been prepared in accordance with the Accounts and Audit Regulations 2015. Within the Regulations, and in accordance with defined 'proper practice', there is a mandatory requirement to publish an Annual Governance Statement (AGS). The arrangements are designed to provide the Council with assurance regarding the adequacy of its governance arrangements, and identifying where those arrangements need to be improved.

Reasons for Proposed Decision:

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

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

Other Options for Action:

No other options.

Report:

1. The Council's Statutory Statement of Accounts has been prepared in accordance with the Accounts and Audit Regulations 2015. Within the Regulations, and in accordance with defined 'proper practice', there is a mandatory requirement to publish an Annual Governance Statement (AGS). In accordance with good practice the governance statement has included the following information:

- (a) an acknowledgement of responsibility for ensuring there is a sound system of

governance;

(b) an indication of the level of assurance that the systems and processes that comprise the Authority's governance can provide;

(c) a brief description of the key elements of the governance framework, including reference to group or partnership activities where those activities are significant;

(d) a brief description of the process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements; and

(e) an outline of the actions taken, or proposed, to deal with significant governance Issues.

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

3. The Annual Governance Statement is the product of an annual review, by the Authority, of the effectiveness of the Council's governance arrangements. This includes an assessment of the effectiveness of its internal control arrangements. The AGS is published with the Statement of Accounts.

4. The AGS is derived partly from detailed reviews by all Service Directors of the effectiveness of the governance arrangements operating within their Directorate, by reference to a detailed checklist incorporating the key elements within the Local Code of Governance. As part of this process Directors have considered available evidence to demonstrate that these governance systems and processes are working effectively and as intended. All Directors have provided assurance statements indicating the level of assurance that can be placed on the effectiveness of key controls operating at service level. These statements are intended to be a balanced representation of the arrangements in place during the year, and to highlight those areas where improvement is required. Significant issues are commented upon in the Governance Statement.

5. Internal Audit focuses its work on providing an independent and objective opinion on the Council's internal controls, and submits an annual report and quarterly monitoring reports to this Committee, where significant audit findings and improvement areas are highlighted. The Chief Internal Auditor is required to include in the annual audit report an opinion on the overall adequacy and effectiveness of the Council's internal control environment, drawing attention to any issues that are relevant to the preparation of the Governance Statement. The annual audit report for 2017/18 is included on the agenda for this meeting, and includes an opinion that satisfactory assurance can be given regarding the adequacy of the Council's internal control, risk management and governance systems in 2017/18.

Resource Implications:

From existing resources.

Legal and Governance Implications:

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

Safer, Cleaner and Greener Implications:

No specific implications.

Consultation Undertaken:

Corporate Governance Group and Directors.

Background Papers:

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

Accounts and Audit (England) Regulations 2015

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

Risk Management:

The preparation of the Annual Governance Statement is a key part of the Council's governance arrangements in demonstrating that there is a continuous review of the Council's internal control and risk management systems.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 2 to the report.

This page is intentionally left blank

Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:
 - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
 - advancing equality of opportunity between people who share a protected characteristic and those who do not,
 - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
 - age
 - disability
 - gender
 - gender reassignment
 - marriage/civil partnership
 - pregnancy/maternity
 - race
 - religion/belief
 - sexual orientation.
3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy or change.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. All **Cabinet, Council, and Portfolio Holder reports must be accompanied by an EqIA**. An EqIA should also be completed/reviewed at key stages of projects.
8. To assist you in completing this report, please ensure you read the guidance notes in the Equality Analysis Toolkit and refer to the following Factsheets:
 - Factsheet 1: Equality Profile of the Epping Forest District
 - Factsheet 2: Sources of information about equality protected characteristics
 - Factsheet 3: Glossary of equality related terms
 - Factsheet 4: Common misunderstandings about the Equality Duty
 - Factsheet 5: Frequently asked questions
 - Factsheet 6: Reporting equality analysis to a committee or other decision making body

Section 1: Identifying details

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

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

Title of policy or decision: **Annual Governance Statement**

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

Date of completing the assessment: **16/07/18**

Section 2: Policy to be analysed

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

Section 3: Evidence/data about the user population and consultation¹

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	What does the information tell you about those groups identified? N/A
3.2	Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision? N/A
3.3	If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary: N/A

Section 4: Impact of policy or decision

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

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

Section 5: Conclusion

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

Section 6: Action plan to address and monitor adverse impacts

What are the potential adverse impacts?	What are the mitigating actions?	Date they will be achieved.

Section 7: Sign off

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

Signature of Head of Service: Sarah Marsh

Date: 16/07/18

Signature of person completing the EqIA: Sue Linsley

Date: 16/07/18

Advice

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

This page is intentionally left blank

EPPING FOREST DISTRICT COUNCIL

Annual Governance Statement 2017/18

1. Scope of responsibility

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

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

The Council has approved and adopted a Code of Governance (last updated February 2018), which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and forms part of the Councils Constitution. A copy of the Code is on our website at www.eppingforestdc.gov.uk. The code is aligned to the 2016 edition of the CIPFA/SOLACE framework.

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

2. The purpose of the governance framework

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

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

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

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

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

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

At their February 2017 meeting the Audit and Governance Committee agreed a new Local Code of Corporate Governance, which was updated to reflect the latest CIPFA/SOLACE guidance. The Committee reviewed the code in February 2018 and agreed no changes were required. It is important the Council can demonstrate that its Annual Governance Statement is aligned with its Local Code and this is set out in Appendix 1.

The table below summarises the Council's Governance Framework (which includes the system of internal control) for the year ending 31 March 2018 and up to the date of approval of this Statement and the Statement of Accounts.

The Governance Framework	
	The key elements of the Council's governance arrangements for 2017/18 were:
1	The corporate plan covering 2015-2020, setting out the Council's priorities and defining the goals to be achieved
2	The Constitution, which is revised each year: <ul style="list-style-type: none"> 2.1 sets out the Council's decision-making framework; 2.2 gives a clear definition of the roles and responsibilities of members, committees, and the statutory officers (Head of the Paid Service, Section 151 Officer and Monitoring Officer); 2.3 includes a scheme of delegation of responsibility, financial regulations and Procurement Rules; and 2.4 defines codes of conduct for members and officers, and a protocol for how the two work together.
3	The Council facilitates policy and decision making via a Cabinet Structure with Cabinet Member portfolios. The Council's Local Code of Governance was reviewed during 2017/18
4	There are four Select Committees to cover the key policy areas of all four directorates, Task and Finish Panels to undertake specific reviews and a co-ordinating Overview and Scrutiny Committee.
5	A Standards Committee
6	An Audit and Governance Committee
7	A Management Board (MB) consisting of the Chief Executive, Deputy Chief Executive and Directors. At the end of 2017/18 and, pending the introduction of a new senior management structure, MB currently comprises the Acting Chief Executive and the Acting Deputy Head of Paid Service, supported by the Council's Monitoring Officer and

	Section 151 Officer
8	A Corporate Governance Group consisting of the Chief Executive, Directors, Section 151 Officer, Monitoring Officer and the Chief Internal Auditor, meeting monthly
9	A Corporate Risk Strategy managed by a Risk Management Group meeting quarterly
10	A standard committee report format that includes specific consideration of all legal, financial, professional, technical, risk management and equalities implications
11	A Medium Term Financial Strategy which informs service planning and budget setting, and the provision of an annual Financial Issues Paper to the Finance and Performance Management Cabinet Committee
12	A comments, compliments and complaints procedure
13	A risk-based approach to internal audit, emphasising the need for sound control and good value
14	A robust whistle blowing policy and process (which was reviewed and adopted by Council in December 2017) along with anti-fraud and corruption strategy (which was reviewed and approved by Council in July 2017) outlining the Council's zero tolerance approach to fraud and corruption and include anti bribery and anti-money laundering policies.

3. Review of effectiveness

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

Director governance statements, which provide appropriate management assurance that the key elements of the system of internal control are operating effectively. These were completed by the Acting Chief Executive and the Director of Communities in conjunction with their Assistant Directors;

Documentary evidence of processes, procedures and standards;

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

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

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

Significant governance issues from previous years and from 2017/18

4. Overall opinion of Epping Forest's governance arrangements

This AGS demonstrates that the Council has sound governance arrangements in place which continue to work well in practice for the 2018/19 financial year. However, the Council is not complacent and areas for improvement or development are detailed in section five.

5. Significant governance issues

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

Table One: Progress on significant governance issues identified in the 2017/18 AGS

No.	Significant issue identified in 2017/18 AGS	Action taken in 2017/18 to address the issue
1	<p>General Data Protection Regulations (GDPR): It is imperative that businesses and public bodies are prepared for the GDPR which will apply in the UK from 25 May 2018. The government has confirmed that the UK's decision to leave the EU will not affect the commencement of the GDPR.</p> <p>Work is already in hand to ensure Epping Forest is compliant with the requirements of the GDPR ahead of May 2018 and beyond.</p>	<p>This project is being overseen by the Council's GDPR Working Group and a range of activities identified in the project plan are being delivered including:</p> <ul style="list-style-type: none"> • training sessions for staff and councillors have been delivered, with mandatory e-learning for all staff being rolled out beginning 2018/19 • an information asset register has been compiled so that all relevant processing activities have been identified and the legal basis for these • data protection policies, document retention schedules and other associated procedures have been reviewed and updated • The Privacy Notice on the Council's website has been updated and departments are reviewing and updating their own specific ones where required
2	<p>Corporate Policies: For the second year, Service Assurance Statements identified a need to raise awareness of, and communicate changes to, corporate policies in particular Officer Code of Conduct, data protection policies, anti-fraud and Whistleblowing.</p> <p>A staff awareness campaign will be devised and implemented to address this and will include use of metacompliance to ensure staff have read relevant policies, articles in the monthly staff newsletter District Lines, and reminders at staff briefings.</p>	<p>Data protection policies have been updated as part of the GDPR project described above, and has included the use of metacompliance to ensure key ones have been read.</p> <p>The Council's anti-fraud and corruption policy and whistleblowing policy have been updated and accessible on the Council's website and publicised in the staff newsletter.</p> <p>The Corporate Governance Group continues to monitor the need to review/update other related corporate policies.</p>

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

Table Two: Areas for improvement or monitoring during 2018/19

No.	Objective	Risk area/action plan for 2018/19
1	General Data Protection Regulations	On 25 May 2018, the EU General Data Protection Regulations came into force. It is important the Council not only maintains compliance but ensures there is a continuous process for improvement too. This will be delivered through the GDPR Working Group.
2	Transformation	The Council is embarking on an ambitious transformation programme which involves the delivery of new staff, IT and accommodation strategies and implementation of new processes, structures and technology. This is being delivered through the Transformation Board and overseen by Council.
Common themes from the Service Assurance Statements were:		
3	Business Continuity Plan (BCP) testing	Building on the desk top exercise undertaken 18 months ago, testing regimes to be introduced to verify the effectiveness of business continuity plans, provide training to participants on what to do in a real scenario and identify where the plan needs to be strengthened.
4	Emergency cover for staff and succession planning	The Council's transformation programme will consider resourcing requirements and service delivery models to ensure an effective and efficient delivery of key Council services in the longer term.

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

Signed

Derek Macnab
Acting Chief Executive

Signed

Councillor Chris Whitbread
Leader of the Council

Appendix 1 Epping Forest Code of Governance

INTEGRITY	OPENNESS	VISION	OUTCOMES	CAPACITY & CAPABILITY	PERFORMANCE	ACCOUNTABILITY
Behave with integrity, demonstrating a strong commitment to ethical values and respect the rule of law.	Ensure openness in its culture and engage comprehensively with stakeholders, citizens and service users.	Have a clear vision and defined desired outcome in terms of sustainable, social and environmental benefit.	Have in place interventions necessary to optimise the achievement of its intended outcomes.	Develop the Council's capacity and capability of its leadership and staff	Manage the Council's risk and performance through robust internal control and strong public finance management.	Implement good practice in transparency, reporting and audit to deliver effective accountability.
Examples supporting the Annual Governance Statement (AGS) 2017/18						
<p>Constitution sets out code of conduct for Members and staff.</p> <p>Regularly publicised whistleblowing policy. Zero tolerance to anti-fraud and corruption.</p> <p>Clear and transparent decision making process. Section 151/Monitoring Officer part of report clearing process.</p> <p>Standards Committee</p>	<p>Published Freedom of Information and complaints/complaints scheme.</p> <p>Publicly available agenda and minutes of meetings.</p> <p>Monitoring and maintaining a record of partnerships.</p> <p>Member appointment to community organisations.</p> <p>Active consultation through the Council's Consultation policy and plan</p> <p>'Critical friend' challenge through the Council's scrutiny process.</p> <p>Revised and updated Code of Governance</p>	<p>2015-2020 Corporate Plan which is supported by service/operational plans.</p> <p>Draft Local plan that supports the Council's vision.</p> <p>Decision making process that take into account these effects on its residents, paying due regard to the public sector equality duty.</p> <p>Providing fair access to Council services offered.</p> <p>Green Charter</p>	<p>Open and transparent reporting of Key Performance Indicators and action plans for indicators that are out of tolerance.</p> <p>Decision making processes that receive objective and rigorous involvement including involvement of the Monitoring and Section 151 Officers</p> <p>Corporate approach to project management.</p>	<p>Workforce plan to enhance resource allocation</p> <p>Established induction and training programme for existing and new Councillors.</p> <p>Process includes mentoring and training events.</p> <p>Induction process for staff, access to personal development appropriate to their roles. Formal Personal Development Review (PDR) for staff and access to health and wellbeing opportunities.</p>	<p>Risk management is an integral part of the council's activities and decision making.</p> <p>Internal Audit function that provide assurance on governance, risk management and controls reporting to the Audit and Governance Committee</p> <p>Active Corporate fraud team supporting the Council's Anti-Fraud and Corruption strategy.</p> <p>Medium Term Financial Strategy.</p>	<p>Defined process to ensure reports for the public/stakeholders are fair, balanced, easily accessible and understandable.</p> <p>Reporting regularly on performance and on the use of resources.</p> <p>Processes to ensure external/internal audit recommendations are acted upon.</p> <p>Requirement for managers to produce annual assurance statements which feed into the AGS</p>
An active Corporate Governance Group which takes charge of the Annual Governance Statement						

Report to the Audit and Governance Committee



Report reference: AGC-004-2018/19
Date of meeting: 30 July 2018

**Epping Forest
District Council**

Portfolio: Technology and Support Services
Subject: Corporate Fraud Team Strategy 2018 / 2019
Responsible Officer: Sarah Marsh (01992 564446).
Democratic Services: Rebecca Perrin (01992 564532).

Recommendations/Decisions Required:

- (1) That the Corporate Fraud Team strategy for 2018 / 2019 be approved.

Executive Summary:

This report sets out to members the focus and approach of the Corporate Fraud Team for the year 2018 / 2019.

Reasons for Proposed Decision:

To approve the Corporate Fraud Team's strategy for 2018 / 2019 as required by the Audit and Governance Committee Terms of Reference.

Other Options for Action:

No other options.

Report:

Introduction

1. The Corporate Fraud Team became operational on 1 April 2015 and brings a uniform approach to fraud investigation work within EFDC and ensures that the Council had adequate resources dedicated to anti-fraud and corruption activity.
2. This strategy summarises the key principles for the Corporate Fraud Team for the forthcoming 2018 / 2019 period along with some longer term aims.
3. The Corporate Fraud Team sits alongside the Internal Audit team and therefore both together supports and contributes to the achievement of the Council's 2018-23 strategic aims. These have been taken into account when developing the Corporate Fraud Team Strategy and Plan being:
 - To ensure that the Council has sufficient and appropriate resources on an ongoing basis to protect the delivery of its statutory duties and discretionary services from fraud, abuse and corruption.

- To contribute to the commitment of keeping Council Tax low by preventing and detecting frauds which deliberately target and affect the Authority's tax base
- To ensure that the Council adopts an innovative approach to the delivery of its services and that they are not comprised by fraud and corruption.

Purpose

4. The purpose of the Corporate Fraud Team Strategy is to document the Corporate Fraud Team's approach to:

- Providing independent and professional investigations into all aspects of fraud affecting the Council, preventing fraud and abuse and taking fair and consistent action against those committing offences.
- Supporting the Council's anti-fraud and corruption culture and framework.
- Deliver a corporate anti-fraud service that is innovative, professional and compliant with the relevant legislation.

The Corporate Fraud Team Approach

5. This strategy sets out the main focus of work that will be undertaken by the team during the period 2018 / 2019

Proactive Work

- The process of vetting 100% of Right to Buy Applications will continue into 2018 / 2019 due to the high levels of success already experienced in this area since its inception in 2014. The availability of further specialist software for use in this field means that it is envisaged that this process will become even more robust during the coming year.
- In line with the strategy of reviewing other areas of high fraud risk within the Council (especially those areas where fraud and / or abuse represents a significant risk to the Council's financial position, the Corporate Fraud Team will embark on proactive exercises targeting revenue such as Non-Domestic Rates fraud and fraud within Council Tax single person discounts. This area is already subject to scrutiny by the Council Tax department using methods such as data matching, however, the Corporate Fraud Team will work alongside the department to identify cases of more serious, persistent or organised fraud within the schemes. This will be undertaken with a view, where it is deemed appropriate, to prosecute the more serious cases rather than rely on sanctions.
- The team will continue to build on the good working relationship it already has with Housing Management. This is with a view to encourage closer working arrangements between the investigators and housing officer colleagues when dealing with issues surrounding suspected social housing fraud.
- As part of this, it is planned to undertake joint tenancy audits focusing on properties and / or areas that are deemed to represent a higher level risk of social

tenancy related fraud.

- In addition to the above, the longer term process of engaging key stakeholders across the Council will continue in order to raise awareness and encourage the reporting of suspicions. Furthermore, this will enable 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.
- The implementation of a rolling fraud awareness programme providing coverage not just in significant areas of expenditure such as finance, procurement and payroll but for all staff including Members and contractors. The Corporate Fraud Team undertakes some community engagement work; however the possibility of expanding these types of activities (including engagement work with the media) will be explored further during the coming year.

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 plans are in place to provide tailored training packages to a number of separate departments within the Council.
- The “Know a Cheat in your Street” advertising campaign will also continue for the forthcoming year in order to heighten awareness and encourage members of the public to report fraud and abuse. This is to be done once more by the enclosing of leaflets in the run of Council Tax / Non Domestic Rates Bills for the forthcoming year. The campaign will also make full use of other resources such as the Council’s website and the Council’s social media presence.
- The team will also continue to publicise its work including successful prosecutions by maintaining a policy of utilising press releases, existing mediums such as “Housing News” as well as the corporate website and social media platforms.

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

National Fraud Initiative (NFI) Exercise

7. An on-going programme of reviewing the data matches that form part of the most recent National Fraud Initiative exercise is being utilised with this area of work progressing. This will continue to be the case with the next tranche of the NFI national exercise commencing in October 2018. In line with current procedures, any matches that potentially involve staff will be given the highest priority closely followed by the remaining matches that are qualified as “high risk”.

Explore and pursue joint working / shared service arrangements.

8. In September 2017, the Corporate Fraud Team commenced a joint working arrangement with Brentwood Borough Council (BBC) whereby an investigator from EFDC is deployed to work for BBC for two days per week providing investigatory work, advice and training. This arrangement is on a “paid for” basis and since September has proved to be highly effective for both Authorities. Aside from additional income, EFDC benefits from investigators honing their skills in investigations and training. A number of successful investigations have been carried out leading to positive results in the areas of social housing fraud, Council Tax fraud among others. This arrangement is subject to continued review by both EFDC and BBC and continues into 2018 / 2019.

9. The team also operates an informal joint working initiative with the anti -fraud team at Chelmsford City Council, with the working relationship focussing on the sharing of investigative resources, exploring the potential for joint proactive initiatives and providing a “peer support” service for investigators. Again, this initiative will continue into 2018 / 2019.

10. In 2016, the Corporate Fraud Team began to expand its skillset by undertaking a Standards Investigation on behalf of EFDC (instead of bringing in an external expert) for which it was remunerated, with a further one carried out during 2017. Due to the success of this, the team will continue to make itself available to take on this type of work thus increasing its capacity for revenue raising activities and allowing for diversification into other forms of investigation work outside of the traditional criminal area.

11. Furthermore, the Corporate Fraud Manager is currently exploring further opportunities to increase the team’s revenue by undertaking fraud and employment related investigations for outside bodies such as other local authorities and public sector organisations.

12. The team will continue to provide ad hoc training and advice to external organisations where requested. For example, the newly appointed Housing Fraud Officer at Harlow District Council has been work-shadowing EFDC investigators. Longer term such engagements could lead to more formal arrangements giving the possibility of further revenue raising opportunities.

13. These additional revenue streams are being used to ensure that the Corporate Fraud Team becomes as self funding as possible with a view to utilising this additional income to fund Council specific anti fraud initiatives. For example, the “Know a cheat in your Street” publicity campaign can now be funded from additional income whilst larger more resource intensive proactive exercises (Non Domestic Rates property checks for example) can be considered.

To promote best practice, information sharing and support to the wider anti - fraud community

14. The Corporate Fraud Team continue to host the Eastern Corporate Fraud Group meetings, which it founded in 2016 with its on-going aim to bring together counter fraud professionals from local authorities in Essex, Suffolk and Norfolk in a meaningful forum to discuss and promote best practice, form agreements and partnerships for information sharing and offer support and resources to carry out investigations etc. The group continues to move forward and in the next 12 months will be looking at opportunities for cross authority working

and training.

Resources

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

Resource Implications

None, Within the existing budgets

Legal and Governance Implications:

None

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

Corporate Governance Group

Background Papers:

Corporate Fraud Strategy

Risk Management:

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

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 2 to the report.

This page is intentionally left blank

Appendix 1

Corporate Fraud Team: Achievements and Progress 2017/2018

Right to Buy

A total of 26 Right to Buy applications have been stopped and / or withdrawn due to involvement by the corporate fraud team and the on-going commitment to positively vet 100% of applications. A number of these applications have been identified as having issues which would impact on the property purchase going ahead being tenancy related issues (suspected subletting, not utilising it as their main or principle home etc.) or significant concerns over the origin of the funding giving rise to suspicions of money laundering.

As a result of these applications being stopped or withdrawn, approximately £2 million of potential Right to Buy discount has been saved by the Council (based on the revised maximum discount amount of £78,600).

As purchases did not go ahead on 26 EFDC properties, these properties continue to remain as valuable public assets allowing the Council to potentially utilise them at a later date to house applicants from the waiting list. Furthermore, keeping them within the housing stock means that these properties continue to provide significant revenue streams in the form of on-going rent payments which have been calculated to be worth approximately £1.1 million to the Council going forward.

Recovered Properties

As a result into other suspected social housing frauds, the Corporate Fraud Team has been instrumental in recovering seven Council properties from tenants who were suspected of being involved in issues such as illegal subletting, not using the property as their main or principle home or in some cases, having abandoned the property all together and were living elsewhere. By recovering these properties, they can be re-let to priority cases on the waiting list and saving the Council approximately £301,708 (based on EFDC's Corporate Fraud Team figures).

Successful Prosecutions

During 2017 / 2018, two successful criminal prosecutions were brought by the team, the details of which are in the public domain. The details are as follows:

- **Fadimana Altinsoy**

Fadiman Altinsoy was prosecuted for three offences under The Fraud Act 2006 and one of money laundering under The Proceeds of Crime Act 2002. Having initially entered pleas of Not Guilty, the case progressed through the Courts towards a trial at Chelmsford Crown Court set for January 2018 that was set for six days. Before the trial commenced, however, she changed her pleas to Guilty. She agreed to pay the Council the sum of £28,000 (the value of the fraudulently obtained Home Ownership Grant) together with the prosecution costs of £12,500 before the beginning of March 2018; sums that have duly been received. At her March 2018 sentence hearing, she was sentenced to two years imprisonment

suspended for two years together with a requirement to carry out 200 hours of unpaid work in line with a 12 month probation supervision order.

The basis of the prosecution was that following an investigation by the Corporate Fraud Team, it came to light that when applying for Council Housing in 2003, Ms Altinsoy had failed to declare ownership of two properties that she jointly owned with relatives in Forest Gate, London and Grays, Essex respectively.

She obtained a council tenancy in Chigwell where she remained a tenant until 2010 when she applied for a Home Ownership Grant to assist her to purchase a property in Basildon, again failing to declare her ownership of two other properties. She was paid the grant of £28,000 and relinquished her council tenancy, however as she should never have been granted a tenancy in the first instance, no Home Ownership Grant should ever have been paid if her true circumstances were known at the time.

- **Paula Callaway**

Paula Callaway was prosecuted for two offences under The Fraud Act 2006, one under The Prevention of Social Housing Act (POSHFA) 2013 and two offences of Money Laundering under The Proceeds of Crime Act 2002. Despite pleading guilty to the POSHFA charge at the beginning, Ms Callaway entered not guilty pleas to the other charges and the case was sent to Chelmsford Crown Court for Ms Callaway to stand trial. At her trial, she was found guilty of the two Fraud Act charges, however, not guilty verdicts were returned in respect of the two money laundering charges. In September 2017, she was sentenced to 12 months imprisonment suspended for 12 months and order to undertake 150 hours of unpaid work in the community.

Further action was taken against Ms Callaway under The Proceeds of Crime Act 2002 and at a further hearing at the Crown Court in March 2018, she was ordered by the judge to pay the Council compensation of £49, 020 and a further £7,480 towards the prosecution costs.

The basis for the prosecution was that following an investigation by The Corporate Fraud Team, it was discovered that Ms Callaway became a tenant of Moat Housing Association in 1999, however, in 2011 she applied to undertake a mutual exchange with a tenant holding an EFDC tenancy. In January 2012, the exchange took place and she became an EFDC tenant. Investigations discovered that she had purchased a property in Great Dunmow in 2009 and had been living in it since that date, whilst sub-letting her Moat Housing property. Upon obtaining the mutual exchange in the EFDC property, it came to light that Ms Callaway had simply moved her sub-tenants into the property and continued receiving monies for rent whilst living in Dunmow. When she confronted about the matter during a formal interview, she immediately surrendered the tenancy and handed the keys back, however, it was deemed that her conduct was dishonest and so serious, that a criminal prosecution should be sought.

Other Social Housing Related Fraud

The Corporate Fraud Team have also been very active in undertaking investigations into other areas of social housing fraud, having successes in areas such as housing application fraud. Several housing applications have been stopped this year due to CFT involvement whereby it was discovered through investigative enquiries that the applicants had given false

information of their housing application forms. As a result of this, several applicants have been removed from the Housing waiting list.

Proceeds of Crime Work

In addition to the successful Proceeds of Crime outcomes given in the cases above, the CFT have also had success in providing a Proceeds of Crime investigation and subsequent court action for Broxbourne Borough Council in a planning prosecution they brought against a Cheshunt resident. As a result of the POCA action, Broxbourne were awarded a compensation sum at a hearing at St. Albans Crown Court of which EFDC will receive 20%.

Joint Working Initiative with Brentwood Borough Council

In September 2017, the Corporate Fraud Team entered into a joint working initiative with Brentwood Borough Council to provide them with two days week of fraud investigation work, advice and training to compliment and assist their existing anti-fraud resources. This work is being provided on a paid for basis and has already has been responsible for a number of successful investigation outcomes for Brentwood such as withdrawn Right to Buy applications as well as recovering at least three properties to date. The initiative is also undertaking its first criminal prosecution for a case of Council Tax fraud and the use of forged / counterfeit documents.

Joint Working Arrangements with Chelmsford City Council

The informal joint working arrangement with the fraud section at Chelmsford City Council has continued this year and sets to continue into 2018 / 2019. This is an informal arrangement relating to the sharing of anti-fraud staff and resources.

Other notable Work

The Corporate Fraud Team have worked alongside Council Tax officers to provide investigation resources and support in a case relating to a resident living in Sedge Green avoiding Council Tax liability on a residential property for a number of years. The resident was insisting that he was not liable for the property as he did not live there and insisted that the Council Tax be in his father's name who did actually live at the address. It was subsequently discovered that his father died in the early 1990's. The matter made its way up to an appeal to the Valuation Office as the resident was still insistent that he should not be liable for the Council Tax but due to the strength of evidence and accounts given by both Council Tax officers and the Corporate Fraud Investigator, the appeal was dismissed and the resident found liable.

Corporate Fraud Team officers have also this year undertaken a further Member Standards Investigation for which it has been remunerated.

Members of the public are continuing to be encouraged to report fraud and an advertising campaign has been undertaken whereby "know a cheat in your street" leaflets have gone out in every Council Tax and Business Rates bill.

The team is continuing to provide training and advice to external organisations and areas for potential joint working or shared service arrangements continue to be explored. Advice and

formal training have been provided to officers of Harlow Council relating to the prevention and detection of social housing fraud.

The Corporate Fraud Team continue to host The Eastern Corporate Fraud Group, which aims to bring together counter fraud professionals from local authorities in Essex, Suffolk and Norfolk in a meaningful forum to discuss and promote best practice, form agreements and partnerships for information sharing and offer support and resources to carry out investigations. A number of successful meetings have already been held at North Weald Airfield with plans to move the group forward in the next 12 months by looking at opportunities for cross authority training and joint working arrangements.

Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:
 - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
 - advancing equality of opportunity between people who share a protected characteristic and those who do not,
 - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
 - age
 - disability
 - gender
 - gender reassignment
 - marriage/civil partnership
 - pregnancy/maternity
 - race
 - religion/belief
 - sexual orientation.
3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy or change.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. All **Cabinet, Council, and Portfolio Holder reports must be accompanied by an EqIA**. An EqIA should also be completed/reviewed at key stages of projects.
8. To assist you in completing this report, please ensure you read the guidance notes in the Equality Analysis Toolkit and refer to the following Factsheets:
 - Factsheet 1: Equality Profile of the Epping Forest District
 - Factsheet 2: Sources of information about equality protected characteristics
 - Factsheet 3: Glossary of equality related terms
 - Factsheet 4: Common misunderstandings about the Equality Duty
 - Factsheet 5: Frequently asked questions
 - Factsheet 6: Reporting equality analysis to a committee or other decision making body

Section 1: Identifying details

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

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

Title of policy or decision: **Corporate Fraud Team Strategy 2018/19**

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

Date of completing the assessment: **16/07/18**

Section 2: Policy to be analysed

2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? Updated Corporate Fraud Team Strategy 2018/19
2.2	Describe the main aims, objectives and purpose of the policy (or decision): Audit and Governance Committee to approve the approach and focus for the Corporate Fraud Team in 2018/19 What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? N/A
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none">• service users• employees• the wider community or groups of people, particularly where there are areas of known inequalities? No Will the policy or decision influence how organisations operate? N/A
2.4	Will the policy or decision involve substantial changes in resources? No
2.5	Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes? N/A

Section 3: Evidence/data about the user population and consultation¹

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	What does the information tell you about those groups identified? N/A
3.2	Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision? N/A
3.3	If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary: N/A

Section 4: Impact of policy or decision

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

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

Section 5: Conclusion

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

Section 6: Action plan to address and monitor adverse impacts

What are the potential adverse impacts?	What are the mitigating actions?	Date they will be achieved.

Section 7: Sign off

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

Signature of Head of Service: Sarah Marsh

Date: 16/07/18

Signature of person completing the EqIA: Sue Linsley

Date: 16/07/18

Advice

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

This page is intentionally left blank

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference: AGC-005-2018/19

Date of meeting: 30 July 2018

Portfolio: Technology and Support Services

Subject: Audit and Governance Committee Annual Report for 2017/18

Responsible Officer: Sarah Marsh (01992 564446).

Democratic Services Officer: Rebecca Perrin (01992 564532).

Recommendations/Decisions Required:

(1) That the Annual Report for the Audit and Governance Committee for 2017/18 be agreed and for the report be referred to the Council.

Executive Summary:

The Annual Report of the Audit and Governance Committee outlines the Committee's work and achievements over the year ending 31 March 2018. The Annual Report helps to demonstrate to residents and the Council's other stakeholders the vital role that is carried out by the Audit and Governance Committee and the contribution that it makes to the Council's overall governance arrangements.

Reasons for Proposed Decision:

To present the Audit and Governance Committee Annual Report for 2017/18 and to recommend that the report be referred to the Council.

Other Options for Action:

None.

Report:

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

Resource Implications:

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

Legal and Governance Implications:

The effective operation of the Audit and Governance Committee forms a key element of the Council's assurance framework. By fulfilling its responsibilities as detailed in its annual report the Audit Committee helps the Council to maintain a high standard of corporate governance.

There is no legal or constitutional requirement for the Committee to report to the Council on its work, however, it is considered good practice to do so.

Safer, Cleaner and Greener Implications:

No specific implications.

Consultation Undertaken:

Corporate Governance Group

Background Papers:

Minutes of the Audit and Governance Committee.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 1 to the report.

Glossary:

AGS – Annual Governance Statement

CIPFA – Chartered Institute of Public Finance and Accountancy

SOLACE – Society of Local Authority Chief Executives

EPPING FOREST DISTRICT COUNCIL

ANNUAL REPORT

OF THE

AUDIT AND GOVERNANCE COMMITTEE

2017/18

INTRODUCTION

The Audit Committee was established by the Council in July 2007. Its purpose is:

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

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

The key benefits of an effective audit committee are:

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

1. ASSURANCE ACTIVITY 2017/18

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

Internal Audit

The Accounts and Audit (England) Regulations 2015 require the Council to maintain an adequate and effective internal audit which is discharged by the Director of Resources as Section 151 Officer. Internal Audit is a key source of assurance for both Members and management on the effectiveness of the control framework. The Committee has a responsibility for ensuring that Internal Audit is effective in the provision of this assurance.

The Committee considered and agreed reports regarding the Internal Audit Strategy, Internal Audit Charter and Annual Plan 2017/18, and progress by management in implementing audit recommendations. It also received regular progress reports on the work and performance of Internal Audit. These reports have helped in ensuring that reported weaknesses have either been addressed or the identified risks adequately mitigated by management and that there is an effective system of governance and internal control in place.

The Committee also kept under review the joint working arrangements with Harlow District Council and Broxbourne Borough Council, including audit resources to deliver the plan and benefits derived from the shared working.

Assurance Framework / Annual Governance Statement

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

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

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

The Committee reviewed the Annual Governance Statement (AGS) for 2016/17 which identified governance issues requiring further ongoing improvement relating to:

- the Council's readiness with the General Data Protection Regulations which came into force 25 May 2018; and
- raising awareness of Corporate Policies such as Code of Conduct, whistleblowing and data protection.

The assurance framework remained unchanged during 2017/18 and the Council's Code of Corporate Governance was reviewed by the committee in February 2018 to ensure it remains compliant with the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government. The Committee was able to be satisfied that there is a robust assurance framework in place to safeguard the Council's resources through reliance on the annual review of the Council's system of internal control and the Chief Internal Auditor's annual opinion.

Anti-Fraud and Corruption

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

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

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

Based on the work to date, coupled with no major incidences of internal fraud and corruption being highlighted by management, the Corporate Fraud Team or Internal Audit, the Committee concludes that there is a sound anti-fraud and corruption framework in place. The Council's anti-fraud strategy was approved by Council in July 2017, following approval by the Audit and Governance Committee.

Risk Management

The Committee receives regular reports on risk management, including in March 2018 a report on the effectiveness of the arrangements for risk management highlighting the Council had continued its programme of risk management.

Treasury Management

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

Statement of Accounts and External Auditors

At its September meeting the Committee reviewed the Council's draft Statement of Accounts for 2016/17 before recommending for adoption by the Council.

During the year the Committee received a number of reports from the External Auditors (BDO) who attend each meeting. These reports include the Annual Governance Report 2017/17, Annual Audit Letter 2016/17, Audit Plan 2017/18, and Grant Claims and Returns of Certification for the year ending March 2017. When reviewing the Committee considered audit risks highlighted by the External Auditors.

2. COMMITTEE WORKING ARRANGEMENTS

The Committee has a rolling and flexible programme of work for its main areas of activity which is proactively reviewed and amended throughout the year to reflect changes in policies, priorities and risks. The Committee met five times in 2017/18. The Committee considered items which are presented annually, such as audit results, the statement of accounts, the annual governance statement, and audit plans; as well as a number of other items including treasury management as this falls under the committee's remit.

Training sessions have been held and the agreed work programme enables the Committee to provide an independent assurance to the Council as to the adequacy of the risk management framework and the associated control environment. Training provided in 2017/18 included treasury management and the role of the Audit Committee and was developed on the back of the Committee's skills and knowledge analysis undertaken in 2016/17.

Members of the Committee have a wide range of both experience and professional knowledge which, coupled with it having two co-opted persons, has continued to help demonstrate its independence. The Committee has the benefit of being well supported by Council officers. This includes the Section 151 Officer, the Monitoring Officer, and the Chief Internal Auditor as well as the Council's external auditors.

There have been no reported major breakdowns in internal control, governance and risk management that have led to a significant loss in one form or another, nor any major weakness in the governance systems that has exposed, or continues to expose, the Council to an unacceptable level of risk.

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

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

Outcomes / Achievements

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

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

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

Conclusions

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

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

The Committee has continued to have a real and positive contribution to the governance arrangements of the Council. The Committee's key achievement is in the additional assurance provided of the robustness of the Council's arrangements regarding corporate governance, risk management and the control environment.

Looking Forward

The Committee has continued to work well and has considered a wide range of different topics relating to the Council's governance framework. It has continued to establish and develop its role, particularly in respect of ensuring that there are good risk assessment / management arrangements and good governance procedures in place.

Stricter internal control and the establishment of a Committee can never eliminate the risks of serious fraud, misconduct or misrepresentation of the financial position. However, the Committee will continue to raise awareness of the need for internal control and the implementation of audit recommendations as well as to maintain a watching brief on the areas highlighted in the Annual Governance Statement. In addition, through a process of independent and objective reviews, the Committee is best placed to provide an additional assurance as the adequacy of the Council's overall governance arrangements.

The Committee has performed its duties as required under its terms of reference, contributing to an effective control framework. In order to build upon its achievements to date and to raise awareness of the work of the Committee during the coming year the Committee will focus on the following:

- Continue to review governance arrangements to ensure that the Council adopts best practice;
- Continue to support the work of audit and ensure that appropriate responses are provided to their recommendations;
- Continue to help the Council manage the risk of fraud and corruption;

- Provide effective challenge, particularly to officers, raising awareness of the importance of sound internal control arrangements and giving the appropriate assurances to the Council;
- Consider the effectiveness of the Council's risk management arrangements.
- Provide existing and new members to the Committee with relevant training, briefings etc. to help in discharging their responsibilities.

Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:
 - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
 - advancing equality of opportunity between people who share a protected characteristic and those who do not,
 - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
 - age
 - disability
 - gender
 - gender reassignment
 - marriage/civil partnership
 - pregnancy/maternity
 - race
 - religion/belief
 - sexual orientation.
3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy or change.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. All **Cabinet, Council, and Portfolio Holder reports must be accompanied by an EqIA**. An EqIA should also be completed/reviewed at key stages of projects.
8. To assist you in completing this report, please ensure you read the guidance notes in the Equality Analysis Toolkit and refer to the following Factsheets:
 - Factsheet 1: Equality Profile of the Epping Forest District
 - Factsheet 2: Sources of information about equality protected characteristics
 - Factsheet 3: Glossary of equality related terms
 - Factsheet 4: Common misunderstandings about the Equality Duty
 - Factsheet 5: Frequently asked questions
 - Factsheet 6: Reporting equality analysis to a committee or other decision making body

Section 1: Identifying details

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

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

Title of policy or decision: **Annual Report of the Audit and Governance Committee 2017/18**

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

Date of completing the assessment: **16/07/18**

Section 2: Policy to be analysed

2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? N/A - report is a summary of the work of the Audit and Governance Committee for 2017/18
2.2	Describe the main aims, objectives and purpose of the policy (or decision): For noting the work and achievements of the Audit and Governance Committee for 2017/18 What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? N/A – Report is for noting and recommending to Council only
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none">• service users• employees• the wider community or groups of people, particularly where there are areas of known inequalities? N/A Will the policy or decision influence how organisations operate? N/A – report is not decision-based, it is for noting only.
2.4	Will the policy or decision involve substantial changes in resources? N/A – report is for noting only
2.5	Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes? N/A

Section 3: Evidence/data about the user population and consultation¹

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	What does the information tell you about those groups identified? N/A – report is for noting only
3.2	Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision? N/A – as above
3.3	If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary: N/A – as above

Section 4: Impact of policy or decision

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

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

Section 5: Conclusion

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

Section 6: Action plan to address and monitor adverse impacts

What are the potential adverse impacts?	What are the mitigating actions?	Date they will be achieved.

Section 7: Sign off

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

Signature of Head of Service: Sarah Marsh

Date: 16/07/18

Signature of person completing the EqIA: Sue Linsley

Date: 16/07/18

Advice

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

This page is intentionally left blank

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference: AGC-006-2018/19

Date of meeting: 30 July 2018

Portfolio: Technology and Support Services

Subject: Internal Audit Monitoring Report April to July 2018

Responsible Officer: Sarah Marsh (01992 564446).

Democratic Services: Rebecca Perrin (01992 564532).

Recommendations/Decisions Required:

The Committee notes the progress made against the 2018/19 Internal Audit plan.

Executive Summary:

This report updates members on the work completed by Internal Audit since the March 2018 Audit and Governance Committee, and also provides the current position in relation to overdue recommendations.

Reasons for Proposed Decision:

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

Other Options for Action:

No other options.

Report:

2018/19 Internal Audit Plan

1. Work has commenced on the 2018/19 Audit Plan as detailed in Appendix 1. The timings of the audits have been agreed with management to ensure a timely flow of audit reports throughout the year.

Internal Audit Reports

2. The following ten reports have been issued since the Committee received its last update in March 2018:

- **Housing Planned Maintenance and Major Works Programme – Substantial assurance**

The Council's planned maintenance programme (PMP) is a 30-year rolling programme of works based on the average replacement times for building components. In March 2017 the Council reverted to the Decent Homes Standard and the PMP has been updated to reflect the longer life cycles

A continuous programme of inspections ensures that stock condition surveys are completed on the Council's housing stock every five years, and the PMP is updated quarterly with results of the surveys. There is an effective process in place to update the PMP when works are completed. A minor weakness relating to the information provided to Housing Assets on planned works completed at void properties has been addressed by management.

Robust contract management processes ensure that planned maintenance works are delivered to budget, time and specification. Prompt action is taken when planned works do not meet the required specification, and contracts are terminated when poor performance persists.

Progress on planned maintenance programme is monitored by management and reported through the quarterly capital programme update. Regular meetings with Accountancy ensure budgets are monitored and remedial action taken if necessary.

- **Card Income Payments – Substantial assurance**

There are robust controls surrounding the processing and security arrangements of debit and credit card payment income as required by the Payment Card Industry Data Security Standard (PCI DSS). A secure automated telephone system, 'Call Secure', has been introduced across the Council to process card payments for telephone customers, ensuring that no card data is accessed or recorded by Officers.

The Council's computer network is protected by a boundary of defences to ensure that card data is transmitted securely and card data is not stored on the Councils computer network. Card payments are independently reconciled and checked to bank statements by the Income Control team. Any differences are investigated and resolved promptly. The card payment reconciliation is also independently verified by Accountancy as part of the bank reconciliation.

Weaknesses around Business Continuity arrangements for the technical support of card payments software are being addressed through an increase in capacity and knowledge base of the system, and the documentation of procedures.

- **Payroll – Substantial assurance**

The audit found that access to the payroll system, iTrent, is restricted to authorised individuals and is password controlled to provide a good level of security over payroll data.

New starters and amendments to pay are appropriately authorised and there are adequate controls over inputting details to the system to ensure these are correct. Completeness and accuracy of the payroll data is ensured through a range of monthly checks by the Payroll Manager including a check of all leavers. BACS payments are reconciled to the payroll data and independently authorised prior to processing, and payroll costs are reconciled to the general ledger monthly by Accountancy.

The audit identified a lack of detailed guidance or procedures covering the payroll function which should be compiled for business continuity purposes.

- **HR Absence Management – Substantial assurance**

There are appropriate policies and procedures in place covering the main types of absence (sickness, parental leave, compassionate leave, and exam / study leave etc.) and these are available on the intranet. Some policies have not been reviewed for several years and Human Resources are in the process of completing these.

Training is provided to managers and employees on absence management procedures, and sickness and annual leave procedures are included as part of staff induction process. The

Human Resources Team helps to proactively manage sickness absence across the Council through the issue of timely management information and provision of support to managers during absence-related follow up meetings.

- **Housing Benefits – Substantial assurance**

The Council uses the Capita Academy IT system to process housing benefit payments. Benefit parameters, set by the Department for Work and Pensions, are input to Academy and independently checked prior to the start of the financial year. Benefit entitlement is automatically calculated by the system.

New claims and changes are assessed promptly with adequate documentary evidence to support the claim. Management undertake monthly sample checks of assessed claims to ensure policies and procedures are followed and claims are processed accurately. Housing Benefit is reconciled daily with the council tax and housing rents systems, and payments to private tenants reconciled on a weekly basis.

Systems access is properly controlled and set in line with job requirements and there is segregation of duties between the assessment and payment of benefits. A dedicated housing benefit Training Officer provides guidance on housing benefits processes and helps to ensure staff are kept fully updated on legislative changes.

Due to robust control and processes in place no recommendations were raised as a result of this audit.

- **Capital Projects (Non-Housing) - substantial assurance**

Overall, the Council manages capital projects well. All capital projects are supported by a business case and approved by Cabinet prior to inclusion in the capital programme.

New corporate project management processes, established in 2016, along with the implementation in June 2017 of the performance and project IT system, Pentana, has significantly improved project management practices across the Council. For projects recorded on Pentana, progress against timescales and budgets are regularly monitored and risk management and change control processes are in place. Projects are also evaluated on closure to review the benefits expected and to identify learning points to take forward to other projects. Additionally, there is regular highlight reporting on the progress of projects on Pentana to both senior management and Members. All capital projects should be recorded on Pentana to ensure these key elements of good project management are not missed.

- **Leisure Management Contract – Moderate assurance**

The Leisure Management contract commenced 1 April 2017 and transfers responsibility for the design and build of the new Waltham Abbey leisure centre, and the operation and maintenance of all four of the Council's leisure centres to an external contractor (Places for People Ltd) for 20 years.

The contract is operating well and building work is well underway for the construction and refurbishment of the leisure centres. Performance is monitored through monthly performance reports provided by the contractor. The contractor is developing performance management processes to better align these to the Council's reporting requirements.

There are good contract monitoring and oversight processes in place with regular communication between the Council's Leisure Contract Manager, the building contractors, the Employers Agent and Places for People Ltd. All meeting outcomes, however, should be documented to provide evidence of the decision making process, and the Council needs to

ensure contract progress reports, including expenditure information, are submitted to Members quarterly (instead of six monthly), as required by the Council's Procurement Rules.

Following the audit, contract risks have been documented by Places for People Ltd and by the Council and are being monitored at the contract management meetings. Formal contingency plans should be put in place for managing the contract in the absence of the Leisure Contract Manager as this represents a business continuity risk.

- **Asset Management Strategy – Moderate assurance**

The Council has detailed departmental strategies in place regarding its assets and these are reported to the relevant cabinet committees. There are links to the Corporate Plan and corporate priorities; however, there is no overarching strategy in respect of Asset Management resulting in a risk that individual asset management strategies may conflict with each other. The Council should consider one overarching Asset Management Strategy with individual strands for each department/relevant area (including policies on acquisitions and disposals) and report this to Cabinet to provide a coordinated approach.

The majority of commercial/investment properties are leased on full repair and insuring terms. It would assist with long term financial planning if the Council were to introduce a programme of fitness for purpose assessments at lease renewal stage to ensure assets continue to remain relevant and provide value for money. In addition, expectation of the life of all assets should be documented and built into maintenance schedules to assist with financial planning.

- **General Ledger – Moderate assurance**

There are good controls over the general ledger processes. A number of systems feed data into the general ledger and these are reconciled by Accountancy prior to uploading to the general ledger. Each department also conducts their own reconciliations to ensure data is accurate and consistent with their system. At the time of the audit the monthly income control and bank account reconciliations were not up to date and led to the Moderate assurance rating; but these have subsequently been carried out and kept up to date.

Journals contain narrative to support the reason for raising the journal and are independently authorised before processing and virements are properly approved.

Budgets are approved annually by Cabinet and uploaded to the general ledger with any adjustments processed during the revised budget process in September each year.

Access to the general ledger is administered by the Finance Team and is restricted to officers who need access to perform their roles.

- **Agency Workers – Moderate assurance**

At an operational level the use of agency workers is being well managed, however, there is a lack of corporate approach to ensure value for money is being achieved. The current process is for Managers to negotiate fees directly with the Agencies. Value for money could be better demonstrated and achieved if the Council had a Preferred Agency List, but recognising that this may not be appropriate for more specialist posts.

The exact number of agency workers being utilised at any particular point in time is difficult to quantify as there is no central monitoring, nor has there been central monitoring of costs. These weaknesses have already been identified by HR who will address these concerns as part of their Recruitment Strategy project.

Recommendation Tracker

3. The Audit and Governance Committee continues to receive details of all overdue recommendations, plus any high priority recommendations from final reports, regardless of whether they are overdue or not.

4. The current tracker is shown at Appendix 2 and the number of overdue recommendations remains low.

Table 1. Summary of tracker as at July 2018.

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

Other Internal Audit Activities

5. A number of assignments in the Audit Plan are included to provide advice and guidance throughout the year on current and future issues relevant to the Council, and ultimately help to inform the Chief Internal Auditor's annual opinion; but these do not result in an audit report. This includes Internal Audit representation on business groups and project teams in addition to less formal meetings. The main focus of Internal Audit's non-audit work has been GDPR.

- **General Data Protection Regulation (GDPR) Working Party** – This project is now complete and the Working Group very recently been disbanded, as data protection processes move into Business as Usual activities, supported with a workplan to ensure on-going compliance. Mandatory staff e-learning is currently taking place as well as training sessions for Councillors, and half a day's face-to-face training for key staff. Posters have been placed across council buildings regarding GDPR, regular articles continue to be placed in the staff newsletter (District Lines) and a data declutter day planned for 09 August 2018.

All key policies and procedures have been updated and available on the Intranet. Registers of Processing Activities (RoPA) have been created which log all datasets which contain personal information that the Council collects or processes. The RoPA also contains details of the 'legal basis' for holding the data, how it is processed, with whom it is shared and other details specified by the Information Commissioner's Office. Internal Audit has developed internal audit programmes, in conjunction with the Council's Data Protection Officer, to assess the Council's compliance with GDPR.

Pan Essex Data Matching

6. As well as participating in the National Fraud Initiative (NFI) Epping Forest is data

matching with other Essex councils as part of a pan-Essex commitment to identify fraud and error in its Council Tax base. Nearly £400K of savings has been made across Essex since November 2017, with Epping Forest achieving savings of over £55K from the matches.

Resource Implications:

Within the report

Legal and Governance Implications:

None

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

Corporate Governance Group

Background Papers:

2018/19 Audit and Resource Plan

Risk Management:

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

Equality Analysis:

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

Appendix 1 - Audit Plan Monitoring 2018-19
Progress as at July 2018

	Directorate	Plan Days	Status	Fieldwork started	Report issued to Management	Finalised	Opinion: Level of Assurance	Priority 1 Recs	Priority 2 Recs	Priority 3 Recs
Quarter 1										
Debtors	Resources	12	Draft Report	■	■					
Governance - St. John's Road	Neighbourhoods	8	In Progress	■						
Off Street Parking	Neighbourhoods	12	In Progress	■						
North Weald Airfield	Neighbourhoods	16	Scoping							
Joint Working -Museum Services	Communities	12	Scoping							
IT Software Licensing	Resources	10	Scoping							
Quarter 2										
Procurement - Contract Register and GDPR	Resources	15	Scoping							
Equality Impact Assessments	Corporate	12	Scoping							
Right to Buy	Communities	10								
Business Rates - Council wide approach	Resources	15								
Creditors	Resources	12								
Performance Management - Stronger Council	Corporate	20								
Quarter 3										
Economic Developemnt	Neighbourhoods	14								
Access to Housing	Communities	20								
Safeguarding	Communities	12								
Business Rates / Council Tax	Resources	18								
IT Systems Access and Mobile Working	Resources	10								
Code of Conduct - Gifts and Hospitality	Corporate	10								
Quarter 4										
Health & Safety - Corporate	Neighbourhoods	12								
Income - commercial rents	Neighbourhoods	15								
Emergency planning	Neighbourhoods	12								
Project - council housebuilding	Communities	10								
Planning Applications	Governance	10								
S106 agreements	Governance	10								

HR - starters, leavers and movers	Resources										
-----------------------------------	-----------	--	--	--	--	--	--	--	--	--	--

TofR = Terms of Reference

EFDC Internal Audit Recommendation Tracker (Overdue and In Progress)

Last updated: 16 July 2018

Audit Year (Date Report Issued)	Rec Ref	Original Recommendation	Priority	Managers Original Response	Responsible Officer / Assistant Director	Original Imp Date	Revised Imp Date	Status Update from Management	Status
Management of Council Housing Voids Report No. 09.16/17 June 2017	1	The system for transferring void property keys between Housing Options and Housing Repairs should be reviewed ahead of the relocation of the Housing Repairs Service to Oakwood Hill Depot.	Med	A review of the process for transferring keys will be undertaken, both now and when the Repairs Service relocates, to consider if any time can be saved.	Assistant Director Housing Operations/ Assistant Director Housing Property/ Director of Communities	31/03/18	31/04/19	June 18: The movement of keys between the Repairs Service and Housing Options is to be reviewed again. However, this is logged as an action on the live project P150 Relocation of the Repairs Service to Oakwood Hill Depot. The revised target is in advance of the intended move in April 2019.	Overdue
Leisure Management Contract Report No. 16.17/18 May 2018 Page 115	4.4	The financial monitoring and contract payment process should be documented to ensure business continuity.	Med	Process will be documented and will be stored on the common drive.	Leisure Contract Manager / Assistant Director Neighbourhood Services	30/06/18	31/12/18	June 18: This has been delayed due to other pressures and the lack of admin support.	Overdue

This page is intentionally left blank

Equality Impact Assessment

1. Under s.149 of the Equality Act 2010, when making decisions, Epping District Council must have regard to the Public Sector Equality Duty, ie have due regard to:
 - eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
 - advancing equality of opportunity between people who share a protected characteristic and those who do not,
 - fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.
2. The characteristics protected by the Equality Act are:
 - age
 - disability
 - gender
 - gender reassignment
 - marriage/civil partnership
 - pregnancy/maternity
 - race
 - religion/belief
 - sexual orientation.
3. In addition to the above protected characteristics you should consider the cross-cutting elements of the proposed policy, namely the social, economic and environmental impact (including rurality) as part of this assessment. These cross-cutting elements are not a characteristic protected by law but are regarded as good practice to include.
4. The Equality Impact Assessment (EqIA) document should be used as a tool to test and analyse the nature and impact of either what we do or are planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.
5. Use the questions in this document to record your findings. This should include the nature and extent of the impact on those likely to be affected by the proposed policy or change.
6. Where this EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.
7. All **Cabinet, Council, and Portfolio Holder reports must be accompanied by an EqIA**. An EqIA should also be completed/reviewed at key stages of projects.
8. To assist you in completing this report, please ensure you read the guidance notes in the Equality Analysis Toolkit and refer to the following Factsheets:
 - Factsheet 1: Equality Profile of the Epping Forest District
 - Factsheet 2: Sources of information about equality protected characteristics
 - Factsheet 3: Glossary of equality related terms
 - Factsheet 4: Common misunderstandings about the Equality Duty
 - Factsheet 5: Frequently asked questions
 - Factsheet 6: Reporting equality analysis to a committee or other decision making body

Section 1: Identifying details

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

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

Title of policy or decision: **Internal Audit Monitoring Report**

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

Date of completing the assessment: **16/07/18**

Section 2: Policy to be analysed

2.1	Is this a new policy (or decision) or a change to an existing policy, practice or project? N/A - report is an update to Audit and Governance Committee on the work of Internal Audit Service
2.2	Describe the main aims, objectives and purpose of the policy (or decision): For Audit and Governance Committee to note the work of Internal Audit Service between April and July 2018 What outcome(s) are you hoping to achieve (ie decommissioning or commissioning a service)? N/A – Report is for noting only
2.3	Does or will the policy or decision affect: <ul style="list-style-type: none">• service users• employees• the wider community or groups of people, particularly where there are areas of known inequalities? N/A Will the policy or decision influence how organisations operate? N/A – report is not decision-based, it is for noting only.
2.4	Will the policy or decision involve substantial changes in resources? N/A – report is for noting only
2.5	Is this policy or decision associated with any of the Council's other policies and how, if applicable, does the proposed policy support corporate outcomes? N/A

Section 3: Evidence/data about the user population and consultation¹

As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, eg service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).

3.1	What does the information tell you about those groups identified? N/A – report is for noting only
3.2	Have you consulted or involved those groups that are likely to be affected by the policy or decision you want to implement? If so, what were their views and how have their views influenced your decision? N/A – as above
3.3	If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary: N/A – as above

Section 4: Impact of policy or decision

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

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

Section 5: Conclusion

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

Section 6: Action plan to address and monitor adverse impacts

What are the potential adverse impacts?	What are the mitigating actions?	Date they will be achieved.

Section 7: Sign off

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

Signature of Head of Service: Sarah Marsh

Date: 16/07/18

Signature of person completing the EqIA: Sue Linsley

Date: 16/07/18

Advice

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

This page is intentionally left blank