

Epping Forest District Council Internal Audit Three Year Plan 2019/20 to 2021/22

Appendix A

| Audit Area and Context        | Corporate Risks  | 2019/20   | 2020/21   | 2021/22  | Outline/Scope of work for 19/20 ( <i>to be finalised when the work is scoped</i> )   |
|-------------------------------|--|---|---|--|--|
| <b>Corporate Framework</b>    |  |   |   |  |  |
| <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>Local Plan features on the corporate risk register.</p> | <p>Transformation Governance – Harlow and Gilston Garden Town</p> | <p>Conflicts of Interest<br/>Freedom of Information</p> | <p>Member training and induction<br/>Strategic governance – trading company(s)</p> | <p>Review effectiveness of governance and oversight arrangements especially during periods of significant change. During 2019/20 provide advice and guidance, and ensure no erosion of controls, as the Council continues its Transformation programme. This includes having an input to organisational process maps as they are produced.</p> <p>Also in 2019/20 Internal Audit (IA) will look at the governance arrangements to support the collaboration between Epping Forest, Harlow and East Herts to deliver the government's Garden Town initiative.</p> |

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|---|---|---------|---------|---------|---|
| <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, oversight of the delivery of the Council's anti-fraud and corruption strategy and the corporate fraud team. Potential for fraud considered in all audits.</p>   |
| <p>Assurance Framework including Risk Management and support to Audit Committee</p>   | <p>Risk in achieving corporate priorities as these are underpinned by sound leadership, management of resources, and governance.</p>                  | ✓       | ✓       | ✓       | <p>Co-ordination of year-end assurance reporting, including the Annual Governance Statement. Member of the Corporate Governance Group. Assistance to the Risk Management Group developing and embedding the Council's risk management framework. Support and training to the Audit Committee.</p> |

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| <p>Information Management and Governance</p> <p>Data protection and security. Data sets, owners and protocols. Governance and data sharing. Training and awareness</p> | <p>Data/information features on the corporate risk register</p> <p>Breach of data protection and other legislation related risks which could lead to significant fines and reputational damage.</p> | <p>Data retention and disposals</p> <p>GDPR (General Data Protection Regulation) checklist</p> | <p>Data breach management</p> <p>Subject Access Requests</p>  | <p>Data sharing with third parties (last audit 2015/16)</p>   | <p>Continue to assist the Council's Data Protection Officer (DPO) by providing assurance in targeted areas. For 2019/20 this will be a cross cutting review to ensure the Council's data retention and disposal policy is fit for purpose and being complied with. Internal Audit will continue to complete a GDPR checklist for each audit, feeding the results back to the DPO.</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>Stronger Council – Customer Services</p>  | <p>An aspect of Stronger Communities, Stronger Place and/or Stronger Council depending on risk profiles</p> | <p>An aspect of Stronger Communities, Stronger Place and/or Stronger Council depending on risk profiles</p> | <p>Performance Indicators (PIs) considered within operational audits plus specific review each year on an aspect of Corporate PIs. In 2019/20 the focus will be in the new way customer services is being delivered.</p>  |

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| <p>Value for Money (VfM)</p> <p>Guiding principle of the Council.</p> | <p>Financial resilience and providing services are key in relation to the corporate risk register and achievement of the Council's corporate plan</p> | <p>Data analytics, including invoice authorisation and scheme of delegation</p>     | <p>Council services</p>  | <p>Council services</p> | <p>Continue with short/sharp audits driven by data analytics and VfM is considered within operational audits. For 2019/20 this will be around spend analysis, as well as working with Corporate Team on Fraud-Its (detailed examination of data with the intent of finding instances of fraud).</p> <p>Post transformation examine how vfm is demonstrated in the way Council services are provided.</p> |
| <p>Joint Working, Shared Services, Outsourcing and Partnerships</p>   | <p>Reducing duplication of services across partners and seeking out value for money for service delivery is a feature of the Corporate Plan</p>       | <p>Harlow and Gilston Garden Town (joint initiative with Harlow and East Herts)</p> | <p>Health and Wellbeing Strategy (including progress against the action plans)</p> | <p>Community Safety</p> | <p>To ensure joint arrangements are working in the best interests for the Council with appropriate governance/monitoring arrangements in place. In 2019/20 this will be covered in the governance review of the Garden Town arrangements (see start of Plan).</p>  |

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| <p>Projects</p> <p>Business case, project methodology, governance arrangements, contract management and viability</p>    | <p>Poor project management increases risk of projects not being delivered on time, to budget or not meeting the needs of the Council</p> <p>Strategic sites features on the corporate risk register</p> | <p>Risk Management</p> <p>Business Continuity</p> <p>St Johns Road</p> | <p>Corporate approach to project management</p> | <p>North Weald Airfield master plan</p>  | <p>Time is set aside each year for Internal Audit to attend appropriate project meetings, as well as providing ad hoc advice and support. This will include St Johns Road for 2019/20. Also in 19/20 IA will be facilitating an overhaul of both the Council's risk management framework and business continuity arrangements.</p> <p>In 2020/21 IA will assess the adequacy of the Council's approach to project management, including the Pentana system.</p> |
| <p>Contingency</p>   | <p>Annual provision for responsive work, special investigations or key/emerging risk areas.</p>   | <p>✓</p>   | <p>✓</p>  | <p>✓</p>   | <p>Will also take into account themes/issues coming out of the Annual Governance Statement.</p>   |
| <p><b>Themed/cross cutting audits</b></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 corporate risk register</p>   | <p>Third party re-use and recycling credits scheme</p>                 | <p>Community Halls</p>                          | <p>Commercial rents and service charges (last audit 18/19)</p> <p>Parking (last audit 18/19)</p> | <p>Each year a portion of Internal Audit work will focus on ensuring key income streams for the Council are maintained and adequately controlled.</p> <p>The 2020/21 community halls review will also consider whether the Council is making best use of these facilities.</p>  |

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| <p>Procurement</p> <p>Themed audits - compliance, vfm, fraud, goods and services. End to end processes (need, selection, appointment, contract management and exit strategies)</p> | <p>Risks include noncompliance with legislation, fraud and not achieving value for money.</p>   | <p>Contract management</p>   | <p>Leisure Management contract (last audit 2017/18) – to ensure expected benefits (financial and non-financial) are being realised</p> <p>Tender and letting processes (to also include the current housing repairs contract)</p> | <p>Compliance with Procurement Rules and other legislation such as the Modern Slavery Act</p>                                     | <p>Annually focus on an aspect of procurement which could range from need, selection, appointment, contract management and exit strategies. For 2019/20, IA will review contract management processes.</p>  |
| <p>Health &amp; Safety (H&amp;S)</p>   | <p>Risk of compromising the health and safety of individuals and noncompliance with H&amp;S legislation leading to fines or imprisonment.</p> | <p>Staff H&amp;S of those located in the Council's satellite offices</p> | <p>Staff wellbeing and stress management</p> <p>Contractor H&amp;S</p>  | <p>H&amp;S council building and depot compliance (incl Fire Risk Assessments, asbestos management, gas safety and legionella)</p> | <p>In 2019/20 IA will ensure the health and safety of staff working away from the Civic Offices is not being compromised and will follow up on the 17/18 lone working audit. As well as ensuring contractor H&amp;S is being adequately managed, this later audit will form part of the contract management audit listed above.</p> |
| <p>Business Continuity Planning (BCP)</p>  | <p>Business continuity is on the corporate risk register</p>  | <p>Business Continuity Planning (last audit 2018/19)</p>                 | <p>IT Disaster Recovery (last audit 16/17)</p>  | <p>Emergency Planning</p>   | <p>As detailed under projects, IA will provide advice and guidance as business continuity arrangements are revamped.</p>  |

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| <p>Key Financial Controls (KFC)</p> <p>Rolling programme of full system and key financial control audits (unless significant change in process/system or poor audit outcome)</p>     | <p>Finance – income features on the corporate risk register</p>  | <p>Fixed assets (last audit 15/16)</p> <p>Housing Rents and Arrears (last audit 16/17)</p> | <p>Cash and banking (last audit 16/17)</p> <p>Treasury Management (last audit 16/17)</p> <p>Payroll (last audit 17/18)</p> <p>Debtors (last audit 18/19)</p> | <p>Housing Benefits (last audit 17/18)</p> <p>General Ledger (last audit 17/18)</p> | <p>Rolling programme of key financial control (KFC) audits, therefore, some audits do not feature in this 3-year plan being creditors (last audit 18/19) and Council Tax and Business Rates (last audit 18/19).</p> <p>The debtors audit has been brought forward to 2020/21 to take into account the new debtors system planned for 2019/20.</p> |
| <p>IT Audits:</p> <p>IT Governance, IT Regulation, Security/Privacy, Business Systems, DRP/BCP, Network, Emerging Technologies e.g. mobile devices, IT Applications and Projects</p> | <p>Risks around data and asset security and loss of service.</p> <p>Opportunity for IT to be an enabler for delivering the Council's priorities.</p> | <p>IT Change and Patch Management</p>  | <p>Active directory management</p> <p>Storage Area Network</p> <p>iTrent system review</p>   | <p>IT Strategy</p> <p>Cyber security (last audit 2017/18)</p>                       | <p>A specialist IT Auditor will be brought in as required for more technical audits. In 2019/20 IA will ensure there are judicious, well-designed and executed change and patch management processes.</p>   |
| <p><b>Operational/service audits - Audits post 19/20 may change depending on the Council's risk profile</b></p>  |  |  |  |   |   |

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| <p>Community and Partnerships</p> <ul style="list-style-type: none"> <li>• Community and partnerships</li> <li>• Community resilience</li> </ul>  | <p>Building stronger communities is one of three Corporate objectives for the Council</p> | <p>Private sector care and grants programme (last audit 15/16)</p>          | <p>See Health and Wellbeing Strategy earlier on</p>  | <p>See Community Safety earlier on</p>  | <p>The 2019/20 audit will consider the use of Disabled Facilities Grants given to eligible home owners and tenants to make appropriate adaptations to their homes to enable them to remain in their property where possible. Also repayable assistance which is secured against the property and repayable when the property is sold.</p> |
| <p>Commercial and Regulatory</p> <ul style="list-style-type: none"> <li>• Commercial</li> <li>• Regulatory</li> </ul> <p>Several areas underpinning these are covered elsewhere in this Plan e.g. H&amp;S, business continuity, projects and income</p> | <p>In this highly regulated area, key risk is non-compliance with legislation</p>         | <p>Private sector housing: Houses in Multiple Occupation (HMO) licences</p> | <p>Environmental crime - enforcement (last audit 16/17)<br/>Insurance (last audited 14/15)</p> | <p>Licencing (last audit 15/16)<br/>Building Control and Planning Fees (last audit 15/16)</p> | <p>In 2019/20 audit of HMOs due to recent changes in legislation.</p>   |

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| <p>Housing and Property</p> <ul style="list-style-type: none"> <li>• Property maintenance</li> <li>• Housing</li> <li>• Development</li> </ul> | <p>Housing capital, welfare reform and safeguarding feature on the corporate risk register</p> | <p>Housing Register and Allocations (last audit 2014/15)</p> <p>Housing H&amp;S – asbestos management</p> | <p>Housing Repairs following move to Oakwood Hill (last audited 15/16)</p> <p>Housing H&amp;S – legionella management</p> <p>Leaseholders – Section 20 and major works</p> | <p>Example audit areas could include:</p> <ul style="list-style-type: none"> <li>• Voids (last audit 2016/17)</li> <li>• Anti-Social Behaviour</li> <li>• Garages</li> <li>• Leaseholder service charges</li> <li>• Older people</li> <li>• Homelessness (last audit 18/19)</li> <li>• Planned maintenance and major repairs (last audit 17/18)</li> </ul> | <p>In 2019/20 IA will examine the end to end process to ensure bona fide customers are allocated housing, taking into account the outcomes from the 2018/19 homelessness audit. IA will ensure there is a robust asbestos management framework to protect tenants and visiting Officers and contractors. The leaseholder audit will ensure the Council is abiding with the legislation with regards to Section 20 works undertaken.</p> |
| <p>Planning</p> <ul style="list-style-type: none"> <li>• Planning Policy</li> <li>• Development Management</li> </ul>                          | <p>Local Plan features on the corporate risk register</p>                                      | <p>Infrastructure Delivery Plan (as part of Local Plan)</p>   | <p>Planning Applications and enforcement (last audit 18/19)</p>  | <p>Economic Development (last audit 18/19)</p>   | <p>Internal Audit will assess the processes in place to deliver the Local Plan in 2019/20, in particular the Infrastructure Delivery Plan, the impact on planning obligations and funding arrangements.</p>   |

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|---|---|---|---|---|--|
| <p>Contracts and Technical</p> <ul style="list-style-type: none"> <li>• Technical</li> <li>• Contracts</li> </ul>   | <p>Keeping the District clean and green is a feature of the Corporate Plan</p>  | <p>Recycling management (waste management last audit 15/16)</p> | <p>Grounds maintenance (last audited 15/16)</p> <p>Parking enforcement</p> <p>Street cleaning</p>                                   | <p>Cleansing contract (housing and non-housing)</p> <p>Fleet operations</p>   | <p>The 2019/20 recycling audit links with the third-party re-use and recycling credit scheme detailed under income. In addition, IA will examine the street cleaning contract.</p> |
| <p>Business Services</p> <ul style="list-style-type: none"> <li>• ICT and Business Support</li> <li>• Accountancy</li> <li>• Legal (shared service)</li> <li>• People Team (HR)</li> </ul> <p>Note: IT audits covered elsewhere in the Plan</p> | <p>Efficient use of the Council's financial resources, building and assets is a key feature of the Corporate Plan. As well as enhancing skills and flexibility of our workforce</p> | <p>Reconciliations and housing rent uploads</p>                 | <p>Financial resilience (budgetary control, financial management, and business planning (last audit 2015/16)</p> <p>IT helpdesk</p> | <p>Reprographics</p> <p>Staff performance management including appraisals</p> | <p>In 2019/20, the reconciliations and housing rents uploads processes that have been centralised as part of Transformation will be reviewed.</p>                                  |

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|---|---|--------------------------|--|--|--|
| <p>Customer Services</p> <ul style="list-style-type: none"> <li>• Governance</li> <li>• Revenue and Benefits (covered under key financial controls)</li> <li>• Customer Services</li> </ul> | <p>Engaging with the changing needs of our customers and having robust local democracy and governance is a key feature of the Corporate Plan.</p> | <p>Customer Services</p> | <p>Point of Sales (POS) – payment system</p> | <p>Social Media Members expenses and allowances (last audit 15/16)</p> | <p>The 2019/20 customer services review is covered under Performance Management (see earlier on). In 2020/21, IA will examine the controls in place for iZettle, the incoming payment system, replacing the corporate POS solution, which includes stock control for the museum. And will complement the cash and banking audit planned for the same year.</p> |
| <p>Follow Up Audits</p> <p>Review of progress against recommendations on the tracker.</p>   | <p>Tracker process ensures risks identified in audits have been managed to an acceptable level.</p>   | <p>✓</p>                 | <p>✓</p>                                     | <p>✓</p>   | <p>Includes specific follow up audits especially where Limited assurance previously given. Includes maintenance of the recommendation tracker.</p>   |