

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference: AGC-009-2020/21

Date of meeting: 27 July 2020

Portfolio: Leader of the Council

Subject: Internal Audit Monitoring Report - July 2020

Responsible Officer: Sarah Marsh (01992 564446).

Democratic Services: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

- (1) That the Committee notes the summary of the work of Internal Audit and the Corporate Fraud Team for the period June to July 2020.**

Executive Summary:

This report updates Members on the work completed by Internal Audit and the Corporate Fraud Team since the June 2020 Audit and Governance Committee and provides the current position in relation to overdue recommendations.

Reasons for Proposed Decision:

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

Other Options for Action:

No other options.

Report:

2020/21 Internal Audit Plan

1. Work on the 2020/21 Audit Plan had been stalled as a result of Covid-19. In the meantime, Internal Audit has been providing advice and guidance (see the other Internal Audit activities in paragraphs 8 and 9) as well as completing audits from the 2019/20 plan.

Internal Audit Reports

2. The following report has been issued since the Committee received its last update in June 2020:

Harlow Gilston Garden Town governance– substantial assurance

A Harlow Gilston Garden Town (HGGT) Member Board comprising representatives from all five councils provides high level oversight and direction for the HGGT project and progress is monitored through the Project Director's highlight report to the Board. Fortnightly meetings between the Chief Executive and HGGT Director ensure the

Council's interests are communicated at a strategic level. The Council's Lead Officer provides a link between the Council and the project team and plays a key role in representing the Council's interests at an operational level.

The HGGT Board has no formal decision-making powers and the current process whereby recommendations are presented to each Council for approval is slow, potentially hindering delivery of the project. Work is actively progressing with regards to establishing an alternative delivery model for the HGGT project which seeks to address this risk.

As lead authority for the project, Epping Forest District Council is responsible for the HGGT finances (and is the contracting entity) and the employer for the HGGT staff, representing a risk to the Council. Robust financial and procurement procedures are in place, but this risk will increase with the larger amounts involved as the project progresses. The delivery model referred to above will also mitigate this risk.

The councils work well together informally at both Member and officer level, but arrangements should be formalised to ensure responsibilities and accountabilities are clearly articulated and understood by all parties to the project; including those relating to additional responsibilities the Council has as lead authority for the project.

An established process is in place for identifying, capturing and monitoring project risks and issues and these are escalated to the Board as appropriate. Project risks will be communicated to the Council's Risk Management Group to ensure risks (where appropriate) are incorporated into the Council's risk management framework.

The process for declaring conflicts of interest will be extended to include the wider HGGT project team as the risk of challenges to decision-making will increase as the project moves to the delivery phase.

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 1 and contains 14 recommendations which have passed their due dates and two high priority recommendations which are not yet due as detailed in table 1.

Table 1. Summary of tracker as at July 2020.

Recommendation type	Number (July 2020)	Number (June 2020)	Number (March 2020)	Number (January 2020)	Number (November 2019)
High Priority not passed its due date	2	2	1	1	0
High Priority passed its due date	1	1	0	1	1
Medium Priority passed its due date	6	6	7	10	7
Low Priority passed its due date	7	7	4	5	5
Total	16	16	12	17	13

5. The two high priority recommendations (not overdue) concern data retention and disposals. Work is progressing these actions as part of the Strategic Information Governance Group work plan.
6. The overdue high priority recommendation concerns updating health and safety risk assessments at the Council's satellite offices. The risk in the relation to this recommendation was altered by the change in working arrangements due to Covid-19 as work from these locations has been either suspended or reduced, and the focus has been in ensuring that staff are working safely from home. The new Health and Safety Officer is addressing outstanding H&S recommendations as a priority, with oversight by the Corporate Health and Safety Group.
7. Internal Audit, with the assistance of the Corporate Governance Group, continues to actively monitor progress of all recommendations. It should be noted that Covid19 has delayed progress on the implementation of some of these Audit Recommendations.

Other Internal Audit activities

8. **Business Grant Funding Schemes:** Internal Audit and the Corporate Fraud Team are providing advice and assistance with regards to the Local Authority Discretionary Grants Fund introduced in response to Covid-19. These are aimed at small and micro businesses who were not eligible for the Small Business Grant Fund or the Retail, Hospitality and Leisure Grant Fund schemes.
9. **Decision Making Accountability (DMA):** Internal Audit is assisting with an exercise to develop a schedule of responsibilities for each layer of the management spine, reflecting the DMA principles used to design the Council's structure. This will ensure there is clarity and consistency of decision making at each management level and decision making is attached to the role and not the individual.

Corporate Fraud Team Update

10. The Corporate Fraud Team (CFT) has had to adapt their ways of working due to the Covid 19 situation, however, has continued to conduct investigations and projects. The team has continued to vet all Right to Buy applications which to date has resulted in five applications being withdrawn. A number of tenancy succession applications have also been investigated with at least three recommendations for the succession not to proceed. It is envisaged that action will be taken by Housing to recover the properties.
11. The CFT has also been assisting Internal Audit in the process of checking and verifying the issuing of all the Covid 19 Business Grants as well as finalising the last phase of a fraud resilience project being carried out on Council Tax Student Exemptions.

Legal and Governance Implications:

None

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

Corporate Governance Group

Background Papers:

2020/21 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 2 to the report.