

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report reference: AGC-013-2020/21
Date of meeting: 28 September 2020

Portfolio: Leader of the Council

Subject: Internal Audit Monitoring Report - September 2020

Responsible Officer: Sarah Marsh (01992 564446).

Democratic Services: Gary Woodhall (01992 564470)

Recommendations/Decisions Required:

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

Executive Summary:

This report updates Members on the work completed by Internal Audit and the Corporate Fraud Team since the July 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. Current status of the 2020/21 Audit Plan, which had been stalled as a result of Covid-19 but is now progressing, is shown in appendix 1. No reports have been finalised since the last Committee meeting in July.

Recommendation Tracker

2. 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.
3. The current tracker is shown at appendix 2 and contains eight recommendations which have passed their due dates as detailed in table 1.

Table 1. Summary of tracker as at September 2020.

Recommendation type	Number (September 2020)	Number (July 2020)	Number (June 2020)	Number (March 2020)	Number (January 2020)
High Priority not passed its due date	0	2	2	1	1
High Priority passed its due date	2	1	1	0	1
Medium Priority passed its due date	1	6	6	7	10
Low Priority passed its due date	5	7	7	4	5
Total	8	16	16	12	17

4. One overdue high priority recommendation relates to the development of a corporate data retention and disposals policy. A draft policy was approved at the Strategic Information Governance Group in August 2020 and following review and comment by the Information Asset Owners Group in September 2020, will be published and communicated to staff.
5. The other overdue high priority recommendation concerns updating health and safety risk assessments at the Council's satellite offices. The risk 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. A revised risk assessment template is ready to be signed off at the next Strategic Safety Group meeting and an online electronic accident reporting form which links directly with HR records has been produced and is being trialled.
6. Internal Audit, with the assistance of the Corporate Governance Group, continues to actively monitor progress of all recommendations. The three low priority recommendations regarding the Council wide approach to Business Rates continue to be impacted by Covid-19 as the service responds to the work associated with issuing business grants.

Other Internal Audit activities

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

Business Grant Funding Schemes: Internal Audit and the Corporate Fraud Team are providing advice and assistance on the Local Authority Discretionary Grants Fund (LADGF) scheme, including pre- and post-award checks using the Cabinet Office tool, Spotlight, to determine whether limited companies are active.

Finance related work: Internal Audit resource is being used to assist Finance with the reconciliation of the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund payments to ensure payments are properly accounted for and to assist with returns to central government.

Decision Making Accountability (DMA): Internal Audit is continuing to assist 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 responsibility is attached to the role and not the individual. Work is currently ongoing to review decision making within services which falls outside the management spine to maintain operational

effectiveness whilst ensuring accountability. Additionally, Internal Audit is facilitating discussions on the Council's approach to the use of purchase cards following the decision to use these routinely for low level spend.

National Fraud Initiative (NFI) 2020/21: Internal Audit is coordinating preparations for the 2020/21 NFI exercise. A revised protocol has been agreed for the submission of data due in October 2020 and accountability for reviewing matches due out in January 2021.

Corporate Fraud Team Update

8. Since the last update, six Right to Buy (RTB) applications have been withdrawn during August alone. The Corporate Fraud Team is continuing to vet 100% of RTB applications and during the Covid 19 situation, whereby visits to the addresses are not taking place, the team is undertaking enhanced background checks and conducting interviews by video (Zoom etc) and telephone with the applicant's consent.
9. Investigations are being conducted as normally as possible (despite the restrictions on visiting / interviewing) and the team has several housing fraud cases under investigation including a number of suspected sublets.
10. The CFT has also been assisting Internal Audit and the Revenues Team in checking the Covid19 Business Grants and currently have three under further investigation being potentially fraudulent.

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 3 to the report.