

AUDIT & STANDARDS COMMITTEE
Wednesday 10 June 2020 at 7.30 pm
Via Zoom - Online

This meeting is a virtual meeting which is being hosted on Zoom. Councillors and registered public participants will be sent access details nearer the date of the meeting.

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<https://www.youtube.com/user/HarlowCouncil>

AGENDA

1. Apologies for Absence and Substitutions
2. Declarations of Interest

Councillors' declarations of interest (if any) in relation to any matters on the agenda.
3. Minutes (Pages 3 - 6)

Minutes of the meeting held on 4 March 2020.
4. Matters Arising
5. Written Questions and Petitions
6. Non Contentious Business
7. Committee Work Plan (Pages 7 - 8)
8. Audit and Standards Committee Annual Report 2019/20 (Pages 9 - 15)
9. Internal Audit Annual Report 2019/20 (Pages 16 - 33)
10. Period 2 Internal Audit Activity Report 2020/21 (Pages 34 - 51)
11. Revised 2020/21 Internal Audit Plan (Pages 52 - 61)
12. References from other Committees

Any references arising from meetings held after the publication of this agenda will be circulated separately.

13. Matters of Urgent Business

To deal with any matters of an urgent nature.

**MINUTES OF THE AUDIT & STANDARDS COMMITTEE
HELD ON**

4 March 2020

7.30 - 9.10 pm

PRESENT

Committee Members

Councillor Stefan Mullard (Chair)
Councillor Shannon Jezzard (Vice-Chair)
Councillor Jean Clark
Councillor Jodi Dunne
Councillor Eddie Johnson
Councillor Frances Mason
Councillor Russell Perrin
Councillor Chris Vince

Officers

Simon Freeman, Head of Finance and Deputy to the Chief Executive
Simon Hill, Head of Governance
Natalie Hook, Senior Auditor
Sarah Marsh, Internal Audit Manager
Stuart Moseley, Senior Insurance Officer
Adam Rees, Governance Support Officer

Also Present

Francesca Palmer, External Audit Manager - BDO

40. **APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

Apologies for absence were received from Councillor Simon Carter.

41. **DECLARATIONS OF INTEREST**

Councillor Chris Vince declared a pecuniary interest as a remunerated Council appointed Director of HTS (Property and Environment) Ltd.

42. **MINUTES**

RESOLVED that the minutes of the meeting held on 27 November 2019 are agreed as a correct record and signed by the Chair subject to the addition of Councillor Eddie Johnson to the list of those who gave apologies.

43. **MATTERS ARISING**

None.

44. **WRITTEN QUESTIONS AND PETITIONS**

None.

45. **NON CONTENTIOUS BUSINESS**

None.

46. **COMMITTEE WORK PLAN**

The Committee received its current work plan. Simon Freeman, Head of Finance and Deputy to the Chief Executive, said there was no requirement for the annual report on the Certification of Grant Claims and Returns to be considered by the Committee. It was agreed that the qualification letter would be circulated to the Committee members instead.

RESOLVED that the work plan is noted.

47. **ANNUAL AUDIT LETTER**

It was agreed that items 8, 9 and 10 would be considered together.

Francesca Palmer, External Audit Manager - BDO, said that the audit letter was not ready as the audit had not been completed and there were a number of material errors which needed to be resolved. The issues were technical adjustments and did not affect the headline figures within the accounts.

48. **ANNUAL REPORT ON THE CERTIFICATION OF GRANT CLAIMS AND RETURNS**

This item was considered as part of Minute Item 47.

49. **EXTERNAL AUDITOR - AUDIT PLAN 2019/20**

This item was considered as part of Minute Item 47.

50. **INTERNAL AUDIT STRATEGY AND PLAN 2020/21**

The Committee received a report proposing the Internal Audit Strategy and Plan for the 2020/21 municipal year.

Members of the Committee considered that the effectiveness and contribution that the Strategy and Plan made, met the criteria within the Council's assurance framework.

RESOLVED that:

A The Internal Audit Strategy and Plan for 2020/21 is approved.

51. **PERIOD 11 INTERNAL AUDIT ACTIVITY REPORT 2019/20**

The Committee received the Period 11 Internal Audit Activity Report which showed the progress being made against the Audit Plan since the last meeting of this Committee.

Noting the various delays relating to external data transfers between the Council and HTS. It was agreed that the Chair would write to HTS requesting an update including a date for final implementation.

RESOLVED that:

A The report be noted.

52. **AUDIT AND STANDARDS COMMITTEE WORK PLAN AND TRAINING PROGRAMME**

The Committee received its proposed 2020/21 work plan and proposed training programme for Councillors.

RESOLVED that the work plan and training programme for the 2020/21 municipal year are agreed.

53. **RISK MANAGEMENT PROGRESS REPORT**

The Committee received a report on the Risk Management Appetite. The Committee noted the moderate risk appetite currently assigned to a Clean and Green Environment. In light of the Council's declaration of a Climate Emergency it was agreed that the Senior Management Board should look at how the risk appetite could be adjusted to 'hungry'. This would be reported back to the Committee.

RESOLVED that the Committee:

A Noted Senior Management Board revisions to the corporate Risk Appetite General Statement (attached as Appendix 1 to the report).

B Noted the amended Risk Rating Matrix (attached as Appendix 2 to the report) which further defines impact ratings by type of risk.

C Noted the introduction of risk appetite definition thresholds in respect of risks reported to Senior Management Board for review.

D Approved the updated Risk Strategy Version 3.1, as set out in Appendix 3 to the report, which includes the amended Risk Matrix and revised 'Risk Appetite' section.

54. **AMENDMENTS TO CODE OF CONDUCT**

The Committee considered a report which set out a number of amendments to the Code of Conduct for Councillors.

The Committee discussed the threshold for declarations to be included on the Register of Gifts and Hospitality. It was agreed that the limit should be £25, or £50 over a year from a single source.

RESOLVED that the Committee recommended to Full Council that the revised Code of Conduct (attached as Appendix A to the report) be adopted, subject to the amendment of paragraph 14.1 of the Code to set a limit of £25 or totalling £50 over a year from a single source.

55. **REFERENCES FROM OTHER COMMITTEES**

None.

56. **MATTERS OF URGENT BUSINESS**

None.

CHAIR OF THE COMMITTEE

AUDIT & STANDARDS COMMITTEE WORK PLAN 2020/21

June 2020	
○ Audit and Standards Committee Annual Report 2019/20	Sarah Marsh
○ Internal Audit Annual Report 2019/20	Sarah Marsh
○ Period 2 Internal Audit Activity Report 2020/21	Sarah Marsh
○ Revised 2020/21 Internal Audit Plan	Sarah Marsh
August 2020	
○ Audited Annual Accounts 2019/20	Simon Freeman
○ Management Letter of Representation	External Auditor
○ External Auditors Audit Results Report 2019/20 (ISA 260)	External Auditor
○ Annual Governance Statement 2019/20	Simon Freeman
November 2020	
○ Annual Audit Letter 2019/20	External Auditor
○ Period 8 Internal Audit Activity Report 2020/21	Sarah Marsh
○ Review of Internal Audit Charter	Sarah Marsh
○ Review of Audit & Standards Committee Effectiveness and Terms of Reference	Sarah Marsh
○ Review of Code of Corporate Governance	Sarah Marsh
○ Review of Anti-Fraud and Corruption Strategy	Sarah Marsh
○ Risk Management Progress Report	Stuart Moseley
March 2021	
○ Annual Report on the Certification of Grant Claims and Returns <i>(including fees)</i>	External Auditor
○ External Auditor - Audit Plan 2020/21	External Auditor
○ Internal Audit Strategy and Plan 2021/22	Sarah Marsh
○ Period 11 Internal Audit Activity Report 2020/21	Sarah Marsh

AUDIT & STANDARDS COMMITTEE WORK PLAN 2020/21

○ Internal Audit Compliance with the Public Sector Internal Audit Standards	Sarah Marsh
○ Audit & Standards Committee Work Plan and Training Programme	Sarah Marsh
○ Risk Management Progress Report	Stuart Moseley
Standing Items	
○ Register of Complaints which have been referred to Hearing Sub-Committee	Monitoring Officer
Unallocated Items	
○ None	
Training Plan	Topic
August 2020 – date and time to be confirmed	Financial accounts, ahead of the Audit and Standards Committee receiving the annual accounts for approval
25 November 2020 – starts 6.45pm ahead of the Committee meeting	Business continuity framework and initial lessons learnt from Covid-19
03 March 2021 – starts 6.45pm ahead of the Committee meeting	Information governance and data protection from the Council's soon to be appointed Data Protection Officer

- a) Increase awareness regarding the effectiveness and continued development of the Council's governance arrangements;
- b) Provide additional assurance on the robustness of the Council's governance arrangements through a process of independent and objective review;
- c) Reduce the risks of illegal or improper acts;
- d) Increase public confidence in the objectivity and fairness of financial and other reporting;
- e) Contribute to performance improvements in assurance levels and awareness of the need for strong internal control including the implementation of audit recommendations; and
- f) Reinforce the importance and independence of internal and external audit and similar review processes.

Assurance Activity 2019/20

- 6. 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

- 7. The Accounts and Audit (England) Regulations 2015 require the Council to maintain an adequate and effective Internal Audit function which is discharged by the Head of Finance as Section 151 Officer. Internal Audit is a key source of independent 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.
- 8. The Committee considered and agreed reports regarding the Internal Audit Strategy, Internal Audit Charter and Annual Plan 2019/20. It has also monitored progress made by management in implementing audit recommendations and 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, risk management and internal control in place.

Assurance Framework / Annual Governance Statement

9. The Committee's terms of reference include advising on the effectiveness of the Council's internal controls and assurance framework including the production of the Annual Governance Statement.
10. During the year, the Committee has received reports on the control framework and how the annual review and assurance process is undertaken. Members are provided with progress made on the issues raised in respect of the Annual Governance Statement and of the annual service assurance process. The Assurance Framework is compiled from various sources of assurance, for instance Heads of Service and other key officers.
11. The Internal Audit Manager provides an annual report and opinion regarding the Council's control, governance and risk management framework. This opinion is considered by the Committee alongside other sources of assurance.
12. The Committee reviewed the Annual Governance Statement (AGS) for 2018/19 which identified governance issues requiring further ongoing improvement or monitoring relating to:
 - a) Keeping the governance arrangements for Harlow Trading Services (HTS) Group under review;
 - b) The impact of Brexit on the Council's strategic aims and objectives;
 - c) Enhancing the Council's operational risk management and project management frameworks.
13. The assurance framework and the Council's Code of Corporate Governance remained unchanged during 2019/20. The Code was reviewed by the Committee in November 2019 ensuring it remained compliant with the CIPFA/SOLACE framework – Delivering Good Governance in Local Government and no changes were required.
14. 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 Internal Audit Manager's annual opinion.

Anti-Fraud and Corruption

15. 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 including the work of the Corporate Fraud Group.

16. 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) and the work of the Housing Fraud Officer.
17. 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.
18. Based on the work to date, coupled with no major incidences of fraud and corruption being highlighted by management or Internal Audit, the Committee concludes that there is a sound anti-fraud framework in place. The Council's Anti-Fraud and Corruption Strategy was reviewed and approved by the Committee in November 2019.

Risk Management

19. The Committee receives and discusses reports relating to risk management. Work continues to enhance monitoring and reporting mechanisms to ensure there is adequate scrutiny and challenge of risk across the Council and aligning this with the service planning process. Committee members are presented with the corporate strategic risk register with a rolling review of individual risks contained within it.
20. At its March 2020 meeting the Committee approved the revised risk strategy and agreed the Council's risk appetite and the introduction of risk appetite thresholds to improve transparency.

Statement of Accounts and External Auditors

21. Since 2018 the Audit and Standards Committee has delegated authority to each year approve the Annual Governance Statement and the Annual Statement of Accounts. In addition, the Chair of the Audit and Standards Committee, rather than the Leader of the Council, has the authority to sign both of these key documents off.
22. At its September 2019 meeting the Committee reviewed and approved the Council's Annual Governance Statement. The Committee considered the draft Statement of Accounts for 2018/19 and agreed to delegate final approval of the Statement to the Head of Finance in consultation with the Committee Chair because the audit had not been fully concluded.
23. During the year the Committee received a number of reports from the External Auditors, BDO, who attend most meetings. These reports include the Audit Results Report 2018/19. When reviewing the reports the Committee considered audit risks highlighted by the External Auditors.

Committee Working Arrangements

24. 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 four times in 2019/20. 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 a review of the Audit and Standards Committee's terms of reference.
25. Training sessions have been held before most Committee meetings 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 2019/20, open to all Councillors, included the role of External Audit, risk management and fraud awareness.
26. In November 2019 the Committee undertook its own effectiveness review and reviewed its Terms of Reference, the results of which concluded its Terms of Reference were still fit for purpose and the Council was able to demonstrate compliance with recommended best practice for an effective Audit Committee.
27. Some minor areas for improvement were identified and are being addressed including the inclusion of an independent member and repeating the skills and knowledge analysis last undertaken in 2017. Progress has been made in relation to the independent member with interest in the role expressed following an open recruitment process. However, recruitment to the role is currently on hold following the outbreak of Covid-19 and subsequent lockdown rules.
28. Members of the Committee have a wide range of both experience and professional knowledge. The Committee has the benefit of being well supported by Council Officers. This included the Head of Finance, who is also the Section 151 Officer, the Council's Monitoring Officer, and the Internal Audit Manager as well as the Council's External Auditors.
29. No major breakdowns in internal control, governance and risk management that have led to a significant loss in one form or another have been recorded or reported. Nor has any major weakness in the governance systems that has exposed, or continues to expose, the Council to an unacceptable level of risk. This includes the period to the end of March 2020 after the government announced on the 23 March 2020 a full scale lock down of the country due to Covid-19.
30. 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:

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

CONCLUSION

31. 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.
32. The Committee has added value through its activity and in particular:
- a) It has continued to increase the importance placed upon governance issues, particularly risk management, anti-fraud and corruption and the assurances sought that key risks are being mitigated; and
 - b) It has continued to raise the profile of internal control issues across the Council and to seek to ensure that audit recommendations are implemented.
33. 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.
34. 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.

IMPLICATIONS

Environment and Planning (includes Sustainability)

None specific.

Author: Andrew Bramidge, Head of Environment and Planning

Finance (includes ICT)

There are no financial implications and no direct risk management implications arising from the recommendations.

Author: Simon Freeman, Head of Finance and Deputy to the Chief Executive

Housing

None specific.

Author: Andrew Murray, Head of Housing

Community Wellbeing (includes Equalities and Social Inclusion)

None specific.

Author: Jane Greer, Head of Community Wellbeing

Governance (includes HR)

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.

The effective operation of the Audit and Standards 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.

Audit Committees in local authorities are necessary to satisfy the wider requirements for sound financial management, internal controls and risk as set out in the Accounts and Audit (England) Regulations 2015.

Author: Simon Hill, Head of Governance

Background papers

Audit Committees: Practical Guidance for Local Authorities and Police (2018 Edition)

Glossary of terms/abbreviations used

AGS – Annual Governance Statement

CIPFA – Chartered Institute of Public Finance and Accountancy

SOLACE – The Society of Local Authority Chief Executives

- f) Whether any limitations have been placed on the scope of Internal Audit (there have not been any)
 - g) The extent to which resources constraints may impinge upon the Internal Audit Manager's ability to meet the full audit needs of the Council (the coronavirus lockdown in March 2020 delayed completion of the plan)
 - h) What proportion of the Council's audit need has been covered to date; and
 - i) The results of work performed by other assurance providers including the work of the External Auditors
5. The Internal Audit Manager is satisfied that sufficient internal audit work has been undertaken to allow a reasonable conclusion as to the adequacy and effectiveness (or inadequacy and ineffectiveness) of the Council's risk management, control and governance processes to be drawn.
 6. Based upon the results of work undertaken during the year, it is the Internal Audit Manager's overall opinion that the Council has in place adequate and effective governance, risk management arrangements and control processes. Where there have been significant issues these have been accepted by Management and promptly corrected.
 7. This report outlines the work undertaken by Internal Audit during the 2019/20 year and covering the period 1 April 2019 to 31 March 2020.
 8. 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.
 9. 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:
 - a) the opinion
 - b) a summary of the work that supports the opinion; and
 - c) a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme

10. The primary role of Internal Audit is to provide assurance to the Council (management, Heads of Service and the Audit and Standards Committee) and ultimately the taxpayers that the Council maintains an effective control environment that enables it to manage its significant organisational risks. 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 2019/20

11. The 2019/20 Internal Audit Plan was presented to and agreed by the Audit and Standards Committee in March 2019. The plan was prepared based on the risks associated with the Council's objectives in consultation with key officers and took into account:
- a) knowledge and experience accumulated in Internal Audit, including the results of previous reviews
 - b) a review of audit themes against the Corporate risk register and Council priorities
 - c) the work of other assurance providers both internally and externally
 - d) the external environment including economic climate, government initiatives such as welfare reform and changes in funding
 - e) harmonisation of themes with Borough of Broxbourne Council and Epping Forest District Council to enable benchmarking and sharing of good practice.
12. The plan was designed to allow sufficient audit coverage to support the overall opinion for the Council and whilst there were some variations to the plan during the year, which were reported and approved by the Audit and Standards Committee, there has still been sufficient internal audit coverage in order to give this opinion.
13. 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:
- a) '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.

- b) '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).
- c) 'Limited' assurance – There are significant weaknesses in more than one key control area, which could put system/service objectives or the Council at risk.
- d) '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

14. A total of 11 audit reports were issued as part of the 2019/20 Plan, with all of these being assurance reviews. The moderate and limited assurance reports tend to relate to a specific area rather than represent a breakdown of controls across the Council. The table below provides a comparison between the 2019/20 and previous three financial years:

Table 1: Assurance Report Comparison

Assurance rating	2019/20	2018/19	2017/18	2016/17
Substantial	4	6	2	7
Moderate	6	4	6	6
Limited	1	2	0	1
No	0	0	0	0
TOTAL	11	12	8	14

15. Appendix A sets out work carried out by Internal Audit during the year in narrative form and compares this to the original plan agreed by Audit and Standards Committee in March 2019. This summary includes individual audit reviews, investigations, consultancy and advice and other internal audit engagement activities with the Council.

16. Appendix B lists the individual audit reports issued as part of the 2019/20 Plan with their assurance rating and number of recommendations made by risk priority.

Tracker process

17. Recommendations are categorised according to the risks they are intended to mitigate. Categorising recommendations also assists managers in prioritising improvement actions. Recommendation categories are linked to risk and, in order of priority, are rated 'high', 'medium and 'low.

18. Reports on progress of the management implementation of agreed

recommendations are actively monitored by the Senior Management Board. The Audit and Standards Committee receives a report of all overdue recommendations plus any fundamental recommendations from final reports issued, regardless whether they are overdue or not.

19. The process continues to work well and there are no significant issues to report regarding the implementation of audit recommendations.

Other Sources of Assurance

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

21. Special investigations: Internal Audit investigates any allegations of fraud and suspected irregularity. There are separate arrangements for reporting, investigating and dealing with benefits fraud. A record is maintained of all reported and alleged fraud and theft with a summary reported annually to the Audit and Standards Committee. For 2019/20 there were no significant (estimated at more than £10,000) investigations by Internal Audit into suspected fraud.

22. 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 sitting on key business groups which in 2019/20 included:

- a) Corporate Governance Group
- b) IT Operations Board
- c) Information Governance Group

23. 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.

24. Anti-Fraud and Corruption work: Harlow Council participates in the National Fraud Initiative which is a data matching exercise run annually by the Cabinet Office. 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.

25. Internal Audit continues to be an active member of the Corporate Fraud Group, sharing good practice seen elsewhere and helping to deliver anti-fraud initiatives which supports the Council's anti-fraud and corruption strategy which was approved at the November 2019 Audit and Standards Committee.

Effectiveness

26. In line with good practice, the Internal Audit service should on an annual basis ensure it is compliant with the 2017 Public Sector Internal Audit Standards (PSIAS), notifying the Audit and Standards Committee of any areas of non-compliance.
27. Following an external assessment, which is required every five years, the service was confirmed as fully compliant in November 2016 and this is still the case as there have been no significant changes in the way the Internal Audit service is delivered or operates, and the Internal Audit Manager has not taken on any additional responsibilities that could compromise the service's independence and objectivity.
28. Performance indicators are in place to monitor service performance and reported at each Audit and Standards Committee with a summary for the year presented below with a comparison with last years' results. The amount of time to obtain management responses has been brought to Senior Management Board's attention:

Table 2: Performance Indicator Summary

Aspect of Service	Performance Indicator	Target	Year End 2019/20	Year End 2018/19
Audit Plan	<ul style="list-style-type: none"> Achievement of the annual Plan 	<ul style="list-style-type: none"> Sufficient internal audit work in order that the Internal Audit Manager can give their annual opinion. 	<ul style="list-style-type: none"> Achieved 	<ul style="list-style-type: none"> Achieved
Internal Audit processes	<ul style="list-style-type: none"> Issue of draft report after closing meeting 	<ul style="list-style-type: none"> Within 10 working days 	<ul style="list-style-type: none"> 5 days 	<ul style="list-style-type: none"> 6 days
	<ul style="list-style-type: none"> Issue of final report after agreement with client to draft 	<ul style="list-style-type: none"> Within 5 working days 	<ul style="list-style-type: none"> 3 days 	<ul style="list-style-type: none"> 4 days
Effective management engagement	<ul style="list-style-type: none"> Management responses within 10 working days of draft report 	<ul style="list-style-type: none"> 10 working days 	<ul style="list-style-type: none"> 24 days * 	<ul style="list-style-type: none"> 19 days **

ment	<ul style="list-style-type: none"> • Implementation of agreed audit recommendations 	<ul style="list-style-type: none"> • Within agreed timescales 	<ul style="list-style-type: none"> • Largely met (as reported via the tracker) 	<ul style="list-style-type: none"> • Largely met (as reported by tracker)
Continuous Professional Development (CPD)	<ul style="list-style-type: none"> • Auditors maintain and improve their knowledge, skills and other competencies through directed and self-directed activities 	<ul style="list-style-type: none"> • 40 hours of CPD activity per auditor 	<ul style="list-style-type: none"> • Target for 2019/20 achieved 	<ul style="list-style-type: none"> • Target for 2018/19 achieved.

* The figures are inflated because three of the reports took longer than anticipated to be responded to because of Covid-19

** The reason for the increase is due to delays because of the Christmas break and managers agreeing a suitable resolution with Internal Audit for the more complex or wider reaching recommendations.

29. 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, the Midland Audit Group and the London Audit Group, where speakers on topical issues give presentations. There are also close working relationships with other councils.

IMPLICATIONS

Environment and Planning (includes Sustainability)

None specific.

Author: Andrew Bramidge, Head of Environment and Planning

Finance (includes ICT)

The results of this report and the Internal Audit Manager's overall opinion provide sources of assurance for the Annual Governance Statement.

Author: Simon Freeman, Head of Finance and Deputy to the Chief Executive

Housing

None specific

Author: Andrew Murray, Head of Housing

Community Wellbeing

None specific

Author: Jane Greer, Head of Community Wellbeing

Governance

The review ensures that the Council fulfils the requirements of the Accounts & Audit Regulations (England) 2015.

Author: Simon Hill, Head of Governance

Background Papers

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

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

Appendices

Appendix A – Internal Audit 2019/20 Outcomes
Appendix B – Audit Report Monitoring 2019/20

Glossary of terms/abbreviations used

PSIAS - Public Sector Internal Audit Standards

Audit Area and Context	Corporate Risks	Proposed outline/scope	Year End Position	Status /Assurance
Corporate Framework				
<p>Governance & Probity</p> <p>The corporate priorities are underpinned by sound leadership, management of resources, and governance</p>	<p>The Council's governance framework underpins everything it does; therefore, robust arrangements are key in managing this risk.</p>	<p>Conflicts of interest: review how conflicts of interest for staff (and Members) are managed as this was the focus of several recent investigations by Internal Audit</p> <p>Governance – Harlow and Gilston Garden Town: 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>	<p>Conflicts of interest: The requirement for employees to make an annual declaration of any conflict of interest or gift and hospitality was not operating in practice. This has now been addressed by revamping the online declaration forms and regular reminders to staff. There are robust processes in place for Members.</p> <p>Harlow and Gilston Garden Town: Fieldwork almost completed</p>	<p>Conflicts of interests and gifts and hospitality – moderate assurance for officers and substantial assurance for Members</p> <p>Harlow and Gilston Garden Town: to be reported as part of the 2020/21 plan</p>
<p>24</p> <p>Fraud</p> <p>Proactive fraud work</p>	<p>CR01 (Financial resilience) - any loss through fraud is a drain on resources which, in turn, reduces the amounts available for service delivery.</p>	<p>Member of the Corporate Fraud Group. Oversee the delivery of the Council's anti-fraud and corruption action plan.</p> <p>Potential for fraud considered in all audits. Co-ordinate National Fraud Initiative data matching process.</p>	<p>Member of the Corporate Fraud Group, which meets quarterly. This group oversees the Council's action plan that co-ordinates the Council's approach and activities that complements the Council's anti-fraud and corruption strategy, which was updated in November 2019.</p> <p>IA continued in year work regarding the National Fraud Initiative</p>	<p>Completed for 2019/20</p>
<p>Assurance Framework incl. Risk Management and support to Audit Committee</p>	<p>Risk in achieving corporate priorities as these are underpinned by sound leadership,</p>	<p>Co-ordination of year-end assurance reporting, including the Annual Governance Statement.</p> <p>Member of the Corporate Governance Group.</p> <p>Assistance to Head of Finance and the Insurance and Risk</p>	<p>IA drove the annual review each service undertakes regarding the effectiveness of its governance, risk management and internal control arrangements. Findings and key themes/common issues were reported to the Corporate Governance Group and fed into the Annual Governance Statement process.</p>	<p>Completed for 2019/20</p>

Audit Area and Context	Corporate Risks	Proposed outline/scope	Year End Position	Status /Assurance
	management of resources, and governance.	<p>Manager in enhancing and embedding the Council's risk management framework.</p> <p>Support and training to the Audit Committee.</p>	<p>IA continues to provide advice and good practice as the Council continues to develop its risk management framework.</p> <p>IA delivers a bespoke training programme for the Audit and Standards Committee, as well identifying training opportunities in neighbouring councils. Topics included risk management, role of External Audit and fraud awareness.</p>	
<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>CR08 Information Governance and Data Compliance: Breach of data protection and other legislation related risks which could lead to significant fines and reputational damage.</p>	<p>GDPR (General Data Protection Regulation) checklist: IA will complete a GDPR checklist for all audits, feeding the results back to the DPO</p> <p>Data retention and disposals: cross cutting review to ensure the Council's data retention and disposal policy is fit for purpose and being complied with.</p> <p>Member of the Corporate Information Governance Group: Internal Audit continues on the officer Information Governance Group which reports into Corporate Governance Group. This is chaired by the Head of Governance and includes the Council's DPO (Data Protection Officer).</p>	<p>For a sample of audits IA completed a GDPR checklist and found overall these areas were generally GDPR compliant. Any control weaknesses or areas for improvement have been fed back to the DPO</p> <p>HTS and GDPR compliance: This was an additional audit to the plan at the request of the Council's Corporate Governance Group. Overall, HTS has a sound framework, in particular around training and awareness. Weaknesses found, in particular ensuring contracts are GDPR compliant and keeping Registers of Processing Activities up to date, once in place. This has now been addressed through the company's information security and data protection action plan.</p> <p>Data retention and disposals audit: The majority of the fieldwork has been completed, however, findings have yet to be fed back to the Information Governance Group which has been delayed due to Covid 19. It is expected that any</p>	<p>HTS and GDPR compliance: moderate assurance</p> <p>Data retention and disposals audit: to be reported as part of the 2020/21 audit plan</p>

Audit Area and Context	Corporate Risks	Proposed outline/scope	Year End Position	Status /Assurance
			recommendations will be taken forward by the new to be appointed DPO.	
Performance Management: Data integrity & quality (collection, collation, analysis and validation). Use of performance targets	Risk of non-achievement of corporate priorities and lack of transparency.	The suitability and integrity of Performance Indicators (PIs) are considered within operational audits. For 2019/20 this includes parks, landscapes and Streetscene, complementing the HTS (Harlow Trading Services) Best Value Review, Leah Manning Centre and Commercial Rents	No concerns identified regarding performance indicators examined in other audits including commercial rents and corporate H&S.	Complete for 2019/20
Value for Money (VfM) - Guiding principle of the Council	VfM helps the Council manage its corporate risk CR01 on financial resilience.	Continue with short/sharp audits driven by data analytics. For 2019/20 this will include a follow up of the 2018/19 limited assurance purchase card audit.	Purchase cards: some improvement since the previous audit as the number of receipts retained for purchases and approved transactions has significantly increased and all cardholders now have an approver. The system of reviewing expenditure is still not providing the challenge required to ensure spending is legitimate and in the best interests of the Council. The role of Systems Team Leader as the central 'gatekeeper' has been strengthened who monitors and challenges poor spending habits.	Purchase cards - moderate assurance
Joint Working, Shared Services, Outsourcing and Partnerships	On corporate risk register: CR06 - Lack of resources and capacity, Council and key partners.	Harlow and Gilston Garden Town (joint initiative with Epping Forest, and East Herts): to ensure joint arrangements are working in the best interests for the Council with appropriate governance and monitoring arrangements in place.	Covered in the governance review of the Garden Town arrangements (see start of Plan).	Complete for 2019/20

Audit Area and Context	Corporate Risks	Proposed outline/scope	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 the risk of projects not being delivered on time, to budget or does not meet the needs of the Council.</p>	<p>Capital projects programme</p> <p>New HR system project: internal control advice and guidance will be given whilst procuring and implementing a new HR system.</p>	<p>Capital projects programme: fieldwork in progress</p> <p>New HR system: Internal Audit meets regularly with the HR Manager to discuss progress</p>	<p>Capital projects programme – to be reported as part of the 2020/21 Plan</p>
<p>Contingency</p>	<p>Annual provision for responsive work, special investigations and/or key/emerging risk areas</p>	<p>Will take into account themes/issues coming out of the Annual Governance Statement.</p>	<p>Two special investigations were undertaken by Internal Audit. One was a review of budget monitoring and procurement activities where recommendations have been made to improve the control framework and enhance transparency within that area. The other was an external whistleblowing concern around potential disclosure of personal information between staff, which was passed to the relevant Head of Service to decide if the Council's disciplinary procedure should be evoked.</p>	<p>Completed for 2020/21</p>
Themed/cross cutting audits				
<p>Income Streams</p> <p><i>Management of resources features in the corporate plan</i></p>	<p>To ensure financial resilience the Council needs to protect and maximise its income streams</p>	<p>Commercial property rents: will examine how leases are set up and rental income is monitored to ensure there are effective and efficient processes in place being a key source of income for the Council</p>	<p>Commercial rents: Overall, sound, processes regarding the commercial rent framework but there is a need to formalise these with regards to rent deposits, rent reviews, reconciliation, formal reporting and management information. This will ensure transparency in the decision making process as officers have discretionary powers to get the best deal for Harlow.</p>	<p>Commercial rents: moderate assurance</p>
<p>Procurement</p>	<p>Risks include non-compliance</p>	<p>HTS and Public Contract Regulations: IA will assess the</p>	<p>HTS and Public Contract Regulations: Was to form part of the planned maintenance</p>	<p>Housing contracts (non HTS) -</p>

Audit Area and Context	Corporate Risks	Proposed outline/scope	Year End Position	Status /Assurance
Themed audits - compliance, VfM, fraud, goods and services. End to end processes (need, selection, appointment, contract management & exit strategies)	with legislation, fraud, not achieving value for money, poor service delivery.	level of compliance by HTS to Public Contract Regulations.	and major works audit (see later on) which has been deferred. Instead Internal Audit completed an audit of housing contracts (non HTS) which was carried forward from the 2018/19 Plan. This found there were robust tendering and contract management in place for the procurement and management of these contracts (including external works and external repairs and redecoration).	substantial assurance
Health & Safety	Risk of compromising the health and safety of individuals and non-compliance with H&S legislation leading to fines or imprisonment.	Corporate H&S Framework, including policies: assess the H&S framework in place to protect people working for and visiting the Council as the H&S function now sits in a different service.	Corporate H&S framework: Desk top review confirmed areas of good practice in place; including a corporate safety committee, comprehensive staff H&S handbook, suite of H&S policies, monitoring and reporting of H&S statistics. However, the following require improvement; ensuring H&S policies remain up to date, central monitoring of risk assessments, having a consistent approach to H&S training records.	Corporate H&S framework - moderate assurance
Business Continuity Planning (BCP)	Without adequate BCP the Council could fail to deliver its services in the event of significant incident.	Business Continuity Planning: Using a checklist approach business continuity and IT Disaster recovery arrangements will be assessed. (A technical review of the Council's IT Disaster Recovery arrangements will take place) the following year.	Business continuity (BC): There is a clear and up to date policy, with ownership by the Senior Management Board. Business impact assessments are in place, with recovery expectations. However, It is not clear (for IT Disaster Recovery purposes) what systems might be required and what the recovery sequences should be. In addition, services need to check that key suppliers have BC plans of their own. Just as the report was being prepared, the Coronavirus pandemic emerged and	Business continuity planning - moderate assurance

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Audit Area and Context	Corporate Risks	Proposed outline/scope	Year End Position	Status /Assurance
			escalated. It is important is to capture the learnable lessons and ensure that plans are updated as a result.	
Key Financial Controls (KFC) Four-year rolling programme of full system and key control audits (unless significant change in process/system or poor audit outcome)	CR01 (Financial resilience)	Rolling programme of key financial control (KFC) audits. For 2019/20 these are: <ul style="list-style-type: none"> • Fixed Assets Register • Treasury Management 	Fixed asset register: currently in progress Treasury Management: deferred due to staffing changes within the accountancy function	Fixed asset register and Treasury Management – both to be reported as part of the 2020/21 Plan
IT Audits: IT Governance, IT Regulation, Security/Privacy, Business Systems, DRP/BCP, Network, Emerging Technologies e.g. mobile devices, IT Applications and Projects	CR08 Information Governance and Data Compliance: Risks around data and asset security and loss of service. Opportunity for IT to be an enabler for delivering the Council's priorities	Change and Patch Management Using a specialist IT Auditor, make sure there is a structured mechanism when making changes or applying patches.	Change and patch management: effective overall control environment over changes made to IT equipment and systems, including business applications, network devices, PCs and workstations and servers. This includes the routine security patching processes.	Change and patch management - substantial assurance

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Audit Area and Context	Corporate Risks	Proposed outline/scope	Year End Position	Status /Assurance
Operational/service audits				
Housing: Housing Management Property Services Housing Needs and Options Sheltered Housing Area Housing Home Ownership	CR03 - Lack of Suitable Housing Mix CR04 - Lack of adequate Council housing	Homelessness will take into account the Homelessness Reduction Act which came into force April 2018 and will build on similar audits undertaken at Epping Forest and Broxbourne. Planned maintenance and major works: focus on those works undertaken by HTS.	Homelessness: to be deferred Planned maintenance and major works: This audit was replaced with the Housing contract (non HTS) reported above. Former Tenant Arrears (FTA): This was a follow up of the 2018/19 housing rents audit which found FTAs to be high and the need to allocate resources to collect these. This audit found rent officers' focus is on current rather than former tenant debt. There needs to be an increased emphasis on collectable former tenant debt alongside the write off the very old uncollectable debt, which has now started.	Homelessness and planned maintenance and major work – both to be deferred to 2021/22 Former Tenant Arrears – limited assurance
3 Community Wellbeing: Community Safety Community, Leisure and Culture Customer & Media Services Youth & Citizenship	CR05 - Inability to fulfil Community Leadership role CR07 - Ability to support children and family aspirations	Leah Manning Centre: The Leah Manning Centre will cover mainly financial and regulatory aspects	Lean Manning Centre: This audit has been deferred as the coronavirus outbreak started whilst planning to the audit Internal Audit discussed the risks around community and leisure with the outgoing and in coming Community Leisure and Cultural Services Manager. It was agreed that any audit work could be factored into future Audit Plans as there were no significant or immediate concerns	Lean Manning Centre – deferred to 2021/22
Regeneration and Enterprise Zone	CR02 - The Harlow Offer CR06 - Lack of Resources and Capacity, Council and key	Covered under the Garden Town audit – see earlier.	See Garden Town audit	Completed for 2019/20

Audit Area and Context	Corporate Risks	Proposed outline/scope	Year End Position	Status /Assurance
	partners			
Place: Properties, facilities & projects Properties & estates Operations, energy & emergency planning Planning & Building Control Environmental Health Licensing Streetscene	CR06 - Lack of Resources and Capacity, Council and key partners	Parks, landscapes and Streetscene: The parks and landscapes audit will assess new processes implemented 2018/19 and to include playgrounds	Parks and landscapes: fieldwork in progress	Parks and landscapes – to be reported as part of 2020/21 Plan
Governance: Corporate & Governance Support Legal Services Electoral Services Human Resources Procurement & Relationship (covered elsewhere in the plan) Policy & Performance (covered under performance management)	Risk of corporate priorities not being met should these service areas fail to deliver.	See earlier in report for audits around procurement and HR HR – starters, movers and leavers (carried forward from 2018/19 plan). Will be based on analytical review	HR starters, movers, leavers: effective processes to ensure the records and documentation of starters, movers and leavers are reviewed and verified before details are entered on to Chris21 (the HR and Payroll system). Testing confirmed start dates (except for casual workers who have no fixed start date) and pay grades for starters and movers are accurately input to Chris21 and agree to the contract of employment. Leave dates agreed to the relevant documentation.	HR starters, movers, leavers – substantial assurance
Finance: Revenues & Benefits (covered under KFC audits) ICT (covered elsewhere in the plan)	CR01 (Financial resilience)	Covered in other audits	See earlier for IT and key financial control audits Cash office (Civic Centre): this was an additional audit to the 2020/21 plan following continued very low value discrepancies (unders/overs) in the cash	Cash office (Civic Centre) – substantial assurance

Audit Area and Context	Corporate Risks	Proposed outline/scope	Year End Position	Status /Assurance
Accountancy (see also KFC audits) Insurance Internal Audit			income banked by the cash office in the Civic Centre. The audit was unable to identify the reasons for the discrepancies and found robust processes and controls regarding cash income received and banked.	
Follow Up Audits Review of progress against recommendations on the tracker	Tracker process ensures risks identified in audits have been managed to an acceptable level.	Includes specific follow up work especially where Limited assurance previously given. Includes maintaining the recommendation tracker, which is reported at each Audit and Standards Committee.	Implementation of all recommendations continues to be scrutinised as part of the tracker process. Recommendations made in previous reports are routinely followed up when the audit is next undertaken, for example commercial rents and H&S. The purchase card and Former Tenant Arrears audits reported earlier were a follow up of the previous 2018/19 audits.	Completed for 2019/20

Appendix B - Year end Audit Report Summary 2019/20

	Risk Area	Plan Days	Status	Fieldwork started	report issued to Management	Finalised	Opinion: Level of Assurance	High risk Recommendations	medium risk recommendations	Low risk recommendations
HR Starters, leavers and movers (c/f from 2018/19 Plan)	Governance	5	Final report	■	■	■	Substantial	0	0	1
Contractual arrangement - Housing (c/f from 2018/19 Plan)	Housing	20	Final report	■	■	■	Substantial	0	0	0
Cash Office (New audit)	Finance	10	Final report	■	■	■	Substantial	0	1	0
Change and patch management	Finance	10	Final report	■	■	■	Substantial	0	2	2
HTS (P&E) Ltd - GDPR compliance (new audit)	Corporate	10	Final report	■	■	■	Moderate	0	2	0
Business Continuity Planning	Corporate	10	Final report	■	■	■	Moderate	0	4	0
Corporate H&S framework	Corporate	15	Final report	■	■	■	Moderate	0	3	1
Conflicts of Interest (staff and Members)	Governance	10	Final report	■	■	■	Moderate	0	4	1
Purchase cards	Finance	15	Final report	■	■	■	Moderate	0	2	0
Commercial Rents	Finance	15	Draft report	■	■		Moderate	0	8	4
Former tenant arrears (follow up)	Housing	10	Final report	■	■	■	Limited	2	2	2
Data retention and disposals	Corporate	20	In progress	■						
Parks and landscapes	Environment and Planning	15	In progress	■						
Capital projects programme	Finance	15	In progress	■						
Harlow and Gilston Garden Town	Place	12	In progress	■						
Key Financial Control - Fixed Assets	Finance	12	In progress	■						
Treasury Management	Finance	10	Deferred							
Leah Manning Centre	Community Wellbeing	25	Deferred							
Planned maintenance and major works	Housing	15	Deferred							
HTS and Public Contract Regulations (part of the planned maintenance audit)	Housing	0	Deferred							
Homelessness	Housing	15	Deferred							

Not a specific audit

Advice and guidance for the new HR system	Governance	3	In progress							
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Totals				16	11	10		2	28	11
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Key

HTS (P&E) - Harlow Trading Services (Property and Environment)

GDPR -General Data Protection Regulations

c/f carried forward

REPORT TO: **AUDIT AND STANDARDS COMMITTEE**
DATE: **10 JUNE 2020**
TITLE: **INTERNAL AUDIT ACTIVITY REPORT**
LEAD OFFICER: **SARAH MARSH, INTERNAL AUDIT MANAGER**
(01279) 446884

RECOMMENDED that:

The Committee reviews the outcomes of the work of the Internal Audit service for the period April to June 2020 and identifies any issues for further consideration

BACKGROUNDS

Progress Against Audit Plan

1. The Council's audit plan for 2019/20 is almost complete and sufficient work has been undertaken in order for the Internal Audit Manager to give their annual report and assurance opinion which is reported elsewhere in the agenda.
2. Work regarding the 2020/21 Audit Plan has been stalled as a result of Covid-19. Instead Internal Audit has been providing advice and guidance (see the ongoing audit work section later on) as well as completing audits from the 2019/20 plan.

Internal Audit Reports

3. Five reports have been issued since the Committee received its last update in March 2020:

a) Housing contracts (non HTS) – substantial assurance

This audit was undertaken to review the procurement and contract management processes undertaken within Housing Services for non HTS housing contracts. During 2019, responsibility for programme management, previously carried out by Savills, had been transferred back to the Council.

This audit focussed on non HTS housing contracts and found these are procured in line with the Council's Contract Standing Orders and Procurement Strategy through a Service Level Agreement (SLA) with Corporate Procurement. Tenders are evaluated in line with the agreed methodology, and documentation in support of the decision retained should any subsequent queries or challenges to the contract award arise.

Robust contract management processes are in place. Monthly contract meetings between the Council and contractor monitor progress against the programme timetable and budget, and project risks are appropriately managed through detailed contract risk registers. Daily site visits ensure works meet the required specification and contract payments are only made following sign off by the Clerk of Works. Queries and issues arising from residents during the works are

managed through a Customer Care Officer and Resident Liaison Officer assigned to each contract.

Monthly reporting to the Housing Programme and Project Management Group (HPPMG) provides a formal update on progress against the programme and budget to senior management and gives the opportunity to identify and disseminate lessons learned. Contractor performance is reported monthly both internally to the HPPMG and externally to the Housing Standards Board.

Areas of good practice identified include the SLA with Corporate Procurement, which is working well in practice, and the use of individual risk registers for each contract. No recommendations have been made from this audit.

b) Former tenant arrears - limited assurance

The Housing Rents Audit carried out in 2018/19 concluded that there was substantial assurance over the controls and processes in place over setting up new tenants, current tenant arrears, write offs and performance monitoring. However, only Moderate assurance was given regarding Former Tenant Arrears as these remained high at the time and reflected future plans to consider the future resources allocated to collection. This audit was an in-depth follow up with regards to the former tenants' arrears system controls, rather than as a sub-system opinion within the Housing Rents system.

The key issues identified in this review that support the opinion are:

- a) Twenty former tenant arrears cases were selected to ascertain if the debt had been appropriately managed. In all 20 cases the debt had not been adequately managed and followed up in accordance with the former tenant arrears procedures and in five cases there is no evidence that any action has been taken to collect the outstanding debt.
- b) Twenty recent voids notifications were reviewed to ascertain the actions taken to notify the tenant about any arrears on their rent account on termination of their tenancy. This testing established that eight cases had no evidence of any action being taken on the outstanding debt; and
- c) Debt over six years old is not collectable, due to the provisions in the Limitation Act 1980, which in effect makes all debt over six years old uncollectable as the debtor cannot be taken to court to collect the debt. The oldest former tenant debt relates to a tenancy that ended in May 1993.

As at January 2020 the total amount of former tenant arrears debt including all sub categories such as garages and court costs, but excluding any credit balances was £1,555k. This is a reduction from the total former tenant arrears debt at January 2019 of £1,672k.

The rent officers' focus is on current rather than former tenant debt, and management are aware and have started to address the write off of historical uncollectable debt. There is a need for an increased emphasis on collectable former tenant debt alongside the write off the very old uncollectable debt.

c) Business continuity - moderate assurance

A clear business continuity (BC) policy exists and is up to date, with the management hierarchy and a command chain clearly set out in the corporate plan. Overall sponsorship for business continuity is through the Senior Management Board (SMB). Day to day responsibility lies with the Heads of Service who are responsible for individual service plans.

Business impact assessments have been undertaken and are clearly set out in the service plans. A section on the risk assessment process forms part of the Corporate Plan.

Contingency arrangements are visible within the plans and note recovery expectations for various functions. Stakeholders and dependencies form part of the service area plans. High level recovery priorities exist within the Corporate Plan. Service area BC plans concentrate on functions and the people required to undertake them rather than IT systems. There is scope to improve the alignment between service area plans and the corporate plan to ensure that recoveries are properly scheduled.

A recent IT incident highlighted shortfalls within the connection between the BC plans and the IT Disaster Recovery (ITDR) plan. This is largely to do with ensuring that ICT can quickly identify what IT systems to prioritise for recovery and in what order.

Just as the audit report was being prepared, the Coronavirus pandemic emerged and escalated. It is vital that whatever happens, lessons are learned and plans revised and updated with those lessons.

d) Corporate Health and Safety - moderate assurance

The Council has a Safety Committee that meets quarterly and is chaired by the Environment and Licensing Manager. There are Terms of Reference, which clearly sets out the role and responsibilities of the Committee and there is a comprehensive staff Health and Safety Handbook.

Accident and near miss statistics are reported and considered to the Safety Committee and are also reported to SMB and annually to the Council. The Council has a comprehensive suite of Health and Safety related policies, albeit the majority of these require updating. Policies in hard form are circulated to staff who do not have access to a computer.

There are no central mechanisms to ensure that operational risk assessments are adequate and in line with Council policy. The Control of Substances Hazardous to Health (COSHH) data sheets should be regularly reviewed to ensure compliance with the Health and safety executive guidance.

Health and safety training records across the Council need review to ensure gaps in training and / or refresher training requirements are identified.

e) Commercial Rents - moderate assurance

Processes are in place within commercial rents however these require formalising in respect of rent deposits, rent reviews, reconciliation, formal reporting and management information. Implementation of the recommendations

made in this report will help to strengthen controls and provide greater assurance to management.

The Property and Facilities Department is due to increase its staffing resource during 2020/21. This will provide for greater separation of roles, increase transparency in the decision making processes and has the potential to introduce more formalised processes.

Ongoing Audit Work

4. During the Covid19 lockdown Internal Audit has:

- a) Been liaising with the Revenue and Benefits Manager about pre and post business grant checks, sharing good practice from other councils and exploring the use of central government tools and other fraud related organisations (such as the National Anti-Fraud Network and Cifas, a not-for-profit fraud prevention membership organisation) to undertake these.
- b) Reviewing and advising on controls where these have had to be flexed to allow for staff to be able to work remotely with regards to payroll and accounts payable. This has included an analytical review of payments to help identify any instances of potential fraud (internal and external).
- c) Reviewing the project plan for implementation of the new HR system, where the go-live date has been pushed back from November 2020 to January 2021 due to Covid-19. In addition, Internal Audit is reviewing membership and terms of reference of the Council wide project group that will support and oversee the project.
- d) The Internal Audit Manager is advising the recently created internal recovery group that is coordinating the Council's approach as we come out of lock down.

Recommendation Tracker

5. The Audit and Standards Committee receives details of all overdue recommendations, plus any high priority recommendations from final reports, regardless of whether they are overdue or not.
6. The current tracker, as set out in Appendix A, contains recommendations which have passed their due date. A comparison with previous periods is outlined in the table below:

Table One: Tracker Comparison

Recommendation Priority	Number (as at June 2020)	Number (as at March 2020)	Number (as at Nov 2019)	Number (as at June 2019)
High - not yet due	2	0	0	0
High - passed due date	0	0	0	0
Medium - passed due date	14	10	13	5
Low - passed due date	3	2	2	3
TOTAL	19	12	15	8

7. Implementation of some recommendations has been delayed as a direct result of the impact of Covid-19. The two high risk recommendations not yet due relate to the former tenant arrears audit.

IMPLICATIONS

Environment and Planning (includes Sustainability)

None specific.

Author: Andrew Bramidge, Head of Environment and Planning

Finance (includes ICT)

It is important that the organisation responds to and implements the recommendations flowing from the internal audit process in order to protect and improve the overall internal control environment of the Council.

Author: Simon Freeman, Head of Finance and Deputy to the Chief Executive

Housing

None specific.

Author: Andrew Murray, Head of Housing

Community Wellbeing (includes Regeneration, Equalities and Social Inclusion)

None specific.

Author: Jane Greer, Head of Community Wellbeing

Governance (includes HR)

Internal Audit provides a key element of assurance within the overall Governance framework within the Council and it is important that recommendations flowing from internal audit recommendations are acted upon and implemented within reasonable timescales if reliance on internal controls and procedures is to continue.

Author: Simon Hill, Head of Governance

Background Papers

Internal Audit Plan and Internal Audit monitoring reports

Appendices

Appendix A – Audit Recommendation Tracker

Glossary of terms/abbreviations used

BC – Business Continuity

COSHH - Control of Substances Hazardous to Health

ITDR – IT Disaster Recovery

HPPMG - Housing Programme and Project Management Group

SLA – Service Level Agreement

SMB – Senior Management Board

Internal Audit Recommendation Tracker (All)

Last Updated: 20 May 2020

Appendix A

Audit Year (Date report issued)	Rec Ref	Original Recommendation	Priority	Original Managers Response	Responsible Officer/ Head of Service	Agreed Imp Date	Revised Imp Date(s)	Status Update from Management	Status
Purchase Cards (2018/19) October 2018	3.1	<p>Policies are required to clarify the Council's approach for:</p> <ul style="list-style-type: none"> the provision of hotel accommodation, the provision of employee uniform and subsistence and hotel allowance claims. 	Medium	<p>Policies related to allowances , including those referred to within this audit are being reviewed or drafted as a suite of documents which will be presented to SMB by 30/12/18</p>	HR Manager/ Head of Governance	30/12/18	<p>30/04/19 30/09/19 31/03/20 30/09/20</p>	<p>Mar 19: New Head of Governance commenced in January 2019. Draft completed for review of HoS and SMB, recommendation by HR Manager accepted by SMB to expand coverage of policy to include "business travel" and mileage rates within the policy. For appropriate consultation with SMB/TU before implementation.</p> <p>May 19: Instruction from SMB to include rates for allowances as part of the overall review committed to by organisation and for consultation, as appropriate with trade union.</p> <p>Oct 19: Continuing instruction from SMB being followed with regard to rates for allowances forming part of the overall review committed to by the organisation. For consultation, as appropriate with trade union. Consultation still ongoing.</p> <p>Feb 20: Expenses for mileage rates agreed in principle. Employee uniform to follow HMRC requirements. Decision to be taken to SMB.</p> <p>May 20: Expenses rate for mileage has been agreed with TU at HMRC rates, communication underway with employees. The provision of uniform and relevant procurement if applicable under consideration.</p>	Overdue

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Internal Audit Recommendation Tracker (All)

Appendix A

Last Updated: 20 May 2020

Audit Year (Date report issued)	Rec Ref	Original Recommendation	Priority	Original Managers Response	Responsible Officer/ Head of Service	Agreed Imp Date	Revised Imp Date(s)	Status Update from Management	Status
Software Licensing (2018/19) December 2018	1	A Software Management policy should be developed and distributed accordingly.	Medium	A Software Management Policy will be developed and distributed to all staff	Senior ICT Manager	28/02/19	31/03/19 31/05/19 31/12/19 01/03/20 31/03/20 30/09/20	<p>Mar 19: A Software Management Policy is being developed and will be distributed as part of the updated Information Security Policy and Acceptable Terms of Use by 31/03/19.</p> <p>May 19: This is currently in draft format to go to the ICT Operations Board and Information Governance Group.</p> <p>Oct 19: This will go to the Information Governance Group quarterly meeting in November. It will then have to be deployed using MetaCompliance.</p> <p>Feb 20: Draft policy currently being reviewed by IGG</p> <p>May 20: Some changes are required following review of the policy by IGG, and will be represented at the next IGG.</p>	Overdue
IT Asset Management (2018/19) December 2018	1	The ICT Strategy should be updated and the four-year replacement strategy confirmed within it, approved and adopted	Medium	The ICT Strategy will be updated to include IT equipment life-cycle and the replacements strategy.	Senior ICT Manager	31/03/19	31/05/19 30/11/19 31/03/20 31/12/20	<p>May 19: This is being included in the ICT Strategy which is in draft format.</p> <p>Oct 19: This is still in draft.</p> <p>Feb 20: Being progressed</p> <p>May 20: The draft strategy will need reviewing in light of Covid-19 and changing the way the Council works. Also the priorities will need to be changed and brought in line with the Covid-19 Recovery Group actions and recommendations.</p>	Overdue

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Audit Year (Date report issued)	Rec Ref	Original Recommendation	Priority	Original Managers Response	Responsible Officer/ Head of Service	Agreed Imp Date	Revised Imp Date(s)	Status Update from Management	Status
Leasehold Service Charges (2018/19) January 2019	1	As part of the year three Best Value review of the HTS contract, the annual service charge allocation model for leaseholders should be revisited and based on actual HTS costs	Medium	Agreed	Head of Housing	31/08/19	31/12/19 01/04/20 31/07/20	<p>Oct 19: The recent Best Value Review of HTS P&E Ltd looked at the evidence base of existing ASC (Annual Service Charge) in terms of breaking down cost on individual services for amongst other reasons to represent charges to Leaseholders.</p> <p>It was found that HTS (Property and Environment) Ltd does not record currently at cost centre as HDC does and therefore it was not possible to state the profit or loss on each trading activity or cost centre individually. Based upon the evidence submitted to the review, it has not been possible to exactly determine the base operation costs of HTS (P&E) Ltd and make direct comparisons to the original 2017 business model.</p> <p>Further work should be conducted to ensure this is concluded as a matter of urgency to be included in the prioritised action plan to be approved at Cabinet in Dec 19.</p> <p>Feb 20: Implementation from April 2020 onwards of the variation of the cost reporting structure for HTS to correlate with the Council's cost centre arrangements. HTS (Property and Environment) Ltd have confirmed that:</p> <p>(a) Callsys system (contractor system) has been updated from 1 January 2020, with detailed</p>	Overdue

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								allocations of cost centres for upload to their accounting package. (b) Detailed alignment of allocations to be concluded by end of February 2020. May 20: Report to go the Shareholder Sub-Committee in July 2020	
HTS (Property and Environment) Strategic Governance 2018/19 February 2019	1	With the assistance of Council Officers the Shareholders Sub Committee should undertake the following in order to improve its strategic oversight: • Ensure reports of operational information is summarised, such as complaints and Member enquiries, in order to gain an understanding of themes or issues rather than the detail • Is provided with reports from other assurance providers, including Internal Audit and the Council's control and function testing for Teckal compliance. • Consider holding an away day/session with	Medium	This report will go to the April 2019 Shareholders Sub Committee for consideration. It is anticipated it could take up to year for the Committee to implement any actions agreed by them.	Chief Executive for the Council	31/03/20	31/07/20	May 20: Revised strategic/operational report will go to the July and November 2020 Shareholder Sub Committee meetings.	Complete once report has gone to the Sub committee

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Audit Year (Date report issued)	Rec Ref	Original Recommendation	Priority	Original Managers Response	Responsible Officer/ Head of Service	Agreed Imp Date	Revised Imp Date(s)	Status Update from Management	Status
44		the HTS Board to discuss strategic opportunities • Consider undertaking a skills and knowledge analysis, which could be based on that format used by the Council's Audit and Standards Committee. (Note – something similar could be undertaken by the HTS Board, the results of which are reported back to the Committee) • Consider whether the frequency of Committee meetings should be reduced, ensuring they link in with the HTS Board and Council cycles.							
HTS (Property and Environment) Strategic Governance 2018/19 February 2019	2	With the assistance of Council Officers the Shareholder Sub Committee should ensure the role and remit of the Council's representative on the HTS Board is documented.	Low	As above – this will be considered by the Shareholders Sub Committee when they receive this report at their April 2019 meeting.	Managing Director for the Council	30/09/19	31/03/20 31/07/20	Oct 19: Currently being progressed. Feb 20: A paper on this will be submitted to the next Shareholder Sub Committee meeting, being held on 23 June 2020 May 20: To be reported at the July 2020 Shareholder Sub Committee Meeting.	Overdue

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Audit Year (Date report issued)	Rec Ref	Original Recommendation	Priority	Original Managers Response	Responsible Officer/ Head of Service	Agreed Imp Date	Revised Imp Date(s)	Status Update from Management	Status
45 Complaints 2018/19 May 2019	1	Implement a mechanism whereby actions from the lessons learnt questionnaire are followed up. This could be achieved by SMB receiving a follow up action report.	Medium	A quarterly report is sent to SMB in regards to this.	Customer and Media Services Manager/ Head of Governance	30/06/19	31/03/20 31/12/20	<p>Oct 19: This has been happening since in a basic format since June 2019. It will give Heads of Service key trends but does require further development and this is likely to coincide with the action below.</p> <p>Feb 20: A report is still scheduled to go to SMB prior to 31 March 2020. This will outline a request to move to a two stage process and further work on a sustainable mechanism to learn from complaints.</p> <p>May 20: Report delayed due to Corona pandemic. At this stage it is not deemed urgent and therefore realistically would set new target of 31.12.20</p>	Overdue
	2	Consider moving to a two stage complaints process by presenting a paper to SMB (Senior Management Board) on this	Medium	This has been considered previously and will be raised again.	Customer and Media Services Manager/Head of Governance	30/06/19	31/03/20 31/12/20	<p>Oct 19: Although not progressed due to changes in service area, it has now been raised with Head of Governance with a view to take a report to SMB before 31/03/20</p> <p>Feb 20: A report is still scheduled to go to SMB prior to 31 March 2020. This will outline a request to move to a two stage process and further work on a sustainable mechanism to learn from complaints.</p> <p>May 20: Report delayed due to Corona pandemic. At this stage it is not deemed urgent and therefore realistically would set new target of 31.12.20</p>	Overdue

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Audit Year (Date report issued)	Rec Ref	Original Recommendation	Priority	Original Managers Response	Responsible Officer/ Head of Service	Agreed Imp Date	Revised Imp Date(s)	Status Update from Management	Status
Economic Development 2019/20. December 2019	1	An action plan should be developed to deliver the Economic Development Strategy. The action plan should include: <ul style="list-style-type: none"> • Priority of activities • Timescales, targets and measures (where possible) • The basis of the working arrangement with partners 	Medium	Work is in hand and will align with the Regeneration Strategy.	Head of Community Wellbeing/ Strategy and Economic Development Manager	31/03/20	30/9/20	May 20: Work on the action plan has been stalled due to Covid-19. It is, however, highly likely this will be captured by the Business and Economic recovery group being led by the Head of Environment and Planning. We will review the situation again in September when there is a better understanding of the economic impact of Covid-19.	Overdue
Economic Development 2019/20. December 2019	2	The Officer Working Group should formally monitor and update the action plan with progress against each activity.	Medium	Work is in hand and will align with the Regeneration Strategy.	Head of Community Wellbeing/ Strategy and Economic Development Manager	31/03/20	30/9/20	May 20: See response above	Overdue
Economic Development 2019/20. December 2019	3	Progress on the Economic Development Strategy, through the action plan, should be regularly (at least quarterly) reported to the Head of Community Wellbeing and the Portfolio Holder for Economic Growth, with exception reporting to Senior Management Board.	Medium	Work is in hand and will align with the Regeneration Strategy.	Head of Community Wellbeing/ Strategy and Economic Development Manager	31/03/20	30/9/20	May 20: See response above	Overdue

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Audit Year (Date report issued)	Rec Ref	Original Recommendation	Priority	Original Managers Response	Responsible Officer/ Head of Service	Agreed Imp Date	Revised Imp Date(s)	Status Update from Management	Status
Change and Patch Management 2019/20 January 2020	1	The frequency which the patching / upgrades are implemented to the Civica application should be reviewed with a view to increasing this from the present monthly, extending the one hour window, or both. The process should also be documented.	Medium	Formal documentation will be written	Senior IT Manager/ Head of Finance	01/03/20 (Formal doc to be written)	30/06/20	May 20: The documentation has been written and needs to be checked and tested, which should be done by the end of June.	Overdue
47 Change and Patch Management 2019/20 January 2020	2	The processes for upgrading or applying changes to the new core switch devices should be documented into a formal procedure.	Medium	Formal documentation will be written	Senior IT Manager/ Head of Finance	01/03/20	30/06/20	May 20: See response above	Overdue
Change and Patch Management 2019/20 January 2020	3	The Change Control and Management procedure should be expanded to include the activities that happen after the approval of the change.	Low	The documentation will be expanded to include activity after approval of change.	Senior IT Manager/ Head of Finance	01/03/20	30/06/20	May 20: See response above	Overdue
Change and Patch Management 2019/20 January 2020	4	Consider adding to the Change and Control Management Procedure a section on post event documentation of emergency changes and actions.	Low	This will be considered as part of the post event management of emergency changes and call-out procedures.	Senior IT Manager/ Head of Finance	01/03/20	30/06/20	May 20: The out of hours procedures are being changed and will be formally adopted by the end of June.	Overdue

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Audit Year (Date report issued)	Rec Ref	Original Recommendation	Priority	Original Managers Response	Responsible Officer/ Head of Service	Agreed Imp Date	Revised Imp Date(s)	Status Update from Management	Status
Responsive Housing Repairs 2018/19 August 2019	2(b)	Post inspections completed on more complex housing repairs should be formally documented and retained.	Medium	Agreed. Customer Satisfaction Surveys are currently sent out to tenants on a sample basis. The sample size will be increased to ensure that the quality of repairs works is completed to a satisfactory standard. Post inspections completed on complex repairs works will be formally documented and retained	HTS Operations Director and the Council's Housing Operations Manager	30/09/19	31/01/20 30/04/20 30/06/20	Oct 19: HTS carries out a 100% post inspection regime on all housing voids it completes (See enclosed handover forms to demonstrate this). There are ongoing discussions with HDC over who should be carrying out more detailed Post Inspections on completed Housing Repairs. Traditionally this has been carried out by Technical Services who transferred from HTS and now work for HDC. We will provide a further update once this is resolved. Feb 20: It has been agreed that HTS will carry out post inspections on repairs from 1 st April 2020. These will be recorded formally. May 20: A response was not requested from Housing whilst Officers have been dealing with the current coronavirus situation	Overdue
Responsive Housing Repairs 2018/19 August 2019	3a	All repairs job priority time changes should be recorded, authorised and the reasons why they were changed documented. This information should be shared with the Council when KPI data is submitted.	Medium	Agreed. The constraints of the Callsys system makes it difficult provide an audit trail of job priority time changes. The Council's Housing Asset and Business Systems Manager and the HTS Commercial	Council's Housing Asset and Business Systems Manager and the HTS Commercial Director	30/04/20		May 20: A response was not requested from Housing whilst Officers have been dealing with the current coronavirus situation	Overdue

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Audit Year (Date report issued)	Rec Ref	Original Recommendation	Priority	Original Managers Response	Responsible Officer/ Head of Service	Agreed Imp Date	Revised Imp Date(s)	Status Update from Management	Status
49	3b	The reasons behind the housing repairs job priority times are allocated should be investigated to ensure that the appropriate timescales are given.		Director will investigate if there approach to record job priority time changes.		30/04/20		May 20: A response was not requested from Housing whilst Officers have been dealing with the current coronavirus situation	Overdue
	3c	Repairs operatives working hours should be extended to increase efficiency and flexibility of the housing repairs service.				30/04/20		May 20: A response was not requested from Housing whilst Officers have been dealing with the current coronavirus situation	Overdue
	3d	Performance improvements made as a result of changes to the housing repairs service should be demonstrated, monitored and reported as part of the HTS governance and scrutiny arrangements.				30/04/20		May 20: A response was not requested from Housing whilst Officers have been dealing with the current coronavirus situation	Overdue
Former Tenant Arrears 2019/20 April 2020	1	Former tenant debt needs to be proactively managed in accordance with the former tenant arrears policy with resources targeted in the following priority order: <ul style="list-style-type: none"> • new former tenant arrears (from the voids notifications) • recent former tenant 	High	An Orchard Business Objects report to be produced to breakdown the former tenant debt in to age category in line with recommended priority order. Rent Officers to prioritise former	Senior Housing Operations Manager - people.	01/06/20		May 20: An update was not requested from Housing whilst Officers have been dealing with the current coronavirus situation	In progress

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Audit Year (Date report issued)	Rec Ref	Original Recommendation	Priority	Original Managers Response	Responsible Officer/ Head of Service	Agreed Imp Date	Revised Imp Date(s)	Status Update from Management	Status
50		debt (less than a year old) • historical debt between 1 and 5 years old. In March 2020 resources should be targeted at the £93,646.82 of 2014/2015 debt that is a risk of being uncollectable during 2020/21 through the time Limitation Act 1980. All these former tenants be contacted and if there are no responses, they are passed to the tracing agency to maximise the opportunity for debt recovery before it becomes irrecoverable. On reputational and compassionate grounds any debt due to the death of a tenant in 2014/15 be excluded from this recovery project.		tenant recovery in line with the priority order recommended. These cases will be actioned once the current arrears recommendations are actioned. The total financial amount written off will be in line with our allocated bad debt provision for 2020/21.					
Former Tenant Arrears 2019/20 April 2020	2	The Voids notification list be actioned weekly in all cases and either Rent Officers are asked to ensure they action their properties each	High	Circulation list for weekly void list to be amended to include Team Leaders to ensure circulation to all Rent Officers on a	Senior Housing Operations Manager - people.	27/04/20		May 20: An update was not requested from Housing whilst Officers have been dealing with the current coronavirus situation	Overdue

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		<p>week or an officer is designated with all Voids notifications.</p> <p>On a monthly basis the Senior Housing Operation Manager People receives a sample check on compliance to ensure void notifications have been actioned and followed up.</p>		<p>weekly basis.</p> <p>The monthly audit will be carried out by the rents Team Leader, who will sample 10% of the void accounts.</p>					

REPORT TO: **AUDIT AND STANDARDS COMMITTEE**
DATE: **10 JUNE 2020**
TITLE: **REVISED INTERNAL AUDIT PLAN 2020/21**
LEAD OFFICER: **SARAH MARSH, INTERNAL AUDIT MANAGER**
(01279) 446884

RECOMMENDED that:

The Committee approves the revised Internal Audit Plan for 2020/21.

BACKGROUND

1. At its 4 March 2020 meeting this Committee approved the Internal Audit strategy and plan for 2020/21. On 23 March 2020 the Prime Minister announced new measures that were being introduced to put the UK in a state of lockdown due to coronavirus.
2. Since then the Internal Audit function has been working remotely along with most Council employees. This has severely hampered delivery of the original plan. However, more importantly, the focus of Internal Audit's work has significantly changed as set out below and there is a need to adopt a new plan for 2020/21.

The Internal Audit Approach

3. While Internal Audit provides assurance through completing a programme of planned work, the service is also flexible and responsive to changing and emerging issues. Some audit work is delivered on a consultancy basis, contributing advice on risk and controls, for example ex-officio attendance at project meetings or undertaking a specific investigation of a newly identified issue. This was the case during lockdown and as the Council starts its recovery phase.

Key Deliverables

4. The key deliverables for the Internal Audit service during 2020/21 remain the same as reported to the March Audit and Standards Committee being:
 - a) Delivery of the Audit Plan - the Internal Audit Manager will ensure there is sufficient audit coverage in order to provide an annual Internal Audit opinion and report, which feeds into the Council's Annual Governance Statement.

- b) Integrated approach to assurance – Providing ongoing assurance to management on the integrity, effectiveness and operation of the Council’s internal control, governance and risk management processes. Working with other assurance providers including External Audit to prevent duplication of work.
- c) Management commitment - Ensure agreed management responses to audit recommendations made are implemented thereby improving the overall control framework.
- d) Continually develop our approach – To develop, improve and deliver a quality assurance and improvement programme for the service, including working closely with the Audit and Standards Committee and senior management.
- e) Business insight - Working closely with Officers, Members and services to establish greater relevance to what matter most to the Council by contemplating current and future key risks and challenges.

Key Priorities for the Revised 2020/21 Internal Audit Plan

- 5. There is a need to focus on core financial controls, especially where controls have been flexed to allow for processes to be carried out remotely. This is sometimes known as getting back to basics. Therefore, Internal Audit will assess the suitability and appropriateness of those controls as the Council moves into its recovery phase and whether this allows for greater agile working in the longer term whilst ensuring they remain robust. Initial focus will be on purchases (Accounts Payable), Treasury Management and Payroll where the risk of fraud has increased.
- 6. In addition, the Internal Audit Manager is on hand for the Council’s internal recovery group to provide advice on internal controls, risk management and governance. Internal Audit will ensure the work of this group, and the other recovery groups (community impact, business and economic and Harlow Trading Services) feeds into the Council’s business continuity framework. This will ensure lessons learnt from the coronavirus outbreak are captured and used to enhance the framework. An audit of IT disaster recovery formed part of the original 2020/21 Plan and therefore will continue as planned.

7. Appendix A sets out the revised plan for 2020/21 and clearly identifies those audits that are new as a result of coronavirus, those that should continue as well as those that could be deferred. The Plan is based on the assumption of the full resumption of Internal Audit from 1 September 2020, and that Council staff will have the capacity to fully engage in the process. In the meantime, Internal Audit continues to progress those outstanding audits from the 2019/20 Plan, provide advice and guidance and where possible make a start on the 2020/21 Plan.
8. However, the Plan is only indicative and can be changed or flexed as the risk profile and priorities of the Council change. This will be achieved by ongoing review and amendment in consultation with relevant officers. Any significant changes will be brought to the Chair of the Audit and Standards Committee's attention in the first instance, due to the current fast pace of change, and notified to the next available Committee for formal approval.

Resource

9. The Internal Audit function continues to consist of the Internal Audit Manager (1.0 f.t.e), three Senior Auditors (2.8 f.t.e) and three Auditors (each 1.0 f.t.e). In addition, the service has a call off contract with an external provider of Internal Audit to undertake more specialist audits when required.
10. The Audit Plan as presented to the March 2020 Committee required 342 days. The revised plan requires 214 days and covers a six month period (September 2020 to March 2021).

IMPLICATIONS

Environment and Planning (includes Sustainability)

None specific.

Author: Andrew Bramidge, Head of Environment and Planning

Finance (includes ICT)

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

Author: Simon Freeman, Head of Finance and Deputy to the Chief Executive

Housing

None specific.

Author: Andrew Murray, Head of Housing

Community Wellbeing (includes Equalities and Social Inclusion)

None specific.

Author: Jane Greer, Head of Community Wellbeing

Governance (includes HR)

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

Author: Simon Hill, Head of Governance

Appendices

Appendix A – Revised Internal Audit Plan 2020-21

Glossary of terms/abbreviations used

f.t.e – full time equivalent

APPENDIX A: REVISED 2020/21 INTERNAL AUDIT (IA) PLAN

This table sets out the proposal for a revised IA plan due to coronavirus and has been discussed individually with each Head of Service. The revised plan assumes full resumption of Internal Audit from 01 September 2020

Items *underlined in italics* are new from that proposed in the 2020/21 audit plan that went to the March 2020 Audit Committee

Audit	Head of Service	Outline/Scope	Audit Days	Comment
Completion of the 2019/20 Plan				
Completion of audits from 2019/20 plan that have been stalled due to Covid-19	Various	<ul style="list-style-type: none"> • Parks and grounds maintenance (to assess new processes implemented 2018/19 and to include playgrounds) • Key Financial Controls: Fixed Assets Register (audited on a cyclical basis. Last audit 2014/15) • Capital projects programme (will take into account the revised project management methodology being developed within InPhase) 	25	All are currently in progress
Treasury management	Simon Freeman	Treasury Management will take into account the Council's approach to property investments, being a potential growth area.	10	Carried over from 2019/20.
Proposed 2020/21 audits				
<u>Accounts Payable</u>	<u>Simon Freeman</u>	<u>Review of the robustness and effectiveness of internal controls as the Council begins it's recovery phase and suitability of these for the future</u>	<u>12</u>	<u>New audit</u>
<u>Payroll (light touch)</u>	<u>Simon</u>	<u>Review of the robustness and effectiveness of internal controls (and transactions) during</u>	<u>7</u>	<u>New audit. Agreed June/July start date</u>

Audit	Head of Service	Outline/Scope	Audit Days	Comment
	<u>Hill</u>	<u>the coronavirus lockdown and as the Council begins it's recovery phase</u>		
IT Disaster Recovery	Simon Freeman	A specialist IT auditor will be used to undertake a technical review of the Council's IT Disaster Recovery arrangements.	10	
Key Financial Controls - Housing Benefits	Simon Freeman	Key Financial Control audit. Last audited 2016/17.	15	
Financial Regulations and Contract Standing orders – delegated authorities	Simon Freeman	Internal Audit will assess, in conjunction with the Head of Finance, whether the Council's delegated financial authorities are still fit for purpose; benchmarking as appropriate.	10	This will take into account new agile ways of working as a result of lessons learnt from Covid-19
Provision of IT services to HTS	Simon Freeman	Internal Audit will assess whether IT services provided by the Council to HTS works for both parties.	8	To be undertaken by a specialist IT auditor
HTS - Best Value Review progress	Simon Hill	Internal Audit will review the adequacy of mechanisms to ensure the recommendations from the BVR are implemented with buy-in by all parties.	12	
Housing - overview of H&S inspections	Andrew Murray	Overview of H&S related inspections: gas, fire safety, electrical legionella, asbestos and lifts. This audit builds on audits undertaken in recent years on gas safety and asbestos to give a holistic view on how this is being managed for the Council's housing properties	15	

Audit	Head of Service	Outline/Scope	Audit Days	Comment
Planning and Building Control	Andrew Bramidge	This planning and building control audit will also include covenant control being a source of income for the Council.	12	Autumn start date agreed to assess new procedures currently being put in place
Work throughout the 2020/21 year				
Fraud	Andrew Murray	Member of the Corporate Fraud Group. Oversee the delivery of the Council's anti-fraud and corruption action plan. Potential for fraud considered in all audits. Co-ordinate National Fraud Initiative data matching process.	14	Audit work throughout the year
Performance Management framework	Simon Hill	During 2020/21 time has been set aside for Internal Audit to assist Policy and Performance in their review of the performance management framework.	5	Not an audit
Projects: New HR system implementation advice	Simon Hill	During 2020/21 Internal Audit will review the adequacy of project methodology being used as well as providing internal control advice and guidance during the implementation of the HR system (i-Trent).	3	Not an audit
Service/business planning and risk management	Simon Freeman	Internal Audit will continue to help the Council develop its approach to service and business planning ensuring this is integrated with budget setting and risk management processes.	8	Not an audit
<i>Business continuity</i>	<i>Simon Freeman</i>	<i>Assist the Council to ensure lessons learnt from the coronavirus epidemic are captured and acted upon.</i>	<i>5</i>	<i>Not an audit.</i>

Audit	Head of Service	Outline/Scope	Audit Days	Comment
		<i>Includes Internal Audit assisting the Council's Covid-19 internal recovery group</i>		
Internal Audit recommendation tracker	Simon Freeman	Maintenance of the tracker ensures risks identified in audits have been managed to an acceptable level	15	All high and outstanding recommendations are reported routinely to the Audit and Standards Committee
Other assurance work	Brian Keane	Includes annual co-ordination of year-end assurance reporting, including the Annual Governance Statement, member of the Corporate Governance Group, servicing the Audit and Standards Committee, contingency and providing ad hoc advice	28	
		Total days to be delivered in 2020/21	214	
To be deferred (subject to approval)				
Homelessness	Andrew Murray	The 2019/20 homelessness audit will take into account the Homelessness Reduction Act which came into force April 2018 and will build on similar audits undertaken at Epping Forest and Broxbourne	15	Was part of the 2019/20 Plan
HTS planned maintenance	Andrew Murray	The planned maintenance/major works audit will focus on those works undertaken by HTS. Carried over from 2019/20.	15	Was part of the 2019/20 Plan
Housing - HTS and Annual Service Charge	Andrew Murray	The HTS Annual Service Charge audit will examine the £5.8M committed to HTS for various works including roofing and carpentry. And takes into account the outcomes of the recent HTS Best Value Review.	20	

Audit	Head of Service	Outline/Scope	Audit Days	Comment
Leah Manning	Jane Greer	The Leah Manning Centre audit will cover mainly financial and regulatory aspects.	25	Was part of the 2019/20 Plan
Equalities Act & impact assessments	Simon Hill	This equalities audit will assess compliance with the Equalities Act and consider the use of Equality Impact Assessments within decision making and large projects, ensuring all decisions have a completed and evidence based assessment.	10	
Data sharing with third parties	Simon Hill	This is a cross cutting review to ensure the Council is GDPR compliant where there is data sharing with third parties (commercial and non-commercial).	15	
Staff absence	Simon Hill	This audit of staff absence will have a specific focus on sickness absence.	10	
Events management	Jane Greer	This audit will look at the role of the recently created Events Officer post and ensure there is a joined up approach across the Council which meets the public's needs.	12	
Parking	Simon Freeman	Parking will examine on and off street parking arrangements, the role of the North Essex Parking Partnership as well as ensuring all parking income to the Council is collected being a key source of income for the Council.	12	
Key Financial Controls - cash and banking	Simon Freeman	This cash and banking audit will take into account the new Civica pay system. This audit will take into consideration recent audits of the Civic office cash office and cover sites	12	

Audit	Head of Service	Outline/Scope	Audit Days	Comment
		away from the Civic including the Playhouse, Pets Corner, Leah Manning and Latton Bush		
Insurance	Simon Freeman	The audit will also look at the agreement with HTS, to ensure it is working for both parties	12	