

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>Harlow Trading Services (HTS) – strategic governance audit: we will build on the previous year's HTS audits to ensure robust governance arrangements are in place and that potential conflict of interests with significant partners are being well managed</p> <p>Member of the Corporate Governance Group</p>	<p>HTS Strategic Governance: The governance arrangements for HTS (Property and Environment) consist of its Articles of Association, a Scheme of Delegation, and a Business Plan and were found to be fit for purpose and working well in practice. The Council's interests are protected by way of the Shareholder Sub-Committee. Overall, the Committee is fulfilling its role; however, there are a number of opportunities for it to become more strategically focused. For example, by receiving reports from other assurance providers (such as Internal Audit), ensuring it is not too focused on operational issues and considering an away day/session with the HTS Board to explore growth opportunities.</p> <p>Active Member of the Corporate Governance Group, which meets monthly.</p>	<p>HTS Strategic Governance – substantial assurance</p>
<p>Fraud</p> <p>Proactive fraud</p>	<p>CR01 (Financial resilience) - any loss through</p>	<p>Member of the Corporate Fraud Group. Oversee the</p>	<p>Member of the Corporate Fraud Group, which meets quarterly. This group oversees the</p>	<p>Completed for 2018/19</p>

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work	fraud is a drain on resources which, in turn, reduces the amounts available for service delivery.	<p>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>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 2018.</p> <p>IA continued in year work regarding the National Fraud Initiative</p> <p>Four special investigations were undertaken by Internal Audit, two of which were referred to HR for further investigation under the Council's disciplinary procedure. There was no evidence of fraudulent or illegal activity with the other two investigations, the results of which were fed back to the whistleblower who had raised concerns.</p>	
Assurance Framework incl. Risk Management and support to Audit Committee	Risk in achieving corporate priorities as these are underpinned by sound leadership, management of resources, and governance.	<p>Co-ordination of year-end assurance reporting, including the Annual Governance Statement.</p> <p>Assistance to Head of Finance and the Insurance and Risk Manager in enhancing and embedding the</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	Completed

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		<p>Council's risk management framework.</p> <p>Support and training to the Audit Committee.</p>	<p>Statement process.</p> <p>IA continues to provide advice and good practice as the Council embeds risk management through its performance management system, InPhase.</p> <p>IA has developed a training programme for the Audit and Standards Committee, as well as providing training opportunities in neighbouring councils. Topics have assurance frameworks, Information Governance and the role of Internal Audit.</p>	
<p>Information Management and Governance -</p> <p>Data protection and security. Data sets, owners and protocols.</p> <p>Governance and data sharing.</p> <p>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>General Data Protection Regulation compliance (GDPR): GDPR came into effect 25 May 2018. IA will work with the Council's Data Protection Officer to help ensure compliance across the Council.</p>	<p>Internal Audit continued as part of the GDPR project team, which, after 25 May 2018, morphed into the officer Information Governance Group. This is chaired by the Head of Governance and includes both the DPO and Internal Audit as members.</p> <p>In addition, 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</p>	<p>Completed for 2018/19</p>

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			back to the 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.	HTS related performance indicators: The suitability and integrity of Performance Indicators (PIs) considered within operational audits, including reliance on third party data.	HTS related performance indicators: This was covered in the housing repairs audit – see later on No concerns identified regarding performance indicators examined in other audits including housing repairs, leaseholders and complaints.	Completed
Value for Money (VfM) - Guiding principle of the Council	VfM helps the Council manage its corporate risk CR01 on financial resilience.	2018/19 introduces a suite of short/sharp audits driven by data analytics e.g. spend analysis, inventories and payroll. Continue the small Officer group looking at spend analysis across the Council. VfM is always considered within operational audits.	Data analytics was used in the purchase card report, as reported later on under contingency. VfM was considered within operational audits (in terms of the 3Es – economy, efficiency and effectiveness). Areas for improvement in terms of the 3Es identified in a number of audits including IT Asset Management, software licencing, housing rents and purchase cards.	Completed
Joint Working, Shared Services, Outsourcing and Partnerships	On corporate risk register: CR06 - Lack of resources and capacity, Council and key partners.	Harlow Trading Services (Property and Environment Ltd): Through our 2018/19 audit programme we will assess how HTS arrangements are working in practice	Covered in the HTS Strategic Governance and housing repairs audit.	Completed

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<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: Will take into account the revised project management methodology being developed within InPhase.</p> <p>Time set aside each year to examine a sample of projects.</p>	<p>Capital projects programme: The Audit and Standards Committee approved the deferral of this audit to allow time for the revised corporate project methodology to take effect.</p> <p>A sample of projects were examined in the Customer Services Review audit, see later on.</p>	<p>Completed</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>Purchase cards – this audit was requested by the Head of Finance following concerns in this area. The audit found a lack of system controls and non-enforcement of policy and procedures regarding the use of purchase cards had allowed Officers to become complacent in ensuring value for money is being achieved when using their cards. Although there was a lack of accountability, lack of spend analysis and challenge at a corporate level there was no evidence of fraud.</p>	<p>Purchase cards – Limited assurance</p>
<p>Themed/cross cutting audits</p>				
<p>Procurement</p> <p>Themed audits - compliance, VfM,</p>	<p>Risks include non-compliance with legislation, fraud, not</p>	<p>Contractual arrangements within Housing: This audit relates to contracts</p>	<p>Housing (contractual arrangements): Audit started and findings will be reported as part of the 2019/20 Audit Plan.</p>	<p>Housing (contractual arrangements) - to be reported as part of the 2019/20 Audit Plan</p>

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fraud, goods and services. End to end processes (need, selection, appointment, contract management & exit strategies)	achieving value for money, poor service delivery.	outside of HTS and includes the Council's arrangements with Savills.	In addition, a small number of contracts were examined as part of the special investigations undertaken by Internal Audit. Overall, these had been let in line with the Council's Contract Standing Orders.	
Health & Safety	Risk of compromising the health and safety of individuals and non-compliance with H&S legislation leading to fines or imprisonment.	Asbestos Management: will ensure there is a joined up process for both housing and non-housing properties	The Council's asbestos management plan is reviewed annually to ensure it is up to date. Housing and non-domestic asset movements, acquisitions and disposals records are updated on a periodic basis to ensure the records of properties requiring asbestos surveys are up to date. There are robust procedures in place to take action in incidents where asbestos containing materials are damaged and released. Asbestos awareness training is delivered where appropriate.	Asbestos Management - Substantial 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 (BCP): Will assess progress being made to align and maintain business continuity and IT disaster recovery plans	Internal Audit retained oversight of BCP through regular discussions with key Officers, reporting back to the Corporate Governance Group.	Completed for 2018/19

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<p>Key Financial Controls (KFC)</p> <p>Four-year rolling programme of full system and key control audits (unless significant change in process/system or poor audit outcome)</p>	<p>CR01 (Financial resilience)</p>	<p>Housing Rents</p>	<p>The Housing Rents system has effective controls in place over setting up new tenants, daily uploads of the cash receipting file, current tenant arrears, write offs and performance monitoring.</p> <p>Notwithstanding this, the audit identified that Former Tenant Arrears are not regularly pursued by the Housing Section due to capacity issues. Instead, priority is given to maintaining control and collecting current arrears, in order to minimise risk that these will become uncollectable.</p>	<p>Housing rents – Substantial assurance over the controls and processes in relation to the collection of housing rents income. Moderate assurance regarding Former Tenant Arrears as these remain high and reflect future plans to consider the future resources allocated to collection.</p>
<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 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: The Audit and Standards Committee agreed the deferral of this audit because of competing priorities with other Internal Audit work. In addition, there were no significant concerns regarding this area.</p> <p>During the year Internal Audit has monitored the level of under and over adjustments within the cash office as this has been an issue in past years. As for last year, the level of unders and overs remains very low.</p>	<p>Commercial rents audit deferred to 2019/20</p>

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<p>IT Audits: IT Governance, IT Regulation, Security/Privacy, Business Systems, DRP/BCP, Network, Emerging Technologies e.g. mobile devices, IT Applications and Projects</p>	<p>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.</p>	<p>A specialist IT Auditor will be brought in for more technical audits. In 2018/19 we will make sure the Council is making good use of its IT assets and software licences</p>	<p>IT Asset Management: A clear framework of responsibility is in place for the acquisition, receipt, deployment and disposal of IT Assets. Efficiencies could be achieved by making departments responsible for verifying and reconciliation of their own assets with ICT undertaking spot checks to confirm accuracy. Need to ensure the Council's four year replacement programme is formalized in the Council's IT Strategy.</p> <p>Software licencing: Area is well managed and regular reconciliations are made to other systems to ensure that usage can be accounted for, with a pro-active review undertaken to resolve any specific licensing issues. Need to develop a software management policy to advise service departments of the correct procedure to be followed in managing, utilising, and procuring software; ensuing corporate consistency is achieved. Plus enhance reporting of application and software management to support further investigation</p>	<p>IT Asset Management – Moderate assurance</p> <p>Software licencing - Substantial assurance</p>

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			prior to renewal of licenses.	
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	Housing repairs: Was carried forward from 2017/18 as new processes being developed following transfer of services to HTS. Leaseholders: Completion of the audit started end of 2017/18	Housing repairs: There are robust governance and scrutiny arrangements in place to monitor the performance of responsive repairs. Known weaknesses with current repairs performance indicators will be picked up as part of the Council's Best value review. Leaseholders: There are rigorous processes, including adequate documentary evidence, to support leaseholder service charge calculations, and the methodology employed for apportioning costs complies with the lease agreements, legislation and Council policy. Robust debt monitoring and recovery processes, carried out in line with Council policy, maximise leaseholder service charge income for the Council. As part of the three-year best value review of the HTS contract, the Annual Service Charge allocation model should be revisited and, based on actual HTS costs, so there is a more realistic allocation of leaseholder service charges.	Housing repairs – Moderate assurance Leaseholders - Substantial assurance

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<p>Community Wellbeing: Community Safety Community, Leisure and Culture Customer & Media Services Youth & Citizenship</p>	<p>CR05 - Inability to fulfil Community Leadership role</p> <p>CR07 - Ability to support children and family aspirations</p>	<p>Customer Services Review: Customer will assess progress against the action plan and will link with the complaints audit.</p> <p>Complaints: Last audit 14/15</p> <p>Safeguarding: Completion of the audit started end 2017/18</p>	<p>Customer Services Review: The Review needs to be revisited to ensure it reflects the current direction of the Council. The Action Plan should be clear on the overall outcomes it wants from its Customer Services Review by ensuring there are SMART objectives and measurable benefits. The Customer Services Board should ensure that appropriate project management methodology is in place for all projects for which it is responsible to ensure their successful delivery.</p> <p>Complaints: Robust process in place for recording and processing complaints. The complaints procedure is clear and readily accessible on the Council's public website. Complaints procedure works appropriately as supported by the low number of complaints that have been escalated to Local Government Ombudsman within the past three years, and an even lower number upheld by them.</p> <p>Safeguarding: The Council has an up to date Safeguarding</p>	<p>Customer Services Review – Moderate assurance</p> <p>Complaints – Substantial assurance</p> <p>Safeguarding – Limited assurance</p>

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			<p>Policy and key staff are aware of their responsibilities in this area. The main concern of the audit was the lack mandatory training for all staff on safeguarding. This had been on hold for over one year whilst a new e-learning platform was introduced, and is being re-introduced. Risk Registers relating to safeguarding have recently been updated and as a result of the audit the Council's whistleblowing policy is being refreshed to ensure there is an avenue to report any safeguarding concerns outside of the referral process.</p>	
Regeneration and Enterprise Zone	<p>CR02 - The Harlow Offer</p> <p>CR06 - Lack of Resources and Capacity, Council and key partners</p>	<p>Economic Development: Will examine the Council's approach to this, ensuring there is a joined up approach in achieving the Council's objectives, both internally and externally.</p>	<p>The Council has a clear vision for economic development supported by an approved five year strategy. Action plans need to be developed to ensure the wide range of activities undertaken to deliver these are coordinated and prioritised as some actions are undertaken by other Council departments and external parties.</p>	<p>Economic Development – Moderate assurance (subject to management agreement)</p>
Place: Properties, facilities & projects Properties &	<p>CR06 - Lack of Resources and Capacity, Council and key</p>	<p>Planning and Building Control</p> <p>Oversight of on-boarding</p>	<p>Planning and Building Control – deferral was agreed with the Audit and Standards Committee to allow time for the vacant</p>	<p>Planning and Building Control audit deferred to 2019/20</p>

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estates Operations, energy & emergency planning Planning & Building Control Environmental Health Licensing Street Scene	partners	arrangements for replacement waste and recycling contract.	Planning and Building Control Manager post to be recruited to. IA met regularly with the project lead to ascertain progress being made regarding the new waste contract	
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.	HR – starters, movers and leavers: Will be based on analytical review as detailed under the VfM section.	Fieldwork in progress and findings will be reported as part of the 2019/20 Audit Plan	To be reported as part of the 2019/20 Audit Plan
Finance: Revenues & Benefits (covered under KFC audits)	CR01 (Financial resilience)	Covered in other audits	Covered under IT audits	.Completed for 2018/19

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ICT (covered elsewhere in the plan) Accountancy (see also KFC audits) Insurance				
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 purchase cards, asbestos management and housing rents. Playhouse Follow Up (cash handling): In October 2017 Internal Audit issued a moderate assurance report on the Playhouse. Internal Audit returned to the Playhouse to witness cash handling practices due to concerns raised by Playhouse management. Previous cash handling recommendations had not been implemented and the risk of cash theft had not diminished. Since the follow up audit controls have been tighten up and the number and value of errors when reconciling takings	.Completed for 2018/19

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			(bar, box office and cafe) has significantly reduced. Playhouse staff are currently receiving training and management spot checks instigated to ensure standards do not slip.	