

A review of Chris21 found that user access is reviewed on an adhoc basis and the audit found one sickness administrator user who had left the authority still had access to the Chris21. The user's computer network access had been disabled after they left the Council, ensuring that any risk from unauthorised access to Chris21 was minimal. It was therefore recommended that the Chris21 system is reviewed on a more regular basis, and this is now happening on a monthly basis.

b) Responsive Housing Repairs - Moderate assurance

There are robust governance and scrutiny arrangements in place to monitor the performance of responsive repairs for Housing. Operationally communications between Harlow Trading Services (Property and Environment) Ltd (HTS) and Housing and the quality of customer service provided by HTS needs to be improved to ensure that responsive repairs issues are promptly resolved and the reputation of Council is maintained. A joint HTS and Housing two year improvement plan is in place which includes performance reporting on repairs customer service and access. Performance improvements made as a result of changes to the housing repairs service must be demonstrated, monitored and reported as part of the HTS governance and scrutiny arrangements.

There is adequate recording and monitoring of repairs works and there are controls in place to ensure that appropriate levels of stock used in repairs work are verified and approved. There is an effective complaints process in place and compensation payments are low in number and value.

Weekly reconciliations are performed between Orchard (the Council's housing system) and Callsys (HTS repairs system) to ensure property acquisitions, sales and disposals are updated on the Callsys to avoid unnecessary repairs works. The audit found one address that had completed works (compliance gas service works) two months after the property had been sold. The Callsys system administrators should investigate whether restrictions on Callsys could be set up to prevent new works being logged after a property has been sold, to ensure that a financial loss is not made on works that cannot be recharged.

It is recognised that the current approach for confirming HTS performance against the suite of Key Performance Indicators (KPIs) requires more work including a more transparent approach to the validation process. This is being addressed as part of the Council Performance Management Framework and will also be picked up in the Council's Best value review.

c) HTS and GDPR (General Data Protection Regulations) compliance –
Moderate assurance

Overall, HTS has a sound framework to reduce the risk of non-compliance with the GDPR, in particular around training and awareness. However, weaknesses (including lack of progress) have been identified in several key areas of the framework; in particular ensuring contracts are GDPR compliant and keeping Registers of Processing Activities up to date, once in place. Many of these issues feature on the company's information security and data protection action plan already, the majority of which had a June to August 2019 deadline, which were unlikely to be met.

The HTS action plan should be updated in light of the findings of this audit, regularly reviewed and presented on a regular basis to HTS, Senior Management Team and the Council in order to provide assurances the risk of GDPR non-compliance is being adequately managed. HTS should supplement this assurance with regular updates of the company's data breach log (alongside the action plan).

d) Investigations

Internal Audit is currently completing a review of budget monitoring and procurement activities at the request of the Council's Monitoring Officer. A number of recommendations have been made to improve the control framework and enhance transparency within the area examined. In addition, Internal Audit has assisted the Monitoring Officer with a whistleblowing concern around potential disclosure of personal information between staff. This has been passed to the relevant Head of Service to decide if the Council's disciplinary procedure needs to be evoked.

ONGOING AUDIT WORK

3. A number of assignments in the 2019/20 Audit Plan are intended to provide advice and guidance to the Council throughout the year on current issues. As these assignments will not normally result in a single, traditional audit report Internal Audit will summarise its output here for Councillors' information:

a) Information Governance

Internal Audit continues to sit on the Officer Information Governance Group (IGG), which is chaired by the Head of Governance. IGG is developing an information governance framework to ensure the Council remains compliant with legislation as well as drive efficiencies by having a more co-ordinated approach.

b) Code of Corporate Governance

The Corporate Governance Group has undertaken an annual review of the Council's Code of Corporate Governance and only minor changes are proposed. These are identified underlined in bold in the revised Code (attached as Appendix B). Harlow's Code is a statement of the systems by which it directs and controls the exercise of its functions and how it relates to the local community. It is intended to stimulate confidence in the activities of the Council and how it goes about its business; focus the minds of those involved in decision making and ensures those decisions are made in a proper and transparent way. The Code also seeks to ensure that the Council actively engages with local stakeholders, assist the constant improvement in service delivery and the minimisation of associated risks.

c) Anti-Fraud and Corruption Strategy

The Council's Corporate Fraud Group continues to meet quarterly, overseeing implementation of the Council's Anti-Fraud and Corruption Strategy and associated action plan.

The Group has undertaken the annual review of the strategy (attached as Appendix C) and only minor housekeeping amendments are proposed (as identified in bold underline). The Council's Anti-Money Laundering and Terrorism Financing Policy and Procedure is a separate appendix and is currently under review to ensure it is compliant with current legislation, especially with regards to adopting a more risk-based approach towards anti-money laundering, in particular in how to conduct due diligence.

d) Tenancy Fraud Update

The following information is supplied as part of the Committee's remit in overseeing anti-fraud and corruption at the Council:

- i) 242 tenancy checks completed;
- ii) 29 properties recovered;
- iii) Due to fraud, 16 applicants have been removed from the Housing Needs Register, three applicants have had their housing allocation banding changed and Housing has discharged their duty to a further 15 applicants;
- iv) Five Right to Buys have either been cancelled or had a household member refused due to non-occupancy.

Most recently the Housing Fraud Officer investigated a new applicant's financial history following concerns raised by the Housing Options Officer about the lack of activity shown on the submitted bank statement. The

applicant was hiding almost £60,000 in a bank account that had been withheld. A four bedroom house was retained in the housing stock for others in housing need as a result of cancelling their housing application.

Of the 25 cases that are currently open, Housing has received Outright Possession Orders in court for three properties and are waiting on bailiffs appointments (these are all family homes between two and three bedrooms). There is one pending criminal conviction with Hertfordshire's Shared Anti-Fraud Services where Harlow will be seeking a POCA (Proceeds of Crime Act) of around £3,000 where a customer defrauded money from our Homeless Prevention Scheme. Housing has a further five possession cases either with legal or waiting on a court date. In addition, there is a pending court application to recover a five bedroom house from unauthorised occupants.

Housing has just had its first successful criminal prosecution in Chelmsford County Court where a couple obtained housing by deception which led to them being given a two bedroom house. The tenants pleaded guilty to housing, fraud, forgery and counterfeiting offenses. That hearing has been adjourned to Crown Court where the council will be applying for a POCA for an estimated £8,000.

e) National Fraud Initiative (NFI)

The mandatory biennial NFI exercise for 2018/19 has commenced. Data has been extracted and uploaded to the NFI site. Individual departments are responsible for reviewing their own matches, however, Internal Audit assist where requested. The annual Electoral Roll to Council Tax data matching exercise will be uploaded December 2019. Matches expected to be released in January 2020.

RECOMMENDATION TRACKER

4. 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. There are currently no high priority recommendations on the tracker.
5. The current tracker (attached as Appendix D) contains 15 recommendations which have passed their due date. A comparison with previous periods is outlined in the table below:

Table 1 – Recommendation Priorities

Recommendation Priority	Number (as at Nov 2019)	Number (as at June 2019)	Number (as at March 2019)	Number (as at November 2018)
High - not yet due	0	0	0	0
High - passed due date	0	0	1	1
Medium - passed due date	13	5	5	5
Low - passed due date	2	3	2	2
TOTAL	15	8	8	8

INTERNAL AUDIT CHARTER REVIEW

6. The Internal Audit Charter sets out the common practices of Internal Audit and requires annual review in accordance with the Public Sector Internal Audit Standards (PSIAS). This was last undertaken in November 2018.
7. The Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Committees practical guidance for Local Authorities and Police 2018 edition states that an Audit Committee (the Committee) should have a role in reviewing and approving the internal audit charter. In addition, the Committee has a role in overseeing the independence, objectivity, performance and professionalism of the Internal Audit function.
8. A review of the current Internal Audit charter (attached as Appendix E) confirms it is still fit for purpose. Some changes (underlined in bold) have been made to the Charter to ensure it is fully compliant with the PSIAS. The charter is set out in Appendix C to the report. The main enhancement is to ensure the division between assurance and consultancy work has been clearly defined.

PROGRESS AGAINST THE ANNUAL GOVERNANCE STATEMENT

9. In June 2019, the Audit and Standards Committee approved the Annual Governance Statement (AGS) which accompanies the Council's Statement of Accounts.
10. The Corporate Governance Group (made up of the Head of Finance, Head of Governance, Legal Services Manager, Insurance and Risk Manager, Policy and Performance Team Leader and the Internal Audit Manager) continues to monitor the actions set out in the AGS on a regular basis, being a standing agenda item. The table below sets out the current position against the action plan:

Table 2 – Key Improvement Areas

Key improvement area	Action to be taken in 2019/20	Progress at November 2019
<p>1. Harlow Trading Services (HTS) Group: With the expansion of the HTS Group, and the potential for further entities, governance arrangements need to be kept under review.</p>	<p>Review the robustness of governance arrangements, including the role of the Shareholders Sub Committee to ensure it is adequately carrying out the shareholder functions on behalf of the Council and to avoid both officer and member conflict of interests.</p>	<p>The Shareholder Sub Committee will be receiving a report on the creation of HTS (Housing and Regeneration) Company.</p>
<p>2. Brexit: If there is a 'no deal' Brexit then this may impair the Council's strategic aims and objectives.</p>	<p>The implications are being regularly monitored by SMB. The Council liaises with the Local Resilience Forum Lead and with the East of England LGA on Brexit related operational issues and community impact. In turn both these organisations liaise with MHCLG.</p>	<p>The Head of Finance has been designated as the Council's 'Brexit' lead to work with central government. The situation is being closely monitored by SMB on at least a weekly basis.</p>
<p>Common theme from the Service Assurance Statements were:</p>		
<p>3. Operational risk management: Recording of key operational risks could be improved to ensure they feed into the corporate risk management process and for better identification of interrelated risks.</p>	<p>This will be addressed through the roll out of the new risk strategy, review of the Council's risk appetite and assessment of the Council's risk maturity which will allow benchmarking of risk management within the Council against best practice and establish how well risk management as a discipline is embedded and integrated.</p>	<p>A fundamental review of risk management processes within the Council, including work around risk maturity and risk appetite is currently in progress; being overseen by the Corporate Governance Group.</p>
<p>4. Project management: Lack of corporate approach for</p>	<p>Outcomes on the development of project management processes</p>	<p>Officer user groups are being engaged in the corporate project</p>

Key improvement area	Action to be taken in 2019/20	Progress at November 2019
projects.	and methodology within the In-Phase system needs to rolled out across the Council.	methodology design and system build.

IMPLICATIONS

Environment and Planning (includes Sustainability)

None specific.

Author: Andrew Bramidge, Head of Environment and Planning

Finance (includes ICT and Properties and Facilities)

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 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 Plan Monitoring 2019/20

Appendix B – Revised Code of Local Governance

Appendix C – Revised Anti-Fraud and Corruption Strategy

Appendix D – Audit Recommendation Tracker

Appendix E – Internal Audit Charter

Glossary of terms/abbreviations used

AGS – Annual Governance Statement

CIPFA – Chartered Institute of Public Finance and Accountancy

IGG – Information Governance Group

GDPR – General Data Protection Regulations

HTS – Harlow Trading Services (Property and Environment) Ltd

KPI's – Key Performance Indicators

NFI – National Fraud Initiative

POCA – Proceeds of Crime Act

PSIAS – Public Sector Internal Audit Standards