

**REPORT TO:** AUDIT AND STANDARDS COMMITTEE

**DATE:** 25 NOVEMBER 2020

**TITLE:** INTERNAL AUDIT ACTIVITY REPORT

**LEAD OFFICER:** SARAH MARSH, INTERNAL AUDIT MANAGER  
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**RECOMMENDED that:**

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

**PROGRESS AGAINST AUDIT PLAN**

1. Work continues on the revised 2020/21 Audit Plan and timings have been agreed with the Senior Management Board to ensure a steady flow of audits throughout the year. Appendix A sets out the current status with the Audit Plan.

**INTERNAL AUDIT REPORTS**

2. Two reports have been issued since the Committee received its last update in August 2020:
  - a) Data retention and disposals: moderate assurance

Overall, the Council has a robust data retention and disposals framework parts of which are working well in practice. To date, there have been no reported data breaches explicit to data retention or disposals.

The Council's Records Retention Policy, which includes disposals, is fit for purpose although testing found some anomalies (discrepancies) and there is an opportunity to rationalise the records retention policy into a more manageable document.

The framework is reliant on Services and teams owning their data (and rightly so) and ensuring compliance with legislation. The Council needs to ensure there are corporate mechanisms and clear processes to ensure this compliance, providing support where required. For example, ensuring departments periodically review their Registers of Processing Activity, that they are in line with their data retention schedules and that privacy notices, where applicable, are in place and up to date. The recently appointed Data Protection Officer is already working with services to address the issues raised.

In addition, there are other corporate activities required such as ensuring there is a corporate approach to paper disposals and archiving. And longer term, bringing in document management systems where there is a heavy reliance on paper such as Housing.

- b) Parks and Landscapes: limited assurance - arboriculture service, moderate assurance - grounds maintenance service

Grounds maintenance services are delivered by HTS (Property and Environment Ltd) in accordance with the contract payment mechanism, however improvements are required for the service to meet the needs of the Council.

The implementation of an annual grounds maintenance programme will inform the Council of the service plans in terms of planting and maintenance activities throughout the year. It also provides an opportunity for HTS to work with the Council to improve efficiencies, existing work processes and acknowledge the change in the town's environment. The contract monitoring process will also benefit as performance can be measured as planned service delivery against actual service delivered and enable a joint approach to ensure the right resources are available at the right time.

The arboriculture service is reactive, responding to emergency works and calls received from the public. There is no annual schedule for planned inspection of trees which, if in place, would provide assurance that trees in public places are inspected and maintained in order of risk. The risks to the Council include dangerous trees are not identified until structural damage has been caused, potential financial loss due to an increased number of insurance claims against the Council, and the Council could be prosecuted if a fallen tree causes injury. It is on this basis that the limited assurance opinion is given for the arboriculture service. An improvement action plan has been developed by HTS to complete outstanding tree work and is being led by HTS working with the Council.

There is a need to improve communication processes between the Council and HTS for grounds maintenance and arboriculture services, to ensure information requirements are clarified and outstanding queries are followed up as part of the contract monitoring process. Performance is monitored and reported by HTS to the Council via a suite of Key Performance Indicators (KPIs) and meetings are held regularly between HTS and the Council.

Robust health and safety processes are in place for HTS operatives including vehicle maintenance, training and awareness for operatives and risk assessments are provided to staff on a need to know basis. Playground

inspections are completed and documented weekly and remedial work is addressed by order of priority.

### **ONGOING AUDIT WORK**

3. As the Council continues its Covid-19 recovery phase Internal Audit has:
  - a) Continued liaising with the Revenue and Benefits Manager about 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. Fraud expertise from the Epping Forest Corporate Fraud Team has been obtained through the shared Internal Audit arrangements.
  - b) Continued overseeing the project plan for implementation of the new HR system, which has an anticipated go-live date of December 2020, facilitating discussions between key departments to ensure there is a holistic approach to the project.
  - c) Coordinated the mandatory submission of data to the Cabinet Office for the National Fraud Initiative (NFI) data matching exercise, in liaison with Council Tax, Electoral Services, Licensing, Housing, Revenues and Benefits and Payroll. Matches are expected in January 2021.
  - d) Co-ordinated the process for appointing an Independent Member of the Audit and Standards Committee. The Council went out to advert in January 2020, with a closing date of end February 2020. Interviews were being set up for the three applications received but had to be postponed due to Covid-19. The interviews finally took place via Zoom at the beginning of October by the following panel members: Cllr Mullard, Cllr Clark and Cllr Carter supported by the Head of Finance and the Internal Audit Manager. An appointment was not made on this occasion as the shortlisted candidates failed to meet sufficiently the criteria set out within the person specification. The intention is to restart the recruitment process in the new year.

### **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. The high priority recommendations on the tracker relate to Former Tenant Arrears and are being formally followed up.

5. The current tracker, as set out in Appendix B to the report, contains 15 recommendations which have passed their due date. Four of the recommendations (two high and two medium) relate to Former Tenant Arrears, and progress against these will be formally assessed through a follow up audit later on this year.
6. A comparison with previous periods is outlined in the table below:

**Table 1 – Recommendations Tracker Comparison**

Recommendation Priority	Number as (at November 2020)	Number (as at August 2020)	Number (as at June 2020)	Number (as at March 2020)
High - not yet due	0	0	2	0
High - passed due date	2	2	0	0
Medium - passed due date	12	15	14	10
Low - passed due date	1	2	3	2
<b>TOTAL</b>	<b>15</b>	<b>19</b>	<b>19</b>	<b>12</b>

## 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 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 Plan Monitoring

Appendix B – Audit Recommendation Tracker

### **Glossary of Terms/Abbreviations Used**

KPI – Key Performance Indicators

NFI – National Fraud Initiative