

Internal Audit Progress Report



Report to: Audit and Standards Committee

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Executive Summary

A This report details the work of Internal Audit and any governance, risk management or control environment issues the Committee needs to be made aware of.

Recommended that:

- A** The Audit and Standards Committee reviews the outcomes of the work of the Internal Audit service for the period April to June 2024 and identifies any issues for further consideration.
- B** Approve the Covert Surveillance and the Acquisition of Communication Data Policy (RIPA Policy) attached as Appendix C to the report.

Reason for decision

A As per their Terms of Reference, one of the roles of the Audit and Standards Committee is to oversee the council's internal audit function

Other Options

A None

Background

1. The Harlow audit plan for 2023/24 is almost complete and sufficient work has been completed for the Head of Internal Audit to give their annual report and assurance opinion which is reported elsewhere in the agenda.
2. Work has progressed on the 2024/25 Audit Plan. Appendix A sets out the current status of the Audit Plan.

Internal Audit Reports

3. Two audit reports have been issued since the Committee received its last update in March 2024:

a) **Council Tax and Business rates - *substantial assurance***

- i) The council's website contains detailed information, for stakeholders, on both Council Tax and Business Rates arrangements, including the discounts, exemptions and reliefs available.
- ii) Testing confirmed that Council Tax and Business Rates bills had been raised accurately and timely. Bills were correctly based on banding or rateable values and where applicable discounts, exemptions and reliefs had been applied.
- iii) The income suspense accounts are cleared daily and that monthly reconciliations are completed appropriately with an evidenced and dated independent review.
- iv) Both Business Rates and Council Tax debtor collection processes are highly automated, and it was verified that reminder and notice of court action letters are sent at the prescribed timescales.
- v) Council Tax and Business Rates performance is monitored through the collection rates for debts raised in the accounting year and through income collected in the recovery year, which includes balances outstanding from previous years.
- vi) Overall, there is a high level of automation of processes in place and the system team actively monitors processing and workflows. No recommendations were raised.

b) Budgetary Control – *reasonable assurance*

- i) Good processes are in place for budgetary control and a balanced budget was approved in time for the new 2024/25 financial year in accordance with the statutory requirement for Local Authorities.
- ii) The Medium-Term Financial Plan is a strategic document that supports the corporate plan and was approved at Cabinet 14 December 2023. The Corporate Plan sets out the council's priorities for 2024-28 and was also approved December 2023.
- iii) There are links between the corporate plan and the 2024/25 budget, and an annual delivery plan for 2024/25 was approved at the 21 March 2024 Cabinet meeting, setting out how each service area will meet these priorities.
- iv) Budget monitoring processes are in place, however, these could be improved. Monthly budget monitoring reports are provided by Accountancy to budget holders (also to the Corporate Leadership Team and to Councillors), however, refresher training for the general ledger system and reinstating monthly meetings between Accountancy and budget holders would encourage budget holders to take greater ownership of their budgets, as accountancy are often relied upon to update the general ledger.
- v) Guidance for budgetary control is provided within Financial Regulations setting out officer responsibilities and processes including setting the budget and budget holder responsibilities for managing their budgets. Refresher training for the general ledger system would assist the process so there is less reliance on Accountancy to provide information.

Ongoing Audit Work

- 4. In addition to completing the Audit Plan, Internal Audit adds value by providing advice and guidance to various services across the council. During this period, Internal Audit has:
- 5. Completed the annual service assurance exercise consulting with Assistant Directors as part of the annual governance process, to provide assurance to the council and its stakeholders that good governance arrangements are in place. The results of which have been fed into the Annual Governance Statement which is reported to this Committee separately.
- 6. Continue to hold regular discussions with Housing regarding progress of the action plan recommendations following the external review of the Annual Service Charge paid to HTS.
- 7. Coordinated the review of the online fraud reporting form, which enables anonymous reporting via the council's website of suspected fraud to enhance the council's approach

for prevention and detection of fraud. As part of the review the fraud information was analysed to identify trends and areas for improvement. No instances of fraud have been identified to date, and the analysis suggests there is a need for the online form to be revised to prevent false allegations and improve the quality of data reported to the Council. The fraud report data has been used to update the council's housing tenancy, council tax, revenues and benefits information.

8. Participated in the officer Corporate Fraud Group which oversees implementation of the council's Anti-Fraud and Corruption Strategy and to ensure there is a joined up approach on anti-fraud initiatives

Anti-Fraud Update

9. Revenues and Benefits continue to undertake investigation of the Vigilant data matches for single resident council tax discounts. The total savings since data matching began in 2018 to 31 March 2024 amounts to £376,679.
10. The savings identified during the period 1 April 2023 to 31 March 2024 amounts to £56,947.12.
11. Internal Audit continue to monitor trends and themes from the online referral forms. Referrals are sent to three email boxes as detailed in the table below.

Department	No. of online fraud reports received since April 2023
Revenues and Benefits	32
Housing	73
Other (referred to Internal Audit)	25
Total	130

Fraud Type	No.
Empty Property	5
Falsely stating that a property is no longer in use	1
Housing Application	13

Subletting	27
Undeclared adult living at property	18
Not declaring that a property is being used for business purposes	3
Undeclared Income	4
Undeclared Work	1
Other (received by Internal Audit) *	58
Total	130

12. All reports are investigated and updated/closed on the case management system. *The majority of 'other' referrals are passed onto revenues and benefits or housing.
13. Internal Audit is commencing a series of fraud risk assessments to help develop a training and awareness programme for staff and Members.

Policy Review – Regulation of Investigatory Powers Act (RIPA) 2000

14. The policy in relation to the Regulation of Investigatory Powers Act (RIPA) 2000 has been reviewed in light of current best practice and new management structures.
15. RIPA sets out the authorisation requirements for all covert surveillance carried out by public authorities where that surveillance is likely to result in the obtaining of private information about a person. Surveillance, for the purposes of RIPA, includes monitoring, observing or listening to persons, their movements, conversations or other activities and communications. It may be conducted with or without the assistance of a surveillance device and includes the recording of any information obtained.
16. Training for appropriate authorising officers on the RIPA policy was completed 6 September 2023. The council is committed to future training and awareness on a rolling programme for all relevant officer (including HTS). The council was subject to an inspection from the Investigatory Powers Commissioners Office in June 2021 and has been notified of an inspection during Q2 2024/25.

Recommendation Tracker

17. The Audit and Standards Committee receives details of all overdue recommendations, plus any high priority recommendations from final reports, regardless of their status. The high priority recommendation highlighted in this report relates to the 2021/22 Waste Contract Management audit; work is ongoing with the contractor to complete the recommendation.

18. The current tracker, as set out in Appendix B to the report, contains two recommendations which have passed their due date. A comparison with previous periods is outlined in the table below:
19. Internal Audit continues to work with the Wider Leadership Team to initially ensure agreed implementation dates are realistic and the council is not exposed to unacceptable risk where the implementation date has had to be revised. The Corporate Leadership Team endorses this approach.

Recommendation Priority	Number (June 2024)	Number (March 2024)	Number (November 2023)	Number (June 2023)
High - not yet due	0	0	0	1
High - passed due date	1	1	1	1
Medium - passed due date	1	5	3	9
Low - passed due date	0	2	2	2
TOTAL	2	8	6	13

Issues/Proposals

20. The Committee to feedback on any issues for future consideration.

Implications

Equalities and Diversity

None specific.

Climate Change

None specific.

Finance

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: Jacqueline Van Mellaerts, Assistant Director – Finance (Deputy Section 151 Officer)

Governance

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.

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Appendices

Appendix A – Audit Plan Monitor

Appendix B – Internal Audit recommendation tracker

Appendix C – Covert Surveillance and the Acquisition of Communication Data Policy

Background Papers

None.

Glossary of terms/abbreviations used

HTS – HTS Group

RIPA – Regulation of Investigatory Powers Act 2000