

at the Water Gardens. The audit concluded that while controls exist to ensure that income due from staff (including contractors and temporary staff) is collected, time constraints and weaknesses in communication make it difficult for this to be effectively managed. At the time of the audit four members of staff were noted to have used the car park for three months without making payments for it. The Internal Audit Team's recommendations focus on recovering any arrears and improving reconciliation processes to prevent recurrence.

(iv) Money Held By Third Parties – Carried out at the request of the Section 151 Officer, this review focussed on circumstances in which Council funds may be held externally for extended periods, usually as part of a development agreement with regeneration partners. The audit did not identify any instances where the Section 151 Officer was unaware of third party monies, being a particular concern of his. Monitoring arrangements could be improved through better communication between Legal Services, their client departments and Accountancy to ensure this remains the case.

RECOMMENDATION TRACKER

4. The Audit and Standards Committee receives details of all overdue recommendations, plus any fundamental recommendations from final reports, regardless of whether they are overdue or not.
5. The current tracker (see Appendix B) contains 16 recommendations passed their due date.

Recommendations	Number (as at 16 November)
Fundamental - not yet due	1
Fundamental - passed due date	0
Significant - passed due date	12
Requires Attention - passed due date	4

6. The tracker contains one fundamental recommendation concerning recordkeeping for commercial rents which is not due for implementation until March 2016. Overreliance on spreadsheet records is to be resolved through better use of Technology Forge, the Council's asset management system.

PERFORMANCE INDICATORS

7. The table below sets out the Internal Audit Team's performance indicators for 2015/16 as agreed at the March 2015 Audit and Standards Committee.

Aspect of Service	Performance Indicator	Target	Progress to end October 2015
Cost of service	Planned days delivered	100%	n/a – reported annually

Aspect of Service	Performance Indicator	Target	Progress to end October 2015
	Financial budgets	Within financial budgets	Within financial budgets
	Staff productivity	85%	81%
Internal Audit processes	Achievement of the Annual Plan	95% minimum	n/a – reported annually
	Draft report issued after closing meeting	10 working days	Met
	Final report issued after client agreement to draft	5 working days	Met
Effective management engagement	Management responses within 10 working days of draft report	10 working days	Largely met <i>(responses to one report were delayed for reasons beyond Internal Audit's control)</i>
	Agreed audit recommendations implemented	Within agreed timescales	n/a – reported annually
Compliance with professional standards	Public Sector Internal Audit Standards	100% compliant	100% compliant

OTHER INTERNAL AUDIT ACTIVITIES

Project Management

8. The Internal Audit Team presented an action plan to the Corporate Governance Group in October 2015 to promote good practice in project management across the Council. The Internal Audit Manager has agreed to take the lead on this, with a view to handing this management function over to the Policy & Performance Team by the end of this financial year when suitable resources should be in place.

Project Groups

9. Internal Audit Team representatives sit on a number of project groups in order to provide advice and challenge on internal controls, risk management and governance arrangements. This includes:
 - a) Risk Management task and finish group which is overseeing the introduction of the new In-Phase system to integrate service planning and risk management process.
 - b) Technology Forge task and finish group to increase the functionality of the Council's asset management system.

- c) IT Operations Board which has been set up to oversee implementation of the Council's IT Strategy.
- d) Oversight of preparations for the 2016/17 Agresso finance system upgrade.

Counter-Fraud Initiatives

- 10. The Internal Audit Team continues to co-ordinate the Council's responses to data matches coming out of the National Fraud Initiative, an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. The most recent request received from the Cabinet Office has been the submission of data from the council tax register and the electoral roll to combat single person discount fraud.
- 11. The Internal Audit Team has reviewed and updated the Council's whistleblowing policy to reflect the new draft code of conduct issued by The Whistleblowing Commission. Human Resources (HR) is now proceeding with trade union consultation.
- 12. In August the European Institute for Combatting Corruption and Fraud (TEICCAF) published 'Protecting the English Public Purse', which collates and reports on national, regional and local fraud detection by English councils. This was a non-mandatory exercise and approximately 60% of councils responded. English councils detected fewer cases of fraud in 2014/15 compared with the previous year; however, their value increased by more than 11%.
- 13. Following the recent transfer of its Counter-Fraud and Corruption Officers to the Department for Work and Pensions (DWP), the Internal Audit Team continues to engage with management to determine the Council's approach to corporate fraud. A meeting was held on 19 October between Housing Managers from Harlow and the Corporate Fraud Manager at Epping Forest District Council to discuss best practice in tackling housing fraud. At the request of management, The Internal Audit Team is now carrying out a mapping exercise to record the fraud interventions already in place within the Housing Service, which will contribute to the ongoing discussions.

INTERNAL AUDIT SHARED SERVICE: BOROUGH OF BROXBOURNE, HARLOW AND EPPING FOREST DISTRICT COUNCILS

- 14. The Internal Audit Manager has continued to oversee the delivery of Internal Audit services for Epping Forest District Council as well as Broxbourne and Harlow Councils with the cost of this post being shared equally.
- 15. A meeting will be held between senior managers from each of the three Councils to consider the longer term options for the shared service.
- 16. In the meantime, relationships initiated by the Internal Audit Team through the shared service have continue to benefit all three councils:
 - a) Human Resources departments in Broxbourne and Harlow are engaging with Epping Forest on possible joint training arrangements.

- b) Staff from the Harlow Playhouse Theatre and The Spotlight in Broxbourne have begun exchanging ideas on working methods and best practice.
- c) Epping Forest and Harlow are sharing insights from ongoing reviews of their respective customer service strategies.

IMPLICATIONS

Place (includes Sustainability)

None specific.

Author: **Graeme Bloomer, Head of Place**

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**

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 Council's overall Governance framework 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: **Brian Keane, Head of Governance**

BACKGROUND PAPERS

Internal Audit Plan and Internal Audit monitoring reports.

Glossary of terms/abbreviations used

CMT – Corporate Management Team

HoS – Heads of Service

Appendices

Appendix A – Audit Plan Monitoring

Appendix B – Audit Recommendations Tracker