

ONGOING AUDIT WORK

3. A number of assignments in the 2017/18 Audit Plan are intended to provide advice and guidance to the Council throughout the year on current issues. This includes Internal Audit representation on business groups and project teams across the Authority. As these assignments do not normally result in an audit report, the activities and outputs are summarised below for information:

- *Officer Interests, Gifts and Hospitality* – Internal Audit formed part of a small Officer Group which has developed on-line forms for Officer Interests, Gifts and Hospitality and improved central monitoring and reporting processes. The on-line forms went live in July for both Officers and Councillors.
- *General Data Protection Regulation (GDPR)* - The General Data Protection Regulation will replace the existing Data Protection Act in May 2018. The Council is required to ensure compliance with the principles of the new legislation. This involves identifying the Council's information assets (manual records and electronic information) to ensure personal data is recorded and used responsibly.

The project is being coordinated by the Legal Services Manager and Internal Audit is assisting in the design and implementation of an Information Asset Register and advising on policies and procedures relating to information management. Project plans have been shared with lead Officers across the three councils who are in the Internal Audit shared service, ensuring good practice is identified. Progress against Harlow's action plan is monitored by the Corporate Governance Group.

- *National Fraud Initiative (NFI)* - is a data matching exercise which compares electronic data within and between public and private sector bodies to prevent and detect fraud. These bodies include the Department for Works and Pensions (DWP), police authorities, fire and rescue authorities as well as local councils and a number of private sector bodies.

The review of the 2016/17 data matches is in progress and Internal Audit has provided training and guidance to Officers. Previous exercises have found the NFI matches are not usually fraudulent and there is usually an explanation for the match (for example inaccurate data).

Internal Audit is a key contact for NFI, coordinating the submission of the Council's data and ensuring there is a process for reviewing the data matches in accordance with the Council's available resources and the requirements of the Cabinet Office.

- *Corporate Fraud Group* – is developing an anti-fraud action plan which Internal Audit is leading on based on good practice seen in other councils. This will support the Council's anti fraud strategy to ensure the Council has effective resources and controls to acknowledge, prevent and pursue fraud, as well as investigate matters that arise.

- *Cash Office* – Internal Audit has convened a small Officer Group to look into minor concerns regarding cash collection arrangements at the Council.
- *In-Phase Project* – As this project reaches completion the Internal Audit Manager continues to advise on the implementation of the new system through the Corporate Governance Group and close working with the project manager.

RECOMMENDATION TRACKER

4. The Audit and Standards Committees receives details of all overdue recommendations, plus any high risk recommendations from final reports, regardless of whether they are overdue or not.
5. The current tracker (see Appendix B) contains ten recommendations passed their due date (compared to 13 in June 2017). Regular monitoring of these recommendations demonstrates that, although they may have not been completed by the original implementation dates, progress continues to be made.
6. A comparison with previous periods is outlined in the table below to demonstrate progress.

Recommendation Priority	Number (as at September 2017)	Number (as at June 2017)	Number (as at Mar 2017)	Number (as at Nov 2016)
High - not yet due	0	0	0	1
High - passed due date	0	0	0	0
Medium - passed due date	8	9	8	8
Low - passed due date	2	4	3	4
TOTAL	10	13	11	13

7. Of the ten overdue recommendations two relate to business continuity planning where there is an action plan in place to review and update these in line with the Council's IT Disaster Recovery arrangements by the end of 2017/18. The five External Data Transfer recommendations now form part of the GDPR action plan.

ONGOING COUNTER-FRAUD ACTIVITIES

8. The Revenue and Benefits Team continues to undertake proactive anti-fraud work in order to protect the Council's tax base. For example, the team has undertaken a rolling Single Person Discount (SPD) review and investigated the National Fraud Initiative SPD data match discrepancies which has increased the tax base by £287K (since August 2015). SMS text and email messages are being used to reduce the cost of reviews.

9. Local councils have powers to impose fixed financial penalties (£70) in relation to council tax discounts where a person makes a fraudulent declaration or where a person, without justifiable reason, fails to notify a change in circumstances. The work undertaken by the Revenues & Benefits team in reviewing SPD's and the NFI data matches has resulted in £8,960 of penalties being imposed to date.
10. Data matching with other Councils in Essex as part of a pan-Essex commitment to identifying fraud and error in its Council Tax base is in progress. Initial data matches have been received and are being investigated.
11. Both Housing and Revenue and Benefits have signed up to the National Fraud initiative (NFI) – additional “deceased persons matches” which will help identify fraud in various areas including successions. This is being regularly monitored on a weekly basis.
12. Data has been collated from Equifax in terms of high, medium and low risk potential fraud within council tenancies and this data is currently being reviewed.
13. Housing carry out money laundering checks on all Right To Buy (RTB) applications at the conveyancing stage. All RTB applications are validated and checked to ensure that the information that the applicant has supplied is correct. This includes tenancy history, names, type of property, receipt of benefit, monies owing to the council, bankruptcy searches, land registry and Experian where required. This is carried out by the Housing Officer and the Leaseholder Officer.
14. Recruitment is underway for a Housing Fraud Officer dedicated to all housing services and will work in line with the Corporate Fraud Strategy.
15. As part of Officers daily duties, they are all trained in identifying potential fraud and will action cases in accordance with policies and procedures.

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 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: **Brian Keane, Head of Governance**

Background Papers

Internal Audit Plan and Internal Audit monitoring reports

Appendices

Appendix A – Audit Plan Monitoring

Appendix B – Audit Recommendations Tracker