

REVISED Internal Audit and Counter Fraud Plan 2020-21

INTRODUCTION

Background

The Council is responsible for establishing and maintaining appropriate **risk management** processes, **internal control** systems, accounting records and **governance** arrangements.

The Council is also required under the **Accounts and Audit Regulations 2015** to maintain an adequate and effective system of internal audit, and this responsibility has been delegated to the Executive Director for Finance and Technology (S151 Officer).

The **purpose** of the Internal Audit and Counter Fraud Service is to provide **independent, objective assurance** and consulting services to the Council (via the Audit Governance and Standards Committee, Chief Executive, S151 Officer, Corporate Leadership Team and External Audit), relating to these arrangements, which are designed to add value, improve the Council's operations and be proportionate to risk.

In addition, the Counter Fraud Service, as outlined in the Council's **Counter Fraud and Anti Bribery Strategy**, seeks to prevent, detect and deter fraud, corruption, bribery or other irregularity in order to protect the public purse.

Internal Audit work is carried out in accordance with the professional requirements as set out in the **Public Sector Internal Audit Standards** (PSIAS).

Purpose of the Internal Audit and Counter Fraud Plan

The **Organisation Strategy** sets out the Council's aims and priorities for the next four years (see page 3). It describes what the Council will do to deliver the Vision for the people of Essex. The **Organisation Plan** provides an expression of our priorities and activities over the next twelve months. The **Internal Audit and Counter Fraud Plan** considers the Council's **strategic and operational risks** in relation to delivering the Strategy and operational plans and details our priorities and activities over the next financial year.

The Plan, combined with other sources of assurance, provides sufficient coverage to enable the Head of Assurance (as **Chief Audit Executive**) to provide the Audit, Governance and Standards Committee with an independent, objective, and evidence based **annual opinion** on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. The planned coverage will also inform the Council's **Annual Governance Statement** and provide evidence on the effectiveness of arrangements.

Essex Organisation Strategy Summary

Our Strategic Aims:



Our Strategic Priorities:

- Help people in Essex prosper by increasing their skills.
- Enable Essex to attract and grow large firms in high growth industries.
- Target economic development to areas of opportunity.

- Help keep vulnerable children safer and enable them to fulfil their potential.
- Enable more vulnerable adults to live independently of social care.
- Improve the health of the people in Essex.

- Help to secure stronger, safer and more neighbourly communities.
- Help secure sustainable development and protect the environment.
- Facilitate growing communities and new homes.

- Limit cost and drive growth in revenue.
- Develop the capability, performance and engagement of our people.
- Re-imagine how residents' needs can be met in a digital world.

Internal Audit and Counter Fraud Plan for 2020-21

In devising the risk-based Plan and to ensure it is appropriately focussed, we have considered the following:

Use of our own cumulative knowledge and expertise of services and areas of control weakness/ fraud risk, including prior years' activity.

Risk Registers

Review and consideration of the strategic and operational risk registers.

Key Corporate Documents

Key corporate documents have been considered including the organisational strategy, operational business plans, budgets and savings targets, programmes and projects and future known commercial activity.

Other Sources of Assurance

Use of other assurance sources such as third party inspections.

External / Horizon Scanning

Consideration of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Institute of Internal Auditors (IIA) direction. Liaison with other local authorities on emerging themes through professional forums (e.g. Home Counties Audit Group / Local Authority Chief Auditors Network / South East County Council Fraud Hub).

Consideration of future planned national and international legislative changes including the impact of exiting the European Union (Brexit).

Organisational Change

Consideration of the Council's organisational change programme and activity.

Stakeholder Consultation

Engagement with key stakeholders including the Chief Executive (Head of Paid Service), S151 Officer, Monitoring Officer, Executive Directors, Senior Information Risk Officer (SIRO), Chair of the Audit, Governance and Standards Committee and External Audit.

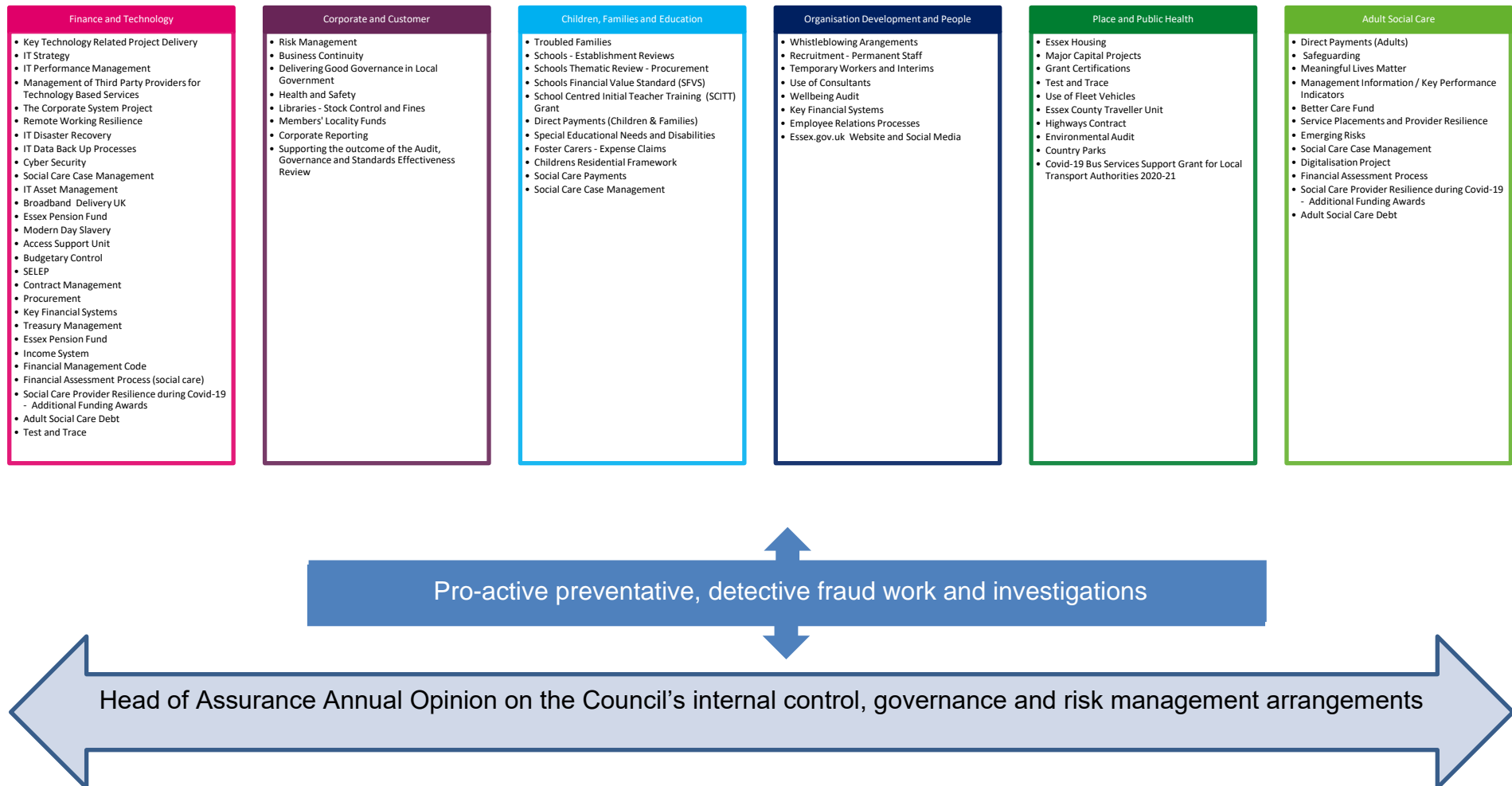
Delivery and Resourcing

Consideration has been given to the financial and staffing budgets available to deliver the Plan. This includes the in-house team and where necessary, an externally commissioned provider (e.g. for specialist IT audit)

Covid -19

This Plan was revised in June 2020 in the light of Covid-19 to ensure that it is still appropriately focused on the Council's key risks.

Summary Internal Audit and Counter Fraud Plan - by Function



Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
Strategic Aim: Enable Inclusive Economic Growth				
Place and Public Health	Essex Housing	<p>Essex Housing is being set up as a Limited Liability Partnership (LLP) and will work in a commercial environment. ECC will retain control, but transactions will go through the LLP.</p> <p>As public sector owned in the commercial environment it therefore faces inherent risks around agility, speed of decision making, value for money, return on investments and negotiating skills.</p>	To assess whether the governance arrangements (including constitution of the board and executive) are appropriate and proportionate to enable to LLP to operate effectively in its commercial environment and safeguard public money.	ESH0066 HAT0032
Place and Public Health / All Functions	Major Capital Projects	ECC's draft Organisation Plan and budget for 2020/21 outlines plans for significant investment in services and infrastructure with more than £200m earmarked for capital investment, including housing schemes, major infrastructure improvements such as the A127 Fairglen interchange, and new schools for children with Special Education Needs and Disability.	<p>To assess whether there are sufficient resources and robust processes to manage costs and delivery of major capital projects to ensure that risks of cost and delivery overruns are promptly identified, communicated, and effectively mitigated.</p> <p>To establish the extent to which we ensure we achieve the right mix of financing for each programme, by maximising external funding, planning obligations (via Section 106 Agreements between ECC and developers) and capital receipts to minimise borrowing.</p>	HAT0032 PNG0003

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
		Risks include political and ECC reputation, potential fraud, financial (including profile of spend, cost escalation, contingencies, change control), stakeholder management and partnership/third party risks (including due diligence over work carried out meeting the agreed requirements).	<p>(Also links in with separate audit of Governance around expansion of schools and construction of new school buildings)</p> <p>This will include reviewing the robustness of the arrangements for the options appraisal / long term solution for the Army and Navy junction:</p> <p>https://www.essexhighways.org/highway-schemes-and-developments/highway-schemes/army-and-navy-taskforce.aspx</p> <p><i>This audit will be further reviewed later in the year once we know the full impact of Covid-19 on our Capital Programme.</i></p>	
Place and Public Health / All Functions	Grant Certifications	6 monthly or annual grant certifications	<p>Interreg – PROFIT</p> <p>Interreg – SPONGE</p> <p>Innovate UK – Solar Powered Forecourt</p> <p>Interreg - LECSEA</p> <p>SELEP – Growth Hub</p> <p>Department for Transport - Integrated Capital Grant</p>	HAT0032 CGS0002
Place and Public Health	Covid-19 Bus Services Support Grant for Local Transport Authorities 2020-21	Annual certification	ECC has been awarded a grant of £692,342 to help compensate bus operators for lost revenue, as a result of the fall in passenger numbers, during the Covid -19 outbreak. The grant from the Department for Transport is paid directly to local authorities who are then required to administer its distribution. The grant terms and conditions stipulate that appropriate investigations and	

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
			checks must be undertaken by Internal Audit to ensure that the conditions attached to the grant have been complied with.	
Strategic Aim: Help People Get the Best Start and Age Well				
Adult Social Care	Direct Payments (Adults)	The Council has a statutory duty to assess any adult who appears to have needs for care and support and to ensure that the unmet eligible assessed needs are met. Limited Assurance in 2018/19. Approximately £60m spend and over 5,000 clients.	This audit will focus on the Council's arrangements for managing/monitoring direct payments consistently and in a way, which is proportionate to risk. The review will include direct payments managed via our managed service provider, private bank accounts and prepaid cards and will include client contributions / assessed charges. The audit will also support the control design of the new Direct Payments Team which became operational from mid 2020 with a review of their effectiveness to be undertaken in the latter part of the 2020-21 financial year. Links with the Council's Choice and Control Programme.	SRR0002 AS0041
Adult Social Care	Emerging Risks	Safeguarding risks, value for money, risks around ensuring appropriate and timely support to vulnerable adults and their carers. Statutory requirements may not be met.	Watching brief over a number of new developments within Adult Social Care to include: Liberty Protection Safeguards Deprivation of Liberty (DoLs) are due to be replaced by the Liberty Protection Safeguards in 2020, as part of the Mental Capacity (Amendment) Act which became law in May 2019. At the time of writing this Audit Plan central guidance has not been produced although it is expected imminently; and although it is thought that changes may not be introduced until 2021/22, considerable preparation will be needed to	SR00002 SR0052 AS0041

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
			<p>implement the changes, which are likely to be complex.</p> <p>Day Opportunities Framework</p> <p>To keep aware of the development of the new arrangements and associated risks which are expected to be operational in or around 2021/22</p> <p><i>This will be impacted by Covid-19 and so will be reconsidered later on in the year.</i></p> <p>Transforming Mental Health</p> <p>The current Section 75 agreement is expected to be extended to align with the NHS transformation agenda. Internal Audit will keep a watching brief over the:</p> <ul style="list-style-type: none"> • analysis of current activities and workforce; • definition of the new Social Care mental health offer; • interim arrangements for existing provision. 	
Adult Social Care	Safeguarding	Safeguarding and reputational risks.	<p>Supporting the service through a consultancy piece of work evaluating control design and operating effectiveness of the quality assurance mechanisms and quadrant accountability in place in relation to safeguarding. To also examine the role and effectiveness of the Essex Safeguarding Board in ECC's role as the host authority.</p> <p>Also links in with the management information and KPIs audit.</p>	SRR0002 AS0041

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
Adult Social Care	Meaningful Lives Matter Programme	The Meaningful Lives Matter (MLM) programme is an informal title for a group of initiatives which aim to improve outcomes for adults with learning disabilities and autism and to improve value for money for ECC. The programme covers a range of workstreams and is looking achieve significant savings in 2020/21 (c£17m) and beyond into the medium term (c£80m to 2024).	To assess whether there is effective oversight of the delivery of the MLM workstreams, and in particular whether required savings / outcomes /intended benefits in 2020/21 can still be achieved in light of Covid-19, and where not able to be achieved, that mitigating actions are adequate.	SRR0002 SRR0020 AS0041
Adult Social Care	Management Information / Key Performance Indicators	Without effective management oversight and appropriately defined and timely KPIs, the Function will be unable to measure whether their focus on early intervention and prevention is having the desired impact and is sustainable. Strategic objectives may not be achieved, nor poor performance identified so that it can be addressed promptly.	To provide assurance over ASC's new performance management framework to ensure appropriate oversight of the new service delivery model, four year strategy and key operational activities of the Function. To also look at whether KPIs are well defined, consistently measured and have clear ownership and accountabilities; and that they provide accurate and timely information to enable statutory returns to be submitted and benchmarking to drive improvements. Also links in with the Safeguarding consultancy review. (Postponed from the 2019-20 IA & CF Plan).	SRR0002 AS0041

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
Adult Social Care	Better Care Fund	ECC may not fulfil its accountable body role and / or the Pooled Fund may not be used in accordance with the Fund Conditions, key government targets may be missed resulting in poor outcomes / reputational damage and financial risks.	It is a requirement of the current Section 75 Agreement (between ECC and the 5 Essex Clinical Commissioning Groups (CCGs) that the Host Partner (i.e. ECC) shall arrange for an annual audit of the accounts of the Pooled Fund and to certify the annual return. To also provide advice and guidance on the control environment and assurance mechanisms of any proposed new arrangements.	SRR0052
Adult Social Care Children, Families and Education, Finance and Technology	Social Care Case Management Project	Financial, reputational, legal, safeguarding and governance risks.	Internal Audit support throughout the lifecycle of the social care case management procurement project which covers both Children's and Adult's Services and has dependencies with other key Council systems.	OTW0003 CF0011 AS0040
Adult Social Care	Service Placements and Provider Resilience	Financial and reputation risks, also potential risk of legal challenge.	To review the mechanisms in place for the Directors of Local Delivery to assure themselves that the Service Placement Team are complying with agreed policy and procedures and that there is an appropriate performance framework around this with clear approvals/management oversight should there be a need to deviate from this. To also look at contract negotiation, provider resilience and the wider market impact of placements particularly in the light of Covid-19.	SRR0002 SRR0047 AS0041

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
			<i>We will review whether this audit is still feasible later on in the year based on the team being able to resume usual working practices. Also links in with the additional audit added to the Plan below which may replace this one.</i>	
Adult Social Care / Finance and Technology	Social Care Provider Resilience during Covid-19 - Additional Funding Awards	Risk that monies may not have been claimed or spent in accordance with the national directive or that the process is not free from error, overpayment or fraud.	To provide assurance that the framework in place for suppliers to claim / be awarded funding, following on from the national directive, is robust and the retrospective validation of claims is in accordance with the approved Cabinet Member Action.	
Children, Families and Education	Direct Payments (Children and Families)	The direct payment process may not be free from error or fraud. Monies may not be spent appropriately to achieve the best outcomes for the child/family.	To provide ongoing support via workshops currently taking place with the support of Transformation Delivery in relation to reshaping ECC's current arrangements and in particular to improve monitoring of Direct Payments.	
Children, Families and Education	Schools – Thematic Review - Procurement	Schools could run the risk of challenge if procurement processes are not robust including anti-competitive behaviour, fraud and corruption and poor value for money. Contract terms may be unfavourable to schools leading to them being unaware of the level of risk they are exposed to.	To carry out some diagnostic enquiries initially with a selection of schools and then work jointly with Procurement and Education colleagues to provide assurance and where necessary, advice and guidance over the robustness of schools' procurement arrangements. <i>The terms of reference for this review may change if Procurement and/or Education colleagues are still working on Covid-19 related issues.</i>	

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
Children, Families and Education	SCITT Grant	Annual certification of claim.	School centred initial teacher training grant.	Not applicable
Children, Families and Education	Foster Carers' Portal	If appropriate mechanisms are not in place, foster carers may not be reimbursed for expenses incurred accurately or timely. The system if not well designed and proportionality monitored could allow fraudulent claims, errors or ineligible claims to be processed.	To continue to provide support in relation to the requirements, control design and implementation of the new online portal whereby foster carers will be able to, among other things, submit expense claims online.	CF0029
Children Families and Education	Social Care Payments	Risks of fraud, error and/or reputational damage. Also risk of not anticipating future demand leading to potential service interruption and/or budget overspends.	To provide assurance over the accuracy, efficiency and completeness of social care payments across all Council systems – i.e. the social care case management system, the payments system and the general ledger.	
Children Families and Education	Special Educational Needs and Disability (SEND)	Reputational risk and risk that service user experience is not optimal.	To provide assurance that ECC is on track to deliver the action plans arising from the joint Department of Education / NHS England monitoring visit that took place in 2019. A reinspection is anticipated in 2021.	EDN0018
Children Families and Education	Troubled Families	Prevention and/or early intervention strategies helps to reduce the risk of escalation	Payment by results certification by Internal Audit throughout the year following the government's	CF0005

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
		and the need for crisis intervention.	announcement that the programme will be extended for a further year.	
Children Families and Education	Children's Residential Framework	Reputational, legal, safeguarding and financial risks.	Residential placements are currently spot purchased. This review will provide a health check style assurance over the design and implementation of the new framework which is planned to go live in 2020.	CF0005
Children Families and Education	Schools Establishment Reviews	Financial, governance and reputational risks.	To review the schools' internal audit programme and risk matrix and visit a small sample of individual schools throughout the year. <i>We will reconsider whether site visits are appropriate towards the end of 2020. In the meantime, we are researching whether schools audits could be carried out remotely.</i>	
Children Families and Education	Schools Financial Value Standard (SFVS)	Statutory requirement aimed at improving governance and internal control arrangements at locally maintained schools.	Internal Audit collect these self-assessments from schools annually and provide a return of the results to the Department for Education.	Not applicable
Place and Public Health	Test and Trace	The money may not be effectively spent on helping to contain local outbreaks of the virus which could result in a second wave of the pandemic and a threat to human life.	ECC is to receive £5.7m grant. The grant is part of £300m pledged nationally last month by the Government. The Council will use the money to develop tailored outbreak control plans, working with the NHS Test and Trace service. Councils will also be expected to ensure testing capacity is deployed effectively to high-risk locations. The funding awarded is intended to	

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
			help each local area work hand in hand with Public Health England and contact tracers to focus on the containment of local outbreaks to control the transmission of this virus. Internal Audit are required as part of the terms and conditions, to validate the spend. This audit replaces a more general one on Public Health that was included in the original IA &CF Plan for 2020/21.	
Strategic Aim: Help Create Great Places to Grow Up, Live and Work				
Corporate and Customer / All Functions	Delivering Good Governance in Local Government	The framework of good governance underpins the vision and objectives of a local authority and provides confidence that its decisions are well made. It supports ethical working and public accountability.	Assessment of compliance against the principles of good governance.	DT0012
Corporate and Customer	Libraries – Stock Control and Fees and Charges	Reputational and financial risks.	Health check review to support the service in designing robust controls around stock control and review of library fees and charges.	
Corporate and Customer	Members' Locality Funds	Reputational and fraud risks if funds are not allocated fairly or spent appropriately.	£750,000 has been set aside for the 2020/21 financial year i.e. a grant of £10,000 per Essex County Councillor, to spend on local community initiatives. This review will provide assurance over the robustness of these arrangements.	

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
Corporate and Customer	Business Continuity	Prolonged service disruption due to a business continuity incident not being appropriately responded to could lead to ECC being unable to fulfill its statutory duties.	<p>ECC is re-developing its business continuity approach and has recently implemented a new BC and mass notification system.</p> <p>To provide assurance that the Council has learned lessons from ECC's Covid-19 response and is resilient against a second wave and / or concurrent incident.</p> <p><i>We will ensure there is the required level of independence when carrying out this review as this service comes under the Head of Assurance's remit.</i></p>	CCS0016
Corporate and Customer	Risk Management	Effective risk management helps support good decision making and service delivery across all Functions and at the strategic level.	<p>To provide assurance over the Council's risk management arrangements to assist in forming the Chief Audit Executive's annual opinion.</p> <p>Scoping will take place at the time of the review, but it is suggested that a key theme/service area or specific part/s of the risk management process will be chosen for deeper analysis.</p> <p>For example, how well risk is identified, managed and communicated at the point of approving policy, strategy, or other investment decision.</p> <p><i>We will ensure there is the required level of independence when carrying out this review as this service comes under the Head of Assurance's remit.</i></p>	

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
Corporate and Customer	Health and Safety	ECC has duties under health and safety legislation and expects all employees and contractors to comply with health and safety policies, procedures and safe systems of work. If ECC is found liable for harm to the health and safety of others ECC could face significant financial penalties, reputational damage and service disruption.	To review a key health and safety risk area to assess whether the associated policy is robust, and the requirements are being consistently and effectively met. Risk area to be determined at the time of scoping the review. <i>We will ensure there is the required level of independence when carrying out this review as this service comes under the Head of Assurance's remit.</i>	SCDEL002 SCDEL003 PFM0003
Organisation Development and People	Recruitment – Permanent Employees	ECC may employ staff who are unsuitable for the role resulting in inefficient use of resources and interruptions in the quality and timeliness of service provision. Recruitment processes may not be conducted fairly and transparently.	ECC brought their recruitment processes and procedures back in house in 2019. This audit will assess whether the processes and procedures that are now in place and back in-house are working effectively.	No specific risk identified
Finance and Technology / Organisation Development and People	Use of Consultants	Risk of poor value for money and/or poor quality outcomes.	To provide assurance over effectiveness of workforce planning and appropriate sourcing of consultants, skills/knowledge transfer, clarity of roles and responsibilities, monitoring and delivery of outcomes, accountability and value for money.	No specific risk identified
Finance and Technology / Organisation	Temporary and Interim Workers	ECC may employ individuals that are unsuitable for the roles, also risks around poor	ECC have introduced a new platform (Matrix) for the recruitment of temporary/interim workers. This audit will provide assurance over the new	

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
Development and People		value for money and non-compliance with IR35.	arrangements and will include recruitment processes and procedures, handover arrangements, accountability, value for money, management oversight, reporting and key performance indicators. To include following up the previous internal audit recommendations relating to compliance with Off Payroll Engagements (IR35 rules).	
Organisation Development and People	Whistleblowing Arrangements	If staff do not feel confident to speak up when they have a concern, or when they do speak up the concern is not investigated confidentially, and appropriately then poor or inappropriate practices may continue undetected.	To review the effectiveness of the Council's whistleblowing policies and procedures.	No specific risk identified
Corporate and Customer / Place and Public Health	Fleet Vehicles	Vehicles may be used inappropriately, not used effectively or not maintained to the required standards leading to risks of safeguarding, financial, fraud, reputational and legal risks.	To provide assurance around ECC's use of fleet vehicles, to include ensuring appropriate use of the vehicles and maintenance of logbooks for fuel, mileage and maintenance checks. Also, to review leasing arrangements and the impact of Covid-19 on fleet vehicle management.	
Organisation Development and People	Wellbeing Audit	If the Council does not create the right work conditions and culture for success there could be risks of low employee engagement, high staff turnover and / or absenteeism	To provide assurance over the Council's arrangements for ensuring the wellbeing of its staff particularly in the light of Covid-19 and more home working; and to include referrals to	

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
		resulting in ineffective and / or inefficient achievement of the Council's strategic and operational aims and objectives.	Occupational Health and the delivery of the Wellbeing Strategy.	
Finance and Technology	Broadband Delivery UK (BDUK) Delivery and Payment Assurance	Failure to meet government targets resulting in reputational damage but also failure to provide superfast broadband to homes and businesses could affect economic growth in Essex and social isolation. There is also the risk that a supplier could claim for broadband that has not been delivered to the required standard.	Quarterly assurance over the supplier's Milestone Achievement Reports and Milestone Payment Claims for the Government's (partially) funded scheme to expand coverage of superfast broadband networks across the UK. Schemes are also match funded from the local authorities and private investment from suppliers.	
Finance and Technology	Modern Day Slavery	Procurement / supply chain risk. Eradicating modern slavery is one of the United Nations' Sustainable Development Goals and is recognised as a serious problem by authorities in the UK.	To provide assurance that ECC can demonstrate its compliance with the minimum legal requirements as defined by the Modern Day Slavery regulations and Home Office Statutory Guidance. To review the Council's identification of its supply chains, policies and training in relation to slavery and human trafficking, due diligence processes, risk assessment and management and key performance indicators to measure effectiveness of steps being taken.	

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
Finance and Technology	Essex Pension Fund	The pension fund is around £4billion and ECC as the Administering Authority is responsible for the effective running of the fund to meet statutory requirements, ensure required payments are made and there is sufficient funding to meet liabilities.	<p>To assess whether the Essex Pension Fund has effective governance in line with statute to ensure that investment and funding activity is lawful, effective and regularly reported.</p> <p>To assess whether the Essex Pension Fund efficiently and effectively manages on-going administrative events to ensure pension records are accurate and up to date and pensions payments are accurate and valid.</p>	Detailed operational risk register maintained.
Finance and Technology	Access Support Unit	<p>The ASU provide to the ACCESS pool professional support and leads the pool's programme of work on a day to day basis. It is responsible for key governance and control processes including programme management, stakeholder management, managing the pool's contracts and commercial relationships as well as finance and risk management.</p> <p>The pool manages funds on behalf of its members to the value of c£50bn.</p> <p>Given the materiality of sums involved and the Council's obligations to other pool</p>	<p>The Council was appointed in August 2018 as the host authority for the Access Support Unit (ASU) on behalf of the 11 other administering authorities in the Access pool.</p> <p>To assess whether the ASU is effectively fulfilling its responsibilities under the SLA with the Access pool.</p>	Local risk register maintained.

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
		members, it is therefore important to be assured over the strength of the ASU's control environment.		
Finance and Technology	Treasury Management	Imprudent borrowing and investments could be undertaken which undermine the financial stability of the organisation and could affect service provision and reputation. ECC may not receive robust advice from our third-party advisors or actively ensure a good return on our assets whilst balancing risk of return.	Last reviewed in 2018/19. To provide assurance that the Prudential Code is being complied with. A new Board is being put in place to provide independent assurance over performance.	
Finance and Technology	Budgetary Control and Financial Management	<p>Poor financial management could result in the Council being unable to achieve its objectives.</p> <p>The Medium-Term Resources Strategy (MTRS) to 2023/24 forecasts inflationary pressures and continuing increase in demand for social care services with considerable uncertainty around central government funding from 2021/22. Significant levels of savings are required to</p>	To assess the effectiveness of financial management arrangements. To include the timeliness and effectiveness of recovery plans especially in the light of Covid-19. To include Commercial and Traded Services. To link in with any external audit work in this area.	SRR0020 HAT0032

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
		balance the budget each year. There is a risk that some savings may not be delivered and/or income levels may not be achieved.		
Finance and Technology	Contract Management	Suppliers may not deliver services to required standards or within agreed costs leading to financial, reputational and legal challenges. Suppliers may not be resilient or become insolvent exposing ECC to degradation in service provision, project delays and increased costs.	To examine the effectiveness of our contract management arrangements with our strategic suppliers (tier 1) and provide assurance that there is clear accountability over spend and budgetary control. To also look at tier 3 contract management following the issuance of new guidance. <i>We will review later in the year to determine whether it is still feasible to carry out this review in the light of Covid-19.</i>	ESH0065 HAT0031
Finance and Technology	Procurement	Procurements may not be undertaken in line with policy and legislation which could lead to legal challenge, delays, negative impact on customer experience and financial risks.	To provide assurance over the new system Proactis. <i>We will review later in the year to determine whether it is still feasible to carry out this review in the light of Covid-19.</i>	PRO0008 PRO0007 ESH0060 PFM0009
Finance and Technology / Adult Social Care	Adult Social Care Debt	Added to the Plan when revised due to risks in this area and the volume and value of debt increasing as a result of Covid-19.	To provide assurance over the robustness of the arrangements to identify, record and collect income due from service users who are required to contribute towards their care and support.	

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
Finance and Technology	Key Financial Systems	If the key financial systems are not well controlled, the underlying information used for the financial statements may not be reliable and or financial transactions could include fraud and or material error. If the key financial operational processes are not effective, this could lead to overspend, higher levels of debt and failure to pay staff and suppliers on time.	<p>Integrated audit approach to assess the robustness of the design and operating effectiveness of controls in place to ensure that processes and transactions executed through The Corporate System (TCS) and A4W (the finance system used to pay providers of care to adults) are accurate, complete, authorised, valid, timely and efficient. Includes:</p> <ul style="list-style-type: none"> • Accounts payable • Accounts receivable (including debt management) • Banking and cash • Budgetary control • General ledger (journals and virements) • Payroll • Scheme of delegation. <p>This is an annual audit, referred to in previous years as the "Oracle integrated Assurance" review.</p>	
Finance and Technology	South East Local Enterprise Partnership (SELEP)	<p>ECC is the accountable body for the SELEP and therefore has responsibilities to ensure that it complies with its assurance framework, which itself is in line with national standards.</p> <p>As accountable body ECC is responsible for the Selep investment programme</p>	<p>A company limited by guarantee will be incorporated into the SELEP governance arrangements by 1 April 2020.</p> <p>To assess the robustness of governance over decision making, project delivery, and financial management and whether those involved in SELEP understand whether funded projects achieve required outcomes and benefits.</p>	Local risk register maintained

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
		ensuring it is appropriately allocated, used for approved purposes, and drives sustainable growth and job creation.		
Place and Public Health	Essex County Traveller Unit (ECTU)	ECTU's objectives include supporting children into school and further education, providing health services, and site and home fire safety visits. ECTU services are targeted at groups with significant disparities in key outcomes.	To assess whether the ECTU service is effectively managing traveller sites and achieving wider service outcomes.	PPH0018
Place and Public Health	Country Parks	Potential reputational damage, poor value for money and exposure to fraud/error if income and stock are not well controlled or purchases do not follow the correct procurement route.	The focus of the review will be on income and stock control at the various visitor centres, shops and cafes and on ensuring that the appropriate procurement route/method is followed when sourcing goods and services with particular reference to purchase card spend.	
Corporate and Customer	Corporate Reporting	If we do not measure how well we are delivering on our intended strategies and plans we may fail to secure the right outcomes for our residents, we are at risk of deviating from our intentions.	To review the new arrangements for corporate impact reporting due to go live in April 2020 and examine how well it aligns to the Essex Vision, strategy, business plans and individual performance objectives. To also link in with any recommendations that may arise from the Peer Challenge review in 2020. Quarter 3 or 4 review.	

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
Corporate and Customer / Organisation Development and People	Essex.gov.uk Website and Social Media	<p>The Essex.gov.uk website was relaunched in June 2019. The website and social media platforms are key tools to communicate with and inform residents to support delivery of services in a cost effective manner, for instance, facilitating 'self-serve'.</p> <p>Social media poses significant legal and reputational risks if content is not well controlled.</p> <p>The last Internal Audit of social media gave a Limited Assurance opinion.</p>	<p>To assess whether the Council effectively engages with residents through the website and social media.</p> <p>To ascertain whether there is clear accountability around ownership and a set of standards to adhere to regarding content; and whether the website is impactful, up to date and sustainable.</p> <p>This audit will also assess whether the Essex.gov.uk website meets required standards for ensuring it is accessible to users with disabilities.</p> <p>This audit will also assess whether the recommendations from the last audit of social media have been effectively implemented.</p>	
Place and Public Health	Highways Contract	Poor value for money or service standards leading to reputational, legal and / or financial risks.	The audit will provide assurance over our arrangements for ensuring value for money, governance arrangements and the robustness and effectiveness of decision making in relation to the Ringway Jacobs Contract which has recently been extended.	PLAC0019 PLAC0017
Place and Public Health	Environmental Audit	<p>Potential risks are:</p> <p>long-term damage to the environment</p> <p>prosecution leading to a fine or imprisonment if legislative requirements are not met.</p>	The audit will examine how ECC identifies the environmental impact of its activities, products and services and supply chain; compliance with legislation; the setting of environmental strategies, objectives, principles and targets and then the environmental management programme for achieving and reporting on those objectives and targets to senior officers and Members. This will	Not currently a strategic risk but recorded as "a one to watch" as an emerging risk

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
		damage to the ECC's reputation and unwillingness of customers/suppliers to engage with ECC due to their unethical performance.	include providing assurance over the Council's arrangements for a £5m Climate Action Reserve and recently formed Independent Commission, to enable action on climate change.	
Strategic Aim: Transform the Council to Achieve More with Less				
Finance and Technology	The Corporate System Project	The Corporate System Programme to source and implement the future finance and HR system or systems is of corporate strategic importance and of material value.	Ongoing Internal Audit assurance / support to the project during its initiation and procurement phases in 2020/21 to assess whether the programme has effective governance and appropriate internal controls are included in system requirements and design.	PRO0008 In addition, a Project Risk Register is maintained
Finance and Technology / Adult Social Care	Financial Assessment Process	Reputational, financial and legal risks.	To assess whether the Council complete the financial assessment process for social care clients in a timely manner and correctly in line with the Council's approved policy and statutory requirements. <i>To reconsider later on in the year in the light of Covid-19.</i>	SRR0002 AS0041
Finance and Technology	Financial Management Code (to include financial resilience)	The Council may not manage its financial affairs in the most effective and efficient manner whilst also managing its associated resilience risks.	To assess ECC's adherence/move towards compliance with the Financial Management Code published by CIPFA in October 2019. The first full year of compliance was expected to be 2021/22 although this may change as a result of Covid-19.	

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
			To also provide assurance over the Council's financial resilience - to include the indicators of financial stress as defined by the recently published CIPFA Financial Resilience Index.	
Finance and Technology	IT Asset Management	The Council has a large and complex IT asset estate of significant value. Assets are key enablers of modern ways of working and therefore support the achievement of the Council's strategic aims.	To assess whether there are robust processes to effectively safeguard technology assets and optimise the purchase, storage, and deployment of assets. To also consider the impact of mass home working due to Covid-19.	
Finance and Technology	Management of Third Parties Delivering or Providing Technology-Based Services	The Council is reliant on a number of key third parties to deliver IT / technology-based services.	To assess whether there is robust management of third party providers of key applications, network, infrastructure, and hosting services.	SRR0051
Finance and Technology	IT Strategy	The Council is currently developing and agreeing a formal strategy for IT / technology. Without an effective strategy there is a risk that services' technology needs are not most effectively identified, prioritised, and delivered which could reduce achievement of strategic aims and objectives.	To assess whether there is a technology / IT strategy which sets out a clear medium—term direction for Technology Services' activity and the acquisition and use of technology to support achievement of business objectives and priorities.	TSE0003

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
		The last audit of IT Strategy in 2016 gave a limited assurance opinion.		
Finance and Technology	IT Performance Management	Robust performance management is critical to ensuring key technology works efficiently and effectively in support of delivery of the council's objectives. The last audit of IT performance management in 2017 gave a Limited Assurance opinion.	To assess whether there is an effective performance management framework which provides regular and accurate insights into the performance of Technology Services against its defined objectives.	
Finance and Technology	IT Disaster Recovery (DR)	Effective DR capability, and assurance over its effectiveness, is vital to ensure that if there were a disaster event, the council can continue to provide critical services, including those it most vulnerable service users. The last audit of DR in 2017 gave a No Assurance opinion.	To assess whether there are robust and tested DR arrangements, and whether the previous audit recommendations have now been implemented.	SRR0051
Finance and Technology	IT Data Back-up Processes	Robust data back-up processes are needed to ensure that the data needed to deliver services and meet legal	To follow up on the previous recommendations made in the 2017/18 audit.	

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
		<p>obligations are not lost or damaged.</p> <p>The last audit of data back-up processes in 2018 gave a Limited Assurance opinion.</p>		
Finance and Technology	Cyber Security	<p>A cyber-attack could prevent access to, or the required use of, technology that is critical to delivering services including those delivered to vulnerable people. Cyberattacks could also destroy or damage data. Without robust proactive protection against attacks, the Council may spend significant avoidable amounts of resource dealing with incidents and incur significant unplanned costs to remedy weaknesses.</p>	To assess whether there are robust controls to prevent, detect, respond, and recover from cyber threats.	IT0001
Finance and Technology	Remote Working Resilience	<p>As a result of Covid-19 there has been unplanned mass home/remote working which if not resilient and secure could negatively impact on service delivery, staff morale, customer experience and achievement of the Council's objectives.</p>	To provide assurance that our IT systems and services are well designed, resilient, accessible and secure during a time of mass home working.	

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
Finance and Technology / Adult Social Care	Adult Social Care Digitalisation	High risk project being delivered via a third party with material cash benefits attached to it. Reputational, financial and safeguarding risks.	The procurement phase of the project was expected to finish around March 2020 with service commencement in the Autumn 2020. This may have been impacted by Covid-19. To provide assurance over the early governance and project/contract management arrangements of the programme and determination and tracking methodology for realisation of benefits.	
Finance and Technology	Income System	The Council may not be able to collect fees and charges for services it provides or may not be able to allocate the income it receives correctly to the appropriate code, reconciliations may not be carried out accurately and/or timely resulting in fraud or error going undetected.	To provide assurance over the internal controls in place in relation to the new income system which went live in February 2020.	CCO0008 CTO0004
All functions	Key Technology-Related Project Delivery	Investment in new technology and the opportunities it presents for new dynamic and agile ways of working are crucial enablers of meeting future challenges to deliver more with less.	To review the delivery of key technology-related project and workstreams during the year. This could include assessing the planning and delivery of the following: <ul style="list-style-type: none"> • Wi-Fi upgrade • Council as a Platform • 'Work Anywhere' through End User Computing and Modernising Technology 	IT0004

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
			<p>MTEC programmes</p> <p>(The Corporate System Programme and Social Care Case Management Programme, due to their individual complexity and inherent importance to the Council, are included as separate audits elsewhere in this Plan).</p>	
Organisation Development and People	Employee Relations Processes	<p>Staff are a key asset to the Council and an effective workforce is crucial to achieving aims and priorities.</p> <p>The Council could face legal, financial, and reputational risks if employee relations cases are not well managed.</p>	<p>To assess whether the processes to manage the key types of employee relations cases through the new employment standards are working effectively and cases are resolved in a timely manner. The types of employee relations cases focused on will be determined taking into account the potential legal implications of any non-compliance with required practice.</p> <p>This will also review the operation of the new case management system for People Consultants and whether any delays or 'bottlenecks' in case handling is understood and proactively addressed.</p>	
Other				
All Functions	Emerging Risks / Contingency		To include strategic impact of EU exit on the Council, development of the Council's new organisational Strategy to be implemented from 2021, to gain an understanding of the Council's use of artificial intelligence, machine learning and other related technologies; and to allow flexibility in the Plan to respond to risks not currently apparent when setting the Plan.	

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
Corporate and Customer	Audit, Governance and Standards (AGS) Committee effectiveness review	The Committee's remit includes overseeing the work of internal and external audit as well as the Council's risk management arrangements. If ineffective this could be reputationally damaging for the Council.	ECC Internal Audit will assist the AGS Committee in implementing any recommendations arising from the review carried out by CIPFA in early 2020.	
Counter Fraud Prevention and Detection Plan				
Adult Social Care Finance and Technology	Fraud Awareness Workshops - programme of fraud awareness training sessions / Fraud Awareness Week Comms etc	Fraud awareness.	Following re-organisations - fraud awareness workshops. Initial focus on Social Care Teams, Financial Assessment Teams, Pre-Paid Compliance Teams, Blue Badge Team, Parking Enforcement Officers etc.	
	Fraud Risk Workshops / Update Fraud Risk Register	Fraud awareness.	Annual workshops with service areas to update fraud risk register.	
	Attendance at Counter Fraud Hub meetings (South East Hub & Essex Hub)	Fraud awareness, collaborative working and networking to consider emerging risk areas.	Quarterly meetings. 1 day per meeting.	

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
	Annual review of policy & strategy documents	Updating key policies to ensure compliance with any legislative changes.	Counter Fraud Strategy, Counter Fraud Manual, Anti-Bribery Policy, Money Laundering Policy, Sanction Policy, RIPA Policy, CIPFA Self-Assessment Tool.	
	CIPFA Tracker Survey / Benchmarking Activity	Benchmarking against similar authorities.	Annual completion of CIPFA Tracker and Benchmarking Data (with Counter Fraud Hub).	
	Review against CIPFA Self-Assessment tool	Annual re-assessment against CIPFA standards to assess ECC's position and inform the Annual Governance Statement.	Annual re-assessment against CIPFA standards to assess ECC's position and inform the Annual Governance Statement.	
	Pan Essex Data Matching	Fraud Prevention & Detection.	Submission of data sets on a monthly basis and investigation of returned matches - estimate of 1 days per month plus attendance at workshops / meetings.	
Finance and Technology, Adult Social Care, Corporate and Customer	CIAs Data Matching Pilot	Fraud Prevention & Detection.	To continue to participate in the Cifas pilot. ECC Pension and adult social care datasets uploaded and matched to Cifas records (including GRO deceased listing). Insurance claim data uploaded fortnightly. Pilot extended to September 2020.	

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
Adult Social Care, Children Families and Education, Place and Public Health, Finance and Technology	Internal Data Matching / Data Analysis	Fraud Prevention & Detection.	<p>Programme of internal data matching to be developed. Estimated 20 days per quarter to complete matching exercise and investigate matches. Data matching exercise to include quarterly matching for:</p> <ul style="list-style-type: none"> • ASC data • Payroll • Expenses • Procurement • Foster Carers payments • Public Health. 	
	National Fraud Initiative (NFI)	Fraud Prevention & Detection.	Data submission in October 2020 and investigation of matches in early 2021. Matches to be returned February 2021 although investigation will run to autumn 2021 due to volume of matches.	
	NFI Fraud Hub	Fraud Prevention & Detection.	Involvement in development of potential data matching. Liaise with Midlands hub / CIPFA re social care matches / developments.	
All Functions	Investigations - Referrals and Case Investigation (reactive,	Investigation.	Log, prioritise and investigate referrals.	

Internal Audit and Counter Fraud Plan 2020/21

Function/s	Audit Title	Risk Justification	Proposed Objective / Coverage	Strategic or Operational Risk Reference March 2020
	including advice & guidance)			
	Blue Badge Referrals	Investigation.	Log, prioritise and investigate referrals.	
	FOI requests		Assistance with co-ordinating Freedom of Information requests.	

Internal Audit and Counter Fraud Plan 2020/21

Operational Responsibilities of the Chief Audit Executive

The Chief Audit Executive (i.e. the Head of Assurance) is responsible for the following operational areas:

- Internal Audit and Counter Fraud
- Health and Safety
- Emergency Planning and Resilience
- Risk and Insurance.

Reviews of Counter Fraud and Insurance were carried out in the 2019/20 financial year and both received Satisfactory Assurance. These reviews were carried out by a firm of external auditors to ensure independence of the process.

Reviews of risk, business continuity and health and safety have been included in the 2020-21 Plan.

Schools Audits

Between July and September 2019, the Department for Education ran a consultation which looked at ways of improving transparency in the financial health of Local Authority maintained schools and suggested that several transparency measures currently used in the academy trust sector could be adapted for LA maintained schools. This included internally auditing each maintained school at least once every three years. ECC provided a response to the consultation. For ECC this would mean auditing approximately 80 schools per year. As the results of the consultation have not yet been published, this has not been factored into our Internal Audit and Counter Fraud Plan for 2020/21.

EU Exit

We have included EU exit arrangements under the Emerging Risks section of the Plan but will also consider whether this is a risk for each audit review that we undertake during the year.