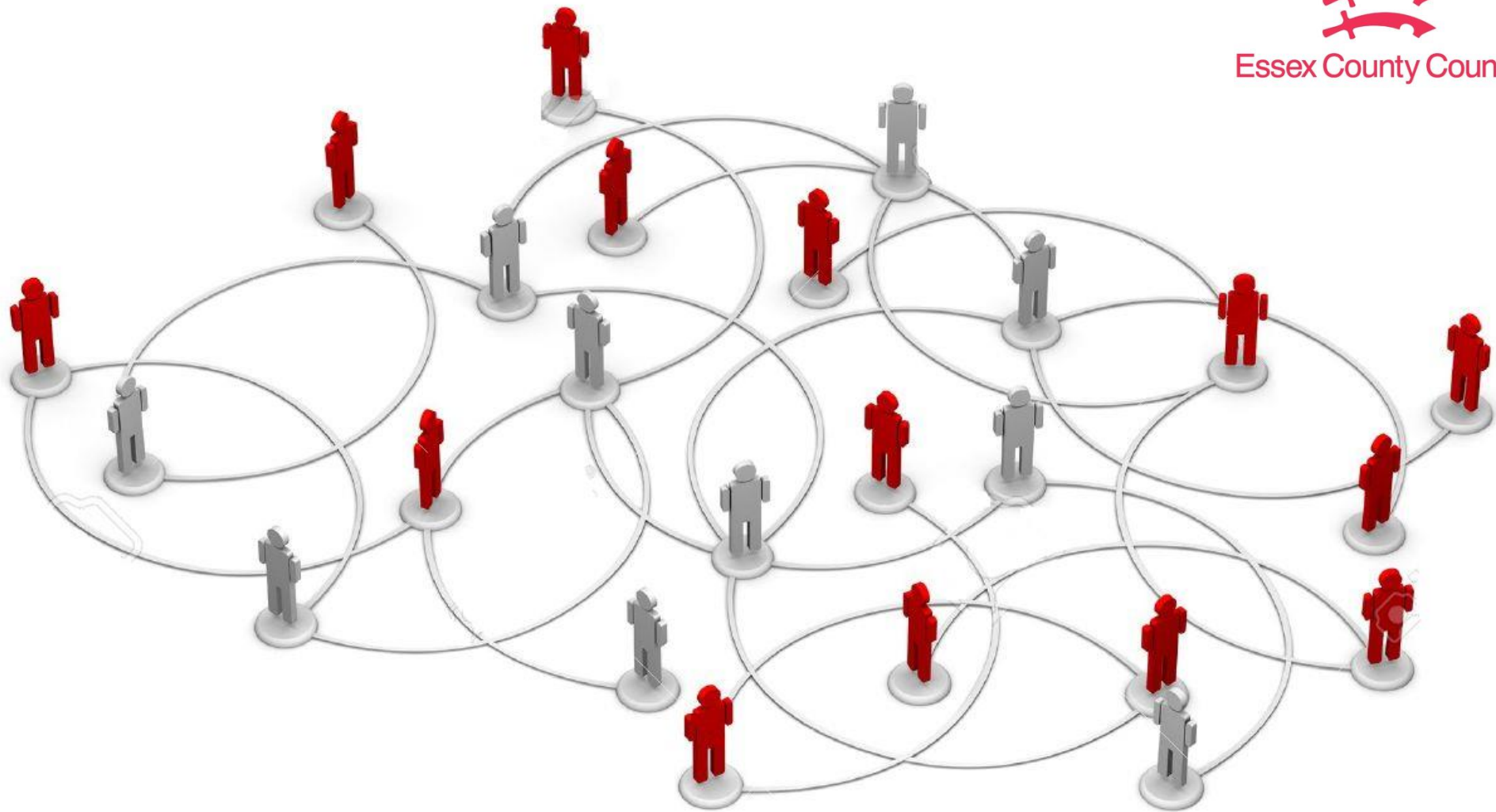




Essex County Council



# Flexible Internal Audit and Counter Fraud Plan 2021-22

## 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 **Organisational Strategy** sets out ECC's strategic direction and priorities for the four year period 2017 to 2021 and is due to be revised during 2021. 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 organisation / operational plans and details our priorities and activities over the next financial year.

The Plan, combined with other sources of assurance, is designed to provide 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 internal control. The planned coverage will also inform the Council's **Annual Governance Statement** and provide evidence on the effectiveness of arrangements.

### 2021 / 2022 Context – Flexible Plan

The impact of the Covid-19 pandemic on ECC services cannot be understated. As a result, delivery of the 20/21 Internal Audit plan was difficult. The original plan (March 2020) underwent several significant changes. To recognise that this is also foreseeable for the 21/22 plan it is presented as a 'flexible plan'. It includes a full programme of audits and any change will still need to be approved by the Committee. Audits have been prioritised to reflect the value of the assurance they give. We will ensure that high priority audits take place unless there is a very good reason. This approach allows for flexibility to allow for audits to be deferred or cancelled should this be necessary as a result of disruption to services or pressures on senior leaders as a result of covid related activity.

## **Internal Audit and Counter Fraud Plan for 2021-22**

**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, project and operational risk registers.

### **Key Corporate Documents**

Key corporate documents including the Organisational Strategy for 2017 to 2021, operational business plans (where available), budgets, savings targets and medium-term planning, 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**

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). Review of Mazars LLP Horizon Scanning document on challenges and opportunities facing the Public Sector in 2021/22.

Consideration of future planned national and international legislative changes including the impact of the Covid-19 pandemic on the local and national economy and ways of working.

### **Organisational Change**

Consideration of the Council's organisational change programme and activity including mass remote/home working, launching the new four year Strategy in 2021, the planned implementation of My Oracle in 2021 and the County Council elections scheduled for May 2021.

### **Stakeholder Consultation**

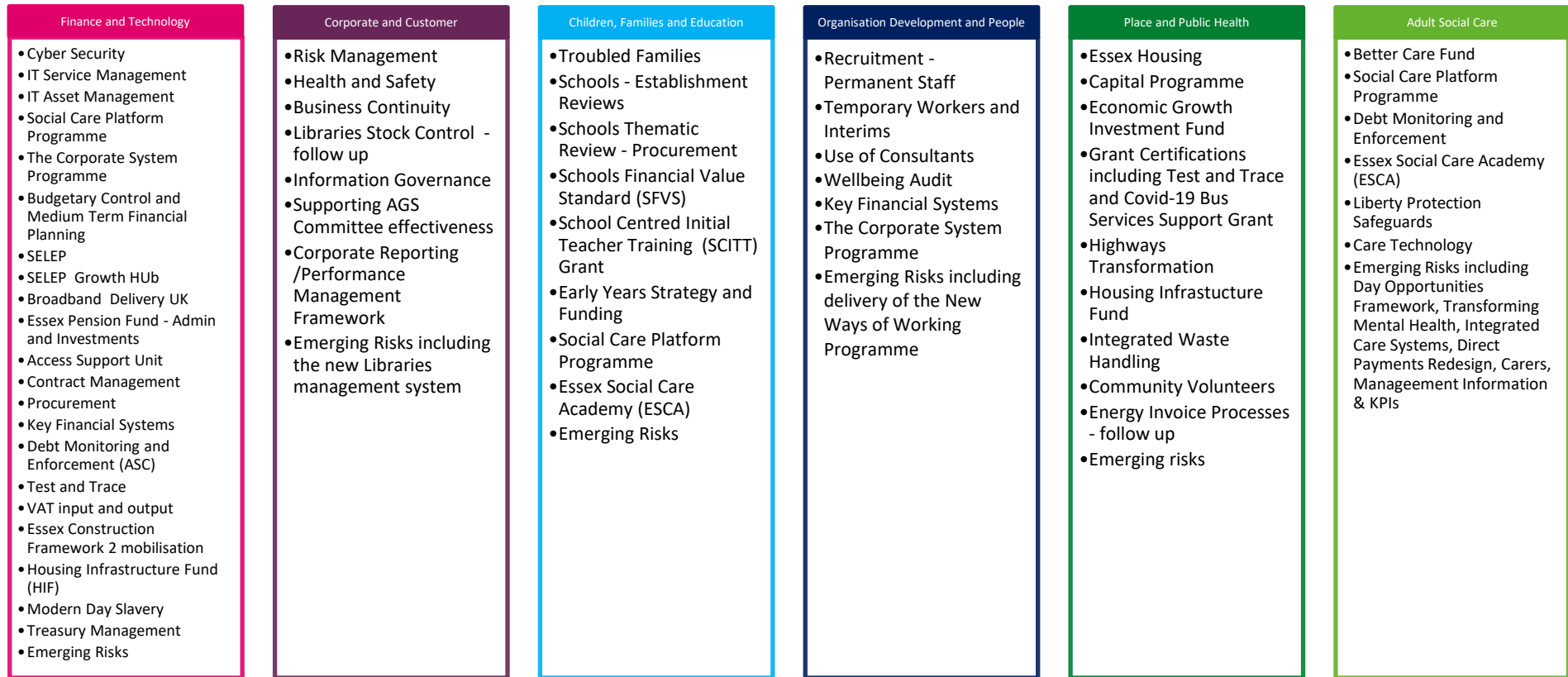
Engagement with key stakeholders including the Chief Executive (Head of Paid Service), S151 Officer, Monitoring Officer, Executive Directors, Senior Information Risk Officer (SIRO), Chair of the Audit, Governance and Standards Committee and External Audit.

### **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 IT audits). Delivery and resourcing are based on current capacity and assuming resourcing remains stable; however these may be impacted by the uncertainties of the Covid-19 pandemic. If this should occur, we will prioritise audits of strategic importance and essential to the Head of IA's Annual Opinion, whilst ensuring we audit the breadth of the organisation. Any material changes to the Plan will be communicated to the S151 Officer and will require the agreement of the AGS Committee.

Resources are currently allocated as follows: 70% allocated, 20% Unallocated/TBC, 10% Contingency.

# Summary Internal Audit and Counter Fraud Plan - by Function



Pro-active preventative, detective fraud work and investigations

Head of Assurance Annual Opinion on the Council's internal control, governance and risk management arrangements

## Flexible Internal Audit and Counter Fraud Plan 2021/22

This plan includes a full programme of audit activity for 2021-22 but it is recognised that it may need to change as a result of the impact of covid-19, for example because:

- A service cannot be audited because it is operating in a disrupted way as a result of the pandemic and there is little assurance value in auditing the disrupted service.
- Leaders of a service are responding to immediate pressing needs of the pandemic and as a result are unable to devote the management time to supporting the audit.

### **KEY:**

Audits have been given a priority rating in order to provide transparency should changes or cancellations be recommended be made to the plan later in the year due to a Covid-19 resurgence or a delay to ECC services resuming Business as Usual activities.

Priority	Explanation
<b>HIGH</b>	Vital to inform the Chief Audit Executive's (CAE) Annual Opinion. Of significant strategic/corporate importance and material in value. May have strategic risks associated with the auditable area, a 'No Assurance' opinion from a previous year or required to meet statutory regulations such as the terms and conditions of a grant claim to be able to receive associated grant funding. Extremely unlikely that these audits would be cancelled or deferred.
<b>MEDIUM</b>	Of strategic importance and material in value but not essential for the CAE Annual Opinion. May have associated strategic or functional level risks or have received a 'Limited Assurance' opinion from a previous year. These audits could possibly be cancelled or deferred but this would be avoided where possible.
<b>FLEXIBLE</b>	Of sufficient significance to be included in the risk based IA and CF Plan but not essential for the CAE Annual Opinion. Could be deferred or cancelled with minimal impact on CAE opinion.

## Internal Audit and Counter Fraud Plan 2021/22

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
<b>Finance and Technology</b>				
FT1	VAT (input and output)	ECC may not correctly identify and code VAT where applicable resulting in VAT claims to HMRC being incorrect which could cause financial loss and reputational damage.	To follow up on issues raised in the VAT Output audit of 2020. To look at both input and output VAT to ensure that ECC are accounting for VAT correctly.	<b>HIGH</b>
FT2 and FT3	Essex Pension Fund – administration and funding & investments	The pension fund is around £8.2 billion (as at 5 January 2021) 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.	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.  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.	<b>HIGH</b>
FT4	Access Support Unit	The ASU provide to the ACCESS Pool professional support and leads the pool's programme of work on a day to day basis.  The Pool manages funds on behalf of its members to the value of c£50bn.	ECC hosts the ACCESS Support Unit (ASU) which provides the day-to-day support for running the ACCESS Pool and has responsibility for programme management, governance, contract management, administration and technical support services to the eleven administering authorities constituting the ACCESS LGPS Pool.  To assess whether the ASU is effectively fulfilling its responsibilities under the Inter Authority Agreement with the	<b>HIGH</b>

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
		Given the materiality of sums involved and the Council's obligations to other Pool members, it is therefore important to be assured over the strength of the ASU's control environment.	Access Pool. It has been agreed as part of the 2020/21 Internal Audit review that the 2021/22 review will seek input from the administering authorities Internal Audit leads when drawing up the terms of reference.	
FT5	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.	<b>FLEXIBLE</b>
FT6	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.	To provide assurance that the Prudential Code and Treasury Management Code are being complied with.  This audit is ranked as flexible as it has received good assurance consistently for a number of years. The 20/21 audit is currently in progress and early indications suggest assurance will be good again. Should this be the case, a further review in 2021/22 will not be essential.	<b>FLEXIBLE</b>

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
FT7	Budgetary Control and Medium-Term Financial Planning & Strategy	<p>Poor financial management could result in the Council being unable to achieve its objectives. There is considerable uncertainty around the funding structures for local government beyond 2021/22.</p> <p>The Covid -19 pandemic has resulted in exceptional and sometimes unpredictable patterns of spend and activity.</p> <p>There is a risk that some savings may not be delivered and/or income levels may not be achieved.</p>	<p>The Council plans to spend £2bn (revenue budget) in 2021/22 (including schools). After income, this equates to a net expenditure budget of £1bn. £46m of savings are assumed to balance the 2021/22 budget. The medium range scenario for future years indicates a gap between the Council's expected funding streams and the Council's expenditure. After delivering 100% of all existing planned savings, the gap is expected to be £25m in 2022/23 rising to £91m by 2024/25 (ref. Agenda Item 7 Full Council 23 February 2021).</p> <p>To assess the robustness of financial management arrangements, including the level of reserves; and that key assumptions are reasonable to ensure the Council is financially stable in the medium term.</p>	<b>HIGH</b>
FT8	Contract Management	<p>Suppliers may not deliver services to required standards or within agreed costs leading to financial, reputational and legal challenges.</p> <p>Suppliers may not be resilient or become insolvent exposing ECC to degradation in service provision, project delays and increased costs.</p>	<p>To examine the effectiveness of contract management arrangements and provide assurance that there is clear accountability over risks, performance management, spend and budgetary control. To also consider the impact of Covid-19 on ECC's strategic contracts.</p>	<b>HIGH</b>
FT9	Procurement	<p>Procurements may not be undertaken in line with policy and legislation which could lead to legal challenge, delays,</p>	<p>To provide assurance over the relatively new system Proactis. To also keep a watching brief over national developments in relation to procurement and the Cabinet Office's recently published Green Paper / consultation on Transforming Public Procurement (December 2020).</p>	<b>HIGH</b>



Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
		negative impact on customer experience and financial risks.		
FT10	The Corporate Systems Programme	The Corporate Systems Programme to implement the Council's future finance, payroll and HR system in 2021 is of corporate strategic importance, material in value and will impact customers, suppliers and staff.	Ongoing Internal Audit advice / consultancy to support the Programme in 2021/22. Includes being a member of the Design and Change Board.	<b>MEDIUM</b>
FT11	South East Local Enterprise Partnership (SELEP)	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.  As accountable body ECC is responsible for the SELEP investment programme ensuring it is appropriately allocated, used for approved purposes, and drives sustainable growth and job creation.	SELEP incorporated a company limited by guarantee as part of its governance arrangements in 2020, although the company is dormant.  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. To also assess risk management arrangements.	<b>MEDIUM</b>
FT12	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	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 subsequently My Oracle) and A4W (the finance system used to pay providers of care to	<b>HIGH</b>

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
		<p>fraud and or material error. If the key financial operational processes are not effective, this could lead to overspends, higher levels of debt and failure to pay staff and suppliers on time.</p> <p><b>Note that there is a planned move to Oracle Fusion known as My Oracle in late 2021 for all key financial systems.</b></p>	<p>adults) are accurate, complete, authorised, valid, timely and efficient. Includes:</p> <ul style="list-style-type: none"> <li>• Accounts payable</li> <li>• Accounts receivable (including debt management)</li> <li>• Banking and cash</li> <li>• General ledger (journals and virements)</li> <li>• Payroll</li> <li>• Scheme of delegation</li> <li>• Change Management</li> <li>• I-expenses.</li> </ul>	
FT13	SELEP Growth Hub Funding		<p>Each of the following grants must be fully spent by 31 March 2021 and then internally audited by 25 May 2021 to meet the terms and conditions of the funding:</p> <ul style="list-style-type: none"> <li>• Growth Hub <b>Core funding</b> - grant value £656,000</li> <li>• Growth Hub <b>Supplemental funding</b> - grant value £234,000</li> <li>• Growth Hub <b>Peer Network funding</b> – grant value £195,000</li> <li>• Growth Hub <b>EU transition funding</b> – grant value £203,550</li> </ul>	<b>HIGH</b>
FT14	IT Asset Management	<p>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.</p>	<p>To assess whether there are robust processes to effectively safeguard technology assets and optimise the purchase, storage, and deployment of assets. To follow up on the Limited Assurance opinion received in 2020/21.</p>	<b>HIGH</b>

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
FT15	IT Service Management	The Council's ability to successfully deliver its services is heavily reliant on IT systems working effectively and efficiently. Timely problem resolution is key to minimise business interruptions and reputational/financial damage.	To provide assurance that the Council has effective and efficient mechanisms in place to resolve employee IT issues / incidences promptly and effectively (via service centre and / or the new online portal and that there is appropriate, accurate and timely management information/oversight and key performance indicators / service level agreements in place to measure customer satisfaction with the service provided.	<b>FLEXIBLE</b>
FT16	Essex Construction Framework 2 Mobilisation	<p>The Essex Construction Framework 2 is a list of design and construction contractors that ECC work with that can be used by other contracting authorities such as district councils or police authorities, to find a design and construction or construction only works contractor.</p> <p>A full OJEU (Official Journal of the European Union) compliant tender was run to select the successful contractors and the framework went live in 2020. The framework is split into 3 Lots with project values of up to £1.5m, £4.5m and over £4m respectively.</p>	To provide assurance that the Framework is robust and is working as intended, that any associated risks are mitigated, that access agreements are in place for contracting authorities and that levies are charged as appropriate to contractors on being awarded a contract through the framework.	<b>MEDIUM</b>
FT17	Cyber Security	A cyber-attack could prevent access to, or the required use of, technology that is critical to delivering services including those delivered to vulnerable	To assess whether there are robust controls to prevent, detect, respond, and recover from cyber threats. To establish whether lessons are learned and enacted upon from recent cyber attacks occurring elsewhere such as London Borough of Hackney. Third party assurance can also be gained via	<b>HIGH</b>

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
		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.	annual penetration testing of on-premise and cloud based applications.	
FT18	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.	<b>FLEXIBLE</b>
FT19	Housing Infrastructure Fund (HIF) Funded Projects	The HIF is a government capital grant programme to deliver new homes in England paid using Section 31 of the Local Government Act 2003. Funding is awarded to local authorities on a highly competitive basis.  Risks include not being able to demonstrate value for money, cost and/or project overruns, legal and reputational risks and not achieving intended outcomes/ key deliverables.	To assess whether there are robust processes to forecast and manage costs and delivery of the HIF grant funded projects to ensure that the risks of cost overruns are promptly identified, communicated, and effectively mitigated.  An initial internal audit review was carried out in 2020. At that time it was agreed that further internal audit work would be planned at key stages throughout the lifecycle of the HIF to assess the level of assurance the significant risks to delivering these projects to time and budget are being managed.  Included in the review will be assurance over the regeneration of the Beaulieu Park estate including a new railway station with a targeted opening date of 2025/26. (ECC, in partnership with Chelmsford City Council and SELEP have secured £218m of funding from the	<b>HIGH</b>

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
			<p><i>Government's HIF together with contributions from other sources to deliver the wider scheme.)</i></p> <p><i>Also comes under the area of Place and Public Health and links in with Essex Housing and Major Capital Programme audits.</i></p>	
FT	Emerging Risks / Unallocated		<p>Additional work in this area could include but is not restricted to:</p> <ul style="list-style-type: none"> <li>• social value project being led by Procurement</li> <li>• oversight of the reprocurement of ECC's banking provider (current contract expires October 2021).</li> </ul>	<b>FLEXIBLE</b>
<b>Corporate and Customer</b>				
CC1	Libraries – Stock Control, Fees and Charges	Reputational and financial risks.	Follow up of the Limited Assurance opinion from 2020/21.	<b>MEDIUM</b>
CC2	Risk Management	Effective risk management helps support good decision making and service/project 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 Head of Internal Audit's annual opinion.</p> <p><i>We will ensure there is the required level of independence when carrying out this review as this service comes under the CAE remit.</i></p>	<b>HIGH</b>
CC3	Health and Safety	ECC has duties under health and safety legislation and expects all employees and contractors to comply with health and safety policies,	To review a key health and safety risk area to assess whether the associated policies and procedures are robust and that the requirements are being consistently and effectively met. Risk area to be determined at the time of scoping the review.	<b>HIGH</b>

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
		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.	<i>We will ensure there is the required level of independence when carrying out this review as this service comes under the CAE remit.</i>	
CC4	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.	ECC has been re-developing its business continuity approach and has recently implemented a new Business Continuity and mass notification system.  To ensure that Plans are robust and have been adequately validated.  <i>We will ensure there is the required level of independence when carrying out this review as this service comes under the CAE remit.</i>	<b>HIGH</b>
CC5	Information Governance	A failure to comply with IG law exposes the council to risk of regulatory and public criticism and significant monetary penalties. The pandemic has changed the risk profile relating to IG and we need updated assurance that controls remain appropriate.	To provide assurance that the Council has robust controls in place to mitigate the risks of non compliance with the Data Protection Act 2018 and UK General Data Protection Regulation (GDPR) and that there is appropriate management oversight, reporting and investigation of any breaches.	<b>HIGH</b>
CC6	Corporate Reporting /Performance Management Framework	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 and we are at risk of deviating from our intentions. Outcomes ECC would ordinarily track may have	To review the robustness of arrangements for corporate performance / impact reporting and examine how well they align to the Essex Vision, new Strategy and business plans. To also consider how well ECC have re-evaluated measures / outcomes in the light of the Covid-19 pandemic.	<b>MEDIUM</b>

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
		become irrelevant due to the Covid-19 pandemic.		
CC7	Supporting the effectiveness of the Audit Governance and Standards (AGS) Committee	Ongoing support to help to ensure the AGS Committee is effective in discharging its responsibilities as set out in the Council's Constitution	Supporting the Committee's effectiveness by co-ordinating a skills assessment, supporting the induction of new members of the Committee after the County Council elections and other support as required. To also assist with implementation of aspects of the Redmond Review, published in September 2020, where appropriate to Internal Audit .	<b>FLEXIBLE</b>
CC	Emerging Risks / unallocated		Additional work in this area could include but is not restricted to: <ul style="list-style-type: none"> <li>• Design and implementation of the new four year ECC Strategy and Vision</li> <li>• Implementation of new Libraries management system</li> <li>• Local Government Reform</li> </ul>	<b>FLEXIBLE</b>
<b>Children Families and Education</b>				
SCPP	Social Care Platform Programme (SCCP)	Financial, reputational, legal, safeguarding and governance risks.	Internal Audit advice / consultancy throughout the lifecycle of the social care platform programme which covers both Children's and Adults' Services and has dependencies with other key Council systems. Includes being a member of the SCPP Board.  <i>Also impacts the Finance and Technology Function and Adult Social Care.</i>	<b>MEDIUM</b>
CFE1	Early Years Strategy and Funding	The Council has developed a new Early Years Strategy and Early Years Charter and will be implementing and undertaking	To review the new Early Years Strategy and Charter and the robustness and effectiveness of monitoring/performance arrangements.	<b>MEDIUM</b>

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
		<p>early evaluation of them in 2021/22.</p> <p>Prolonged Covid-19 restrictions continue to impact on the potential long-term sustainability of the early years provision in the county.</p> <p>Claims for funding could be made to the Council in error or fraudulently and if undetected the Council could suffer financial loss.</p>	To provide assurance that claims and payment of claims to nursery settings are timely, accurately recorded and that management oversight / compliance reporting supports the claims being free from fraud and / or error. If possible, we will undertake random sample checks / site visits to early years settings and explore the use of data analytics.	
CFE2	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 advice and guidance to schools to help to improve the robustness of their procurement arrangements.	<b>MEDIUM</b>
CFE3	SCITT Grant	Annual requirement that Internal Audit certify the claim.	School Centred Initial Teacher Training grant. Year end is 31 July 2021 with deadline for submission of claim by 31 December 2021.	<b>HIGH</b>
CFE4	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.	<b>HIGH</b>



Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
		and the need for crisis intervention.		
CFE5	Schools Establishment Reviews	Financial, governance and reputational risks.	To visit a small sample of individual schools throughout the year on a risk-based approach. <i>This is likely however to be impacted by Covid-19.</i>	<b>FLEXIBLE</b>
CFE6	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.	<b>MEDIUM</b>
CFE - ER	Emerging Risks / Unallocated		Additional work in this area could include but is not restricted to: <ul style="list-style-type: none"> <li>• Special Educational Needs (reinspection expected in 2021)</li> <li>• providing ongoing support in relation to reshaping ECC's current arrangements for Direct Payments and in particular to improve monitoring of DPs.</li> </ul>	<b>FLEXIBLE</b>
<b>Organisation Development and People</b>				
ODP1	Recruitment – Permanent Staff	ECC may employ staff who are unsuitable for the role resulting in inefficient use of resources, safeguarding risks and interruptions in the quality and timeliness of service provision. Recruitment processes may not be conducted fairly and transparently. Staff may not be paid at the correct rate on appointment.	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.	<b>MEDIUM</b>

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
ODP2	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.  <i>This review also impacts on the Finance and Technology Function (Procurement).</i>	<b>MEDIUM</b>
ODP3	Temporary and Interim Workers	ECC may employ individuals that are unsuitable for the roles, also risks around poor value for money and non-compliance with IR35.	ECC use a relatively new platform (Matrix) for the recruitment of temporary/interim workers. This audit will provide assurance over the new arrangements and will include recruitment processes and procedures, 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).	<b>MEDIUM</b>
ODP4	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 resulting in ineffective and / or inefficient achievement of the Council's strategic and operational aims and objectives.	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 Occupational Health and the delivery of the Wellbeing Strategy.	<b>FLEXIBLE</b>
ODP - ER	Emerging Risks / unallocated		Additional work in this area could include but is not restricted to:	<b>FLEXIBLE</b>

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
			<ul style="list-style-type: none"> <li>Ways of Working Programme introduced in early 2021.</li> </ul>	
<b>Place and Public Health</b>				
PPH1	Capital Programme	<p>The Council has indicated, within its budget proposals, an aspiration to invest considerable sums through its capital programme over the next four years in order to deliver a range of schemes to maintain, enhance and deliver new assets, such as investment in Chelmsford's proposed new Beaulieu Park Train Station and the long term solution for the Army and Navy Junction, as well as highways maintenance and providing new school places. 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>	<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> <p>To also assess the effectiveness of programme development and project management disciplines and management reporting.</p> <p><i>Impacts on all Functions including Finance and Technology.</i></p>	<b>HIGH</b>
GRT	Grant Certifications	6 monthly or annual grant certifications	<p>Interreg – BLUEPRINT</p> <p>Interreg – SPONGE</p>	<b>HIGH</b>

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
			Innovate UK – Solar Powered Forecourt Interreg - LECSEA Department for Transport - Integrated Capital Grant Bus Service Operators Grant (BSOG)	
PPH2	Economic Growth Investment Fund	Supporting ongoing economic recovery will be a significant area of focus for the Council over the next financial year. The Fund has associated financial, reputational, legal and political risks.	ECC will be setting the strategy for and rolling out a £100m Economic Growth Investment fund to enable inward investment, new start-ups and growth, whilst seeking to ensure that investments also generate social value for Essex Communities. This will provide assurance over the roll out of the strategy, the allocation of funding and the measurement of outcomes relating to the Fund.	<b>MEDIUM</b>
PPH3	Covid-19 Bus Services Support Grant for Local Transport Authorities 2020-21	Certification required as part of the terms and conditions of funding	ECC has been awarded grant monies 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 ECC who are then required to administer its distribution. The grant terms and conditions stipulate that appropriate investigations and checks must be undertaken by Internal Audit to ensure that the conditions attached to the grant have been complied with.	<b>HIGH</b>
PPH4	Highways Transformation	Poor value for money or service standards (including maintenance of our highways network) leading to reputational, legal and / or financial risks.	The audit will provide assurance over the robustness of the performance management arrangements to ensure quality of services in relation to the Ringway Jacobs Contract which has recently been extended. <i>Where possible we will place reliance on any third party assurances undertaking service reviews in this area.</i>	<b>HIGH</b>
PPH5	Test and Trace Service Support Grant Funding Certification	The funding may not be effectively targeted / allocated and spent in according with the funding terms and conditions	ECC is to receive £5.7m grant.  The grant is part of £300m pledged nationally by the Government. The Council has used the money to develop	<b>HIGH</b>

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
		which could result in an inability to contain the virus and a threat to human life. Monies could be clawed back.	tailored outbreak control plans, working with the NHS Test and Trace service. Councils are expected to ensure testing capacity is deployed effectively to high-risk locations. Internal Audit are required as part of the terms and conditions, to validate the spend.	
PPH6	Essex Housing	As public sector owned in the commercial environment, it faces inherent risks around agility, speed of decision making, value for money, return on investments, financial management, project management and negotiating skills.	Two wholly owned (by ECC and Seax Trading Ltd) companies (limited liability partnerships) are being set up for property development and rentals.  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. To consider the management and monitoring arrangements (including KPIs and benchmarking), investment strategy, commercial property/scheme approvals, acquisition, management and disposal. To advise on control design and operating effectiveness of the financial, business planning and risk management arrangements.	<b>HIGH</b>
PPH7	Integrated Waste Handling	The Programme includes the following workstreams / projects: Strategy Development and Implementation, Contracts and Procurements, Infrastructure Optimisation and Business Intelligence	To maintain oversight of the Council's approach to the replacement of the current Integrated Waste Handling Contract.  To provide assurance over the Council's responsibilities as the Waste Disposal Authority, to ensure suitable arrangements for the disposal of certain wastes and the provision of recycling centres.  <i>Also cross cutting with Finance and Technology for the procurement aspects of the programme.</i>	<b>HIGH</b>

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
PPH8	Community Volunteering	<p>Potential risks around safeguarding, fraud, information governance, health and safety, insurance.</p> <p>Links in with Sustainable and Healthy Communities with the outcome being to transition the Council from service-led to a citizen-led service to improve health and wellbeing with sustainable shared approaches led by communities themselves.</p>	<p>To provide assurance that we are maximising our identification and recruitment of community volunteers, that roles and responsibilities are clear, the risks of safeguarding, fraud, health and safety and information governance are mitigated, that they are mobilised to the right place, that there is appropriate management oversight and a joined up approach across the Council and multi agency; and that we ensure that after the Covid-19 pandemic that those volunteers that want to continue to be involved in community volunteering stay involved. To also potentially look at how our own staff have / are being redeployed and the robustness and effectiveness of that. To include looking at opportunities for volunteers/agencies to feedback and ways in which lessons can be learned to continually improve.</p>	<b>FLEXIBLE</b>
PPH9	Energy Invoice Processes		<p>To follow up on the recommendations arising from the previous Internal Audit review which received Limited Assurance.</p>	<b>MEDIUM</b>
PPH - ER	Emerging Risks / unallocated		<p>Additional work in this area could include but is not restricted to:</p> <ul style="list-style-type: none"> <li>• Park and Ride</li> <li>• Waste Transformation Programme</li> <li>• Remodelling of the Army and Navy Roundabout</li> <li>• Climate Action</li> </ul>	<b>FLEXIBLE</b>

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
<b>Adult Social Care</b>				
ASC1	Liberty Protection Safeguards		Deprivation of Liberty (DoLs) are due to be replaced by Liberty Protection Safeguards (LPS). The target date for implementation (delayed due to Covid-19) is currently 1 April 2022. Prior to this, following a 12-week consultation planned for 2021, both a single Mental Capacity Act and LPS Code of Practice, and regulations, will be laid before Parliament and subsequently published. Internal Audit will look to see how risks are being mitigated to ensure training, transition and implementation plans are robust.	<b>MEDIUM</b>
ASC2	Care Technology	High risk project being delivered via a third party with material cash benefits attached to it. Reputational, financial and safeguarding risks.	To provide assurance over the early governance and project/contract management arrangements of the programme and determination and tracking methodology for realisation of benefits. To provide a watching brief and then a health check on implementation is proposed in early 2022. <i>Also impacts on the Finance and Technology Function.</i>	<b>MEDIUM</b>
ASC3	Debt Monitoring and Enforcement	Risks in this area in relation to the volume and value of debt have increased as a result of Covid-19. Risks include financial, reputational and legal.	To provide assurance over the robustness of the arrangements to identify, record and collect income due to the Council. A 2020/21 audit on Adult Social Care debt (from service users assessed as requiring to contribute towards their care and support) received a Limited Assurance opinion. This audit will include a follow up of those recommendations. The audit will also extend to consider the impact of the level of debt and debt monitoring arising from the new Financial Assessment processes. <i>Also cross cutting with Finance and Technology Function</i>	<b>HIGH</b>
ASC4	Better Care Fund	ECC may not fulfil its accountable body role and / or	It is a requirement of the current Section 75 Agreement (between ECC and the 5 Essex Clinical Commissioning	<b>HIGH</b>

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
		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.	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.	
ASC5	Essex Social Care Academy	A highly skilled and effectively trained workforce is essential to the delivery of quality services within Adult Social Care and Children, Families and Education	To provide assurance that ESCA's activities are aligned to ECC's strategic priorities, professional standards, capability frameworks and codes of conduct and that the Academy supports and delivers practitioners' / the workforce's continuous professional development (CPD) requirements and represents good value for money  <i>Note that ESCA is jointly funded by ASC and C&amp;F</i>	<b>MEDIUM</b>
ASC - ER	Emerging Risks / unallocated	Safeguarding risks, value for money, risks around ensuring appropriate and timely support to vulnerable adults and their carers. Statutory requirements may not be met.	Additional work in this area could include but is not restricted to: <ul style="list-style-type: none"> <li>• Direct Payments Redesign</li> <li>• Day Opportunities Framework</li> <li>• Transforming Mental Health</li> <li>• Management Information and KPIs</li> <li>• Emerging Integrated Care Systems</li> <li>• Carers</li> </ul>	
<b>Counter Fraud Prevention, Detection and Investigation Plan</b>				
<b>Prevention and Detection</b>				
Adult Social Care Finance and Technology	Fraud Awareness Workshops - programme of fraud awareness	Fraud awareness.	Fraud awareness workshops (virtual). Initial focus on Direct Payment Monitoring Team, Financial Assessment Teams, Pre-Paid Compliance Teams, Procurement, Blue Badge Team, Parking Enforcement Officers etc.	<b>MEDIUM</b>



Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
	training sessions / Fraud Awareness Week Comms etc			
	Fraud Risk Workshops / Update Fraud Risk Register	Fraud awareness.	Annual workshops with service areas to update fraud risk register.	<b>MEDIUM</b>
	Attendance at Counter Fraud Hub meetings (South East Hub & Essex Hub)	Fraud awareness, collaborative working and networking to consider emerging risk areas.	Quarterly meetings. 1/2 day per meeting (as mostly conducted virtually).	<b>FLEXIBLE</b>
	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.	<b>HIGH</b>
	CIPFA Tracker Survey / Benchmarking Activity	Benchmarking against similar authorities.	Annual completion of CIPFA Tracker and Benchmarking Data (with Counter Fraud Hub).	<b>FLEXIBLE</b>
	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.	<b>FLEXIBLE</b>
	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.	<b>HIGH</b>

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage	Priority
Adult Social Care, Children Families and Education, Place and Public Health, Finance and Technology	Internal Data Matching / Data Analysis	Fraud Prevention & Detection.	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: <ul style="list-style-type: none"> <li>• ASC data</li> <li>• Payroll</li> <li>• Grant claims and additional funding</li> <li>• Foster Carers payments</li> <li>• Early Years Funding</li> <li>• Public Health.</li> </ul>	<b>HIGH</b>
	National Fraud Initiative (NFI)	Fraud Prevention & Detection.	Matches returned during February / March 2021 will be investigated throughout the year. Matches include payroll, pensions, creditors, blue badge, concessionary travel and mortality matches. Investigation will run to autumn 2021 due to volume of matches.	<b>HIGH</b>
	NFI Fraud Hub	Fraud Prevention & Detection.	Involvement in development of potential data matching. Liaise with Midlands hub / CIPFA re social care matches / developments.	<b>MEDIUM</b>
<b>Investigation and Sanction</b>				
All Functions	Investigations - Referrals and Case Investigation (reactive, including advice & guidance)	Investigation.	Log, prioritise and investigate referrals.	<b>HIGH</b>
	Blue Badge Referrals	Investigation.	Log, prioritise and investigate referrals.	<b>FLEXIBLE</b>

## **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. These have not been included in the 2021/22 Internal Audit and Counter Fraud Plan.

Risk and Health & Safety were both audited in 2020/21 and have both been included in the 2021/2022 Plan.

Business Continuity was included in the 2020/21 Plan but a full review was not undertaken due to the Emergency Planning and Resilience Team responding to the Covid-19 pandemic. Business Continuity has been included in the 2021/2022 Plan