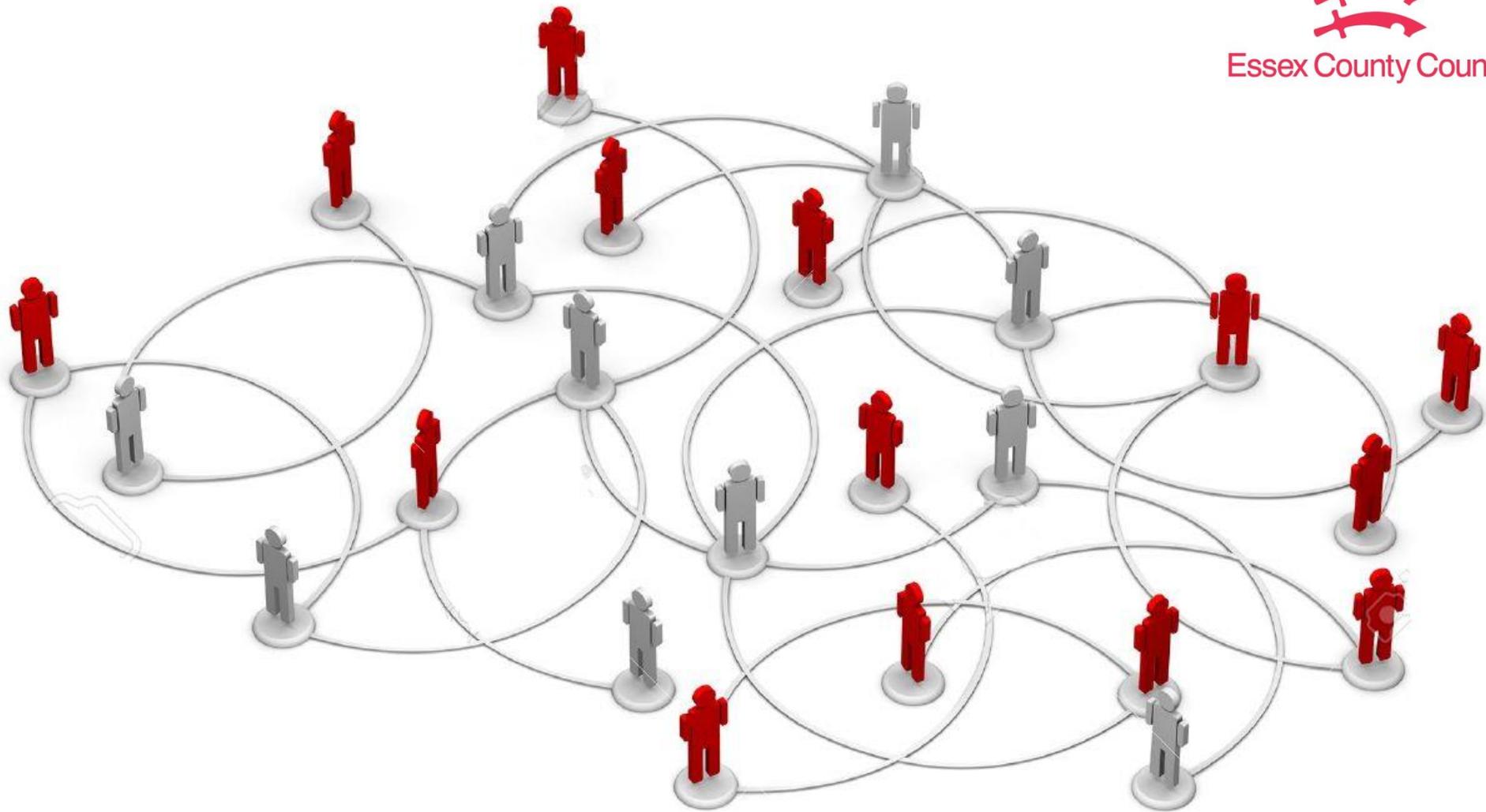**DRAFT Internal Audit and Counter Fraud Plan 2022-23**

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 Corporate Services (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](#)

Purpose of the Internal Audit and Counter Fraud Plan

Everyone's Essex sets out the Council's strategic direction and priorities for the four-year period 2021 to 2025. It describes what the Council will do to deliver its vision for the people of Essex. Everyone's Essex sets out 20 commitments for the next four years, focussing on four areas where outcomes really matter for the quality of life for all people in Essex.

They are:

- Strong, inclusive and sustainable economy
- High quality environment
- Health, wellbeing and independence for all ages
- A good place for children and families to grow

Embedded in the Council's plan is a renewed commitment to addressing inequalities and levelling up life chances for residents.

The Everyone's Essex Annual Plan 2022/23 expresses the Council's 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. **Each Internal Audit engagement, where appropriate, will highlight how it aligns to the Council's strategic objectives and risks.**

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.

Internal Audit and Counter Fraud Plan for 2022-23

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

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

Risk Registers

Review of the Council's strategic, project and operational risk registers, taking into account the risk maturity of the Council.

Key Corporate Documents

Key corporate documents including the Everyone's Essex (Strategy) for 2021 to 2025, 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 management oversight, Delivery Assurance, third-party regulators and accredited bodies (for example, OFSTED), where these are deemed reliable.

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 2022/23. Consideration of future planned national and international legislative changes that may impact on the way ECC delivers its services.

Organisational Change

Consideration of the Council's organisational change programme and activity, including Ways of Working (continuation of remote/home working), launching the new four-year Strategy in 2021, the recent implementation of My Oracle in 2021 (move to cloud-based services) and the Social Care Platform Programme.

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.
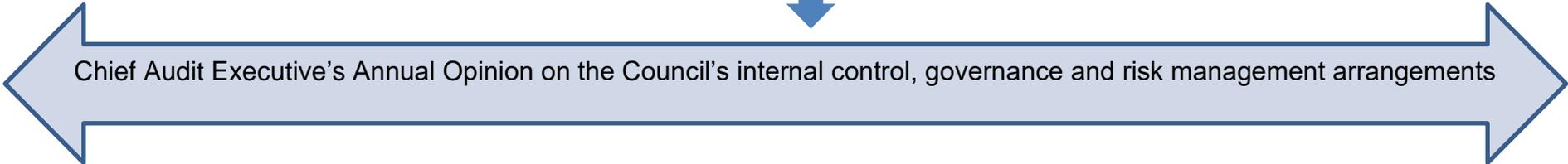
Delivery and Resourcing

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 (for specialist skills and extra capacity). Delivery and resourcing are based on current capacity, on the assumption that resourcing remains stable and that where possible we will utilise data analytics to inform our audit and counter fraud activity. If any changes to our resources should occur, we will prioritise audits of strategic importance and essential to the Chief Audit Executive'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 the AGS Committee. It is recognised that some changes may need to be made due to the Covid-19 pandemic.

Summary Internal Audit and Counter Fraud Plan - by Function

Corporate Services

- Essex Pension Fund
- South East Local Enterprise Partnership
- SELEP Growth Hub
- Key Financial Systems - My Oracle
- Income System - follow up
- Risk Maturity Model
- Access Support Unit
- Broadband Delivery
- Cyber Security
- Software Licence Management
- IT Assets - follow up
- IT Disaster Recovery - follow up
- Social Value
- Business Continuity
- Reprocurement of Banking Arrangements

- Device as a Service Project
- Treasury Management
- Data Quality Assurance
- Financial Assessments & Billing (ASC)
- Business Cases
- Financial Management & Reporting
- Corporate Property Strategy
- Essex Owned Companies
- Sourcing and Contract Management (ASC)

Economy Investment & Public Health

- Grant Certifications
- Adult Community Learning
- Passenger Transport
- Essex County Wide Travellers - follow up
- Section 106 Agreements
- Country Parks Stock Control - follow up

Adult Social Care

- Better Care Fund
- Liberty Protection Safeguards
- Financial Assessments & Billing
- Individual Care Package Awards
- Transforming Mental Health
- Carers
- Sourcing and Contract Management (ASC)
- Social Care Case Management
- Management Information and KPIs
- Social Care Charging Reform
- Safeguarding (Adults)

People & Transformation

- Staff Absence Management
- Apprentices
- Payroll
- Occupational Health
- Temporary Workers Framework

Children, Families & Education

- Liberty Protection Safeguards
- Personal Budgets
- Initial Teacher Training Bursaries
- Supporting Families Programme
- Youth Offending
- Social Care Case Management
- Schools
- Schools Financial Value Standard
- Education Management System

Climate, Environment & Customer Services

Integrated Waste Handling

Chief Executive

Delivery of Everyone's Essex

Pro-active preventative, detective fraud work and investigations

Chief Audit Executive's Annual Opinion on the Council's internal control, governance and risk management arrangements

Internal Audit and Counter Fraud Plan 2022/23

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
Corporate Services			
CS1 and CS2	Essex Pension Fund – Administration and Funding & Investments	The Council, as the Administering Authority, is responsible for the effective running of the pension 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.
CS3	South East Local Enterprise Partnership (SELEP)	The Council 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 the Council is responsible for the SELEP investment programme, ensuring it is appropriately allocated, used for approved purposes, and drives sustainable growth and job creation.	To assess the robustness of ongoing 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. *Note that the SELEP will be impacted by the recently published (February 2022) Levelling up White Paper, but at the time of writing this Plan the full implications are not known.*

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
GRT	SELEP Growth Hub: • Peer Network Grant • Core Funding Grant	Internal Assurance reports required to be submitted to the Department for Business, Energy and Industrial Strategy (BEIS) for the 2021/22 financial year.	**Growth Hub Peer Network Grant** claimed in arrears based on actual evidenced spend. Report/Letter due to BIES – 30/09/2022 **Growth Hub Core Funding Grant** claimed in advance quarterly, based on budget. Underspend to be declared and subject to clawback. Report/Letter due to BIES – 31/05/2022
CS4	Key Financial Systems – My Oracle	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 overspends, poor use of resources, higher levels of debt and failure to pay staff and suppliers on time.	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 My Oracle are accurate, complete, authorised, valid, timely and efficient. Includes: • Accounts payable • Accounts receivable (including debt management) • Banking and cash • General ledger (journals and virements) • Scheme of delegation (including escalations and vacation rules) • Change Management (including management of quarterly evergreen releases) • Expenses. Scope to also include reconciliations and interfaces, maintenance of training and learning materials such as My Oracle Hub, help desk and incident management, contracts associated with My Oracle, management reporting, compliance checking, VAT and housekeeping. Where possible we will look to apply data analytics and continuous auditing to our approach. Note that the Council transitioned to Oracle Fusion (known as My Oracle) in late 2021 for all key financial systems. The 2021/22 audit looked to verify the control processes in place. The 2022/23 work will examine if these are working effectively in practice.

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
CS5	Income System – follow up	The integrity of the Council's income collection system is essential to ensuring that income is collected promptly and allocated correctly to the Council's General Ledger. There are associated risks around customers not being able to pay the Council for services / goods received thereby negatively impacting on cash flow, budgetary control and forecasting and customer experience.	Customer card payments, cash and cheque income come through Capita 360 prior to being allocated to the Council's General Ledger. This audit will follow up on the recommendations agreed in the prior year's Limited Assurance review.
CS6	Risk Maturity Model	Effective risk management helps support good decision making and service/project delivery across all Functions and at the strategic level.	To provide assurance over the Council's risk management arrangements to assist in forming the Chief Audit Executive's annual opinion. The audit will specifically assess compliance against the established 'ALARM' Risk Management Framework. *We will ensure there is the required level of independence when carrying out this review as this service comes under the CAE remit.*
CS7	Access Support Unit (ASU)	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£56bn (as at February 2022).	ECC hosts the 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 Access Pool.

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
		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.	
CS8	Broadband Delivery (UK)	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. Also, annual certification of payment claims.
CS9	Financial Management and Reporting	Risk of basing decisions on poor financial information, potential disruption / cessation of critical services, inability of the Council to maintain long term financial stability. Rising inflation is impacting on costs.	To provide assurance over how the Council optimises it budgeting, forecasting, scenario planning and reporting. To ensure that budget holders have accountability and have a clear understanding of financial performance and forecasting. Note that the Council transitioned in late 2021 to new tools for planning, budgeting and forecasting as part of the move to Oracle Fusion (known locally as My Oracle).

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
CS10	Business Cases	Decisions may be made on unsound assumptions, benefits may not be realised or costs may escalate in comparison with what was included in the business cases on which the decision to proceed was based without appropriate change control and authorisations in place. Risks may not be managed appropriately once the business cases have been approved.	To provide assurance over the business case processes and procedures that are used to form key decisions, including stakeholder engagement, responsibilities and sign off, robustness of costings, assumptions, benefits identification and tracking, risk management and change control. To also include governance and tracking of approved business cases and accountability to ensure that they are appropriately executed and the desired outcomes are achieved. This audit will also specifically include benefits realisation of the Corporate Systems Programme.
CS11	Data Quality Assurance	Risk of making decisions or being misinformed due to poor quality data. Statutory reporting may be inaccurate. Benchmarking could be flawed.	To ascertain the mechanisms in place to ensure **quality of data** in key systems such as My Oracle, Capita One, Social Care Case Management etc and that there is clear ownership, accountability and management oversight. Links to a strategic risk on the Council's risk register relating to this area.
CS12	Treasury Management	Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003. Imprudent borrowing and investments could be undertaken which	In 2021 the Chartered Institute of Public Finance and Accountancy (CIPFA) consulted on the principles to support changes to the Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (Treasury Management Code), as well as on the changes to the Prudential Code for Capital Finance in Local Authorities. Revised Codes were launched in December 2021. The new Codes will have a 'soft' launch of provisions for the 2022-23 financial year, i.e., where possible local authorities should make their best endeavours to adhere to their provisions and not undertake any new investments that would not be consistent with

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
		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.	the changes; and the Codes are expected to be fully implemented in the 2023/24 financial year. To provide assurance that the Prudential Code and Treasury Management Code are being complied with and that the Council is able to enact the revisions to the Codes and associated guidelines within the prescribed timescales.
CS13	Software Licence Management	The Council may not be achieving good value for money if licences for unused applications continue to be paid for or if licences are duplicated. Users may be prevented from accessing systems / data that they require due to additional licencing fees. Programmes and Projects may not identify the cost and associated risks with licences resulting in unanticipated delays and cost overruns.	To provide assurance that the Council has appropriate oversight and internal controls to ensure it is maximising its software licence position and minimising costs associated with inactive licences.
CS14	IT Asset Management – follow up	To follow up on the Limited Assurance review from the prior year.	The audit will seek to obtain the latest position on the IT asset management actions raised in the prior year and report on any residual risks.

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
CS15	Cyber Security	Rapid rate of change in this area and a key risk for all local authorities. Significant financial and reputational risks if the Council falls victim to a cyber attack.	Independent IT specialists will be used for this audit review, scope to be determined, but may include the following cyber essentials technical control areas: • firewalls • secure configuration • user access control • malware protection • security update management And could also include cyber security people risks, governance and oversight and a cyber incident response assessment.
CS16	Device as a Service Project	Value for money may not be achieved, data quality around current IT asset estate may lead to incorrect pricing models for future arrangements.	Also has links with IT assets follow up review. The Council intends to review the purchasing of its IT asset arrangements and consider alternative models such leasing and / or a managed service. This audit will provide oversight of the procurement, transition and contract management of the new service, including device security and any new helpdesk arrangements. *Note that this audit is dependent on business case approval expected by April 2022.*
CS17	Essex Owned Companies	Essex County Council has a number of local authority trading companies which if not governed and administered appropriately could lead to financial, fraud, legal and reputational risks and /or cessation or degradation of service provision.	ECC has interests in and is involved in a number of companies where ECC owns shares, is a member of a company limited by guarantee and / or has the right to appoint directors. This audit will seek to provide assurance that there is a well-designed framework in place to enable central oversight (by managers, Members and shareholders) and manage the performance of companies ECC owns or partly owns, that financial/statutory reporting requirements are adhered to and that there are appropriate and proportionate internal controls, risk management and governance arrangements in place that are aligned to ECC's corporate strategies / objectives. It will also

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
			consider teckal arrangements, state aid, sustainability where applicable.
			Note that CIPFA are due to issue new guidance on the governance of local authority trading companies in early 2022.
CS18	IT Disaster Recovery – follow up	To follow up on the Limited Assurance Internal Audit review conducted in 2021.	To provide assurance to the AGS Committee on delivery of the actions identified in the prior year review and to report back on any residual risks.
CS19	Corporate Property Strategy	Financial, reputational and legal risks. Move to new ways of working following Covid-19 pandemic means corporate properties ECC occupies are under-utilised.	To look at the Council's medium and long term strategies / plans and the processes and procedures / decision making around acquisitions, disposals and property performance (including costs, and condition surveys); to ascertain whether ECC is effectively managing its assets and planning for the future use of those assets. To also evaluate whether environmental / social value considerations are taken into account in decision making.
CS20	Financial Assessments (Adult Social Care) and Billing	Potential risk implications include delays or loss of income to the Council and / or failure to safeguard vulnerable adults. Also reputational risks if service user experience is not customer centric. Fraud risks if service users withhold information about their assets.	To evaluate whether financial assessments of service users' liability to fund care are completed accurately and timely. To include the assessment process, customer charging, the interfaces with Adult Social Care teams and the social care systems (Mosaic and A4W). To also look at the appeals, complaints process and fraud risks.
CS21	Sourcing and Contract Management (focusing on Adult Social Care)	If the organisation is not resistant and resilient to disruption it may risk not being able to meet its statutory obligations, value	To provide assurance over the robustness of forward planning and decision making in relation to extending / reprocuring / combining contracts to ensure that the Council achieves value for money and quality and continuity of services **with a particular focus this year on Adult Social Care**. To also look at contract management

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
		for money may not be achieved, service standards may not be of acceptable quality and there could also be safeguarding risks and / or escalating care needs if early intervention does not occur. Note that at the time of writing (February 2022) there is a national supply chain crisis, worker shortages e.g. in care market but also HGV drivers, escalating fuel costs and energy costs, changing regulations due to EU Exit, rising costs relating to importing of goods, also risk of companies going into liquidation due to Covid-19 and other market pressures.	arrangements, supply chain resilience, key performance indicators and management reporting. More generally, to ascertain to what extent ECC is impact assessing and preparing for the new procurement regulations anticipated to be introduced in 2022, as per the Green Paper "Transforming Public Procurement", to ensure compliance when they have to be implemented. *(According to the Green Paper, the Government has proposed that contracting authorities will be required to publish annual pipelines of their planned procurements and commercial activity, looking forward at least 18 months but ideally three to five years).* In addition to provide assurance that ECC has effected the changes required in relation to the new thresholds to be published on the Find a Tender Service (previously known as OJEU), has a clear rationale for estimating the total lifetime value for the threshold and has accounted for VAT correctly.
CS22	Social Value	The Public Services (Social Value) Act came into force on 31 January 2013. It requires people who commission public services to think about how they can also secure wider social,	To review the Council's themes, outcomes and priorities in relation to social value and their alignment to the Everyone's Essex Strategy; and how social value relating to Council and supply chain activities is embedded, reported and measured according to the principles laid out within the Public Services (Social Value) Act 2012.

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
		economic and environmental benefits.	
CS23	Business Continuity	If business continuity plans are not appropriately aligned and tested, in the event of a business continuity incident response times and activities may not be optimal, resulting in prolonged interruptions in service provision and associated safeguarding, reputational, financial and legal risks.	To build on the positive assurance opinion achieved in 2021/22. Due to the status of the system's implementation at the time of the 2021/22 review, exercises, lessons learned and reporting were not fully embedded and were therefore not included in the scope. The 2022/23 review will look at how well the new system is embedded and how robust the plans are in practice.
CS24	Reprocurement of the Council's banking arrangements	Risks around transitioning to any new bank provider and also ensuring ECC's requirements are clearly specified, evaluated and met by any new provider in a timely manner.	To provide oversight of the reprocurement of the Council's banking arrangements and transition activities, including bank accounts associated with Essex Pensions, Seax Trading and Essex Housing.
CS - ER	Emerging Risks	N/A	Additional work in this area could include but is not restricted to: • Support Services Project (at discovery phase at time of writing this Plan) • The Corporate System (TCS) archiving solution

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
Economy, Investment and Public Health			
EIPH1	Passenger Transport	Material spend, safeguarding risks, legal and financial risks, could impact on ECC's reputation if service provided is not to an acceptable standard.	Home to school transport (mainstream and special educational needs) and adult social care transport. To include school transport awards and appeals; contract specifications, awards, management and variations; dynamic purchasing framework, bidding and onboarding of providers; financial management and cost forecasting including transport risk assessments; and complaints / feedback from providers and key stakeholders. Audit to commence early in the financial year and to avoid period July to October 2022.
EIPH2	Adult Community Learning	Potential financial and reputational risks.	Scope to be fully determined based on risk at the time of conducting the audit. Potential risk areas could include IR35, venues vs online learning, tutors, budgetary control and financial sustainability, customer feedback, fees, charges and concessions, information governance, curriculum decisions. Last full OFSTED inspection was February 2018 at which point the service was rated as Good.
EIPH3	Essex County Wide Travellers Unit – follow up	To follow up on the Limited Assurance Internal Audit review that took place in 2021.	To ascertain the current status of the actions raised in the prior year review and report back to the AGS Committee on any residual risks.
EIPH4	Section 106 Agreements	Section 106 of the Town and Country Planning Act 1990 (as amended) provides a mechanism whereby developers can address the impact of their development on the local community through the provision of, or contribution towards infrastructure (for example affordable	This audit will seek to ensure that Section 106 agreement opportunities are appropriately identified and agreed, amounts are collected in full and developer obligations are met. This will include establishing arrangements in place for ensuring corporate oversight, policy and guidance, monitoring the completion and delivery of non-financial obligations, receipt of S106 income, enforcement of S106 agreements and utilisation and monitoring of S106 expenditure.

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
		housing, highway improvements or community facilities). Potential risks are that obligations under the agreements may not be fully discharged, the developer could become insolvent or triggers for payment may not be met, unused contributions may not be returned after 10 years, financial contributions may not be used for their specific purposes.	
EIPH5	Country Parks – Stock Control Follow Up	To follow up on the Limited Assurance review from the 2021/22 financial year.	To ascertain the current status of the actions arising from the prior year review and obtain supporting evidence to then be able to report back to the AGS Committee on any residual risks.
GRT	Grant Certifications	6 monthly or annual grant certifications required to be internally audited.	Interreg – BLUEPRINT Innovate UK – Solar Powered Forecourt Interreg - LECSEA Interreg – 2imprezs (new from December 2021) Department for Transport - Integrated Capital Grant Bus Service Operators Grant (BSOG) Department for Transport – Traffic Signal Management Award

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
EIPH - ER	Emerging Risk	N/A	Additional work in this area could include but is not restricted to: • Supporting the Registrars Service following the expected GRO (General Register Office) inspection due to take place in February 2022, to ensure there are appropriate action plans in place to deliver on any recommendations arising from the inspection. *Note that a new Executive Director for Economy Investment and Public Health is due to join ECC in March / April 2022. We will meet with the new Executive Director to shape this part of the Audit Plan further.*
Climate, Environment and Customer Services			
CEC1	Integrated Waste Handling	The Council is due to bring back services in house from 1 April 2022	This review will take place in the latter part of 2022 to assess the effectiveness of the new arrangements. It will look at the transitional arrangements for bringing the service back in house and the effectiveness of the ongoing service delivery, monitoring and oversight arrangements. Note that Internal Audit did provide some oversight of this programme in the previous financial year (2021/22).
CEC - ER	Emerging Risks	N/A	*Note that a new Executive Director for Climate, Environment and Customer Services is due to join ECC in March / April 2022. We will meet with the new Executive Director to shape this part of the Audit Plan further.*
People and Transformation			
PT1	Absence Management	Internal Audit review in a prior year received Limited Assurance. Since then the system for recording absences has changed to	To provide assurance that the Council has robust arrangements in place for recording and monitoring staff absences including management oversight and accuracy of data.

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
		My Oracle. Potential staff wellbeing and fraud risks if absence	
PT2	Apprenticeship Scheme	Potential risks around poor staff retention, high staff turnover, low staff morale, financial and reputational loss, not upskilling employees to ensure a highly competent workforce.	ECC is an apprenticeship employer and an apprenticeship levy paying organisation. This audit will look to review whether ECC is maximising its use of the apprenticeship levy and provide assurance over whether ECC is meeting the requirements of the scheme and its own Apprenticeship Standards.
PT3	Occupational Health	ECC has a duty to consider any health issues that might affect an employee's ability to safely fulfil their job.	The audit will provide assurance over the referral process, guidance and use of the portal, employee and manager experience, risk assessments, contract management arrangements with ECC's third party provider, key performance indicators and management information and recharging to service budgets of additional services such as appeals and counselling.
PT4	Payroll	Without proper internal control payroll procedures in place, ECC runs the risk of compensation being issued to non-existent or terminated employees. When mistakes occur, a payroll may also be delayed, which could result in reputational damage.	Audit to verify the adequacy and effectiveness of controls around the management of starters, leavers, permanent and temporary changes to pay and management compliance checks. To ensure that pay is accurately calculated and reflected correctly in the General Ledger.
PT5	New Temporary Workers Procurement Framework	The new supply chain may not be robust enough to manage ECC's requirements in relation to	A health check style review in the second quarter of the financial year to provide assurance over the new arrangements. Matrix continue to provide billing and payroll services for temporary workers but the supply chain is now managed in house. This review

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
		temporary worker services which could result in not being able to fill temporary worker vacancies or poor value for money thereby impacting ECC's ability to deliver services.	will evaluate the controls around the new supply chain / procurement framework.
PT - ER	Emerging Risks	N/A	Additional work in this area could include but is not restricted to: • New Ways of Working Programme • Payroll service delivery model • Digital Services accessibility
Adult Social Care			
ASC1	Better Care Fund	Annual requirement to provide an internal audit as specified in the Section 75 Agreement. ECC is the accountable body.	To provide assurance that ECC fulfils its duties as accountable body for the BCF.
ASC2	Liberty Protection Safeguards (Adults and Children)	Major national reform that ECC needs to be prepared for.	Major national reform is planned in relation to what is currently referred to as Deprivation of Liberty Safeguards (DoLS). Code of Practice consultation to occur and then implementation of the new regulations. This will include children 16 years and above. This audit will seek to provide assurance that the Council is sufficiently managing the risks associated with the transition to the new arrangements appropriately, which includes children as well as adults. At the time of writing this Plan consultation on the Code is expected to start in April 2022 with the date for implementation not yet confirmed but expected to be in 2023.

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
ASC3	Transforming Mental Health	Vulnerable adults could be put at risk of avoidable harm if they do not have timely access or quality of mental health service provision. Legal, reputational and financial risks.	A Section 75 review is planned by the Service which will include a root and branch diagnostic followed by planning design work. Internal Audit will align with this process and seek assurance from it where possible to prevent any duplication or resource implications.
ASC4	Safeguarding (Adults)	Vulnerable adults could be put at risk of abuse or avoidable harm if the Council does not have appropriate mechanisms in place to prevent, detect and investigate safeguarding incidents. This could cause reputational and financial damage to the Council and cause service disruption and / or degradation in the quality of service provision. It could also impact on recruitment and retention of practitioners and poor staff morale.	Supporting the service and the new Director of Safeguarding, 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.
ASC5	Management Information and 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	To provide assurance over ASC's performance management framework to ensure appropriate oversight of the strategies 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

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
		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.	information to enable statutory returns to be submitted and benchmarking to drive improvements. Also links in with the Safeguarding consultancy review.
ASC6	Carers	One of the Council's 20 commitments as outlined in Everyone's Essex is as follows: *We will help those carers of all ages whose caring duties are impacting most on their wellbeing by achieving a step change in the advice, guidance and support we provide to support wellbeing and independence, and by targeting it at those who need it most*	This review will cover adult carers only and will include ECC's Carers' Strategy, support, carers' assessments and financial support. It will also include the delivery of third party commissioned arrangements such as Carers First, management information and key performance indicators.
ASC7	Individual Care Package Awards	Care packages could be awarded without due diligence / authorisation controls and / or that do not comply with the Care Act.	To provide assurance over the robustness of the audit trails / decision making and oversight of individual care package awards to ensure that they are fair, consistent and Care Act compliant.
ASC8	Social Care Charging Reform Programme	Significant changes anticipated to processes, systems and resources to	In September 2021 plans were announced by the government to reform adult social care in England, which will be funded through a

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
		implement the new arrangements and ensure ECC complies with statutory requirements.	new Health and Social Care Levy. The proposed reforms will be supported by an investment of £5.4 billion over the next three years. Changes to social care charging will be implemented from October 2023, including a new £86,000 cap on the amount anyone in England will have to spend on their personal care over their lifetime (irrespective of age or income) and care accounts to be introduced to monitor individuals' accrued costs towards the cap. It is expected that the cap will be based on the framework provided for by the Care Act 2014.
ASC - ER	Emerging Risks	N/A	Additional work in this area could include but is not restricted to: • Preparedness of introduction of CQC inspection of Adult Services • Health and Care Bill 2021
Children and Families and Education			
CFE1	Schools Establishment Reviews	Financial, governance and reputational risks.	To visit a small sample of individual schools throughout the year on a risk-based approach.
CFE2	Schools Financial Value Standard (SFVS) and Assurance Statement	Local authority maintained schools must submit the schools financial value standard (SFVS) to their local authority annually. ECC then submits to the Department for Education an assurance statement every year to cover all the maintained schools in Essex (excluding Southend and Thurrock)	Internal Audit are tasked with collecting and checking all maintained schools SFVSs.

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
CFE3	Education Information Management System	Key fundamental system for management information relating to education, from birth.	To review the robustness and effectiveness of the Council's education information management system (Capita One) which is used for transport, school admissions, special educational needs and early years. The scope of the review may include, but will not be limited to, business continuity arrangements, contract management, incident management, service level agreements, financial controls and data quality, access permission controls, management oversight, supplier / system resilience and contingency arrangements.
CFE4	Supporting Families Programme	The programme conducts targeted interventions for families experiencing multiple problems, including crime, anti-social behaviour, truancy, unemployment, mental health problems and domestic abuse.	The Ministry of Housing Communities and Local Government (MHCLG) requires that 10% of each claim is internally audited and that the whole claim is certified by Internal Audit. Claims are submitted quarterly. This was previously known as the Troubled Families Scheme. This links the following Council's commitments: • Outcomes for vulnerable children • Levelling up outcomes for families • Safety • Family resilience and stability. • Education outcomes
CFE5	Social Care Case Management Platform	Major Programme with financial, technological, legal and reputational risks. The system is used to record and manage children and adults receiving social care. If the Programme is not managed well it could lead to poor use of resources, lack of staff morale,	Cross cutting with **Adult Social Care** and **Corporate Services** (Finance, Technology and Procurement). A watching brief over the Programme working alongside our Delivery Assurance colleagues.

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
		increase in staff turnover, negative impact on service users / service provision and key stakeholders. The system is also used to generate statutory returns and could impact on future results of Ofsted and CQC Inspections.	
CFE6	Youth Offending – IT systems and key performance data	Decisions may be made on incomplete or inaccurate key performance data. IT systems may not be fit for purpose or include appropriate internal controls to ensure integrity of data, information governance, business continuity.	To provide assurance over the robustness of their IT systems, data quality and key performance information.
CFE7	Personal Budgets / Direct Payments to Families	Financial, reputational, fraud, safeguarding and legal risks if budgets are not aligned to care plans and ECC do not fulfill their legal duties. Also risks around budgets not being fair, transparent or used for the purposes they are intended for.	To include award, monitoring and review of personal budgets, alignment to care plans and management oversight.

Reference	Audit Title	Risk Justification	Proposed Objective / Coverage
CFE8	Initial Teacher Training Bursaries	Annual grant claim required to be certified by Internal Audit.	Previously known as School centred initial teacher training grant. Audit to be carried out in accordance with grant claim terms and conditions. Year end is 31 July 2022 with deadline for submission of claim by 31 December 2022.
CFE - ER	Emerging Risks	N/A	Additional work in this area could include but is not restricted to: • replacement of schools info link platform • foster carers – improving digital access and engagement • placement sufficiency for children in care
Chief Executive			
CE1	Delivery of Everyone's Essex	Significant reputational and financial risks if ECC does not deliver successfully on its strategy.	Everyone's Essex (2021 to 2025) is the Council's Strategic Plan for levelling up the county and sets out 20 commitments for the next 4 years focusing on 4 key areas: • the economy • the environment • children and families • promoting health, care and wellbeing for all ages This audit review will look at the governance structures, accountability, links to Functional business plans and staff performance objectives, delivery plans, spending priorities and decisions, measurement of success criteria and reporting (to monitor and evaluate the effectiveness of the strategy, to provide insight and in particular, the differential impacts in relation to the national levelling up agenda) whilst recognising that this will be the first year of its implementation.

Counter Fraud Prevention, Detection and Investigation Plan			
Prevention and Detection			
Adult Social Care	Fraud Awareness Workshops - programme of fraud awareness training sessions / Fraud Awareness Week Comms etc	Fraud awareness.	Fraud awareness workshops (virtual). Programme scheduled with ESCA to provide fraud quarterly awareness sessions for social workers.
	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. 1/2 day per meeting (as mostly conducted virtually).
	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.
Adult Social Care, Children Families and Education, Environment Investment and Public Health, Corporate Services	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: • ASC data • Payroll • Grant claims and additional funding • Foster Carers payments • Early Years Funding • Public Health.
	National Fraud Initiative (NFI)	Fraud Prevention & Detection.	Data sets due to be submitted during September/ October 2022 and matches returned during February / March 2023 for investigation. Matches include payroll, pensions, creditors, blue badge, concessionary travel and mortality matches. Investigation will run to Autumn 2023 due to volume of matches.
	NFI Fraud Hub	Fraud Prevention & Detection.	Monthly submission of data sets to the NFI Hub for matching against mortality records. Data sets submitted in relation to ECC Pensions and Blue Badge data.
Investigation and Sanction			
All Functions	Investigations - Referrals and Case Investigation (reactive, including advice & guidance)	Investigation.	Log, prioritise and investigate referrals.
	Blue Badge Referrals	Investigation.	Log, prioritise and investigate referrals.

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 2022/23 Internal Audit and Counter Fraud Plan on the basis that actions have been addressed.

Risk and **Health & Safety** were both audited in 2020/21 and 2021/22 (with adapted scope to ensure sufficient breadth of potential areas to examine between years). An overall 'Risk Maturity' audit against the established 'ALARM' Risk Management Framework has been included in the 2022/2023 Plan.

The new **Business Continuity** system was reviewed in 2021/22 and received a Satisfactory Assurance opinion. Business Continuity is included in the 2022/23 Plan with a change of scope compared to the prior year.

In 2023 an external review will be commissioned to check Internal Audit's compliance with the Public Sector Internal Audit Standards. This is required every 5 years. In the intervening years a self-assessment is undertaken.