Governance, Audit, Risk Management and Standards Committee Agenda

Date: Wednesday 30 November 2022

Time: 6.30 pm

Venue: Meeting Room 4, First Floor - Harrow Council Hub, Forward Drive, Harrow

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Membership (Quorum 3)

Chair:	**Councillor Kanti Rabadia**
Conservative Councillors:	**Philip Benjamin** **Kuha Kumaran** **Yogesh Teli**
Labour Councillors:	**Ghazanfar Ali** **Varsha Parmar** **Antonio Weiss (VC)**
Conservative Reserve Members:	1. Govind Bharadia 2. Nitesh Hirani 3. Nicola Blackman 4. Paul Osborn
Labour Reserve Members:	1. Dan Anderson 2. Peymana Assad 3. Dean Gilligan

Contact: Miriam Wearing, Senior Democratic & Electoral Services Officer
Email: miriam.wearing@harrow.gov.uk

Scan this code for the electronic agenda:

Useful Information

Joining the Meeting virtually

The meeting is open to the public and can be viewed online at [London Borough of Harrow webcasts](#)

Attending the Meeting in person

Directions by car:

Go along Kenmore Avenue and head towards the Kenton Recreation Ground. When approaching the end of the Kenmore Avenue turn right before reaching the Kadwa Patidar Centre.

The venue is accessible to people with special needs. If you have specific requirements, please contact the officer listed on the front page of this agenda.

You will be admitted on a first-come-first basis and directed to seats.

Please:

(1)   Stay seated.
(2)   Access the meeting agenda online at [Browse meetings - Governance, Audit, Risk Management and Standards Committee](#)
(3)   Put mobile devices on silent.
(4)   Follow instructions of the Security Officers.
(5)   Advise Security on your arrival if you are a registered speaker.

Filming / recording

This meeting may be recorded or filmed, and if you choose to attend, you will be deemed to have consented to this. Any recording may be published on the Council website.

Agenda publication date: Tuesday 22 November 2022

Agenda - Part I

1. **Attendance by Reserve Members**
   To note the attendance at this meeting of any duly appointed Reserve Members.

2. **Declarations of Interest**
   To receive declarations of disclosable pecuniary or non pecuniary interests, arising from business to be transacted at this meeting, from all Members present.

3. **Minutes** (Pages 5 - 10)
   That the minutes of the meeting held on 21 September 2022 be taken as read and signed as a correct record.

4. **Public Questions**
   To note any public questions received.

   Questions will be asked in the order in which they were received. There will be a time limit of 15 minutes for the asking and answering of public questions.

   [The deadline for receipt of public questions is 3.00 pm, Friday 25 November 2022. Questions should be sent to publicquestions@harrow.gov.uk

   No person may submit more than one question].

5. **Petitions**
   To receive petitions (if any) submitted by members of the public/Councillors.

6. **Deputations**
   To receive deputations (if any).

7. **References from Council and other Committees/Panels**
   To receive references from Council and any other Committees or Panels (if any).

8. **Appointment of Independent Members and Reserves on the Standards Working Group** (Pages 11 - 12)
   At its meeting on 21 September 2022, the Committee appointed Councillors Yogesh Teli and Antonio Weiss to the Standards Working Group. The Committee is now asked to consider the appointment of Independent Members and Reserves.

9. **Information Report - Audit Progress Report 2021/22** (Pages 13 - 34)
   Report of the Director of Finance and Assurance

10. **Annual Governance Statement 2021/22** (Pages 35 - 116)
    Report of the Director of Finance and Assurance

11. **Internal Audit & Corporate Anti-Fraud 2021/22 Year End Reports** (Pages 117 - 144)
    Report of the Director of Finance and Assurance

12. **Draft Corporate Anti-Fraud and Corruption Strategy 2022-26 Consultation** (Pages 145 - 168)
    Report of the Director of Finance and Assurance

13. **Any Other Urgent Business**
    Which cannot otherwise be dealt with.

14. **Exclusion of the Press Public**
    To resolve that the press and public be excluded from the meeting for the following item of business for the reasons stated.

Agenda Item No	Title	Description of Exempt Information
15.	Information Report – Internal Audit Red Assurance Report	Information relating to the financial or business affairs of any particular person (including the authority holding that information)

Agenda - Part II

15. **Information Report - Internal Audit Red Assurance Report** (Pages 169 - 236)
    Report of the Director of Finance and Assurance

    Data Protection Act Notice

    The Council will record the meeting and will place the recording on the Council's website.

    [**Note:** The questions and answers will not be reproduced in the minutes.]

Governance, Audit, Risk Management and Standards Committee

Minutes

21 September 2022

Present:

Chair: Councillor Kanti Rabadia

Councillors: Ghazanfar Ali   Varsha Parmar
Philip Benjamin   Yogesh Teli
Kuha Kumaran   Antonio Weiss

1.   Attendance by Reserve Members

RESOLVED: To note that there were no Reserve Members in attendance.

2.   Declarations of Interest

RESOLVED: To note that there were no Reserve Members in attendance.

3.   Minutes

RESOLVED: That the minutes of the meeting held on 2 August 2022, be taken as read and signed as a correct record.

4.   Public Questions, Petitions and Deputations

RESOLVED: To note that no public questions were put or petitions or deputations received at this meeting.

5.   References from Council and other Committees/Panels

RESOLVED: It was noted that none were received.

Resolved Items

6.   Establishment of the Standards Working Group

The Committee was asked to agree the establishment of the Standards Working Group to meet as required and comprise one Member from each political group on the Council and an Independent Person who would chair the meeting.

RESOLVED: That a Standards Working Group be established to meet as required and comprise Councillors Yogesh Teli and Antonio Weiss and an Independent Person who would chair the meeting.

7.   Corporate Annual Health and Safety Year End Report

The Committee received a report which summarised the Council's health and safety performance for the year 1 April 2021 to 31 March 2022. The report provided an update of activities and provided information on outcome measures including Covid-19 response, training, audits and accidents. It also included the Health and Safety Strategy, Corporate Health and Safety Performance Plan and Policy, and information about Occupational Health.

The Acting Director of Human Resources and Organisational Development informed the Committee that the officers previously due to present the deferred report had left the Council's employ. The new Head of Corporate Health, Safety and Wellbeing had been recently appointed.

The Head of Corporate Health, Safety and Wellbeing presented the report and responded to questions from Members.

In response to questions from the Chair and Councillors Benjamin, Ali and Parmar, the Committee was informed that:

- there was engagement between Occupational Health and Health and Safety on any aspect that affected life/work balance;

- the remit of the report was Local Authority corporate responsibility. With the exception of Council owned property, liability for fire risks relating to buildings and flats rested with the owner of the site;

- it was not uncommon for asbestos surveys to result in capsulation or removal of asbestos. Such work was undertaken by a third party with oversight by an asbestos professional;

- all staff had access to the SHEAssure safety management system at the appropriate level.

The officer undertook to circulate the following information:

- an explanation of the impact of Covid on the 53% increase in accidents and incidents;

- the percentage of staff who had undertaken the training outlined in the report;

- how the provision of training in Harrow compared to that provided by other Councils;

- the number of schools in which asbestos had been found as a result of a survey.

RESOLVED: That the Accidents and Incidents report, the Health and Safety Strategy and Corporate Health and Safety Plan, the approved Corporate Health and Safety Policy, and the information on Occupational Health be noted.

8. **The Treasury Management Annual Report and Outturn**

At the request of Cabinet, the Committee reviewed the Council's Annual Treasury Management position for 2021/22. It was noted that the Council had complied with all elements of the Treasury Management Strategy Statement as the treasury management function.

The Head of Strategic and Technical Finance introduced the report and drew particular attention to the fact that the Council had maintained an internal borrowing strategy for a number of years, forgoing lost investment income on investments to use its cash balances to temporarily fund capital expenditure and avoid external borrowing costs. It was noted that the internal (or under) borrowing as at 31 March 2022 was £150m.

In response to questions, the Committee was informed that:

- the increase in investments from £82.4m to £98m reflected receipt of grants for capital schemes which remained in the Council's bank account until spent;

- borrowing included a range of term of fixed rates as detailed in tables 7 and 8 of the report. The potential increase in investment income would be known in the next month or so;

- the Council did not have the power to borrow above the Authorised Limit set in accordance with section 3 of the Local Government Act 2003;

- repayment of borrowing depended on availability of cash. The next bulk of repayment would be due in 2062 but smaller amounts would be paid from time to time. The council managed its cash reserves effectively to avoid taking more debt. An example of this is that capital receipts would be used to cover the costs of housing regeneration schemes that had recently been completed so that the Council does not incur more debt.

At the request of the Chair, the officer agreed to share the formula for the operation boundary and CFR

RESOLVED: That the Treasury Management outturn position for 2021/22 be noted.

9. **Internal Audit & Corporate Anti-Fraud Plans**

The Committee received a report which set out the 2022/23 Internal Audit & Corporate Anti-Fraud Plans and the Internal Audit Charter. The Head of Internal Audit & Corporate Anti-Fraud introduced the report and drew particular attention to the need to carry forward much of the plan due to the substantial amount of work undertaken in relation to the significant governance gap detailed in the draft Annual Governance Statement. This and the local elections had also resulted in a delay in consultation with the Committee so a small amount of time had been included to enable a review to be undertaken on an area identified by the Committee.

A Member referred to the need for changes to the internal audit working practices as a result of the Covid-19 pandemic. The Committee was informed that some of the changes made during Covid were very successful would continue, for example, engagement with auditees over Teams. There had been an emphasis on electronic working papers and further streamlining was planned. It was planned to visit schools more in 2022/23.

In response to questions, it was noted that:

- work on the plan was undertaken taking into account the Corporate risk register and a new fraud risk had been added. Work on fraud risk was also being undertaken with each directorate including new fraud risks on directorate risk registers;

- it was to be expected that the majority of review areas on the Internal Audit Plan would have a high risk assessment due to the nature of the work. The Internal Audit Team was small so had to focus on high risk reviews.

- the number of vacant posts within the Team during 2021/22 had been a factor in the requirement to carry reviews forward to the following year;

- the Annual Governance Statement would be ready for final accounts. The report on the system review of Highways would be submitted to the next Committee meeting along with a follow up review for assurance on improvements made.

RESOLVED: That

(1) the Internal Audit & Corporate Anti-Fraud Plans 2022/23 and the Internal Audit Charter 2022/23 be approved;

(2) the annual plan process, Internal Audit Strategy and other sources of assurance set out in the report be noted.

10. Information Report - External Audit Progress Report 2021/22

The Committee agreed to consider the item as a matter of urgency in order to receive the most up to date information on the progress of the external audit. The External Auditor informed the Committee that following receipt of the draft financial statements, the initial audit review identified two significant changes within the balance sheet when compared to 2020/21. These were new material values for inventory and intangible assets.

Members were informed that the external auditors would look at the two changes in more detail. As the new material value in respect of inventory represented the implementation of new accounting treatment, consultation with the Mazars technical team would need to take place before it was progressed. In response to a question, the Committee was informed that the key was the useful life judgement which could change.

It was further reported that the material value in respect of the implementation of the new D365 accounting software and associated systems would be reviewed in detail because of the risk of misstatement or error. The audit was on track for submission to the next meeting of the Committee. In response to a question, it was noted that the software had been re-classified from assets under construction and consequently had its own line in the balance sheet.

The Committee noted that it had not been possible to conclude on the Council's Value for Money arrangements until the completion of the investigation on the governance gap.

RESOLVED: That the Audit Progress Report 2021/22 for the Council and the Pension Fund be noted.

11. Exclusion of the Press Public

RESOLVED: That in accordance with Part I of Schedule 12A to the Local Government Act 1972, the press and public be excluded from the meeting for the following item(s) for the reasons set out below:

Item	Title	Reason
14.	Information Report - Quarter 2 Corporate Risk Register 2022/23	Information under paragraph 3 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

12. Information Report - Quarter 2 Corporate Risk Register 2022/23

The Committee received a confidential report of the Director of Finance and Assurance, which set out the Council's Corporate Risk Register 2022/23 for

Quarter 2 of the financial year to assist the Committee in monitoring progress on risk management in accordance with its terms of reference.

The Head of Internal Audit and Corporate Anti-Fraud introduced the report and responded to questions from Members. It was noted that the position would be monitored in Quarter 3 as the Council's objectives and corporate themes were developed.

RESOLVED: That the report be noted.

(Note: The meeting, having commenced at 6.00 pm, closed at 8.27 pm).

(Signed) Councillor Kanti Rabadia
Chair

Standards Working Group (3)

	Independent Member	Conservative	Labour
	(1)	(1)	(1)
I. Members	**Mr James Coyle** **Dr John Kirkland** **Mr Derek Lawrence**	**Yogesh Teli**	**Antonio Weiss**
III. Reserve Members		1. Christopher Baxter 2. Paul Osborn	1. Dean Gilligan 2. Eden Kulig

Membership Rules

To be established when required and to comprise of one member of each of the main political parties and one Independent Member.

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Report for: GOVERNANCE, AUDIT, RISK MANAGEMENT AND STANDARDS COMMITTEE

Date of Meeting:	30 November 2022
Subject:	**INFORMATION REPORT** Audit Progress Report 2021/22
Responsible Officer:	Dawn Calvert, Director of Finance and Assurance
Exempt:	No
Wards affected:	All
Enclosures:	Audit Progress Report 2021/22

Section 1 – Summary and Recommendations

This report provides the Committee with an update on the progress of the 2021/22 external audit.

Recommendations:

The Committee is requested to note the attached Audit Progress Report 2021/22 for the Council and the Pension Fund.

Section 2 – Report

Background

Audit Progress Report 2021/22

1. This Audit Progress report 2021/22 (Appendix 1) has been prepared to communicate the progress made with auditing the Council's statement of accounts for the year ending 31 March 2022.

2. The Accounts and Audit (England) Regulations 2015, require Local Authorities to prepare Statement of Accounts in accordance with proper practices. Previous timetable deadlines have meant that the draft Statement of Accounts must be published by 31st May with the audited version being published by 31st July each year. Following the Coronavirus pandemic the legislative requirements have been relaxed and this has continued for 2021- 22. The Accounts and Audit (Amendment) Regulations 2021 (SI 2021/263) have revised the deadlines to 31st July 2022 for the draft accounts and 30th November 2022 for the audited accounts.

3. Work was being carried out to complete detailed audit procedures to meet the original timetable agreed for reporting the audit completion report to this November's GARMS meeting.

4. However, during the execution phase of the audit, auditors have encountered delays in their work.

5. In addition, there is a national issue in relation to accounting for infrastructure assets which has impacted on every local authority with material infrastructure balances. The statutory override, which sets out how councils should respond to this accounting issue is currently out for consultation. Once the detail is available, the Council will need to consider the implications for its accounting treatment and any associated amendments to the accounts.

6. As a result of these delays, which arise from both the need to complete work on new significant risks arising in 2021/22 as well as additional work around existing significant risks, there will be a delay in completion of the audit. The external auditors are endeavouring to

complete the audits as soon as possible and will be reported at a future GARMS meeting.

Audit update for the Council:

a) During the execution phase of the audit, auditors have encountered delays in the work on the audit of income and expenditure, primarily due to the changes in ledger system during the year which has required additional work;

b) The auditors have experienced delays in obtaining evidence to support the valuation of property, plant and equipment and investment property and at the point of writing, still require further evidence. At this point, they are largely pausing their work, to enable the Council to respond to their valuation queries.

c) The auditors will agree a timetable with officers for the completion of the remaining fieldwork when the requested evidence is available.

d) Section 2 of the audit progress report provides details of these in the context of the significant and enhanced risk to which they relate

e) The auditors have substantially completed the audit procedures on the data supporting the draft financial statements of the Pension Fund. Due to the nature of the two separate sets of accounts and the requirement to complete the principal authority audit prior to the pension fund, the auditors will only be able to complete the formal sign off and closure of the audit at the same time as the completion of the London Borough of Harrow audit.

Value for Money (VFM)

Update on our auditor responsibilities relating to 2020/21

f) Due to the ongoing Police criminal investigation, the auditors have been unable to conclude our review of the Council's Value for Money arrangements for the 2020/21 financial period. They will be unable to conclude on the Council's value for money arrangements for the 2020/21 financial period until the Police investigation is complete.

Update on our auditor responsibilities relating to 2021/22

g) The auditors have completed our initial risk assessment of the Council's Value for Money arrangements and, at this stage, have no additional issues that we need to bring to the attention of the Committee. The work reviewing the value for money arrangements will continue throughout the course of the audit, and the external auditors will discuss the timing of the reporting with management in due course in light of the above.

7. The Committee is asked to consider the progress made and the delay in the completion of the audit.

Legal Implications

There are no direct legal implications arising from this report.

Financial Implications

There are no direct financial implications arising from this report.

Risk Management Implications

Risks included on corporate or directorate risk register? **No**

Separate risk register in place? **No**

The relevant risks contained in the register are attached/summarised below. **n/a**

Equalities implications / Public Sector Equality Duty

Considering the Council's Public Sector Equality Duties under the Equality Act 2010, s.149, is integral to the decision- making process.

Was an Equality Impact Assessment carried out? No

There are no direct equalities implications.

Section 3 - Statutory Officer Clearance

Statutory Officer:
Signed by the Head of Strategy & Tech Finance (Deputy s151 Officer)

Sharon Daniels

Date: 17 November 2022

Statutory Officer:
Signed on behalf of the Monitoring Officer

Caroline Eccles

Date: 17 November 2022

Chief Officer:
Signed by the Chief Financial Officer

Dawn Calvert

Date: 17 November 2022

Mandatory Checks

Ward Councillors notified: NO, as it impacts on all Wards

Section 4 - Contact Details and Background Papers

Contact: Yinka Ehinfun (Chief Accountant)
Email: Yinka.Ehinfun@harrow.gov.uk

Background Papers:

1. Audit Progress Report 2021/22

If appropriate, does the report include the following considerations?

1	Consultation	No
2	Priorities	No

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Audit Progress Report 2021/22

London Borough of Harrow

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November 2022

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Purpose and contents

Purpose

We have prepared this report to communicate to the Governance, Audit, Risk Management and Standards Committee (GARMS) our progress with auditing the Council's statement of accounts for the year ending 31 March 2022 and an update on the significant risks identified in relation to the audit of both the Council and Pension Fund financial statements. In addition, we wish to highlight some national publications which the Committee may find useful in enabling them to discharge their role as those charged with governance of the Council.

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Section 01:

**London Borough of Harrow Council -
Audit Progress Update**

Audit Progress

Financial Statements - 2021/22 audit

As detailed in our Audit Strategy Memorandums dated 19 July 2022, we agreed a timetable with management for the audit that was intended to enable us to provide an Audit Completion Report to the Committee's November meeting with formal sign off subject to the resolution of the national infrastructure asset issue.

Harrow Council

We have been completing our detailed audit procedures to meet the timetable agreed for our reporting. However, during the execution phase of the audit, we have encountered delays in our work on the audit of income and expenditure, primarily due to the changes in ledger system during the year which has required us to do additional work. We have experienced delays in obtaining evidence to support the valuation of property, plant and equipment and investment property and at the point of writing, still require further evidence. At this point, we will largely be pausing our work, to enable the Council to respond to our valuation queries. We will agree a timetable with officers for the completion of our remaining fieldwork when the requested evidence is available. Section 2 of the audit report provides details of these in the context of the significant and enhanced risk to which they relate.

In addition, as the Council is aware, there is a national issue in relation to accounting for infrastructure assets which has impacted on every local authority with material infrastructure balances. The statutory override, which sets out how councils should respond to this accounting issue is currently out for consultation. Once the detail is available, the Council will need to consider the implications for its accounting treatment and any associated amendments to the accounts.

Harrow Council Pension Fund

To date we have substantially completed the audit procedures on the data supporting the draft financial statements. Due to the nature of the two separate sets of accounts and the requirement to complete the principal authority audit prior to the pension fund, we will only be able to complete the formal sign off and closure of the audit at the same time as the completion of the London Borough of Harrow audit.

As a result of these delays, which arise from both the need to complete work on new significant risks arising in 2021/22 as well as additional work around existing significant risks, there will be a delay in completion of the audit. We are endeavouring to complete the audits as soon as possible.

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Audit Progress

Value for Money (VFM)

Auditor VFM responsibilities - 2020/21

Due to the ongoing Police criminal investigation, we have been unable to conclude our review of the Council's Value for Money arrangements for the 2020/21 financial period. We will be unable to conclude on the Council's value for money arrangements for the 2020/21 financial period until the Police investigation is complete.

Auditor VFM responsibilities - 2021/22

We have completed our initial risk assessment of the Council's Value for Money arrangements and, at this stage, have no additional issues that we need to bring to the attention of the Committee.

Our work reviewing the value for money arrangements will continue throughout the course of the audit, and we will discuss the timing of our reporting with management in due course in light of the above.

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Section 02:

**London Borough of Harrow Council –
Progress on Significant Risks**

Audit Progress

2021/22 Audit – Progress on Significant Risks (Council)

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's judgment, requires special audit consideration. For any significant risk, the auditor shall obtain an understanding of the entity's controls, including control activities relevant to that risk. Risks 1-5 were identified and reported to the Committee in the Audit Strategy Memorandum dated 19 July 2022. Our risk assessment process is continuous, with risk 6 being subsequently identified and communicated in our Audit Progress Report dated September 2022.

	Description	Progress to date
1	**Management override of controls** This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur. Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.	We are well progressed with our planned audit procedures and currently have no issues to bring to the Committee's attention.
2	**Risk of fraud in revenue recognition** The risk of fraud in revenue recognition is presumed to be a significant risk on all audits due to the potential to inappropriately shift the timing and basis of revenue recognition as well as the potential to record fictitious revenues or fail to record actual revenues. Based on our initial knowledge and planning discussions we have concluded that we can rebut the presumption of a revenue recognition risk for the majority of the Council's revenue income and expenditure. In particular we can rebut the revenue recognition risk for income derived from Council Tax, main revenue Grants and NNDR due to the low inherent risk associated with these amounts. For the Council we deem the risk to relate specifically to material income streams within the Council, being fees, charges and other service income, where the level of inherent risk is higher.	We are well progressed with our planned audit procedures and currently have no issues to bring to the Committee's attention.

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Audit Progress

2021/22 Audit – Progress on Significant Risks

	Description	Progress to date
3	**Valuation of net defined benefit pension liability** The last triennial valuation of the Harrow Pension Fund was completed as at 31 March 2019. As an admitted body within the Fund, the valuation provides the basis of the associated net pension liability for the Council as at 31 March 2022. The valuation of the Council's net liability includes use of discount rates, inflation rates, mortality rates etc., all of which should reflect the profile of the Council's employees and other appropriate data. Due to the high degree of estimation uncertainty associated with these valuations, we have determined there is a significant risk in this area.	We are well progressed with our planned audit procedures. Our work to date has identified one immaterial amendment to the accounts.
4	**Migration from SAP to D365** During 2021/22, the Council has undertaken an accounting system migration from SAP to D365. In October 2021, the nominal ledger, accounts receivable and accounts payable functions were closed in SAP and became managed via Dynamics365 (D365). Payroll migrated in April 2022. There is a risk that the migration will not capture all data held in the prior system. The omission of such data could ultimately lead to material misstatement within the financial statements. The implementation of a new system also poses a significant risk to the integrity and validity of the Council's financial reporting if change management processes are not robust and the new system is not correctly tested and implemented. There is a further risk the migration leads to a loss of data and accounting records during transfer. Such a loss of data may result in a risk that during the audit, we are unable to obtain sufficient and appropriate third part evidence to support transactions entered into by the Council.	We are well progressed with our planned work. As part of these procedures, we identified that the Council no longer has access to legacy SAP servers, on which historic accounting records would have been maintained. The historic data having been extracted is now being held within a cloud based storage solution. The Council are providing us with details of their internal assurance procedures and work performed on the move to a cloud based system, that enabled them to conclude they have kept proper accounting records. We will review and consider this as part of our response to this significant risk and our consideration of the Council's compliance with laws and regulations.

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Audit Progress

2021/22 Audit – Progress on Significant Risks

	Description	Progress to date
5	**Property, plant and equipment valuations**	
	Where a Council's assets are subject to revaluation, the Code requires that the carrying value should reflect the appropriate fair value as at the year end. Estimation of fair values is subject to complex estimation. This creates a risk that the carrying value of those assets revalued in the year are materially mis-stated.	Completion of our initial procedures identified a number of challenges to the methodologies that have been applied by the Council's valuer in valuing assets at 31 March 2022. With the assistance of our internal valuations team we are liaising with the Council's valuers to discuss the issues arising.
	In respect of Council Dwellings, these are reviewed using a beacon valuation methodology, which values Council stock by grouping assets into type and using a nominated beacon asset for each group. The assessed value is uplifted based on an open market assessment then amended for an adjustment factor provided by DHLUC.	Should this challenge result in the Council making amendments to valuations within the financial statements, we will perform detailed testing of the valuations in line with the initial planned responses to the property valuation risk.
	Due to the high degree of estimation uncertainty associated with valuations, we have determined there is a significant risk in this area.	
6	**Valuation of intangible assets**	
	Within the 2021/22 financial statements, the Council has included a material value in respect of intangible assets. This relates to the implementation of the new D365 accounting software and associated systems. This has been re-classified from assets under construction.	As a result of our planned procedures, we identified a number of items which, although included within the intangibles balance, had been incorrectly classified. We have discussed the issue with the Council and requested they analyse the intangibles population, to ensure that all costs capitalised met the requirements of IAS 38 - Intangible Assets. This has resulted in a reduction in value of the intangible asset.
	Costs have been generated over a period of time and, in view of the complexity of the recognition criteria included in the accounting standards (IAS38 – Intangible Assets) and the level of management judgement involved in identifying items appropriate for capitalisation, we consider there to be a significant risk the valuation of the intangible asset could be materially misstated.	The council have recently completed this exercise, we will review the Council's proposed adjustments to the financial statements and reperform testing as appropriate.

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03

Section 03:

**London Borough of Harrow Council –
Progress on Enhanced risks**

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Audit Progress

2021/22 Audit – Progress on Enhanced Risks

An enhanced risk is an area of higher assessed risk of material misstatement at audit assertion level other than a significant risk. Enhanced risks require additional consideration but does not rise to the level of a significant risk. Risk 1 was identified and reported to the Committee in the Audit Strategy Memorandum dated 19 July 2022. Our risk assessment process is continuous, and risk 2 was identified and communicated in our Audit Progress Report dated September 2022.

	Description	Progress to date
1	**Civic centre accounting treatment**	To date, we are yet to complete our planned audit procedures for this risk. As noted, our wider testing of valuation methodologies has resulted in a number of challenges to the Council, which are still being assessed. We have therefore paused our work until these have been considered and addressed by the Council at which point we will complete the planned audit procedures.
	The Council are relocating to a new site, being the Harrow Civic Hub. As part of this move, the existing Civic Centre will be decommissioned and the land redeveloped, through a joint venture. The accounting treatment of the property transactions are likely to be complex and will require considerable technical input in order to achieve an appropriate valuation of the land and buildings and to ensure all required disclosures are made in the financial statements.	
	Given the level of complexity, there is a risk management fail to meet the disclosure requirements for such an asset.	
2	**Valuation of inventory**	We are well progressed with our planned audit procedures.
	Within the 2021/22 financial statements, the Council has included a new material value in respect of inventory (£13m). This value relates to the Council's property developments at Waxwell Lane and Haslam House and reflects the value of expenditure on the two developments, with the work at each site still ongoing.	Accounting for inventories within local government is highly complex where it relates to capital transactions. We have continued to review and discuss the Councils accounting treatment paper to confirm it meets with the Code requirements and, following the provision of further information by the Council, are awaiting additional commentary from our technical team.
	Given the balance represents the implementation of new accounting treatment, and the level of management judgement involved in arriving at an appropriate valuation for such treatment, we consider there to be an enhanced audit risk.	We will continue to discuss this material matter with the Council.

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Section 04:

National Publications

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National publications

Publication/update	Key points
Chartered Institute of Public Finance and Accountability (CIPFA)	
1 CIPFA: Audit Committees Practical Guidance for local authorities and police	Guidance and resources for audit committee members.
Department for Levelling Up, Housing and Communities	
2 Consultation on Infrastructure Asset Accounting	The Government is consulting on a proposed temporary Statutory Override to unlock the difficulty in agreeing an accounting solution to this matter.
National Audit Office (NAO)	
3 Guide to Corporate Finance in the Public Sector	The guide uses insights from NAO stakeholder engagement and draws on NAO experience of auditing government interventions and corporate finance activities
Financial Reporting Council (FRC)	
4 Major Local Audits – Audit Quality Inspection	The Financial Reporting Council has published its annual report on the quality of local audit work. This follows its 2022 inspections of files for the 20/21 audit cycle.

NATIONAL PUBLICATIONS

1. CIPFA: Audit Committees Practical Guidance for local authorities and police – October 2022

The guidance and suite of publications (only available for those with a subscription) has separate guidance resources for audit committee members in authorities, members of police audit committees, and a supplement for those responsible for guiding the committee. New aspects include legislation changes in Wales and new expectations in England following the Redmond Review.

The link to the publication is here: https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police2022-edition

2. Consultation on Infrastructure Asset Accounting – October 2022

CIPFA and CIPFA LASAAC have been seeking to assist in the resolution of this issue through changes to the Code of Practice on Local Authority Accounting (the Code). An accounting solution has not so far been found that satisfies all stakeholders for the amount to be derecognised. The government, therefore, undertook to review the necessity for an accounting statutory override whereby, under the Local Government Act 2003, it may make provision for local authority accounting practices.

The government is proposing to put in place a statutory accounting override to allow local authorities to treat the value of any replaced component of infrastructure assets as nil, without the need to further evidence that this is the case. The override also removes the requirement for authorities to make prior period adjustments to infrastructure asset balances. The override will not include any provision for matters relating to gross cost or accumulated depreciation, as these matters are anticipated to be addressed through the Code. Use of the override is expected to optional, and authorities may choose not to apply it.

It is the government's view that this is a necessary, short-term solution to avoid the widespread qualification of local authority accounts. The government recognises that a long-term solution is required, but due to the complexity of the issue this will necessarily take time, and there is an immediate need to mitigate the risks of widespread qualifications and delays to audit. The proposed override applies to all local authority accounts for which an audit certificate has not been issued, and is time limited such that the last financial year to which it applies will be 2024/25. The government is conducting this call for evidence to seek views from sector stakeholders on the effectiveness and clarity of the proposed statutory override.

The consultation includes a draft Statutory Instrument and Explanatory Memorandum. The Indicative date when this Statutory Instrument could take effect is 25 December 2022, so it is unlikely that auditors will be able to issue any audit opinions on clients with material infrastructure assets until January 2023.

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022: call for evidence - Department for Levelling Up, Housing and Communities - Citizen Space

NATIONAL PUBLICATIONS

3. Guide to Corporate Finance in the Public Sector

The NAO recently published a guide to corporate finance in the public sector. The guide uses insights from NAO stakeholder engagement and draws on NAO experience of auditing government interventions and corporate finance activities. It covers 14 themes over three core areas:

• Principles and concepts

• Organisations and functions

• Transactions

The interactive guide contains insights from 139 NAO reports and sets out key questions for senior decision-makers to consider when overseeing corporate finance activities. It may also be of interest to professionals supporting the government to deliver a range of transactions, including commercial investments, loans and guarantees. While not directly focussed on local public services the guide may be of interest to local auditors and audited bodies.

https://www.nao.org.uk/insights/guide-to-corporate-finance-in-the-public-sector/

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4. Major Local Audits – Audit Quality Inspection

The Financial Reporting Council (FRC) has published its annual report on the quality of local audit work. This follows its 2022 inspections of files for the 20/21 audit cycle. The headlines from the FRC report are that:

• The number of audits categorised as good or limited improvements required has remained consistent with the prior year. FRC assessed 70% of financial statements audits as requiring no more than limited improvements, the same as in the previous year. This is an improvement on the 46% average over the preceding three years. However, FRC identified the increased number of audits assessed as requiring significant improvements (15% in 2021/22 and none in 2020/21) as unacceptable and states that inconsistency is preventing firms from eradicating poor quality audits.

• Based on their inspections, FRC state that the quality of auditors' work on VFM arrangements remains high at all but one firm. Of the work inspected, 93% was categorised as good or limited improvements required (100% in the previous two years).

The FRC is concerned at the timeliness of reporting in the sector and raises this as a priority improvement area for audited bodies and auditors.

https://www.frc.org.uk/getattachment/aeb9149f-7bf9-45f2-802d-ca7b055b457e/Major-Local-Audits.pdf

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Report for: Governance, Audit, Risk Management and Standards Committee

Date of Meeting:	30 November 2022
Subject:	Annual Governance Statement 2021/22
Responsible Officer:	Dawn Calvert, Director of Finance & Assurance
Exempt:	No
Wards affected:	All Wards
Enclosures:	- Annual Governance Statement 2021/22 - Annual Review of Governance 2021/22 - Evidence Table - Management Assurance 2021/22

Section 1 – Summary and Recommendations

This report sets out the Annual Governance Statement (AGS) 2021/22.

Recommendations:
The GARMS Committee is requested to

- Note the Head of Internal Audit's Final Audit Opinion 2021/22

- Review the Annual Governance Statement 2021/22 in line with the Committee's terms of reference, to consider whether the AGS properly reflects the risk environment and supporting assurances and legal and financial advice, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control;

- Suggest any appropriate changes and recommend it for approval by the Leader and Chief Executive.

Section 2 – Report
Head of Internal Audit's Opinion 2021/22

2.1　The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management (Corporate Strategic Board) and approved by the Governance, Audit, Risk Management & Standards Committee (Harrow Council's Audit Committee), designed to provide a reasonable level of assurance, subject to the inherent limitations described below and set out in Appendix 1. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

2.2　The 2021/22 Head of Internal Audit's Opinion for 2021/22 is qualified given the significantly reduced level of internal audit work performed during 2021/22 due to the considerable amount of work undertaken on the significant governance gap identified in the 2020/21 Annual Governance Statement.

2.3　The Head of Internal Audit's overall opinion on the adequacy and effectiveness of the organisation's framework of governance, risk management and control based on the annual review of governance and the assurance work of Internal Audit throughout 2021/22 is: **Good with some significant improvements required in a few areas.** This is a qualified opinion based on fewer reviews undertaken than in a

typical year due to the considerable amount of work required on the significant governance gap during 2021/22. Review of the operation of Council's core financial systems, Housing Benefits, Treasury Management, Housing Rents, Business Rates, Capital Expenditure, Corporate Accounts Receivable, Corporate Accounts Payable , Payroll and Council Tax during 2021/22 demonstrated a sound level of control in place with 7 receiving a green assurance rating and 2 an amber/green assurance, a slight overall improvement from 2020/21. One red assurance report, relating to the significant governance gap and two red/amber assurance reports relating to schools were issued during the year. All recommendations made to improve control were agreed by management.

Annual Governance Statement
Background

2.4   Harrow Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

2.5   In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

2.6   Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 requires *'an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England)'.*

2.7   Regulation 6(1)(b) of the Accounts and Audit Regulations 2015, requires that *"for a local authority in England, the statement is an Annual Governance Statement".*

2.8   The CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* was updated in 2016 and this Framework applies to annual governance statements prepared for the financial year 2016/17 onwards. The overall aim of the Framework *'is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities'.*

2.9   In England the Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be *"prepared in accordance with proper practices in relation to accounts"* and must be *"approved in advance of the relevant authority approving the statement of accounts.*

Therefore a local authority in England shall provide this statement in accordance with Delivering Good Governance in Local Government: Framework (2016) and this section of the Code".

2.10 The preparation and publication of an Annual Governance Statement in accordance with Delivering Good Governance in Local Government: Framework (2016) would fulfil the statutory requirements across the United Kingdom for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts.

2.11 The Annual Governance Statement explains how the Council has complied with the framework and meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of a statement of internal control (Annual Governance Statement).

Annual Governance Review

2.12 Since 2005/06 the Council has undertaken an evidence based self-assessment annual review of its governance arrangements to meet the requirements of the framework.   A lighter touch/higher level approach was taken to the 2020/21 review however a complete review against the CIPFA Framework has been undertaken for 2021/22 and is shown in the Evidence Table attached along with the results of the Management Assurance exercise for 2021/22.

Annual Governance Statement 2021/22

2.13 The Draft Annual Governance Statement was agreed by the Interim Chief Executive in July 2022, presented to the GARMS Committee in August 2022 and included in the Council's Draft Accounts. The final AGS shows changes made to the draft as a result of finalising the annual review of governance and the Management Assurance exercise in red for ease of review.

2.14 The AGS is prepared on behalf of the Leader of the Council and the Chief Executive.

Legal Implications

2.15 As covered in the main body of the report.

Financial Implications

2.16 There are no financial implications to this report.

Risk Management Implications

2.17   Risks included on corporate or directorate risk register? **No**

2.18   Separate risk register in place? **No**

2.19   The relevant risks contained in the register are attached/summarised below. **n/a**

2.20   The following key risks should be taken into account when agreeing the recommendations in this report:

Risk Description	Mitigations	RAG Status
Non-compliance with the Public Sector Internal Audit Standards	▪ Production of the Head of Internal Audit's Opinion	Green
The Council does not comply with Regulation 6 of the Accounts and Audit Regulations 2015	▪ Annual review of governance ▪ Publication of the Annual Governance Statement	Green

Equalities implications / Public Sector Equality Duty

2.21   Was an Equality Impact Assessment carried out? No as not relevant to this report.

Section 3 - Statutory Officer Clearance

Statutory Officer:
Signed on by the Chief Financial Officer

Dawn Calvert, Director of Finance & Assurance

Date: 21 November 2022

Statutory Officer:
Signed on by the Monitoring Officer

Hugh Peart, Director of Legal & Governance

Date: 18 November 2022

Mandatory Checks

Ward Councillors notified: NO, as it impacts on all Wards

Section 4 - Contact Details and Background Papers

Contact: Susan Dixson, Head of Internal Audit & Corporate Anti-Fraud, 02084241420

Background Papers: None

If appropriate, does the report include the following considerations?

1.	Consultation	NO
2.	Priorities	YES

1. Introduction

Throughout 2021/22 Members and staff working for Harrow Council strived to achieve the Council's vision, priorities and outcomes as outlined in the Harrow Borough Plan 2030. Arrangements are in place to ensure that the intended positive outcomes for residents are achieved. To ensure good governance these arrangements are agreed and documented and together form the authority's governance structure.

2. Responsibility

Elected Members are collectively responsible for the governance of the council. The full council's responsibilities include:

- agreeing the council's constitution, comprising the key governance documents including the executive arrangements and making major changes to reflect best practice
- agreeing the policy framework including key strategies and agreeing the budget
- appointing the chief officers
- appointing committees responsible for overview and scrutiny functions, audit and regulatory matters and also for appointing Members to them.

Under the *Local Government Act 2000* Harrow Council has adopted a leader and cabinet model and has established an overview and scrutiny function for Members outside the cabinet through which they can question and challenge policy and the performance of the executive and promote public debate.

The authority's governance structure is comprised of a number of key documents that aim to ensure that resources are directed in accordance with agreed policy and according to priorities as set out in the Harrow Borough Plan 2030, that there is sound and inclusive decision making and that there is clear accountability for the use of resources in order to achieve the desired outcomes for Harrow service users and local communities.

3. Effectiveness of Key Elements of the Governance Framework

Since 2005/06 the Council has undertaken an annual review of its governance arrangements to ensure the delivery of good governance in accordance with the requirements of the Accounts and Audit Regulations 2015 and in accordance with *Delivering Good Governance in Local Government: Framework 2016* published by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (Solace). In the early years this approach helped us to identify a number of significant governance gaps,

however in more recent years the majority of significant gaps have been identified by Internal Audit work and/or senior management input, with the framework only helping to identify minor governance gaps, many of which are ongoing. Essentially the framework provides a very granular approach to the review of governance and is useful in confirming that the basic building blocks of governance are in place.

Bearing this in mind and taking into account the ongoing impact of the pandemic on resources the approach to the annual review process for 2020/21 was revised with a higher-level approach being taken generally with some deep dives into a few specific known risk areas, utilising work already undertaken or planned wherever possible. The 2021/22 annual review process has reverted to reviewing the basic building blocks via a Council-wide evidence based self-assessment against the CIPFA Framework along with a Management Assurance exercise to obtain assurance on key elements from senior managers within Directorates.

The effectiveness of key elements during 2021/22 is covered below:

3.1 Behaviour of Members and Staff

Codes of Conduct that define standards of behaviour for Members and staff have been developed and are included in the Council's Constitution. Mechanisms are in place to deal with Member and staff transgressions from these codes and policies are also in place for dealing with whistleblowing and conflicts of interest. The Council values are incorporated into the staff induction programme as well as the performance appraisal process.

During 2021/22 the Resources Directorate and the People Directorate maintained electronic Register of Interests for staff however the Place Directorate had neither a hard copy nor an electronic version in place. Action is currently being taken to rectify this.

In 2021/22 there were 6 Staff Induction sessions held and 85 staff attended. There were also 5 Manager Induction sessions undertaken and 51 managers attended.

The Corporate Induction covered:
- Welcome from Leader and Chief Executive (their expectations from staff)
- Vision and priorities
- Values and Behaviours for both Staff and Managers
- Organisation structure
- Equalities and Diversity
- Completion of Mandatory training (for staff who do not have IT access)

During 2020/21, in light of the impact of the covid-19 pandemic on the council, a simplified appraisal form was introduced (to review and plan staff performance and

development objectives) and pending review of the staff appraisal and development system as part of the people strategy. This form continued to be used during 2021/22 however appraisals were unable to be recorded corporately during 2020/21 and 2021/22 due to the implementation phase of the new accounting, procurement and HR system (Dynamics 365).

Thus there was no corporate monitoring of the performance appraisals process during 2021/22 and the Management Assurance exercise has confirmed that only around 50% of staff received appraisals. However the staff pulse survey undertaken in November 2021 confirmed that 71% of staff had regular conversations with their manager about their work and their development and 86% of staff stated that they were clear about what was expected of them.

3.2 Compliance with Laws and Regulations

Responsibility to comply with relevant laws and regulations and internal policies and procedures rests with the Council's managers some of whom have specific statutory obligations e.g. the Head of Paid Service, Director of Children's Services, Director of Adult Social Services, the Chief Finance Officer (Section 151 Officer), the Monitoring Officer and the Director of Public Health which are outlined in Article 12 of the Council's constitution. The Statutory Monitoring Officer functions to report on likely contravention of any enactment or rule of law and the Chief Finance Officer (CFO) is responsible for identifying any proposal, decision or course of action that will involve incurring unlawful expenditure.

The Coronavirus Act 2020 which came into force on 25 March 2020 and associated primary and secondary legislation (statutory instruments) amongst other things:
- allowed council meetings and court hearings to be held virtually;
- removed the requirement to hold an Annual Council meeting – where one is not held all appointments made in May 2019 'roll over' until an annual meeting is held;
- provided that in the event that a councillor vacancy arises, no by election can be held until 6th May 2021 (to coincide with the postponed Greater London Authority (GLA elections);
- made provision to speed up hospital discharges into care;
- allowed registration of deaths by telephone; and
- allowed ministers to close schools and other premises.

Parts of the Act and associated primary and secondary legislation have now been repealed and in response to this the Council during 2021/22:
- re-instated in person council decision meetings during May 2021.
- held the 2020/21 Annual Council Meeting virtually on 05 May 2021;
- held local elections in May 2022
- successfully dealt with hospital discharges into care during 2021/22;
- re-instated the system of registering deaths in person from March 2022
- had no school closures

No reports on likely contraventions of any enactment or rule of law were made by the Monitoring Officer during 2021/22 and the CFO's clearance of Cabinet decision reports ensured that any proposals, decisions or courses of action that potentially involved incurring unlawful expenditure were identified.

3.3 Acting in the Public Interest

During 2021/22 the Council can demonstrate a commitment to openness and acting in the public interest. This has been achieved via the implementation of a governance structure which includes codes of conduct, a Standards Committee (GARMS), registers of interests, gifts and hospitality, a whistleblowing policy, a corporate complaints process, a Corporate Anti-fraud & Corruption Strategy, Financial Regulations and Contract Procedure Rules and a Scrutiny Function.

The Constitution was updated during 2021/22:
- May 2021
- Sep 2021
- Nov 2021
- Feb 2022

All versions can be found on the Council's website.

In April 2022 a local MP mentioned the significant governance gap identified in the 2020/21 Annual Governance Statement in Parliament, it was also reported in the Sun newspaper and as a result the Metropolitan Police confirmed the allegations, arrests and on-going police investigation. The names of the four former Council employees involved were also disclosed on Twitter (by 'Anony Mous'). Whilst this information was known by a number of Members, Council Staff and the Police it is not clear how this confidential information was made public. As no compliant was received regarding the release of the information no investigation was undertaken and therefore no conclusion can be drawn on whether or not this was in the public interest or whether the Council's governance structure was breached.

There were 4,314 complaints received in 2021/22. The most frequent services to receive complaints were Waste/Recycling, Concessionary Travel and Housing. There were 86 complaints sent to the Local Government Ombudsman although they only felt the need to investigate nine of which they upheld 78% (seven) in the resident's favour.   Once advised by the LGO, the Council complied with their advice in all cases.

3.4 Communication and Consultation

The Communications Team are responsible for communicating the actions of the Council through a number of channels, including press releases and media

management, marketing campaigns and brand management, internal communications, Harrow Council publications and social media.

Details of consultations can be found on the Council website. During 2021/22, 25 consultations with residents were undertaken covering a range of topics including new provision for children with special educational needs, the Council budget for 2022/23, various parking schemes, licensing, and the Council's Gambling Policy.

3.5 The Harrow Borough Plan 2020-2030

The Borough Plan 2020-2030 was developed during 2019/20 using feedback from the 2019 resident's survey and consultation with Cabinet Members (individually and collectively) and key partners. It replaced the Harrow Ambition Plan. Along with an overarching priority to address socio-economic inequality and disadvantage, 8 key priorities have been identified. These have been structured as 3 foundation areas for maintenance/incremental improvement and 5 areas where there are significant challenges requiring step-change improvement. In addition two crosscutting themes were identified in November 2020. This is illustrated below: -

These are focus areas for where we need to be better

| Improving the environment and addressing climate change | Tackling poverty and inequality | Building homes and infra-structure | Addressing health and social care inequality | Thriving economy |

We are building strong foundations to sustain and support our priorities

| Sustaining quality education and training | Celebrating communities and cohesion | Maintaining low crime and improving community safety |

Cross cutting themes:
- **Tackling disadvantage**
- **Tackling racial disproportionality**

3.6 Putting the Vision into Practice

The Council's intention to engage more widely on the Borough Plan was paused due to the pandemic, however the Borough Plan was used to drive the partnership response to Covid-19 and the partnership principles were used to guide the Council's recovery. A report on key achievements against the plan was published in February 2022 covering progress made and future intentions against each of the

eight priority areas and the two cross cutting themes specifically looking at tackling inequality. The council re-affirmed its commitment to delivering on the Borough Plan priorities at its Council meeting on 24 February 2022.

Following local elections in May 2022 there was a change in Administration at the Council and a new Vision and Priorities have been agreed with work currently underway to develop a new corporate plan for 2022/23 onwards.

3.7 Decision-making

Under the Coronavirus Act 2020 regulations The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 and other associated primary and secondary legislation decision making was undertaken via virtual (computer generated) meetings of the Cabinet and other committees during 2020/21. These regulations were revoked in May 2021 and all decisions made by Cabinet and other committees during 2021/22 were made at in person meetings.

The Council's decision-making framework, including delegation arrangements, is outlined in the Constitution. Report templates are in use to ensure appropriate information is provided to decision makers including options considered, why a change is needed, implications of recommendations as well as risk management, legal, finance, and equalities implications. Decision reports are cleared by, or on behalf of, the Council's Monitoring Officer (legal), the Chief Financial Officer, the Head of Procurement, the Head of Internal Audit (for risk management implications) and also by the relevant Corporate Director before they are presented to the decision makers (Council, Cabinet, Committees).

3.8 Measuring Performance and External Assurance

Corporate performance reporting was put on hold during the pandemic and remained so during 2021/22. Performance monitoring has continued at service level e.g. social care, education, housing, environment to ensure that service standards and quality were maintained. All services were affected by Covid so part of this monitoring was to understand changes in demand, pressures, areas of capacity that could be redeployed. Additional Covid related monitoring was put in place e.g. Gold reporting, a wide range of Public Health data - testing, vaccination, building occupancy, school attendance for children in need and key workers and much more.

Capital and revenue financial performance were reported at a minimum quarterly to the Corporate Strategic Board, Cabinet and all Members throughout the pandemic. During 2021/22 performance was reported monthly to CSB and Cabinet with the Treasury Management mid-year Review 2021/22 being reported to Cabinet in December 2021 and the Annual Report and Outturn 2021/22 being reported to Cabinet in July 2022.

The 2021/22 Management Assurance exercise has confirmed that performance continued to be monitored by Directorates for approximately 80% of services with reports made both externally where appropriate and internally to Directorate Management and Portfolio Holders.

In terms of external assurance reviews undertaken during 2021/22 these were fewer than in years prior to the pandemic and included the annual engagement meeting with Ofsted (Children) that was positive; the annual review of Legal Services by LEXCEL confirming compliance; PSN compliance, Data security and Protection compliance; Payment Card Industry Data Security compliance; Estates Services review (Housing) with an action plan covering 30 recommendations and the monthly Housemark Pulse survey.

3.9 External Audit

During 2021/22 the authority provided timely support, information and responses to the Council's external auditors, Mazars. The suggested timeline for the publication of the final 2020/21 accounts was 30 November 2021. This suggested timeline was not met as the external auditors did not complete their audit and sign-off the accounts until 26 January 2022 providing an unqualified opinion on the financial statements however the opinion on the value for money conclusion remains outstanding. The final accounts have now been published on the Harrow Council website.

The audit of the 2021/22 accounts started late July 2022 with the suggested deadline to sign off the accounts being 30th November 2022 and again the external auditors have confirmed that this deadline will not be met.

3.10 Roles and Responsibilities

The roles and responsibilities of Members, the most senior managers and statutory officers have been defined and documented in the constitution. The roles and responsibilities of other managers and staff are defined and documented in Role Profiles attached to each post.

3.11 Capacity & Capability

Throughout 2020/21 managing the Covid crisis, establishing the new services required by Government and ensuring priority service resilience absorbed considerable organisational capacity. Accordingly, non-priority activities or projects were halted or postponed. This strategy was successful and priority services were maintained throughout the pandemic and throughout 2021/22. However throughout 2021/22 there was a lack of strategic leadership capacity caused by the significant demands on the senior leadership team and a heavy reliance on interims in senior

posts. A new Corporate Director of Community (renamed the Place Directorate in April 2022) was appointed during 2021/22 and a new Chief Executive has now been appointed following the departure of the current Chief Executive in June 2022 who was in place since January 2018. The new Chief Executive started in September 2022 with the Corporate Director of People acting as Interim Chief Executive and as Head of Paid Service from June till September. A new Corporate Director People has also been appointed and started at the Council in September 2022.

3.12 Financial Management

The Council's financial management arrangements during 2021/22 conformed with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015).* During 2021/22 the Council delivered its services within the approved budget of £179m, contained the pressures arising from the challenging financial environment and managed the risks around demand pressures.

The Council has maintained its General Fund Balances at £10m in 2021/22. This maintains the Council's capacity to manage risks arising in future years from continuing demographic pressures, the economy, welfare reforms and further changes to Central Government funding. Earmarked Reserves have increased from £66.9m to £69.1m in 2021/22.

3.13 Monitoring Officer Function

The Statutory Monitoring Officer functions to report on likely contravention of any enactment or rule of law. The duties of the Monitoring Officer are outlined in Article 12 of the Council's constitution and are undertaken by the Council's Director of Legal and Governance Services. Effective arrangements were in place during 2021/22 to discharge these duties.

3.14 Head of Paid Service Function

The requirements of the Head of Paid Service function are also outlined in Article 12 of the Council's constitution and effective arrangements were in place for the discharge of these duties by the Chief Executive throughout 2021/22.

3.15 Development Needs

On election Members are given induction training this takes place on mass after the local elections and individual after by-elections if required. Ad hoc training is undertaken throughout the year that is non-mandatory.

Following the local government elections in May 2022, new Members received a range of induction training including a welcome evening was held for all elected members on 10th May to cover an overview of the Council's functions, code of conduct, agile working, personal safety, and IT & Data Protection. From May – July 2022 a series of training sessions some mandatory some non-mandatory were held for members covering for example the Council's finances, code of conduct, safeguarding.

The People Strategy for the Council is being developed through the Modernisation programme called Great People Great Culture. This is one of the four pillars of the modernisation agenda. Progress with this during 2021/22 will be reported in the final AGS.

There are six pillars to this strategy of: -
- Great Leadership
- Great place to learn and grow
- Great employer
- Great engagement
- Great Organisation and ways of working
- Great Equality, Diversity and Inclusion.

The Organisational Development Plan is being built around these pillars and for 2021/22 reflected early priorities identified by CSB.

3.16 Managing Risks

The framework for identifying and managing risks consists of a series of Directorate Risk Registers that feed into an overarching Corporate Register that clearly identifies the owner of each risk. The Corporate Risk Register was reviewed and updated four times during 2021/22 for Q1 in May 2021, for Q2 in August 2021, for Q3 in November 2021 and for Q4 in February 2022. Each update was presented to the Corporate Strategic Board (CSB) for review and challenge and Q1, Q2 and Q3 were presented to the Governance, Audit, Risk Management & Standards (GARMS) Committee to assist the Committee in monitoring progress on risk management in accordance with their Terms of Reference. Q4 was not presented to the GARMS Committee as the April GARMS Committee meeting was cancelled due to the local elections.

Risks relating to COVID 19 have been included in the Corporate Risk Register since Quarter 4 2019/20, throughout 2020/21 and 2021/22. These risks changed throughout this period in response to the progress of the pandemic and covered the impact on the provision of services, the impact on the recovery of the Council's operations post pandemic, the impact on the Harrow Community and the financial impact on the Council.

During Q1 2022/23 the key risk was reviewed and reframed to ensure the both the risk, and its causes/drivers and key actions, were consistent with the Council returning to a business-as-usual approach to service delivery and of managing Covid19 in endemic rather than pandemic terms and also consistent with its Living with Covid Strategy.

The risk management implications section of the report template for Cabinet and other Committee decision reports requires risks to decisions to be identified along with mitigations and red, amber, green (RAG) assurance ratings to be included. This is supported by guidance for report authors and a requirement for this section of the reports to be reviewed and signed-off by the Head of Internal Audit who is operationally responsible for the Corporate Risk Management function.

The Management Assurance exercise for 2021/22 confirmed that Directorate Risk Registers were in place for each Directorate with the Resources and People Risk registers being updated quarterly throughout 2021/22.

3.17 Counter Fraud and Anti-corruption Arrangements

The Council has a Corporate Anti-Fraud Strategy 2016-19 outlining its approach to tackling fraud that is reviewed annually. The refreshed Local Government Fighting Fraud & Corruption Locally Strategy (FFCL) was published online on 26th March 2020 and during 2020-21 the intention was for the authorities' own strategy to be reviewed and updated to reflect any changes and best practice that the new FFCL Strategy recommended. However this was not achieved and was rolled forward to 2021/22 along with an assessment against the checklist contained within the strategy outlining best practice for dealing with fraud and corruption in local authorities. Work undertaken on the significant governance gap identified in 2021/22 (outline in section 5 below) has further delayed the Strategy being updated, however it is currently being updated and will be presented to the next GARMS Committee meeting in December 2022.

3.18 Scrutiny

The scrutiny function comprises an Overview and Scrutiny Committee (O&S), a Performance and Finance Scrutiny Sub-Committee (P&F), a Health and Social Care (H&SC) Scrutiny Sub-Committee and lead scrutiny councillors for:
- Health
- Community
- People
- Resources

The function is driven by the need to hold the Council and our partners to account for their performance and the establishment of the performance and finance sub-

committee, as the driver of scrutiny, is a key component in ensuring that the function is focused on the issues of the greatest importance to the Council. The lead Members ensure that expertise to tackle particular areas of service delivery is maintained.

The structure is subject to regular review and is supported by meetings of the scrutiny leadership group, comprising the leads and the chairs and vice chairs of the committees, which considers agenda and review programmes, provides strategic direction for the function and overall co-ordination between the leads and committees.

During 2021/22 O&S met 10 times, P&F 3 times and H&SC 3 times.

3.19 Internal Audit

The Internal Audit Service is required to comply with the Public Sector Internal Audit Standards and to be reviewed externally against these standards every five years and internally on a regular basis. An external peer review in June 2017 confirmed that the service 'generally complies' with the Public Sector Internal Audit Standards and the 2019 internal review against these standards confirmed this assessment. A further review is due to be undertaken during 2022/23.

2021/22 has been another challenging year for Internal Audit with audit work continuing to be undertaken remotely, three vacant posts and a major investigation (into the significant governance gap – see section 5) impacting on the completion of the 2021/22 Internal Audit Plan. As a result a significant portion of the plan will be rolled forward to the 2022/23 plan.

Internal audit work during 2021/22 was performed in conformance with the Public Sector Internal Audit Standards.

3.20 Audit Committee

The Governance, Audit, Risk Management and Standards Committee is a key component of Harrow Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the committee is to provide independent assurance to the Members on the adequacy of Harrow Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place. It also acts as the Standards Committee.

The GARMS Committee did not produce an Annual Report 2020/21 which would usually be produced in 2021/22 and presented to Council to confirm that the committee had successfully fulfilled its purpose/role and responsibilities as outlined in its agreed Terms of Reference and the 2021/22 annual report has yet to be drafted.

The Governance, Audit, Risk Management & Standards Committee met 5 times during 2021/22 with the meeting due to take place in April 2022 being cancelled due to the local elections.

3.21 Joint Working/Council Trading Companies

Joint working, working in partnership with other local authorities and other bodies, and the use of alternative delivery vehicles has increased over recent years as local government generally, and Harrow Council specifically, has coped with less resources.

Throughout 2021/22 the Council's trading structure consisted of five separate legal entities as shown in the table below:

Harrow Council Trading Structure		
Name	Legal Structure	Date Started Trading
Concilium Group Limited (Holding Company)	UK Limited Company	November 2015
Concilium Business Services Limited	UK Limited Company	November 2015
Sancroft Community Care Limited	UK Limited Company	January 2018
Concilium Assets LLP	Limited Liability Partnership	January 2019

These entities have been set up to provide a financial or other benefit to the council whilst enabling it to undertake specific commercial activities. Harrow Council therefore either directly or indirectly holds a 100% controlling interest in each of the trading entities.

Concilium Group Ltd. is a wholly owned commercial subsidiary of the Council, set up with the dual purpose of consolidating the financials of its subsidiaries and to act as the minority partner in a Council controlled Limited Liability Partnership (Concilium Assets LLP). In effect, Concilium Group is a Council owned holding vehicle.

Concilium Business Services Ltd (CBS - previously trading as Smart Lettings) is a wholly owned subsidiary of Concilium Group Ltd. with the principal aim of providing private lettings, property management, property administration and a tenant referencing service. Until February 2019 its principal source of revenue came from the property management of 100 homes, managed on behalf of Harrow Council. During 2019/20 CBS Ltd has undergone a strategic change of direction and as a result, CBS Ltd. is now only responsible for the legal ownership of 6 homes. CBS

Ltd. shall retain 5% of the income collected from these tenants, distributing the remaining 95% back to the council.

Sancroft Community Care Ltd. Is another wholly owned subsidiary of Concilium Group Ltd. and was set up to take over the operation of the now 62 bed residential care home for the elderly. 45 of these beds are block contracted with the London Borough of Harrow under a five-year contract.

Concilium Assets LLP (The LLP) is a Limited Liability Partnership owned 95% by Harrow and 5% by Concilium Group Ltd. and was set up to enable direct private rental sector (PRS) property investment activities. 53 PRS units on Gayton Road were transferred to the LLP in July 2019 on a 10-year lease for rent to the private market.

The Council also runs a shared legal service (HBPL) for which it is the lead authority however this is not a separate legal entity.

The importance of good governance within these arrangements is recognised and as part of the 2019/20 annual review of governance the governance arrangements for the shared legal service (HBPL), Concilium Business Services and Sancroft Community Care Ltd were reviewed and updated and assurance obtained that reasonable governance arrangements are in place. Governance arrangements have not been reviewed for Concilium Group Limited as it is merely a holding company and the governance arrangements for Concilium Assets LLP were reviewed in 2020/21 and again it was confirmed that reasonable governance arrangements are in place.

In January 2019 the Committee on Standards in Public Life published its report on local government ethical standards and made a number of best practice recommendations. **Best practice recommendation 14 states that**: Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.

The paragraphs above outline the separate bodies set up by the Council and their relationship with the Council however the annual review of governance has highlighted that these bodies are not yet publishing their board agenda, minutes and annual reports.

4. Level of Assurance

The analysis of assurances from the annual review of governance 2021/22 indicates that **a reasonable level of governance is in place across the Council.** An increased number of minor governance gaps were identified relating to the lack of monitoring and absent or out-of-date policies however work is already underway to address many of the gaps identified and a formal action plan will be produced to track progress. Whilst it could be argued that the lack of corporate performance monitoring and reporting is a significant gap in governance this is compensated for

by robust financial performance monitoring and performance monitoring in service areas being in place throughout 2021/22.

The Head of Internal Audit's overall opinion on the adequacy and effectiveness of the organisation's framework of governance, risk management and control based on the annual review of governance and the assurance work of Internal Audit throughout 2021/22 is: **Good with some significant improvements required in a few areas.** This is a qualified opinion based on fewer reviews undertaken than in a typical year due to the considerable amount of work required on the significant governance gap during 2021/22. Review of the operation of Council's core financial systems, Housing Benefits, Treasury Management, Housing Rents, Business Rates, Capital Expenditure, Corporate Accounts Receivable, Corporate Accounts Payable , Payroll and Council Tax during 2021/22 demonstrated a sound level of control in place with 7 receiving a green assurance rating and 2 an amber/green assurance, a slight overall improvement from 2020/21. One red assurance report, relating to the significant governance gap and two red/amber assurance reports relating to schools were issued during the year. All recommendations made to improve control were agreed by management.

5. Previous Significant Governance Issues

In August 2021 the Council were alerted to a significant governance gap by a third party. This gap involved allegations of fraud and corruption that are subject to an ongoing Police criminal investigation and as such no detailed information can be provided.

The Chief Executive commissioned an independently led review, to ensure appropriate challenge and rigour, to establish what happened and what lessons should be learned which was supported internally by work undertaken by the Internal Audit Service, the Corporate Anti-Fraud Team, Human Resources and the Council's Legal Team.

A detailed Internal Audit review was undertaken of the system involved and all recommendations made were agreed by Management. A follow-up of the implementation of these actions will be undertaken in September 2022 to assess progress and to re-assess the risks.

Internal Audit and the Corporate Anti-fraud team also undertook extensive work to support the Police criminal investigation during 2021/22.

The independently led review concluded that 'Whilst direct responsibility for any fraud must rest with anyone found guilty of perpetrating it and whilst it is not possible to prevent fraud from happening entirely, the Council does recognise the importance of putting in place a range of controls designed to mitigate against that risk and make it less likely to happen. Those steps are essentially in place in terms of corporate frameworks.' Five recommendations were made to further strengthen these and the

implementation of these will be followed up along with the Internal Audit recommendations in September.

The output of the independent review and the Internal Audit reviews of the systems along with the resulting action plans will be presented to the GARMS Committee in due course and have been fed into the 2021/22 annual review of governance.

6. Significant Governance Issue 2020/21

The above gap identified in the 2020/21 AGS remained a significant gap throughout 2021/22 although the fraud itself was stopped. Action will continue during 2022/23 to address all the recommendations made in both the internal and external reports.

7. Conclusion

The annual review of governance 2021/22 confirmed that overall appropriate governance arrangements were in place in the majority of areas of the Council with only one significant governance gap being identified.

8. Declaration

The Leader of the Council during 2021/22 and the xxx on behalf of the Chief Executive will sign the final Annual Governance Statement on behalf of the authority having gained assurance from the annual review of the authority's governance arrangements supported by evidence provided by management including the Chief Finance Officer, the Monitoring Officer, from Corporate Directors and independent assurance provided by the Head of Internal Audit.

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ANNUAL GOVERNANCE REVIEW
2021/22 Evidence Table

Evidence Based Self-Assessment incorporating contributions from the following areas of the Council:

Legal	Caroline Eccles, Assistant Team Leader - Adults, Education and Employment Team (CE)
Democratic Services	Nikoleta Kemp, Senior Democratic Services Officer (NK)
Strategy and Partnerships	David Harrington, Head of Business Intelligence (DH)
	Rachel Gapp, Head of Policy
Finance	Sharon Daniels, Head of Strategic and Technical Finance (Deputy s151) (SDan)
Human Resources & OD	Kathryn Cook, Head of Organisational Development (KC)
	Natalie Powers, Senior HR Business Partner (NP)
	Akhil Wilson, Head of Resourcing (AW)
Internal Audit	Susan Dixson, Head of Internal Audit & Corporate Anti-Fraud (SD)
Corporate Anti-Fraud	Justin Phillips, Corporate Anti-Fraud Manager (JP)
Information Governance	Marsha White, Information Governance Manager (MW)
Procurement	Nimesh Mehta, Head of Procurement (NM)
Complaints	Jonathan Milbourn, Head of Customer Service & Business Support (JM)
Equalities	Shumailla Dar, Head of Equalities, Diversity and Inclusion (SHD)
Place Directorate	Mark Billington, Head of Enterprise Economic development
	Tony Galloway, Interim Director Environmental Service
	Andrew Campion, Head of Asset Management, Housing
	Nesan Thevanesan, Interim head of Housing Resident Services
	Matthew Adams, Assistant Director Climate Change and Natural Reserves
	David Hughes, Planning Policy Manager
People Directorate	Patrick O'Dwyer, Director of Education
	Shaun Riley, Interim Director of Adult Social Services
	Peter Tolley, Director of Children Services
	Johanna Morgan, Divisional Director Commercial & Regeneration
Resources Directorate	Sharon Daniels, Head of Strategic & Technical Finance (Deputy s151)
	Jessica Farmer, Head of Legal Practice
	Alex Dewsnap, Director of Strategy & Partnership
	Ben Goward, Director of ICT

Core principles and sub-principles of good governance

APPENDIX 2

Core Principle: Acting in the public interest requires a commitment to and effective arrangements for:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law. *(2007 Framework Core Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.)*

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
	Behaving with integrity				
1.1	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation	Codes of conduct for staff and members are in place and form part of the Constitution Council values launched in March 2016 have been incorporated into the staff induction programme. A simple appraisal form was launched at the point of lockdown and this applied during 2021/22 – this includes a commentary against performance against values and behaviours but the requirement to enter information into SAP was suspended . A review of the Council's recruitment processes has been completed and a more values-based approach was introduced February 2018. A further review was undertaken in 2021, this review brought the permanent recruitment of staff back in-house from February 2022. As part of the insourcing the recruitment journey was re-designed with a candidate cantered focus. A Staff Reward and Recognition scheme initially in relation to the work undertaken by staff during the COVID 19 pandemic was launched in 2020/21 and this continued to during 2021/22. Code of Conduct for Members in place. This is included in Member Training specifically when new members are being inducted. One new Councillor was inducted during 2021/22 and training provided covering the Code of Conduct. After the local elections in May 2022 all of the Councillors were invited to attend training including training on the Code of Conduct – the majority of Councillors attending this.	Code of Conduct (GS) Corporate Plan (GS) Appraisal Form HR Recruitment & Selection Policy (Jan 2021) (GS)		OD - Kathryn Cook 18/10/22 Resource – Akhil Wilson 11/11/22 Legal – Caroline Eccles 18/10/22

Core principles and sub-principles of good governance

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
1.2	Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)	Code of conduct for Members in place as well as a Code of conduct for Employees. On election Members are given induction training this takes place on mass after the local elections and individual after by-elections if required. Ad hoc training is undertaken throughout the year that is non-mandatory. Following the local government election in May 22, a welcome evening was held for all elected members on 10th May to cover an overview of the Council's functions, code of conduct, agile working, personal safety, and IT & Data Protection. From May – July 2022 a series of training sessions some mandatory some non-mandatory were held for members covering for example the Council's finances, code of conduct, safeguarding. Monitoring is undertaken of Member attendance to mandatory training and action taken where necessary. Staff are briefed on the Code of Conduct in their formal induction sessions with their line manager. The induction checklist provided to managers for 2021/22 included the requirement to reference the Code of Conduct. The Staff Employee Code of Conduct is accessible to all staff on the Hub. The link is now sent along with the relevant employee handbook to all new starters.	Code of conduct for Members (GS) Code of conduct for Employees (GS) Induction Checklist (GS) (due to be reviewed Jan 2023)		Legal–CE 18/10/22 DemServ - Nikoleta Kemp 11/11/22 OD- KC 18/10/22 HR – Natalie Powers 10/11/22

Core principles and sub-principles of good governance

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
1.3	Leading by example and using the above standard operating principles or values as a framework for decision making and other actions	The Governance Audit and Risk Management Committee was amalgamated with the Standards Committee on 12 June 2014. Terms of reference for the Committee are contained in the constitution. Dates of meetings can be found on the Council website. Declarations of interests made at meetings. Example of minutes where interests were declared can be found on the Council website. Members' code of conduct requires that members have regard to advice given by Monitoring Officer and Chief Finance Officer and that they must not act in a manner which causes the Council to act unlawfully. Templates for committee and cabinet decisions include sections on procurement implications , financial implications, risk management and legal implications with sign-off/clearance required from relevant professional leads. Guidance is also on the Hub to help officers drafting reports. Article 6 of the Constitution covers decision-making and covers responsibility for decision making, principles of decision-making, type of decision, and decision making by Council bodies acting as tribunals.	Terms of Reference (GS) Minuted declarations of interests Members code of conduct (GS) Template for committee and cabinet decision reports + guidance (GS) Constitution		Legal -CE 18/10/22

Core principles and sub-principles of good governance

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
1.4	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	Members' code of conduct requires members to declare interests and if it is a Disclosable Pecuniary Interest as defined in legislation to withdraw from the room and not to participate any further in any discussion or vote. Members are required to declare their interests on a register of interests and these are published on the Council's website. Example of minutes where interests were declared can be found on the Council website.

The Gifts and Hospitality Protocol provides guidance to members on acceptance of gifts and hospitality and when and how these must be declared. A register of members' gifts and hospitality is kept up to date.

Employee code of conduct sets out rules on the acceptance of gifts and hospitality. Registers are kept in each Directorate.

Whistleblowing policy is available to staff on the intranet and available to the public on the governance pages of the website. Whistleblowing Policy updated February 2022.

Business Support staff have confirmed and provided evidence that staff register of interests and gifts & hospitality maintained and kept up to date for the Resources and the People Directorates and that these moved from a physical folder to an electronic format over 2020/21 & 2021/22. The Place Directorate physical folder however could not be located and no electronic forms were set up for 2021/22. The Business Support Officer (PA to Corporate Director is now taking action to set this up for 2022/23 onwards.

The Council has a two stage Complaints process with the aim to get things right first time and to resolve the issue as quickly as possible. The Council will investigate all complaints and when a mistake has been made or the Council has caused the problem we will apologise and rectify the situation. The Council works closely with the Local Government Ombudsman to ensure that complaints are handled in a confidential manner and reviewed objectively.

The Corporate Anti-Fraud and Corruption Strategy 2016-19 was reviewed during 2019-20 but no changes were made due to an expected update to the Local Government Fighting Fraud & Corruption Locally Strategy (FFCL) in 2019-20. The refreshed FFCL Strategy was published online on 26th March 2020. The Strategy was not reviewed and updated during 2021/22 however due to work on the significant governance gap identified in 2021/22. The strategy is currently under review and due to be presented to the GARMS Committee and consulted on across the Council during November/December 2022. | Members code of conduct (GS)ap

Gifts and Hospitality Protocol (GS)

Employee code of conduct (GS)

Whistleblowing policy (GS)

Corporate complaints policy (GS) – due to reviewed Jan 22

Corporate Anti-Fraud and Corruption Strategy 2016-19 (GS) | Minor Governance Gap: Register of Interest for staff not maintained by Place Directorate during 2021/22 – this is currently being rectified for 2022/23 onwards. | Legal–CE 18/10/22

IA – Susan Dixson 03/11/22

Jonathan Milbourn 10/11/22

CAFT - Justin Phillips 11/11/22 |

Core principles and sub-principles of good governance

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
	Demonstrating strong commitment to ethical values				
1.5	Seeking to establish, monitor and maintain the organisation's ethical standards and performance	Following in place: Financial regulations Contract procedure rules Constitution The scrutiny function comprises an overview and scrutiny committee, a performance and finance sub- committee, and lead scrutiny councillors for: • Public Health and Wellbeing • Community and Regeneration • Children and Families • Adult Services • Corporate Resources The function is driven in part by the need to hold the council and our partners to account for their performance and the Overview & Scrutiny Committee and the Scrutiny Leadership Group is the driver to ensure that the function is focused on the issues of the greatest importance to the council. It also has a policy development function. The lead members ensure that expertise to tackle particular areas of service delivery is maintained. There is also in place a London Health Scrutiny Committee (JOSC). The structure is subject to regular review and is supported by meetings of the scrutiny leadership group, comprising the leads and the chairs and vice chairs of the committees, which sets the scrutiny work programme and provides strategic direction for the function and overall co-ordination between the leads and committees.	Financial Regulations (GS) Contract Procedure Rules (GS) Constitution (GS) O&S, P&F & Health Sub ToRef (GS) JHOSC – Nothwest London Health Scrutiny ToRef	1	Legal–CE 18/10/22 Perform – Rachel Gapp 11/11/22

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Core principles and sub-principles of good governance

APPENDIX 2

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
1.6	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation	Employee code of conduct includes rules about general standards of conduct, personal interests, corruption and political neutrality. This is enforced via the Council's disciplinary policy. A whistleblowing procedure is available on the intranet. On election Members are given induction training this takes place on mass after the local elections and individual after by-elections if required. Ad hoc training is undertaken throughout the year that is non-mandatory. Following the local government election in May 22, a welcome evening was held for all elected members on 10th May to cover an overview of the Council's functions, code of conduct, agile working, personal safety, and IT & Data Protection. From May – July 2022 a series of training sessions some mandatory some non-mandatory were held for members covering for example the Council's finances, code of conduct, safeguarding. Monitoring is undertaken of Member attendance to mandatory training and action taken where necessary.	Employee Code of Conduct (GS) Councils Disciplinary Procedure (GS) Whistleblowing Procedure (GS) Member mandatory training		Legal–CE 18/10/22 DemServ-NK 11/11/22

Core principles and sub-principles of good governance   **APPENDIX 2**

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
1.7	Developing and maintaining robust policies and procedures which place emphasis on best practice and legislation	Policies and procedures are developed by individual services, with key policies being approved by Cabinet. It is the responsibility of policy authors to ensure that all policies incorporate legislation and employment law best practice. All key policies are reviewed by legal services as part of the Cabinet approval process. Paragraph 1.4 of the Induction checklist under Knowledge and Understanding staff are asked to become aware of the range of Employment policies including Code of Conduct, Whistle Blowing Policy, Corporate Governance, Financial Regulations and Standards, Health & Safety Polices, Equal Opportunities Policy etc. There is also the workforce equalities report that goes to the Employees' Consultative Forum each year. The Workforce Equality report for 2020/21 produced in Dec 2021/22 provides a snapshot of the Council's demographic make-up, intersectionality and gaps for us as an organisation. It compares Harrow with other London Boroughs according to Best Value Performance Indicators. The report was presented to the Employees Consultative Forum. (SD +SD to develop governance review for Equality, Diversity & Inclusion 2022/23) The Corporate learning and development programme includes events and activities supporting and promoting the Council's Equality Objectives. Feedback is requested via evaluation sheets for these events however responses received are very low despite chasing. For the Corporate learning Programme for 2021/22 the approach as to embed Diversity and Inclusion and the Council's values into the design of the learning solutions. e-learning recruitment and selection training in place 2021/22. Legislation and best practice included in the Policy when it was updated in 2021. There is also a mandatory E learning module on an Introduction to Equalities and Diversity on the Council's e-learning portal 'POD'. Compliance was not monitored quarterly and reported as KPI during 2021/22 however from the end of Q2 2022/23 this has been re-introduced. Staff are required to refresh their training every two years. Reminders were not sent from the Learning POD during 2021/22 but are about be re-introduced. An Equalities session is also included in the Corporate Induction. A Commercial & Procurement Strategy is in place. In 2021/22 minor changes were made to the Contract Procedure Rules. The Commercial & Procurement Strategy will be reviewed in 2023 to incorporate changes to the Council's vision and priorities. Contract Procedure rules will also be reviewed and updated to reflect changes in procurement law post Brexit.	Induction checklist (GS) Workforce equalities report Equalities and Diversity mandatory e-learning Recruitment & Selection Policy Corporate Induction Equalities Session Commercial & Procurement Strategy (GS)	Minor Governance Gap: Mandatory E learning on Equalities and Diversity (and other areas) compliance not monitored during 2021/22 (reintroduced Q2 2022/23)	IA-SD 11/11/22 HR – NP 11/11/22 Shumailla Dar 09/11/22 OD – KC 18/10/22 Resource – AW 11/11/22 OD – KC 18/10/22 Proc – Nimesh Meta 11/11/22

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	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
1.8	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation	The principles of integrity, compliance and ethical standards which were originally established in the now disbanded Harrow Strategic Partnership are taken forward through 3 principal partnership bodies. **Health and Wellbeing Board** – Terms of Reference **Safer Harrow** – Crime and Disorder Reduction Partnership - Chaired by PH Angina Patel **Harrow Community Partnership** – Terms of Reference and Memorandum of Understanding in place that covers principals of engagement. Operated well during 2021/22 Commercial partnerships, shared services and external funding are covered by contracts/Inter Authority Agreements and service level agreements that detail standards required.	Health & Wellbeing Terms of Reference (GS) Safer Harrow Terms of Reference (GS) Harrow Community Partnership – ToR and MoU		Perform - David Harrington 24/10/22 Rachel Gapp 11/11/22 IA -SD 11/11/22
	Respecting the rule of law				
1.9	Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	Constitution is kept up to date and compliant with the law. Reports recommending a decision to committees/cabinet/Council are cleared by a lawyer. Policies and practices are kept up to date and follow legal requirements. The Monitoring Officer attends the Corporate Board, Cabinet and Council. The Constitution was updated once during 2021/22 in November 2020.	Constitution (GS)		Legal–CE 18/10/22

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
1.10	Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	Support from Legal Services and Democratic Services who advise members and officers about any relevant legislative or regulatory requirements. Reports recommending a decision to committees/cabinet/Council are cleared by a lawyer. Any specific legislative requirements are set out in the terms of reference for the particular body e.g. Council must approve the appointment of a Head of Paid Service (Chief Executive). In place: Contract procedure rules Financial regulations Delegations to officers are set out in part 3B of the constitution. The Monitoring Officer attends the Corporate Board, Cabinet and Council. CIPFA's *Statement on the Role of the Chief Financial Officer in Local Government* (CIPFA, 2016) was complied with during 2021/22.	Contract Procedure Rules (GS) Financial Regulations (GS) Delegations to officers (GS) CIPFA Statement of the Role of the CFO in Local Government (GS)		Legal–CE 18/10/22 Finance – Sharon Daniels 18/10/22
1.11	Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	Legal support is provided for all major Council projects. The Monitoring Officer is a lawyer and attends the Corporate Board. Cabinet decision reports require legal clearance and decision report templates require legal comments which form the record of legal advice.	Decision report template (GS)		Legal–CE 18/10/22

Core principles and sub-principles of good governance

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
1.12	Dealing with breaches of legal and regulatory provisions effectively	Reports recommending a decision to committees/cabinet/Council are cleared by a lawyer and the report template contains a section for legal comments.

Members' code of conduct requires that members have regard to advice given by Monitoring Officer and Chief Finance Officer and that they must not act in a manner which causes the Council to act unlawfully.

In place:
Whistleblowing procedure
Complaints policy
Disciplinary procedure | Decision report template (GS)

Members Code of Conduct (GS)

Whistleblowing Procedure (GS)

Complaints Policy (GS)

Disciplinary Procedure (GS) | | Legal–CE 18/10/22 |
| 1.13 | Ensuring corruption and misuse of power are dealt with effectively | The Council has a Corporate Anti-Fraud Team and an Internal Audit Service in place. All allegations of corruption/misuse of power are investigated and reported to the Police as necessary. The Governance, Audit, Risk Management and Standards Committee receives regular reports from both CAFT and Internal Audit.

The Corporate Anti-Fraud and Corruption Strategy 2016-19 was reviewed during 2019-20 but no changes were made due to an expected update to the Local Government Fighting Fraud & Corruption Locally Strategy (FFCL) in 2019-20. The refreshed FFCL Strategy was published online on 26th March 2020. The Strategy was not reviewed and updated during 2021/22 however due to work on the significant governance gap identified in 2021/22. The strategy is currently under review and due to be presented to the GARMS Committee and consulted on across the Council during November/December 2022. | Corporate Anti-Fraud and Corruption Strategy (GS)

Self Assessment against Code of Practice | Minor Governance Gap: Corporate Anti-Fraud and Corruption Strategy not UpToDate – currently under review | CAFT - Justin Phillips 11/11/22 |

Core principles and sub-principles of good governance

Core Principle: Acting in the public interest requires a commitment to and effective arrangements for:

2. Ensuring openness and comprehensive stakeholder engagement . *(2007 Framework Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.)*

Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
	Openness				
2.1	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	The local authority website is a main channel for communication and includes information on Freedom of Information and a publication scheme (disclosure log).

Harrow's Borough Plan demonstrates the organisation's commitment to openness. It was not refreshed during 2021/22 as work in response to the pandemic was prioritised.

Usually an annual update on progress against the plan is reported to Cabinet and Council however due to the Covid-19 Pandemic the Policy Team, who undertake the review, were re-deployed to the Community Hub and thus there was no capacity to undertake the review.

In February 2020 the Council adopted its Borough Plan, which succeed the Harrow Ambition Plan for 2020/21 onwards. A new plan is currently being developed to reflect the Vision and priorities of the new administration.

Council tax information including a booklet (your council tax and business rates guide 2021/22) is made available via the web and a letter from the leader of the council explaining the changes to costs and details of just some of the services that CT pays for goes to all CT payers annually alongside their bill. | Harrow Council Website

Harrow Borough Plan (GS)

Harrow People | | Perform - DH 24/10/22

IA-SD 11/11/22 |

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
2.2	Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	Templates for committee and cabinet decisions include sections on options, financial implications, risk management and legal implications. Minutes record the reasons for a decision. Reports are published on the website and meetings are held in public unless there is a good reason for not doing so under the legislative rules and these are specified. The practice is that important discussions take place in public even if confidential papers are circulated to members. Access to Information rules are in the constitution.	Cabinet Decision template (GS) Access to Information Rules (GS)		Legal-CE 18/10/22
2.3	Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	Templates for committee and cabinet decisions include sections on options, financial implications, risk management, equalities and legal implications (GS) that record professional advice. Minutes record the reasons for a decision. Agendas are published in accordance with the statutory requirements. A calendar of dates is produced for officers to ensure that reports are submitted, published and distributed in accordance with the statutory timescales. Decision making protocols included in Constitution – these were reviewed an updated in 2019/20 as agreed as part of the Regeneration action plan.	Cabinet Decision template (GS) Agendas of meetings (on Council website) Calendar of dates (GS) Decision making protocols (in Constitution – GS)		Legal- CE 18/10/22

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
2.4	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action	A smaller range of formal and informal consultations was undertaken during 2021/22 however consultation was increased with community groups on the pandemic. Harrow's current and previous consultations can be found listed on the website. During 2021/22 consultations were undertaken on the following: • High Street Fund • Review of Harrow's Covid Testing Service • Harrow Go Green 2021 • Dennis Lane • Royston Park Road Traffic Calming Scheme • Review of Polling Districts and Places 2021 • Howberry Road 20mph Zone Scheme • 690-736 Kenton Road Area Parking Review • Headstone Manor Visitors Survey 2020/21 • Canterbury Road Parking Review • Gambling Policy (Statement of Principles) 2021 • Chantry Road Area Parking Review • School Streets • Montgomery Road Area Parking Review • Community School Admission Arrangements and Fair Access Protocol 2023-24 • Eastleigh Avenue Area Parking Review • Harrow Council Budget 2022/23 • Small Sites Design Code • Stanburn Primary School • Pinner Wood School • Grange Primary School • New Dial-a-Ride Bus Stop • Draft Flood Risk Management and River Basin Management Plans The Consultation Portal is used for consultations and surveys of service users and residents. The annual Residents Survey carried out independently by telephone to track residents' views on the Council and key local issues was paused during 2019 - 2022.	Consultation Portal (Council website)	Minor Governance Gap: Annual Residents Survey paused 2019-2022	Perform-DH 24/11/22

Core principles and sub-principles of good governance

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
	Engaging comprehensively with institutional stakeholders[1]				
2.5	Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	Police, Health Service , Schools, Colleges, Strategic Partnership etc. Strategic Partnership in place Health & Welling-being Board, Safer Harrow etc which gives us confidence that the external partner infrastructure in place during 2021/22. Engagement is multifaceted and ongoing.			Alex Dewsnap 11/11/22
2.6	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	Voluntary Action Harrow maintains a list of voluntary sector partners. The Harrow Community Partnership acts as an umbrella organisation for all formal and informal partnerships with the voluntary and community sector. Other lists of stakeholders and user groups are maintained in other services around the Council e.g. Children Looked After representatives, Adult Social Care service users groups. During 2021/22 we extended and used our formal and informal partnerships to operationalise the partnerships Covid response e.g. providing food to residents who were self-isolating, setting up and staffing testing sites, promoting vaccinations, supporting community groups in need of assistance and information.			Perform – DH 24/10/22
2.7	Ensuring that partnerships are based on: • Trust; • a shared commitment to change;	The framework of effective working with partners and stakeholders is established in the values and priorities of the Borough Plan. Establishment of shared commitment, trust and a culture of openness and challenge is exemplified in the terms of reference and constitution of the principal partnership bodies, Safer Harrow, the Health and Wellbeing Board and Harrow Community Partnership	Harrow Ambition Plan (GS) Partnership arrangement self-assessment		Perform – DH 24/10/22

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[1] Institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
	• a culture that promotes and accepts challenge among partners; and that the added value of partnership working is explicit	Commercial partnership arrangements reviewed in 2019/20 (assisted self-assessment) for HBPL, Concilium Business Services, Smart Lettings, and Sancroft and Concilium Assets LLP in 2020/21 demonstrated that these partnerships are based on trust a shared commitment to change; a culture that promotes and accepts challenge among partners; and that the added value of partnership working is explicit.			IA – SD 11/11/22
	Engaging with individual citizens and service users effectively				
2.8	Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes	Consultation Standards were adopted by Cabinet in July 2015 – see item 23 p803-816. See file Consultation Standards 2015 or link below. These have not been updated to date.

This sets out the way in which the Council will consult with residents and local organisations and business to ensure the right contributions to decision making.

A record of public consultations both currently open and closed is held on the Consultation Portal

Communications Team are the corporate lead on Consultations – There is a consultation tracker - a reformed Consultation Standard is being taken to Cabinet in January 2023 | Consultation Standards (GS)

Consultation portal (Council website) | Minor Governance Gap: Consultation Standards not reviewed and updated since 2015 – currently under review | Perform – DH 24/10/22

AD 11/11/22 |
| 2.9 | Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement | Weekly Portfolio Holder meetings with Communications Team, Leader and Corporate Directors plus meetings on individual campaigns with key officers to monitor progress against the key campaigns and other major work e.g. Harrow People, etc | | | Alex Dewsnap 11/11/22 |

Core principles and sub-principles of good governance APPENDIX 2

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
2.10	Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	Harrow's Joint Strategic Needs Assessment (Public Health – Childrens and Adults) aims to provide analysis of a wide range of analysis of health and wellbeing of the local population and can be found via this link https://www.harrow.gov.uk/health-leisure/joint-strategic-needs-assessment?documentId=12490&categoryId=210266 Related documents • Harrow Vitality Profiles • https://www.harrow.gov.uk/council/vitality-profiles?documentId=12986&categoryId=210283 • Child Poverty Strategy • Economic Impacts Dashboard • School Place Planning / Demography Report A strategic assessment of crime and anti social behaviour is produced for the Safer Harrow Partnership which analyses key local issues. This informs the annual Community Safety Strategy.	Communications Strategy Harrow's Joint Strategic Needs Assessment Harrow Vitality Profiles Child Poverty Strategy Economic Impacts Dashboard School Place Planning / Demography Report Community Safety and Violence, Vulnerability and Exploitation Strategy Reputation Tracker		Perform – DH 24/10/22
2.11	Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account	Consultation protocols adopted in 2015 see 2.8. Various consultations undertaken annually.	Consultation Protocols		Perform - DH 24/10/22

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	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
2.12	Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	Consultations carried out with residents and stakeholders during 2021/22 are listed in the Consultation Portal – see 2.4 Services run user groups e.g. adult social care user groups, young people's forums to get a wide range of views and ensure that voices of less active are heard.	Consultation Portal		Perform – DH 24/10/22
2.13	Taking account of the impact of decisions on future generations of tax payers and service users	Examples of taking account of future impact of decisions can be found in Cabinet Papers. Harrow's Joint Strategic Needs Assessment looks at long term trends and impacts and informs planning around health and social care.	Example Cabinet papers Harrow's Joint Strategic Needs Assessment		Perform – DH 24/10/22

Core principles and sub-principles of good governance

APPENDIX 2

Core Principle: Acting in the public interest requires a commitment to and effective arrangements for:

3. Defining outcomes in terms of sustainable economic, social, and environmental benefits *(2007 Framework Core Principle 1: Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.)*

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
	Defining Outcomes				
3.1	Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions	Harrow's vision was laid out in the Borough Plan and this was refreshed on an annual basis up until 2021/22 when it was not refreshed due to strategic direction. The Borough Plan forms the basis for all corporate and service planning and performance indicators and provides the basis for the organisations overall strategy, planning and decisions. Service plans guidance in place but service plans are not mandatory.	Harrow Borough Plan (GS)		Perform – DH 24/10/22
3.2	Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	Guidance on Service planning (2016) encourages Division plans which reflect the priorities and values in the Borough Plan and detailed impact assessments are carried out for any major changes in service provision, particularly important for those driven by reduction in budget See also • Consultation Standards & Consultation portal – links at 2.8	Service Planning Guidance 2016 Consultation Portal		Perform– DH 24/10/22

Core principles and sub-principles of good governance

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
3.3	Delivering defined outcomes on a sustainable basis within the resources that will be available	Performance tracking through the quarterly cycle at the corporate level was paused during 21/22 and re-introduced for Q4 2021/22 in Q1 2022/23 (performance boards) Performance tracking (score cards/KPIs) still continued at a service level during 21/22. This was confirmed as in place for most service areas through out 2021/22 by the Management Assurance exercise. The Annual Statement of Accounts provides a summary of achievements for each year.	Q4 2021-22 Performance Board papers Annual Statement of Accounts (GS)	Minor Governance Gap: Corporate Performance monitoring paused during 21/22 – reintroduced Q1 22-23 for Q4 21-22	Perform – DH 24/10/22
3.4	Identifying and managing risks to the achievement of outcomes	Weekly/monthly/quarterly & annual performance information tracker process at the service level & outcome indicators in place identifying trends or deficits and acting upon them. Evidence example: monthly social care performance reports A Corporate Risk Register is maintained and was reviewed and updated quarterly throughout 2021/22. The register was reviewed and agreed by CSB quarterly and reported to the GARMS Committee. Management Assurance confirmed that Directorate Risk Registers were also in place for each Directorate with the Resources and People Risk registers be updated quarterly throughout 2021/22. The Place Directorate Risk Register was not however reviewed and updated every quarter during 2021/22 – this may in part be due to the change in Corporate Director in year (with a short gap between) and the fact that most the Directorate Management Team were interims. The Corporate Risk Management Strategy was last reviewed and updated in 2016/17 and is currently being review and update.	Performance Tracker Quarterly Children's Safeguarding Reports Directorate Risk Registers Corporate Risk Management Strategy 2016/17 (GS) Corporate Risk Register	Minor Governance Gap: Review of the Corporate Risk Management Strategy overdue – review and update in progress October 2022	Perform – DH 24/10/22 IA – SD 11/11/22
3.5	Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available	The Borough Plan provided a clear set of priorities during 2021/22. Budget and performance monitoring at service level carried out to ensure limited resources used effectively to meet service users needs. Communication channels key to managing service users' expectations.	Harrow Ambition Plan (GS) Corporate Scorecard (GS) Strategic Performance Report		Perform – DH 24/10/22

Core principles and sub-principles of good governance

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
	Sustainable economic, social and environmental benefits				
3.6	Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision	2021/22 draft budget agreed by December 2020 Cabinet and final agreed at February 2021 Cabinet. Three year Capital Programme reviewed and updated annually. 2021/22 – 2023/24 draft agreed by December 2020 Cabinet and final agreed at February 2021 Cabinet. The work took place during 2020 on the production of the Capital Programme for the following year. In 2018/19 under the Prudential Code there was a new requirement for a more detailed capital strategy as part of the Treasury Management (TM) strategy and this is updated and presented annually to Cabinet and was presented in February 2021 for 2021/22.	Capital Programme (GS) Prudential Code Treasury Management Strategy		Finance – SDan 18/10/22
3.7	Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	Templates for committee and cabinet decisions include sections on options, financial implications, risk management, equalities and legal implications. Minutes record the reasons for a decision. Article 5 of the constitution sets out the principles of decision-making. Cabinet reports required to have Finance clearance and comment.	Cabinet Decisions Template (GS) Article 5 in Constitution (GS)		Legal–CE 18/10/22

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
3.8	Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	Templates for committee and cabinet decisions include sections on options, financial implications, risk management, equalities and legal implications. Minutes record the reasons for a decision. Article 5 of the constitution sets out the principles of decision-making. . All key decisions are recorded in Committee Documents which are made public, available on the Harrow website. Consultation Standards adopted in 2015.	Cabinet Decisions Template (GS) Article 5 in Constitution (GS) Consultation Standards Committee Documents		Legal–CE 18/10/22 Perform – DE 24/10/22

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
3.9	Ensuring fair access to services	Service provision is measured in key areas – social care, housing, education, youth offending – to compare provision and outcomes for different groups – by age, ethnicity and other protected characteristics. See equality and diversity section of Harrow Website Equality Impact Assessments are required to be carried out on any major service change to ensure any disproportionate impact is understood and mitigated where possible. During 2021/22 there was a mandatory e-learning module on an Introduction to Equalities and Diversity on the Council's Learning Hub. The completion of Mandatory training models was not monitored during 2021/22. An EDI team was established in 2021/22 – followed the Race review. The Council has an Equality of Opportunity Policy in place however this is not up to date. The Council has adopted an Equality in Procurement guide which includes the aspiration that "As a procurer of goods and services, we are committed to ensuring our commissioning processes are fair and equitable and that service providers delivering a service on our behalf share our commitment to equality and diversity." Complaints procedure The Council takes account of any recommendations arising from inspections by external bodies. Data is collected about characteristics of service users.	Harrow Council Website – Equality & Diversity Equality & Diversity mandatory e-learning and performance measure Corporate Development Programme Equality in Procurement Guide Complaints Procedure (GS)	Minor Governance Gaps: Mandatory Training not monitored during 2021/22 and Equality of Opportunity Policy not up to date – Action is currently being taken to monitor the completion of mandatory training by staff	Perform - DH 24/10/22 NM 11/11/22 Complaints - Johnathan Milbourn 10/11/22

Core principles and sub-principles of good governance

Core Principle: Acting in the public interest requires a commitment to and effective arrangements for:

4. Determining the interventions necessary to optimise the achievement of the intended outcomes *(Not covered in the 2007 Framework)*

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
	Determining Interventions				
4.1	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided	Templates for committee and cabinet decisions include sections on options, financial implications, risk management, equalities and legal implications. Article 5 of the constitution sets out the principles of decision-making	Cabinet Decision Template (GS) Article 5 of the Constitution (GS)		Legal- CE 18/10/22
4.2	Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts	The work on the Final Revenue Budget 2021/22 and Medium erm Financial Strategy 2021/22 – 2023/24 was reported to Cabinet in February 2021 but takes place during 2020. This report included a section on the stakeholder consultation undertaken. Cabinet report covers details of the budget consultation. There was wide public consultation on the whole budget framework above (see budget report section for detail) and incl. the Final Revenue Budget 2021/22 and MTFS in the report 2021/22 – 2023/24.	Final Revenue Budget 2020/21 (GS) MTFS 2020/21 – 2022/23 (GS) Cabinet Report		Finance- SDan 18/10/22

Core principles and sub-principles of good governance   APPENDIX 2

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
	Planning Interventions				
4.3	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	Key decision schedule. All Council committees have a calendar of dates for Legal/ Finance clearances of reports and report submission that must be adhered to.	Key decision schedule (GS)		Legal-CE 18/10/22
4.4	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	See 2.5 above Borough Plan + MTFS determine how to deliver services During 2021/22 the Council worked closely with Voluntary sector and community groups to ensure that vital services continued to be delivered during the pandemic and also on the pandemic response.	Harrow Borough Plan MTFS 2021/22 – 2023/24 (GS)		Perform – DH 24/10/22
4.5	Considering and monitoring risks facing each partner when working collaboratively, including shared risks	See examples for partnership protocols and framework above at 1.8. Shared Service reviews (assisted self-assessment) confirmed covered by Inter-Authority Agreements	Self Assessment Shared Services		Perform – DH 18/10/22 IA-SD 11/11/22

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
4.6	Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances	Council is agile and flexible in responding to the reality of huge funding cuts and minimising impact, plus in generating new income streams e.g. new grants. Recent examples of flexibility in application of council resources in changing circumstances include: Innovative and preventative approaches to children's services in response to growing demands and reduction in resources, redeploying staff and working with health and other partners e.g. Early Support, Keeping Families Together, social work in schools. Transformation in adult social care – Early Intervention and Prevention, 3 Conversations and, improved pathways through care. The Public Contract regulations recognise the need for flexibility from time to time (meeting litmus test). It is possible to waive the contract procedure rules in some cases including emergency. The Constitution contains provisions for urgent decisions to be made where this cannot otherwise be done by the usual process. Under the scheme of delegation in the constitution the Chief Executive can take any decisions which are delegated to the corporate director. Arrangements to take on agency staff to deal with peaks or troughs in workload can be made through the Council's contract with Pertemps. Have the adaptability to respond effectively to major business disruptive incidents that impacts the Councils services by: - convening of an Incident Management Team shaped to the scale of the incident, as detailed in the Corporate BC Plan - real time messaging alerts for incidents	Contract Procedure Rules (GS) Constitution (GS) Public Contract Regulations Constitution Corporate and Individual Business Continuity plans		Perform – DH 24/10/22 Procure – NM 11/11/22 Legal-CE 18/10/22 EP&BC – Kan Grover

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Core principles and sub-principles of good governance

		Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
	4.7	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	Key service areas have a scorecard of key indicators which is produced quarterly and reported to the Directorate Management Team but not to Corporate Strategic Board during 2021/22. Relevant service level indictors were reported to CSB/Gold. Detailed scorecards and related documents are available via from service performance leads. . Management Assurance exercise confirmed KPIs established and monitored for most Divisions within Place, People and Resources during 2021/22.	Scorecard directorate & corporate Management Assurance		Perform – DH 24/10/22 IA-SD 11/11/22
	4.8	Ensuring capacity exists to generate the information required to review service quality regularly	There are strong QA functions in key areas e.g. childrens and adults.	Performance Briefing and related papers		Perform – DH 24/10/22
	4.9	Preparing budgets in accordance with objectives, strategies and the medium term financial plan	Feb 2021 Cabinet report above demonstrates the links between budgets set in-line with council objectives (see Background Section). See also link to MTFS in 4.2.	Cabinet report Feb 2020		Finance-SDan 18/10/22
	4.10	Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	Corporate Plan and Medium Term Financial Plan (Revenue & Capital) as above in place. There was a corporate plan in place in 2021/22, the Harrow Borough Plan. Budget Guidance and protocols covered in Financial Regulations	Corporate Plan (GS) Medium Term Financial Plan (GS) Financial Regulations (GS)		Finance-SDan 18/10/22
		Optimising achievement of intended outcomes				

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Core principles and sub-principles of good governance

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
4.11	Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	Medium term financial strategy links to the Corporate objectives that link to service objectives. Member and senior management review of 2021/22 budget proposals. Cabinet reports Dec20 and February 21 demonstrates how the MTFS balamces service priorities and affordability.	Medium Terms Financial Strategy (GS)		Finance-SDan 18/10/22
4.12	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	Budget guidance and protocols contained in Financial Regulations See 2021/22 budget report (February 2021)	Financial Regulations (GS) Budget Report		Finance-SDan 18/10/22
4.13	Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	Medium Term Financial Strategy in place and sets context – see Cabinet reports Dec 20 and Feb 21.	Financial Regulations (GS) Cabinet reports Jan20/ Feb 20		Finance-SDan 18/10/22
4.14	Ensuring the achievement of 'social value' through service planning and commissioning	The Commercial & Procurement Strategy (GS) covers Sustainability – Delivering Local Economy, Social and Community Benefits. Additionally we have a Social Value Policy which is embedded into the procurement process to maximise the delivery of Social Value through our supply chain. Helping the Council achieve social value is part of the procurement vision. The monitoring of the delivery of Social Value offers from organisations that are awarded council contracts is undertaken by the ED team. Procurement and ED team monitor and seek continuous improvement in this area.	Commercial & Procurement Strategy (GS) Management Assurance Social Value monitoring tracker		Proc – NM 11/11/22

Core principles and sub-principles of good governance

Core Principle: Acting in the public interest requires a commitment to and effective arrangements for:

5. Developing the entity's capacity, including the capability of its leadership and the individuals within it *(2007 Framework core Principle 5: Developing the capacity and capability of members and officers to be effective and Core Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles.)*

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
	Developing the entity's capacity				
5.1	Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness	During 2021/22 service performance was reviewed on a regular basis by Directorates (see above) Use of assets??			Perform – DH 24/10/22
5.2	Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently	Benchmarking is a standard part of reporting on services and nearest neighbour and national comparators are provided as part of service performance reporting. Reported in service performance score cards and particular reports e.g. Housemark report for Housing. 2021/22 Management assurance exercise has confirmed that benchmarking and other options are used within Directorates as part of performance monitoring to improve the use of resources.	Service scorecards. LAPS outputs. Management Assurance		Perform – DH 24/10/22 IA-SD 11/11/22

		Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
	5.3	Recognising the benefits of partnerships and collaborative working where added value can be achieved	Collaborative working and effective partnership were demonstrated throughout 2021/22 in continuing service delivery during the everchanging situation with lock down etc. Also demonstrated through local partnerships response e.g. food distribution. Shared Service assessments confirmed IIAs in place for shared services covering effective operation and agreed outcomes.	Health & Wellbeing / Safer Harrow Terms of Reference/ Harrow Community Partnership – ToR and MoU Shared Service assessments		Perform - DH 24/11/22 IA-SD 11/11/22
86	5.4	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	The OD agenda has been an area of focus during 2021/22 – work to build line manager capabilities was a priority. Work to develop effective metrics and measures for HR&OD and to start to develop the people strategy were underway prior to 2021/22. Reporting for the HR&OD scorecard commenced in 21/22 and further progressed in 22/23.	Performance Briefings	Minor Governance Gap: Corporate Workforce Strategy not in place	OD –KC 18/10/22
		Developing the capability of the entity's leadership and other individuals				

Core principles and sub-principles of good governance

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
5.5	Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	Member officer protocol Portfolio Holder roles are defined in the constitution Areas of responsibility of Chief Executive is set out in Article 7 of the Constitution Constitution sets out the role of the Chief Executive and the Leader	Member officer protocol (GS) Portfolio Holder roles are defined in the constitution (GS) Areas of responsibility of Chief Executive is set out in Article 7 of the Constitution (GS) Constitution sets out the role of the Chief Executive and the Leader (GS)		Legal-CE 18/10/22
5.6	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	Constitution that is published on the Council's website sets out functions reserved to full council or are for Cabinet and those which are delegated to committees or officers.	Constitution (GS)		Legal-CE 18/10/22

Core principles and sub-principles of good governance

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	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
5.7	Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority	Member officer protocol (GS) Areas of responsibility of Chief Executive is set out in Article 7 of the Constitution Constitution sets out the role of the Chief Executive and the Leader (GS) Regular one to one meetings were held between the Leader and the Chief Executive during 2021/22.	Member officer protocol (GS)		Legal-CE 18/10/22

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	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
5.8	Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: • ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged • ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis • ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external	On election Members are given induction training this takes place on mass after the local elections and individual after by-elections if required. Ad hoc training is undertaken throughout the year that is non-mandatory. Following the local government election in May 22, a welcome evening was held for all elected members on 10th May to cover an overview of the Council's functions, code of conduct, agile working, personal safety, and IT & Data Protection. From May – July 2022 a series of training sessions some mandatory some non-mandatory were held for members covering for example the Council's finances, code of conduct, safeguarding. Monitoring is undertaken of Member attendance to mandatory training and action taken where necessary. FOI and Information Governance and subject access requests training provided to the Members following the elections in May 2022. Staff training on subject access requests to Senior Managers and other relevant staff during 2021/22. E-learning for Information Governance Mandatory Training 51% of staff had completed as at March 2022. Senior manager capabilities should be reviewed at appraisal and discussed during 1:1 with Line Manager and at annual Appraisal meetings with a further review at 6 months. However during 2021/22 compliance with this requirement was not monitored. The Council runs Corporate Induction sessions to ensure all new members of staff including Agency staff are inducted in a timely manner. HR policy has been changed to ensure that new members of staff should not pass probation unless they have attended induction and undertaken mandatory training. For 2021/22 there were 6 Staff Induction sessions held and 85 staff attended. There were also 5 Manager Induction sessions undertaken and 51 managers attended. The Corporate Induction covers: - Welcome from Leader and Chief Executive (their expectations from staff) - Vision and priorities - Values and Behaviours for both Staff and Managers - Organisation structure - Equalities and Diversity - Completion of Mandatory training (for staff who do not have IT access)	Member mandatory training Appraisals Corporate Induction Staff Induction Checklist Online training on training portal	Minor Governance Gaps 2021/22: (i)Role specific induction patchy- new guidance and a framework for local inductions has been developed – this will be launched in Q4 22-23. (ii) The requirement for annual appraisals of senior managers was not monitored during 2021/22 – plans to address this in 2022/23 are in progress.	DemServ -NK 11/11/22 IG – Marsha White OD – KC 18/10/22 HR- NP 10/11/22 OD – KC 18/10/22

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
90		Directorates and Services provide role specific induction including relevant training –this can be patchy. We have developed new guidance and a framework for local inductions – this will be launched in Q4 22-23.			

Core principles and sub-principles of good governance

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
5.9	Ensuring that there are structures in place to encourage public participation	See details on consultation above at 2.8. focused largely on services continued to be delivered and response to covid.	Consultation Portal Residents Regeneration Panel Resident Groups		Perform-DH 24/10/22
5.10	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	No peer reviews and very few inspections carried out during 2021/22. Management Assurance confirmed that there were no peer reviews only a few inspections carried out during 2021/22: Annual Engagement Meeting with OFSTED (Children); LEXCEL (Legal); PSN Compliance &Payment Card Industry Data Security Standard compliance (IT); Estates Services Review & Housemark Pulse Survey (Housing).	External Reviews		Perform – DH 24/10/22 IA-SD 11/11/22
5.11	Holding staff to account through regular performance reviews which take account of training or development needs	Staff are held to account over regular 1:1 with their Line Manager and annual performance review meeting followed by review (6 month). All managers and staff are required to have a personal development plan related to their performance objectives and appraisal. However compliance with this was not monitoring during 2021/22 nor was this reported as a KPI. There is a Corporate Development Programme which is reviewed and aligned to business priorities annually. The Pulse survey undertaken in November 2021 confirmed that 71% of staff had regular conversations with their manager about their work and their development and 86% of staff stated that they were clear about what was expected of them. Management Assurance confirmed that not all staff received appraisals during 2021/22 however it was reported that regular 1:1s were undertaken .	Corporate Development Programme Appraisal Process	Minor Governance Gap: During 2021/22 compliance with the Corporate Policy on appraisals was not monitored and via the Management Assurance process many managers have admitted that appraisals were not undertaken. Work is currently underway to	HR – NP 10/11/22 OD – KC 18/10/22 IA-SD 11/11/22

	Sub-principles	Examples of systems, processes, and documentation demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date

5.12	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	A range of HR policies/services are in place to support the health and wellbeing of staff including:
		• Occupational Health Services - a new contract has been commissioned from June 2020 to the end of June 2021 which was extended until 31/08/22, which includes Health Surveillance Programmes for staff ;
		• Employee Assistance Programme - includes covering mental wellbeing support and Critical Incident Support for individual staff, teams and managers.
		• For 2021/22 Mental Health wellbeing development initiatives and support covering in place included:
		   o Mental Health Awareness for Managers Workshops
		   o Mental Health Awareness E-Learning for staff
		   o Mental Health First Aiders in place – coordinated by Public Health
		   o Wellbeing Champions
			HR Policies (GS) and Services		HR – NP 10/11/22

Core principles and sub-principles of good governance

Core Principle: Acting in the public interest requires a commitment to and effective arrangements for:

6. Managing risks and performance through robust internal control and strong public financial management *(2007 Framework Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.)*

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

	Sub-principles	Examples of systems, processes, documentation and other evidence demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
Managing risk					
6.1	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	Covered by the Risk Management Strategy and Policy + covered in Committee report template	Risk Management Strategy and Policy (GS)		IA-SD 11/11/22
6.2	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	A Risk Management Strategy and Policy is in place, (currently being reviewed and updated) that outlines the robust and integrated risk management arrangement required. The Corporate Risk Register was reviewed and updated quarterly throughout 2021/22 and reported to CSB and the GARMS Committee. Directorate Risk Registers were in place for each Directorate and reviewed and updated quarterly in People and Resources.	Risk Management Strategy and Policy (GS) Quarterly Corporate risk Management reports to CSB/GARMS		IA-SD 11/11/22

Core principles and sub-principles of good governance

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	Sub-principles	Examples of systems, processes, documentation and other evidence demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
6.3	Ensuring that responsibilities for managing individual risks are clearly allocated	Responsibility for managing individual risks are clearly allocated and recorded in agreed format for risk registers.	Corporate/Directorate risk registers.		IA-SD 11/11/22
Managing performance					
6.4	Monitoring service delivery effectively including planning, specification, execution and independent post implementation review	Budget Monitoring and service performance including KPIs continued to be monitored by services throughout 2021/22 in addition to tracking both the covid situation and covid response coporately. Key decision schedule in place	CSB papers on SharePoint Key decision Schedule (GS)		Perform – DH 24/10/22 Legal-CE 18/10/22
6.5	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	There is guidance on the implications of decisions for committees that includes environmental implications on the Hub. Templates for committee and cabinet decisions include sections on options, financial implications, risk management, equalities and legal implications. Article 5 of the constitution sets out the principles of decision-making. All agenda and minutes of Committee meetings are published on the Council's website.	Templates for committee and cabinet decisions (GS) Article 5 of the constitution (GS) Committee agenda and minutes on Council website Committee reports – implications guidance		Legal – CE 18/10/22

	Sub-principles	Examples of systems, processes, documentation and other evidence demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
6.6	Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible	As per 1.5 The scrutiny function comprises an overview and scrutiny committee, a performance and finance sub- committee, and lead scrutiny councillors for: • Public Health and Wellbeing • Community and Regeneration • Children and Families • Adult Services • Corporate Resources The function is driven in part by the need to hold the council and our partners to account for their performance and the Overview & Scrutiny Committee and the Scrutiny Leadership Group is the driver to ensure that the function is focused on the issues of the greatest importance to the council. It also has a policy development function. The lead members ensure that expertise to tackle particular areas of service delivery is maintained. There is also in place a London Health Scrutiny Committee (JOSC). The structure is subject to regular review and is supported by meetings of the scrutiny leadership group, comprising the leads and the chairs and vice chairs of the committees, which sets the scrutiny work programme and provides strategic direction for the function and overall co-ordination between the leads and committees.	Scrutiny ToR (GS) Details of Harrow's scrutiny function can be found on the Council's website		Perform – RG 11/11/22
6.7	Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	Reporting to members and senior management during 2021/22 focused on tracking of covid situation and response. Performance tracking continued in key service areas and data regarding service resilience e.g. in schools and social care teams was also reported to senior managers/members.	See evidence for 6.4		Perform – DH 24/10/22

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	Sub-principles	Examples of systems, processes, documentation and other evidence demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
6.8	Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)	Financial Regulations and Contract Procedure rules in place. Budget monitoring undertaken monthly for revenue and quarterly for capital during 2021/22 – revenue reported to CSB monthly and Capital report to CSB Quarterly and revenue and Capital reported Cabinet quarterly (Q1,Q2, Q3, outturn).	Financial Regulations (GS) Contract Procedure Rules (GS) CSB reports on SharePoint Cabinet reports on Council's website		Finance-SDan 18/10/22
Robust internal Control					
6.9	Aligning the risk management strategy and policies on internal control with achieving objectives	Risk Management Strategy in place, Corporate Risk Register, Internal Audit Plan and reports aligned to Corporate and service objectives.	RM Strategy (GS) Corporate Risk Register reports to CSB + GARMS Internal Audit Plan report to GARMS (GS)		IA-SD 11/11/22
6.10	Evaluating and monitoring risk management and internal control on a regular basis	Risk Management strategy/policy in place and currently being reviewed and updated. Corporate and Directorate Risk Registers in place and updated throughout the year. Internal Control is reviewed across the Council by Internal Audit via the Internal Audit Plan with reports being provided to the relevant management and an overview reported to CSB and the GARMS Committee.		Minor Governance Gap : As per 3.4	IA-SD 11/11/22

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	Sub-principles	Examples of systems, processes, documentation and other evidence demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
6.11	Ensuring effective counter fraud and anti-corruption arrangements are in place	Corporate Anti-Fraud Team in place ad an annual plan of work delivered in 2021/22 aligned to the Corporate Anti-Fraud and Corruption Strategy. Performance reported regularly to the GARMS Committee.	Corporate Anti-Fraud & Corruption Strategy GARMS reports & minutes		CAFT-JP 11/11/22
6.12	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	IA service in place during 2021/22 with an annual IA plan covering assurance to be provided on the overall adequacy and effectiveness of the framework of governance, risk management and control and an opinion provided at year-end.	IA Plan 2021/22 IA Opinion contained in IA Year-End report 2021/22		IA-SD 11/11/22
6.13	Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body: • provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment • that its recommendations are listened to and acted upon	Audit Committee in place (GARMS), ToR in place (last updated 2018/19 as a result of the Audit Committee Review)), cross party membership, independent of the executive and accountable to Full Council. Regular reports provided to the committee on the Corporate Risk Register and assurance on the control environment.	GARMS ToR in Constitution (GS) GARMS Membership on Council's website		IA-SD 11/11/22
Managing data					

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	Sub-principles	Examples of systems, processes, documentation and other evidence demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
6.14	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	The GDPR had its third anniversary in May 2021 work continues to embed the rights of data subjects and embed the requirements for the council as a data controller. In August 2018 a Data Protection Officer was appointed in compliance with the new legislation – left in March 2021 and replaced in July 2021. A range of Information Management policies and procedures are in place including data protection. During 2019/20 the Acceptable Use Policy and Information Governance and Security Policy was refreshed to strengthen the council security posture and encompass the move by the workforce towards greater remote working and cloud-based applications. This was reviewed and updated October 2022 by the Information Governance Board and is awaiting approval by CSB and Corporate Joint Committee. The Information Governance Board is in place however it did not meet regularly during 2021/22 but has been reset from October 2022 to meet regularly and the Terms of Reference is also being reviewed. All Directorate are represented. The Information Governance Manager is the Council's designated Data Protection Officer is a Data Protection Practitioner. GDPR compliance is an ongoing requirement and work continues with Information Asset Registers (record of processing activities), DPO has oversight of all contracts that involve the processing of data, and data protection impact assessments have been embedded within new projects. External Website has a customer friendly view of privacy notices. No member training took place in 2021/22 however FOI and Information Governance and subject access requests training provided to the Members following the elections in May 2022 – 39 (71%) members attended this training across 2 sessions and a further training session is planned to accommodate those who did not attend the original sessions. Mandatory online training for all staff on information governance, cyber security and the Data Protection legislation was developed and introduced across the Council in October 2018. Work is still required to improve the quarterly percentage of staff having taken this training. At the end of Q4 2021/22 51% of staff were currently certified however there were issues with reporting during the year therefore numbers may be understated. An awareness programme on Information Governance to staff	Data Protection Officer Role Profile (GS) Information Governance policies (GS) Acceptable Use Policy (GS) Information Governance Board Terms of Reference (GS) Gap Analysis Notes of Members Briefing sessions Online training on training portal	Minor Governance Gap: Low uptake of mandatory Training during 2021/22 – This is being looked at corporately plus awareness being raised specifically on Information Governance during 2022/23	IG-MW 11/11/22

	Sub-principles	Examples of systems, processes, documentation and other evidence demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
		starting November 2022. Plus work is being undertaken corporately to improve staff compliance with undertaking mandatory training.

The Mandatory online training for Information Governance is due to be reviewed and updated during 2022/23 to reflect the current way the Council works.

IGB has a road map for improvement e.g. reviewing and updating polices. | IGB Road Map | | |
| 6.15 | Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies | Data sharing agreements are put in place according to need e.g. agreement with Met and other partners to share information to reduce gang activity. There are 12 pan London data sharing agreements in place hosted on the Information Sharing Gateway or the Data Controller Console.

GDPR contracts entered into with DPO and Legal oversight

An Information Asset register which includes details of privacy notices and data sharing is maintained by Corporate IT. This is currently being reviewed 2022/23.

Information Governance Training is mandatory for all staff. (up-take low – see 6.14)

Guidance and further information is available via the Hub | Data sharing agreements held by Directorates

Information Asset register

Mandatory Training

Contract Templates | | IG-MW 11/11/22 |
| 6.16 | Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring | A Data quality Policy is in place and kept under review.
Ongoing data quality work includes:
▪ 'Data days' in social care, youth offending, housing where practitioners bring records up to date and work through exception reports produced by analysts
▪ Regular management information to service with information on missing data e.g. ethnicity, gender, school etc
▪ Reconciliation of datasets to ensure completeness and high quality e.g. UPRN matching | Data quality policy (GS) | | Perform – DH 24/11/22 |
| | **Strong public financial management** | | | | |

Core principles and sub-principles of good governance

	Sub-principles	Examples of systems, processes, documentation and other evidence demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	Evidence Provider +Date
6.17	Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance	Finance Business Partner model in operation. Finance input to all Cabinet decision reports.	Cabinet reports (Council website)		Finance-SDan 18/10/22
6.18	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	Control as above re budget monitoring (revenue & capital) preparation and agreement of annual financial budget and MTFS Financial Regulations and Contract Procedure Rules in place. Risks covered in Budget report to Cabinet Strategic Financial risks covered in Corporate Risk register reported to CSB and GARMS Financial sign-off of all Cabinet Decision reports	Budget report to Cabinet Corporate Risk Register		Finance-SDan 18/10/22

Core principles and sub-principles of good governance

Core Principle: Acting in the public interest requires a commitment to and effective arrangements for:

7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability *(Not covered in the 2007 Framework.)*

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

	Sub-principles	Examples of systems, processes, documentation and other evidence demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	
	Implementing good practice in transparency				
7.1	Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	Web content is submitted to the Digital Services team to ensure that our data principles are met, ensuring that all articles are written in plain English and are accessible against a number of recognised standards. We monitor the web-site using Silktide to assess the quality of the writing and the accessibility standards. All changes to the website are reviewed and tracked to ensure accountability throughout the team. Templates and guidance for committee and cabinet decision reports include sections on options, financial implications, risk management, equalities and legal implications. All reports are published on the Council's website unless there is a need for confidentiality in line with legislation. Article 5 of the constitution sets out the principles of decision-making	Cabinet Decision report and committee report templates (GS) Article 5 of the Constitution (GS)		JM 10/11/22 Legal-CE 18/10/22

Core principles and sub-principles of good governance

	Sub-principles	Examples of systems, processes, documentation and other evidence demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	
7.2	Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	Templates and guidance for committee and cabinet decision reports include sections on options, financial implications, risk management, equalities and legal implications. All Part I committee meetings and Cabinet and Council meetings are recorded (live stream as well) and available to be viewed by the public on the Council's website.	Cabinet Decision report and committee report templates (GS)		Legal-CE 18/10/22
	Implementing good practices in reporting				
7.3	Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way	The Annual Financial Statements provides a summary of achievements for each year. For 2021/22 corporate performance was only report for Q4 although service performance was monitored by most services throughout the year.	Annual Financial Statements		Finance-SDan 18/0/22 Perform – DH 24/10/22

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	Sub-principles	Examples of systems, processes, documentation and other evidence demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	
7.4	Ensuring members and senior management own the results reported	For 2021/22 as above – Gold report and Q4 reported to senior management and members	CSB Minutes		Perform – DH 24/10/22
7.5	Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)	Evidence based annual review of governance undertaken that assesses the extent to which the principles contain in the Framework have been applied. The results are published in the appendices to the GARMS Committee report including the AGS, the Annual Review of Governance Evidence Table and the Management Assurance exercise. An action plan developed for improvement where necessary.	GARMS Committee papers (Council website)		IA-SD 11/11/22
7.6	Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate	Shared Service/Partnership self-assessments demonstrate application of framework.	Shared Service Self Assessment		IA-SD 11/11/22
7.7	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations	CIPFA best practice followed, checked by External Auditors, statutory timescales met. Statement a public document allowing for comparison with other similar organisations.	Financial Statement (Council website)		Finance-SDan 18/10/22
Assurance and effective accountability					
7.8	Ensuring that recommendations for corrective action made by external audit are acted upon	Recommendations implemented wherever possible and progress reported annually to GARMS and reviewed annually by External Auditor. Evidence report to GARMS. (2021/22 EA report currently outstanding)	External Audit Letter (GARMS reports on Council Website)		Finance-SDan 18/10/22

Core principles and sub-principles of good governance

	Sub-principles	Examples of systems, processes, documentation and other evidence demonstrating compliance in 2021/22	Evidence GS = contained in Governance Structure	Gap	
7.9	Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon	Effective IA service in place with direct access to members. Assurance on governance provided annually via IA Plan, annual governance review and HIA Opinion. Level of implementation of IA recommendations usually monitored and reported to GARMS Committee however follow-ups not undertaken during 22021/22 due to resource constraints /work on significant governance gap. Work is currently underway to follow-up recommendations.

CPFA Statement on Role of HIA complied with and compliance with PSIAS self-assessed regularly. | Internal Audit Plan 2021/22 (GS)

Year End Report 2021/22 (GARMS reports) | Minor Governance Gap: Lack of follow-up of Internal Audit recommendations during 2021/22 – currently being follow-up | IA-SD 11/11/22 |
| 7.10 | Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations | Peer reviews and inspections very light in 2021/22 – see above | | | Perform - DH 24/11/22 |
| 7.11 | Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement | Covered in Annual Governance Statement

Partnership/Shared Service reviews (assisted self- assessment) confirmed IIAs/contracts cover risks associated with delivering services and that risk register/risk reviews in place. | Annual Governance Statement

Shared Service Self Assessments | | IA-SD 11/11/22 |
| 7.12 | Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met | See examples of key partnerships with accountability structures at 1.8

Partnership/Shared Service reviews (assisted self- assessment) confirmed that IIAs/contracts clearly cover accountability. | Shared Service Self Assessments | | IA-SD 11/11/22 |

Core principles and sub-principles of good governance

APPENDIX 2

Committee on Standards in Public Life review of Local Government Ethical Standards – New 2019/20

2019/20 New Requirements	Examples of systems, processes, documentation and other evidence demonstrating compliance in 2019/20	Evidence	Gap	Evidence Provider +Date
Best practice 14: (i) Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies.	Details of the Council's separate bodies have been included in the AGS since 2019/20	AGS		IA-SD 11/11/22
Best practice 14: (ii) Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.	Enhanced self-assessments completed for Legal shared service, Concilium Business Services and Sancroft – assessment of Concillium Assets LLP outstanding + not all these bodies are yet publishing their board agenda, minutes and annual reports.	DC E-mail plus report to GARMS	Minor Governance Gap - Bodies to publish board agendas minutes and annual reports	IA – SD 11/11/22

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MANAGEMENT ASSURANCE 2021/22

Date	Directorate/Manager	Any external assurance reviews of your service during 2021/22? Outcomes?	Were KPIs in place for your service during 2021/22 and were they monitored?	Did your Directorate maintain a risk register during 2021/22 that was reviewed and updated quarterly?	Did you undertake Appraisals of your staff during 2021/22?
PEOPLE					
07/11/22	Patrick O'Dwyer, Director of Education	No	- KPIs for SEND (Special Educational Needs) in place and monitored and discussed with DFE - Monitor standards and outcomes of inspections at schools and this is also shared with the DFE and internally with line managers and Portfolio Holder - Use DFE matrix for measuring performance throughout the year (evidenced) - Annual report on exclusions – just published for 2021/22	Peoples Directorate Risk Register in place and updated regularly throughout 2021/22.	Yes and regular 1:1s with staff and Corporate Director.

			• SEND report 2021/22 due to be published before Christmas		
10/11/22	Shaun Riley, Interim Director of Adult Social Services	No	Yes Better Care indicators covering people coming out of hospital and not returning with90 days + How many placements place out of hospital into Nursing Homes or residential Homes Reported to Health & Wellbeing Board and NHS England Monitored throughout the year and reported annually	Yes People's Risk Register	Some not all but every social worker and care manager had regular supervision meetings plus file audits undertaken
09/11/22	Peter Tolley, Director of Children Services	Annual Engagement Meeting with OFSTED – positive	KPIs for outcomes for children (Corporate Parenting Panel) Reports to DoE and London Councils	Yes	Yes

08/11/22	Johanna Morgan, DD Commercial & Regeneration	No	No People Commissioning Plan in place 21/22 in development to monitor for 22/23	Peoples Directorate Risk Register in place and updated quarterly	No only one but 1:1s undertaken regularly
	PEOPLE SUMMARY	25% of services received external assurance	Local PIs in place and monitored for 75% of services	Peoples Directorate Risk Register in place and reviewed and updated every quarter	50% services undertook appraisals

MANAGEMENT ASSURANCE 2021/22

Date	Directorate/Manager	Any external assurance reviews of your service during 2021/22? Outcomes?	Were KPIs in place for your service during 2021/22 and were they monitored?	Did your Directorate maintain a risk register during 2021/22 that was reviewed and updated quarterly?	Did you undertake Appraisals of your staff during 2021/22?
RESOURCES					
08/11/22	Sharon Daniels, Head of Strategic & Technical Finance (Deputy s151)	No	No KPIs as such however: • Cabinet timetable for budget setting and monthly monitoring complied with. • Budget monitoring (Capital and revenue) to Cabinet quarterly. • Treasury Management annual report and out-turn report and mid-year report go to GARMS throughout the year. • Pension Committee 3/4 times a year.	Yes[1]	No but regular 1:1s undertaken

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[1] Resources Directorate Risk register is maintained by the Risk Manager

MANAGEMENT ASSURANCE 2021/22

09/11/22	Jessica Farmer, Head of Legal Practice	External review every year by LEXCEL – Compliant (JF to send)	• Quality Questionaries sent to clients (Hounslow & Barnet) and monitored • Plus KPIs for Hounslow and Barnet (JF to send)	Yes	Yes – generic targets set and these were reviewed.
11/11/22	Alex Dewsnap, Director of Strategy and Partnership	No	Yes for Community Hub, performance monitored during 2021/22.	Yes	Yes 2021/22 appraised in 2022/23 with informal appraisals undertaken covering 2020/21 during 2021/22
09/11/22	Ben Goward, Director of ICT	PSN compliance (for use of Government services e.g. DWP) achieved 02/07/21 for 16/08/21-16/08/22 Compliant Data Security & Protection Toolkit published 17/06/21 for 2021/22 required	Yes in place and monitored. A standard monthly service report on the corporate Intranet (Yammer) site – see example, March 2021. Key support and uptime metrics are included in the	Resources risk register maintained and updated quarterly and IT Specific risk register also in place and monitored quarterly during 2021/22.	Objectives were set and performance tracked for IT staff at 121s, however this was not formally or consistently recorded.

		for connecting to HSCN for accessing NHS services Successfully renewed compliance of the Payment Card Industry Data Security Standard (PCI DSS) via a compliant self-assessment process on 16/09/21 for 2021/22	corporate performance reporting to Cllrs from April 2022.		
08/11/22	Kathryn Cook, Head of OD Akhil Wilson, Head of Resourcing Natalie Powers, Senior HR Business Partner	No	Not for OD Range of KPIs in place for the recruitment of both temporary and permanent staff reported	Yes	Yes in OD, not in HR (Pulse survey results on 1:1s)
	RESOURCES SUMMARY	40% of services received external assurance	Local PIs in place and monitored for 90% of services	Yes a Resources Directorate risk register was maintained throughout 2021/22 that was reviewed and updated quarterly.	50% services undertook appraisals

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MANAGEMENT ASSURANCE 2021/22

Date	Directorate/Manager	Any external assurance reviews of your service during 2021/22? Outcomes?	Were KPIs in place for your service during 2021/22 and were they monitored?	Did your Directorate maintain a risk register during 2021/22 that was reviewed and updated quarterly?	Did you undertake Appraisals of your staff during 2021/22?
PLACE					
11/11/22	Mark Billington, Head of Economic Development	Self-assessment on Learn-Harrow Evaluation of Learner feedback, visitors feedback	Yes – including number of learners, achievement rates against national baseline, residents into employment, businesses supported and business growth (increased turnover/employee). Regularly monitored and reported to GLA (Education & Regeneration Programme-square meters of Public Realm improved and Business start-up) DWP & West	Yes in place but not reviewed every quarter	Yes using the shortened version of the appraisal form

MANAGEMENT ASSURANCE 2021/22

			London Alliance (People in work Targets in place for number of visitors to Leisure Centre, Libraries, Art Centre and Museum and targets for physical issue of books and downloads. Reported to Portfolio Holder throughout the year.		
07/11/22	David Hughes, Planning Policy Manager	No for Planning or Building Control.	Yes in place and monitored either quarterly or yearly	Yes in place not involved therefore unaware of how frequently updated	Some but not all - not 100% coverage.
09/11/22	Tony Galloway, Interim Director Environmental Services	No	KPIs in some areas in place and monitored – CE messaging that KPIs not to be monitored during pandemic and no corporate monitoring took place. Monitoring restarted 2022/23	Not involved in the Directorate Risk Register	No
08/11/22	Andrew Campion, Head of Asset Management, Housing + Nesan	• Estates Services Review – June 2021. Action Plan	Yes • Housing Services	Yes	No - weekly 1:1s

	Thevanesan, Interim Head of Housing Resident Services	produced and being monitored covering 30 recommendations • Monthly Housemark Pulse survey (15 strands)	Customer Feedback Report 2021/22 (annual report) • Resident Engagement Strategy 2021/24 used as a measure • Smarter Housing Plan 021/22		
07/11/22	Matthew Adams, Assistant Director Climate Change and Natural Reserves	No	• Service level agreements in place with schools for supply of energy that includes service standards. • Deliver projects using Grant funding under the Public Sector Decarbonisation Scheme – performance measures included in this and monitoring (delivery of carbon savings)	Place Risk Register in place plus input quarterly to Corporate Risk Register – risk re Climate change	Yes for direct report, but did not personally have one (as on secondment)

			• Delivery of Action Plan for the Reducing Consumption Emission client programme (Harrow Lead Borough) • Delivery of the Lower Carbon Procurement Charter Policy and Tool Kit		
	PLACE SUMMARY	20% of services received external assurance	Local PIs in place and monitored for 80% of services	Place Directorate Risk Register in place but not reviewed and updated every quarter	50% services undertook appraisals

Report for: GOVERNANCE, AUDIT AND RISK MANAGEMENT AND STANDARDS COMMITTEE (Non-Executive)

Date of Meeting:	30th November 2022
Subject:	INFORMATION REPORT – Internal Audit and CAFT Year-End Reports 2021/22
Responsible Officer:	Dawn Calvert, Director of Finance & Assurance
Exempt:	No
Wards affected:	All
Enclosures:	Appendix 1 – Internal Audit Year-end Report 2021/22 Appendix 2 – CAFT Year-end Report 2021/22

Section 1 – Summary and Recommendations

This report sets out the 2021/22 year-end report for Internal Audit and that includes the Head of Internal Audit's overall audit opinion on the control environment and the CAFT 2021/22 year-end report.

The report is presented to enable the Committee to fulfil the requirements of its Terms of Refence to:

- To consider reports from the Head of Internal Audit on internal audit's performance at mid-year and year-end, including the performance of external providers of internal audit services.

FOR INFORMATION

Section 2 – Report

Background

2.1.   Annually the GARMS Committee considers a mid and full year reports from Internal Audit covering progress against the agreed annual plan to help fulfil its purpose in accordance with the Committee's Terms of Reference.

Internal Audit Year-End Report (Appendix 1)

2.2.   Overall the Internal Audit Team has achieved only 50% of the 2021/22 annual internal audit plan which is below the 90% target – the reasons for this are known by the Committee and are detailed in the attached report. This did however include 100% achievement of the core financial systems reviews. A total of 106 recommendations were made to management to improve internal controls of which 100% were agreed for implementation exceeding the 95% target.

2.3   Appendix 1 details the Head of Internal Audit's draft Opinion, provides a summary of all the work undertaken during the year, covers the direction of assurance travel and the performance of Internal Audit against the agreed key performance indicators.

CAFT Year-End Report (Appendix 2)

2.4   Of the 15 work streams contained within the plan, 10 (67%) were achieved, 1 (7%) was partially achieved, 1 (7%) was not achieved and 3 (20%) were not undertaken.

2.5   Appendix 2 provides a summary of outcomes from the work of the Corporate Anti-Fraud Team during 2021/22, details work undertaken in addition to the plan, the performance of the Anti-Fraud Team against the agreed key performance indicators and summaries fraud referrals, outcomes and savings achieved.

Legal Implications

Accounts & Audit Regulations 2015

Internal audit
5.(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

Financial Implications

There are no financial implications to this report, the Internal Audit service was delivered within budget for 2020/21.

Risk Management Implications

Risks included on corporate or directorate risk register? **No**

Separate risk register in place? **No**

The relevant risks contained in the register are attached/summarised below. **n/a**

The main risk relating to the performance of the internal audit service is as follows:

Risk Description	Mitigations	RAG Status
Insufficient work is undertaken during the year to enable an overall audit opinion to be produced by the Head of Internal Audit	• Production of an annual plan to guide the work of the team • Performance management of the team • Performance management reporting to GARMS Committee • An adequately resourced IA team and/or appropriate working methods to ensure adequate coverage	

Equalities implications / Public Sector Equality Duty

N/A

Section 3 - Statutory Officer Clearance

As this is an information report legal / finance / Corporate Director clearances are not necessary.

Mandatory Checks

Ward Councillors notified: ~~YES*~~/ NO*, as it impacts on all Wards

Section 4 - Contact Details and Background Papers

Contact: Susan Dixson, Head of Internal Audit & Corporate Anti-Fraud, 02084241420

Background Papers: None.

If appropriate, does the report include the following considerations?

1.	Consultation	~~YES~~ / NO
2.	Priorities	YES / ~~NO~~

HARROW COUNCIL

Internal Audit Year-End Report

2021/22

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Head of Internal Audit Opinion

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1. Opinion Types/Limitations and Responsibilities

2. Audit Report Assurance Levels

Introduction

This report outlines the internal audit work carried out for the year ended 31/03/22.
The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management (Corporate Strategic Board) and approved by the Governance, Audit, Risk Management & Standards Committee (Harrow Council's Audit Committee), designed to provide a reasonable level of assurance, subject to the inherent limitations described below and set out in Appendix 1. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

2021/22 has been another unusual and challenging year for the Council and the Internal Audit service. During 2021/22 staff continued to work from home and audit work continued to be undertaken remotely with audit approaches being refined to ensure that they were fit for purpose. The Governance, Audit, Risk Management and Standards Committee meetings took place virtually when only information reports were being presented and in person when decisions were made (November 2021 meeting).

The Internal Audit Plan 2021/22 was based on a level of internal audit input of 587 days, of which 628 days were delivered. However due to a significant governance gap identified in August 2021 requiring the majority of the Internal Audit team to divert attention to reviewing the Highways system and supporting the police investigation the achievement of the 2021/22 annual plan was severely impacted. The team were also depleted due to a vacant post and a post subject to maternity leave that also impaired the team's ability to undertake follow-up work to assess the level of implementation of audit recommendations. The impact of these two factors has led to a qualified audit opinion as the Head of Internal Audit's opinion is based solely on the work undertaken by Internal Audit and during 2021/22 the amount of work undertaken across the Council to feed into the opinion was considerably less than a typical year.

Internal audit work was performed in conformance with the Public Sector Internal Audit Standards.

Head of Internal Audit Opinion

The Head of Internal Audit's overall opinion on the adequacy and effectiveness of the organisation's framework of governance, risk management and control based on the annual review of governance and the assurance work of Internal Audit throughout 2021/22 is: **Good with some significant improvements required in a few areas.** This is a qualified opinion based on fewer reviews undertaken than in a typical year due to the considerable amount of work required on the significant governance gap during 2021/22. Review of the operation of Council's core financial systems, Housing Benefits, Treasury Management, Housing Rents, Business Rates, Capital Expenditure, Corporate Accounts Receivable, Corporate Accounts Payable , Payroll and Council Tax during 2021/22 demonstrated a sound level of control in place with 7 receiving a green assurance rating and 2 an amber/green assurance, a slight overall improvement from 2020/21. One red assurance report, relating to the significant governance gap and two red/amber assurance reports relating to schools were issued during the year. The red assurance review followed-up in 2021/22 attained an amber/green assurance rating indicating an improved level of control. All recommendations made to improve control were agreed by management.

Framework for the Opinion

The opinion is based on:
- All audits undertaken as part of the 2021/22 Internal Audit Plan (except Core Financial Systems audits);
- Audits of Core Financial Systems undertaken in Q1/Q2 of 2022/23 (part of the 2022/23 plan);
- Recommendations made accepted/not accepted by management;
- Follow-up of the implementation of audit recommendations
- The annual review of governance process.

Key Factors for the 2021/22 Opinion

The key factors that contributed to the opinion are summarised as follows:

- 79% of assurance reviews undertaken during 2021/22 were given an amber, an amber/green or a green assurance;
- 86% of controls reviewed within the Council's core financial systems were operating fully with 12% partially operating and 2% not operating;
- 94% of controls self-assessed by management within the Council's core financial systems were operating with 6% partially operating;
- 100% of overall recommendations made during 2021/22 were agreed by management for implementation;
- The red assurance review attained an amber/green assurance rating at follow-up;
- The annual review of governance has identified one significant governance gap.

Summary of Outputs

The year-end internal audit report is timed to inform Harrow's Annual Governance Statement. A summary of key outputs/findings from the programme of internal audit work for the year is recorded in the table below:

Key Outputs	
Description	Detail
Audit reports 5 internal audit reviews were undertaken resulting in an audit report.	• 1 green, 1x amber/green, 2 red/amber and 1 red assurance reports were issued; • 55 high risk, 40 medium risk and 11 low risk recommendations were made to improve weaknesses identified in governance, risk management or control. (Although fewer audit reports were issued than usual more recommendations were made)
Significant weaknesses 1 red assurance report and 2 re/amber assurance reports were issued during 2021/22 identifying significant weakness and/or potentially putting the achievement of objectives in this area at risk.	Red and red/amber assurance report: • Highways - red • Woodlands Primary School -red/amber • Cedars Manor Primary School – red/amber
Other audit work A number of other pieces of audit work have been undertaken as part of the 2021/22 Internal Audit Plan that did not result in a traditional audit report but none the less added value to the Council's governance, risk management and control framework.	• Risk Management, outputs = Corporate Risk register for Q1, Q2, Q3 and Q4 of 2021/22; • A review of Risk Management in Decision Making - a real-time pro-active review, with clearance provided before reports are presented to Cabinet, outputs = • Families First (Troubled Families Grant), outputs = validation of the Q1-Q4 grant claims; • Professional Advice, outputs = the provision of independent professional internal audit advice on a range of topics • Five grants were certified = assurance based on testing + sign-off of grant claims • SFVS, outputs = review of the school self-assessments against the school financial Value Standard and an assurance report for the Chief Finance Officer; • Authorisation Testing = Testing to cover all Core Financial Systems + Pensions to establish that appropriate authorisations were obtained during the pandemic in 2020/21, that methods of obtaining authorisation were adequate, that authorisations were appropriately applied to transactions and effective in minimising risk to the authority. Reported as part of the Core Financial System reviews.
Annual review of governance The annual review of governance is primarily undertaken to provide evidence to support the production of the Annual Governance Statement and consists of a review of governance arrangements against the CIPFA Good Governance Framework and the Council's own governance structure looking back at the previous financial year.	• Corporate Governance, annual review of governance 2020/21 outputs = A light- touch review of governance processes during 2020/21 with the Corporate Governance Working Group being asked to identify any significant changes to governance processes and/or governance gaps, follow-up of minor governance gaps identified from 2019/20, management assurance statement, Concilium Assets LLP evidence based self-assessment, Core Financial System self-assessments, deep dives areas covered by external public interest reports and the 2020/21 Annual Governance Statement.
Good practice We also identified a number of areas where few weaknesses were identified.	• Work on the Council's core financial systems undertaken during 2021/22 (based on controls in place during 2020/21) continue to be well controlled.

Internal Audit Work Conducted: Results of Individual Assignments (resulting in an audit report/assurance rating)

Review	Assurance Rating		Number of Recommendations		
			H	M	L
Core Financial Systems (2020/21)					
Housing Benefit	GREEN		0	0	0
Treasury Management	GREEN		0	1	0
Housing Rents	GREEN		0	1	0
Business Rates	AMBER		0	3	0
Capital Expenditure	AMBER	GREEN	1	0	0
Corporate Accounts Receivable	GREEN		0	0	0
Corporate Accounts Payable	AMBER		0	2	0
Payroll	GREEN		0	0	0
Council Tax	GREEN		0	1	1
Directorate Risk Based Reviews1					
Community					
Highways System Review	RED		36	16	2
People					
Woodlands Primary School	RED	AMBER	9	4	1
Whitchurch Primary & Nursery School Finance Review	GREEN		0	1	3
Whitchurch Primary & Nursery School Governance Review	AMBER	GREEN	0	4	3
Cedars Manor Finance & Governance Review	RED	AMBER	9	7	1
TOTAL			55	40	11

Final red and red/amber assurance reports are presented to the GARMS Committee individually for review and comment with relevant managers attending the meetings. The red assurance reports in the above table will be presented to the GARMS Committee once finalised.

Results of Other Audit Work on the 2021/22 Plan

Work Undertaken	Results/Output
Corporate Governance	Each year the Council undertakes a review of its governance arrangements to meet the requirements of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* and to fulfil its statutory duty as outlined in the Accounts and Audit Regulations 2015. The review annual review process undertaken as part of the 2021/22 plan covering the 2020/21 financial year identified one significant governance gap. The result of this work was fed into the production of the Annual Governance Statement for 2020/21.
Risk Management	The Corporate Risk Register was updated quarterly throughout 2021/22 with each update being presented and agreed with CSB. Q1 – Q3 risk registers were also presented to the GARMS Committee for review however as the April Committee meeting was cancelled due to the local elections the Q4 risk register was not presented to the Committee. A review of Risk Management in Decision Making - a real-time pro-active review, with clearance provided before reports are presented to Cabinet - was completed during 2021/22. This involved ensuring the risk implications of proposed decisions were consistently and robustly included in Cabinet reports.

Families First (Troubled Families Grant)	Four claims were submitted during the year in June 2021, September 2021, December 2021 and March 2021. For each Grant Submission, a 10% and one 20% sample of the cases were reviewed by Internal Audit to ensure that: • the cases are eligible for claim; • the criteria and the outcomes are accurately identified and evidenced where applicable; • the case has not been re-opened for further work; • the closure report on the Mosaic system clearly identifies the outcomes achieved; and • the spreadsheet has been checked for duplicates.
Professional Advice	A range of professional advice has been provided to managers during 2020/210 including: Purchase Card Policy; Adults Financial Assessments; Schools – student bursary and wellbeing fund, payroll and authorisation queries; Leaseholder charges.
Grants	The testing was undertaken on the following grants during 2021/22 to provide assurance that grant conditions had been met in compliance with the grant requirements: • BSOG (Bus Service Operator Grant) • Culture Recovery Fund Round 2 • Culture Recovery Fund Round 3 • Community Testing Funding • Test & Trace Grant

Follow Up Work Conducted

Introduction

In order for the Council to derive maximum benefit from internal audit, agreed actions should be implemented. Whilst management is responsible for implementing recommendations, in accordance with the internal audit plan 2021/22, follow-ups of recommendations made and agreed by management in Amber, Red/Amber and Red assurance reports previously issued were due to be are undertaken. As explained in the Introduction of the report due to a significant governance gap identified in August 2021 requiring the majority of the Internal Audit team to divert attention to reviewing the Highways system and supporting the police investigation and a vacancy and maternity leave in the team follow-up work to assess the level of implementation of audit recommendations was paused for Amber assurance reports. The table below summarises the follow up work performed during 2021/22 for the one Red assurance report.

Review	Original Assurance Rating	Re-Assessed Assurance Rating[1]		No. of agreed recs	Status of agreed actions				
					I	SI	PI	PL	NI
Depot Redevelopment Project – Additional Works	RED	AMBER	GREEN	8	5	1	1	1	-

There were 5 Amber assurance reports that were due to be follow-up during 2021/22 as follows:

- Housing Landlords Responsibilities
- HMO Management and Enforcement
- Parking Operations
- Purchase Card Expenditure during Covid 19
- Woodlands Investigation

Work is currently underway to follow-up these outstanding reviews.

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[1] The impact of recommendations implemented, substantially or partially implemented at follow-up on the expected controls are assessed to provide the re-assessed assurance rating and assumes that previous controls that were operating and still operating. It should be noted the correlation between control weaknesses and recommendations is not 1:1 i.e. one weakness identified may result in a number of recommendations being made and alternatively a number of weaknesses identified may result in only one recommendation being made.

Direction of Assurance Travel

Introduction

As only 50% of the of the Internal Audit Plan was achieved, fewer reports were issued and only one follow-up was undertaken the results of the direction of travel will be skewed making year on year comparison difficult however it is included here for information.

Assurance Ratings (including follow-ups)		Direction of Assurance Travel between 2021/22 & 2020/21 (based on %)		% of Assurances (including Follow-Ups)		
					2020/21	2019/20
GREEN		Up	⬆	50% (8)	41%	40%
AMBER	GREEN	Down	⬇	19% (3)	41%	35%
AMBER		Up	⬆	12% (2)	10%	21%
RED	AMBER	Up	⬆	12% (2)	0	0
RED		Up	⬆	6% (1)	2%	2%
% of Amber, Amber/Green or Green		Down	⬇	81% (13)	98%	96%
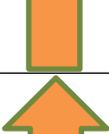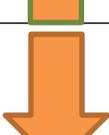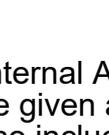
Summary

One of the key factors used in the Head of internal Audit Opinion is the percentage of assurance reviews undertaken during the year that were given an amber, an amber/green or a green assurance. The 81% figure shown above also includes the assurance obtained from the re-evaluation of the red assurance review followed-up during the year hence the difference in the figure (79%) used for the audit opinion. The direction of travel for this factor between 2020/21 and 2021/22 is downward by 17% however given the far fewer assurances included in the comparison this is not considered significant.

Performance of Internal Audit

Introduction

A number of Key Performance Indicators (KPIs) were agreed as part of the 2021/22 Internal Audit Plan and performance against these is set out in the table below:

	Internal Audit Performance Indicator	Target	Year-End	Comments
1	Recommendations agreed for implementation	95%	100%	**Exceeded** All recommendation made were agreed
2	Follow up undertaken – Red & Red/Amber Assurance Reports	100%	100%	**Met**
3	Follow up undertaken – Amber	70%	0%	**Not Met**
4	Plan achieved for key control reviews	100%	100%	**Met**
5	Plan achieved overall (key indicator)	90%	50%	**Not Met**
	Corporate Performance Indicator			
1	Implementation of recommendations	90%	N/A	**As no follow-ups were undertaken this was not measured**

Summary

Of the 5 internal audit performance indicators 1 was exceeded and 2 were met and 2 were not met. It was not possible to measure the corporate indicator for 2021/22.

Excellent: The outputs from the programme of work completed by Internal Audit, based on the agreed risk-based Internal Audit Plan, demonstrate that the Council's framework of governance, risk management and control is good and that there are adequate and effective governance, risk management and control processes to enable the related risks to be managed and objectives to be met. No areas of significant weakness (red or red/amber assurance reports) were identified. See Summary of Findings in section.

Good with improvements required in a few areas: The outputs from the programme of work completed by Internal Audit, based on the agreed risk-based Internal Audit Plan, demonstrate that the Council's framework of governance, risk management and control is generally good. Some red and red /amber assurance reports have been issued identifying significant weakness and/or non-compliance in the framework which could potentially put the achievement of objectives in these areas at risk. Improvements have been recommended in these areas of which over 95% have been agreed by management. See Summary of Findings in section.

Major improvement required: The outputs from the programme of work completed by Internal Audit, based on the agreed risk-based Internal Audit Plan, demonstrate that the Council's framework of governance, risk management and control require major improvement. A large number of red and red/amber assurance reports have been issued identifying significant and endemic weaknesses and/or non-compliance in the framework of governance, risk management and control which put the achievement of organisational objectives at risk. Improvements have been recommended in these areas of which less than 95% have been agreed by management. See Summary of Findings in section.

Unsatisfactory: The outputs from the programme of work completed by Internal Audit, based on the agreed risk-based Internal Audit Plan, demonstrate that the Council's framework of governance, risk management and control is unsatisfactory. The majority of assurance reports issued are red or red/amber identifying significant weaknesses and/or non-compliance in the framework of governance, risk management and control indicating the achievement of corporate objectives is unlikely and control is poor [and/or] there is significant non-compliance with controls. Because of this, systems have failed or there is a real and substantial risk that systems will fail and management's objectives will not be achieved. Immediate action is required to improve the adequacy [and/or] effectiveness of governance, risk management and control. See Summary of Findings in section.

Limitations and Responsibilities

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibility for the design and operation of these systems.

The Head of Internal Audit's opinion is based solely on the work undertaken as part of the agreed internal audit plan. There may be weaknesses in systems of internal control that did not form part of agreed programme of work, in elements of systems that were not included in the scope of individual internal audit assignments or that were not brought to internal audit's attention. The risk of this is mitigated by implementing a risk-based approach to the development of the internal audit plan and to individual audit assignments.

Audit Report Assurance Levels Appendix 2

Internal audit reports are given a red, red/amber, amber, amber/green or green assurance rating.

Red reports will indicate systems/functions/establishments with a low overall percentage of controls in place that represent a high risk to the authority needing immediate attention to improve the control environment;

Red/amber reports will indicate systems/functions/establishments that represent a high to medium risk to the authority needing immediate attention to improve the control environment;

Amber reports will indicate a fair level of controls operating that represent a medium risk in need of attention to prevent them becoming high risk;

Amber/green reports will indicate medium to low risk in need of attention to prevent them becoming high risk and

Green reports will indicate a high level of controls operating, including all critical controls, that represent low risk areas

A formula for converting audit findings into a red, red/amber, amber, amber/green or green rating has been developed as follows:

Red reports will essentially be those where there is **one or more** of the following:

- A low overall percentage of controls in place (0-50%)
- An absence of critical controls (reflected as high risk recommendations)
- A significant deterioration in control systems
- Poor progress with implementation of previous recommendations

Red/Amber reports will be those that have 51-60% of controls operating and no more than 40% of controls absent are critical (40% of recommendations made).

Amber reports will be those that have 61-70% of controls operating and no more than 25% of controls absent are critical (25% of recommendations made).

Amber/Green reports will be those that have 71-80% of controls operating and no more than 10% of controls absent are critical (10% of recommendations made).

Green reports will be those having 81-100% of controls operating including all critical controls and no absence of critical controls (no high risk recommendations).

Controls operating and substantially operating will be combined to give the overall assurance rating.

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HARROW COUNCIL   Appendix 2

Corporate Anti-Fraud Team Year-End Report 2021/22

CONTENTS:

Introduction

Summary of outputs/Progress against the Plan

Performance of Anti-Fraud Team

Fraud referrals, outputs and savings summary

Introduction

This report outlines the corporate ant-fraud work carried out during the year 2021-22. The plan is risk based and developed through consultation internally and drawing upon external sources of data to ensure that where possible best practice is followed and fraud resources are targeted at those areas of the authority deemed to be of highest risk to fraud with the greatest potential negative financial impact and/or reputational damage. The plan is approved by the Governance, Audit, Risk Management & Standards Committee (GARMS) annually and mid-year (not this year due to work undertaken on the significant governance gap) and year end progress reports provided against the plan to provide a level of assurance around the authorities' fraud risk resilience capability and performance.

Summary of outputs/Progress against the plan

A summary of key outputs from the programme of corporate anti-fraud work for the year is recorded in the table below. Of the 15 work streams contained within the plan, 10 (67%) were achieved, 1 (7%) was partially achieved, 1 (7%) was not achieved and 3 (20%) were not undertaken. In terms of the key performance indicators, all 5 were achieved.

Key Outputs at Year end		
	Fraud work stream	**Detail**

1	**Corporate fraud risk assessment**
	
	Identify and assess Harrow's fraud risk exposure affecting the principle activities in order to fully understand changing patterns in fraud and corruption threats and the potential harmful consequences to the authority and our customers
		Objective achieved
		A fraud risk assessment was a carried out to develop the fraud plan for 2021/22. This was developed drawing on a number of sources of information including:-
		
		  o Fighting Fraud & Corruption Locally 2020 (FFCL); a strategy for the 2020's;
		  o Local knowledge and intelligence about known fraud risks the authority faces and fraud cases identified during 2020-21 and previous years;
		  o Regular discussions with the Head of Internal Audit and Interim Risk Manager to co-ordinate common interest work where possible;
		  o Review of fraud and corruption trends and patterns across the UK and more specifically London.
		  o Weekly Cifas Intelligence bulletins on Covid-19; fraud risks, attendance at quarterly Cifas Local Authority Business Sector Working Group meetings and quarterly Cifas Organised Fraud Cross Sector Meetings;
		  o Regular NAFN bulletins received citing known fraud risks that members had been exposed to;
		  o Cabinet Office National Fraud Initiative (NFI) bulletins with updates on high risk fraud areas

2	**Corporate Anti-Fraud & Corruption Strategy** Review the authorities' Corporate Anti-Fraud & Corruption Strategy in light of the	**Objective not achieved** The strategy was not reviewed and refreshed due to resources being diverted to a significant governance gap identified mid-year. The strategy will be reviewed in 22/23 and an action plan drafted to close any fraud risk gaps identified.

	refreshed Fighting Fraud and Corruption Locally Strategy 2020 and implement any actions identified to improve the authorities' fraud risk resilience	

	Fraud work stream	Detail
3.	**Review the fraud loss value methodology** Review the fraud loss value methodology to apply consistently to significant fraud risk exposures enabling fraud losses to be measured accurately and in line with established standard nationwide formula and best practice	**Objective achieved** The fraud loss methodology underwent a light touch review and no changes were made.
4.	**National Fraud Initiative co-ordination role** Co-ordination of the 2020/21 National Fraud Initiative (NFI) match processing including:- • Processing matches which are the responsibility of the CAFT • Supporting service areas across the authority to ensure their matches are processed in a timely manner and that suspected fraud/error is investigated appropriately • Process fraud referrals passed to the CAFT from other teams and from outside of the authority in line with team performance indicators	**Objective achieved** All high risk matches where the CAFT had responsibility have been processed and any positive outcomes registered on the NFI website. CAFT has liaised with all service areas responsible for processing matches and provided more detailed support for those requiring it. Two referrals were passed to the CAFT, both were risk assessed and resourced deployed within 10 working days (KPI). Both cases led to no further action being taken. See table at the end for NFI outcomes.
5.	**Cifas project** Continue to maximise membership of Cifas for a further 12 months to support fraud investigation work undertaking a proactive drive and explore expanding it's use internally for areas such as Human Resources and Recruitment (vetting), Insurance & Procurement.	**Objective achieved** Membership of Cifas continued throughout the year with all referrals received being checked on the National Fraud Database. A housing fraud datamatch was undertaken matching the tenancy data against the Cifas National Fraud Database and this resulted in the following:- • 350 matches to the mortality register (tenant or joint tenant deceased) • 2 matches reported to housing management for further investigation as the tenant death was known • 1 match under investigation by CAFT

	Fraud work stream	Detail
6.	**Corporate anti-fraud awareness** Raise awareness of fraud and corruption risks both within the authority and in the community through the publication of fraud successes and awareness internally and in local and national media, including the use of all forms of social media including the following actions:- • Continue to promote the fraud e-learning package to employees • General internal communications bulletins in relation to articles on fraud and corruption • Issuing management reports detailing investigation outcomes and recommendations for improving fraud risk controls are implemented (KPI5) • Deliver fraud workshops/CAFT attendance at team meetings for high fraud risk areas as appropriate • Publicity through all forms of media on successful fraud cases, fraud initiatives and related prosecution outcomes • The use of Yammer to promote fraud awareness and signpost to the e-learning package	**Objective partially achieved** **Fraud e-learning** A Yammer Fraud Awareness Campaign commenced in February 2022 using a 3 pillar approach of *Spot, Stop & Save* messaging around fraud. Each message was accompanied by a link to the e-learning course encouraging staff to find out more about how they could help prevent fraud in their service areas. **Internal Communications** Covid-19 grant fraud alerts received from NAFN and Cifas have been shared frequently with Revenues and the Economic Development Team. Other general fraud bulletins received have been shared with different service areas potentially affected by fraud scams. **Management reports and briefing notes** In total, 20 fraud risk recommendations contained within investigation reports and briefing notes have been made to management with all 20 being agreed for implementation. **KPI5 target 85%, achieved 100% (20/20)** **Workshops** 3 Teams workshops covering general fraud awareness were delivered to employees in Housing Resident Services (Housing Officers, Rent Officers and Leasehold Officers) in Qtr 3. **Publicity** There has been no external publicity undertaken this year.
7.	**Fraud liaison** Explore, develop and maintain effective liaison with investigation teams in other boroughs and external agencies and ensure that membership and interest continues in the London Borough of Fraud Investigators Group (LBFIG), The National Anti-Fraud Network (NAFN), The Chartered Institute of Public Finance and Accountancy (CIPFA) and Cifas	**Objective achieved** The authority continued its membership of the National Anti Fraud Network (NAFN) for its essential role in intelligence and evidence gathering and the London Borough of Fraud Investigators Group (LBFIG). NAFN is an essential service for accessing 3rd party information sources which is vital for supporting investigation work. Officers in the team have also attended a number of virtual and face to face counter fraud training events during the year. Established partnerships with the Immigration Enforcement Department, HMRC, the Home Office, the Metropolitan Police and other enforcement agencies continue to prove essential to investigative work. Membership of Cifas was continued for 2021-22 and preparations were underway to join the Internal Fraud database (in addition to

		the National Fraud Database) membership in 2022/23 to commence employee screening.
8.	**Internal Data-matching** Undertake an internal proactive drive using iDIS (fraud case management system tool) in an area assessed to be at high risk to fraud	**Objective not undertaken** No internal proactive drive was undertaken due to other higher risk priority work

	Fraud work stream	Detail

9.	Assess and investigate allegations of fraud and abuse in the housing system working in partnership with Housing Resident Services, Housing Needs and Harrow's RSL's including:
	
	• Seek to recover a combined total of 10 Council social housing units and disrupt/intercept fraudulent Right to Buy applications (KPI1)
	
	    • Prevent housing application fraud through a partnership approach with Housing Needs providing fraud risk advice, support and the investigation of allegations of fraud
	
	• Prevent fraudulent Right to Buy (RTB) applications through targeted application validation with a fraud check on at least 90% applications referred to the CAFT at offer stage and before completion (KPI2)
	
	• Maximise the use of powers contained within the Prevention of Social Housing Fraud Act 2013 (PoSHFA) in terms of gathering evidence, investigation and prosecution of offenders and recovery of unlawful profit
	
	• Plan and implement a proactive anti-fraud datamatching exercise to identify the misuse of Council social housing units (see internal datamatching section above)
		Objective achieved
		
		Tenancy recoveries & Right to Buy applications disrupted/intercepted work stream
		Working in partnership with Housing Resident Services, Harrow's Registered Social Landlords (RSL's), Leasehold Services and HB Public Law, 2 council housing tenancies (£93,000 x 2) were recovered, 2 RSL tenancies were recovered (93,000 x 2) and 9 Right to Buys (£891,310.5) were denied.
		
		The value of RTB loss prevention is equal to the value of the purchase discount which can vary depending on the length of time the tenant has occupied the property and when they submitted their application as the discount increase annually in line with the consumer price index (CPI).
		KPI1 target 10, achieved 11 (110%)
		
		Housing Applications work stream
		A total of 6 housing application referrals were received by the team during the year and 1 application was rejected resulting in a loss prevention savings of £7,176.
		
		RTB work stream
		Out of a total of 31 Right to Buy applications received by the team, all 31 Right to Buy applications were fraud checked or were in the process of being fraud checked before purchase or the application determined (denied or accepted).
		KPI2 target 90%, achieved 100%
		
		PoSHFA 2013 Powers work stream
		The authority has utilised powers contained within the above act through requests to the National Anti-Fraud Network (NAFN) on 10 occasions this year. This enables the authority to access personal financial data held by the banks on individuals on cases of suspected tenancy sub-let, RTB and housing applications where there is doubt over the accuracy of the subject's account of events.
		
		Proactive Drive
		A proactive drive to identify non occupation/subletting of Council social housing was undertaken. The key fob entry use system and tenant access activity of 200 flats across four Council estates/blocks was analysed as intelligence from previous cases suggested these were high risks areas in the borough for consideration.
		
		In all, 103 flats were identified for key fob activity analysis after initial review
		
		11 cases were referred for full investigation and 6 remain under full investigation.
		
		Overall fraud loss prevented attributed to the housing fraud work stream is £1,270,486.5 based on:
		
		    • Tenancy recovery value according to the Cabinet Office and the authorities' fraud loss formula is £93,000 per unit.

		• RTB fraud loss prevention value calculated by the authority as per the fraud loss formula is the amount of discount the applicant would qualify for in the purchase; the maximum discount in 2020/21 was £112,300 and in 2021/22 was £112,800 • Housing application fraud loss prevention value is calculated as £7,176 using the average cost of placing a household in emergency accommodation for 12 months minus the housing benefit contribution

	Fraud work stream	Detail
10.	**Covid-19 Restart Grants** Work jointly with Internal Audit to undertake a review of the Restart Grants and implemented by the authority to provide financial assistance to local businesses in Harrow. This work may identify suspected fraud cases which will be investigated fully and steps taken to recover any losses identified	**Objective not undertaken** Internal Audit undertook the audit of Covid Restart Grant applications processed during the year and the intention was to refer any concerns to the CAFT for investigation, however no fraud referrals were made during the audit.
11.	**Internal fraud & corruption** Risk assess at least 85% of allegations of internal fraud and corruption as a priority and deploy resources on those cases where there is corroborative evidence within an average of 5 workings days of receipt of the information (KPI3)	**Objective achieved** Of the 12 internal fraud referrals received, 11 were risk assessed and resources allocated within in 5 working days. **KPI3 target 85%, achieved 92%.** There were 8 positive outcomes during the year which involved 7 employees summarily dismissed and 1 employee disciplined. **Overall fraud loss prevented attributed to this work stream is £130,068.5. Loss figure calculated by using the annual salary of the dismissed individual in line with the fraud loss formula**
12.	**Revenues/Business Rates/Council Tax Support fraud/Grants** Work in partnership with Revenues and Benefits to investigate allegations of fraud and abuse on a risk basis of the Council Tax, Council Tax Support and Non Domestic Rates Systems, including exemptions, discounts and reliefs, apply appropriate sanctions where fraud is proven and assist in the recovery of fraud related losses	**Objective achieved** The team received 13 referrals of Council Tax discount/exemption fraud, CTRS fraud and NNDR/Covid-19 grant fraud. Fraud recoverable overpayments achieved are as follows;- Single Person Discount £3,156.14 Council Tax Reduction Support £18,336.27 Housing Benefit £22,142.1 Covid grant £4,500 In all of these cases, the main focus of the investigation was housing tenancy fraud and subletting/non occupation and once fraud had been established, CAFT findings were shared across both Revenues and Housing Benefit for them to reassess entitlement **Overall recoverable fraud losses attributed to this work stream is £48,134.51**

13.	**Social care fraud** Work in partnership with the People Directorate to undertake a sample check allegations of fraud and abuse of the social care system including but not limited to:- • A proactive fraud risk- based exercise of personal budgets applications, assessment and monitoring of spend • A proactive fraud risk- based exercise in relation to those individuals being financially supported in long term residential care	**Objective not undertaken** A combination of a lack of capacity and changes to social care legislation impacting the amount of support that adult services could provide to the CAFT to complete this project, a decision was made not to commence this work and to roll it over to 2022/23
14	**Partnership working** Responding to requests for information in a timely manner from our law enforcement partners e.g Police, HMRC, Other LA's etc	**Objective achieved** All requests for information from our enforcement partners were processed in a timely manner or handed off to other departments depending on the nature of the request. Ie planning enforcement enquiry passed to planning enforcement colleagues .
15.	**Risk assess allegations of fraud and corruption** Risk assess 85% of allegations of fraud and corruption and deploy resources on those cases deemed sufficiently high enough fraud risk within an average of 10 working days of receipt of the information (KPI4)	**Objective achieved** Of the 94 referrals received during the year, all 94 (100%) were risk assessed and resources deployed to those cases accepted for investigation within 10 working days. **KPI4 target 85%, achieved 100%**

Performance of Corporate Anti-Fraud Team Year End 2021-22

Introduction

A number of Key Performance Indicators (KPIs) were agreed as part of the 2021-22 Corporate Anti-Fraud Plan and performance against these is set out in the table below:

No.	CAFT Key Performance Indicators 2021-22	Year-end target	Year-end output	Comments
1.	Recovery of a combined total 10 social housing units subject to fraud and misuse and the disruption / interception of fraudulent Right to Buy applications	10	11 (110%)	**Achieved** 9 Right to Buy applications were intercepted and 2 housing tenancies recovered suspected of non occupation/misuse. There were also 2 RSL tenancies recovered.
2.	Fraud validation checks undertaken on Right to Buy applications referred to the CAFT at offer stage and before completion	90%	100% (31/31)	**Achieved** Of the 31 Right to Buy applications received by the team during in the year, all 31 (100%) had anti money laundering and occupancy checks carried out before purchase or were in progress before a decision made to accept or deny the purchase.
3.	Internal fraud and corruption referrals risk assessed and resources deployed in 5 working days	85%	92% (11/12)	**Achieved** Of the 12 internal fraud and corruption referrals received by the team, 11 (92%) were risk assessed and resources deployed within 5 working days.
4.	Fraud and corruption referrals risk assessed and resources deployed in 10 working days	85%	100% (94/94)	**Achieved** Of the 94 referrals received by the team during the year, 94 (100%) were risk assessed and resources deployed within 10 working days.
5.	Fraud risk recommendations agreed for implementation	85%	100% (12/12)	**Achieved** Of the 20 fraud risk recommendations made by the team in reports and briefing notes, 20 (100%) were agreed for implementation by management.

Fraud referrals, outputs and savings summary

Fraud Risk Area	2021-22
Housing application fraud Referrals Positive outcomes Loss/Loss avoidance	6 1 £7,176 (1 housing application denied)
Blue badge Referrals Positive outcomes Loss/loss avoidance	7 0 £0
Fraud other Referrals Positive outcomes Loss/loss avoidance	5 0 £0
Revenues/CT/CTRS/HB/Grants Referrals Positive outcomes Loss/loss avoidance	13 4 £48,134.51 (1 Single Person Discount overpayment, 1 Council Tax Reduction Support overpayment, 1 HB overpayment and 1 covid grant overpayment)
Internal/Employee Referrals Positive outcomes Loss/loss avoidance	12 8 £130,068.5 (1 employee disciplined and 7 employees summarily dismissed for fraud)
Right to Buy Referrals Positive outcomes Loss/loss avoidance	31 9 £891,310.5 (9 RTB application denied for failing anti money laundering checks)
Social care Referrals Positive outcomes Loss/loss avoidance	4 0 £0
Tenancy Referrals Positive outcomes Loss/loss avoidance	28 4 £372,000 (2 council tenancies and 2 housing association tenancies recovered)

NFI exercise 2020-21 (processing matches undertaken across multiple services inc CAFT) Positive outcomes Loss/loss avoidance	186 £984,280.01
Totals **Referrals** **Positive outcomes** **Loss/loss avoidance**	**106 referrals + 186 NFI cases** **292** **£2,563,038.02**

2021-22 Year-End Financial Summary

The level of fraud and corruption identified impacting the authority for 2021-22 amounts to £2,563,038.02 which represents an approximate return on investment for the team's running costs of just over 10:1

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Report for:

GOVERNANCE, AUDIT, RISK MANAGEMENT & STANDARDS COMMITTEE

Date of Meeting:	30 November 2022
Subject:	Draft Corporate Anti-Fraud and Corruption Strategy 2022-26 consultation
Responsible Officer:	Dawn Calvert – Director of Finance & Assurance
Portfolio Holder:	David Ashton – Portfolio Holder for Finance and Human Resources
Exempt:	No
Wards affected:	All
Enclosures:	Draft Corporate Anti-Fraud & Corruption Strategy 2022-26

Section 1 – Summary and Recommendations

This report sets out the draft Corporate Anti-Fraud and Corruption Strategy for consultation

Recommendations:

The Committee is invited to review and comment on the strategy as part of the wider cross Council consultation process

Section 2 – Report

Corporate Anti-Fraud and Corruption Strategy 2022-26 consultation Background

2.1   Fraud and corruption risks pose a real threat to the Council not delivering its Corporate Objectives. Fraud not only removes resources from critical services but can cause untold social harms to individuals and communities and create poor morale amongst employees.

2.2   At a time when fraud and corruption represents more than 40% of all crime against individuals in England and Wales, it is imperative that the Council has a plan in place to deal with fraud risks.

2.3   Having a robust corporate anti-fraud and corruption strategy in place can help mitigate fraud and corruption risks to prevent and disrupt criminals from committing fraud and enable the Council to react robustly and swiftly when fraud is identified.

2.4   This updated strategy is aligned closely to the fraud strategy for Local Government; *Fighting Fraud and Corruption Locally, a strategy for the 2020's (FFCL).* The pillars of *Govern, Acknowledge, Prevent, Pursue and Protect* form a key part of this strategy update and sets out the measures in place to protect the Council moving forward.

Resources

There are no resource implications as the strategy will replace the current strategy in the constitution.

Legal Implications

This is an information report

Financial Implications

This is an information report

Risk Management Implications

This is an information report

Procurement Implications

This is an information report

Council Priorities

The Corporate Anti-Fraud and Corruption Strategy contributes to all corporate priorities by enhancing the robustness of the control environment and governance mechanisms that directly or indirectly support the priorities.

Equalities implications / Public Sector Equality Duty

This is an information report

Section 3 - Statutory Officer Clearance

This is an information report and does not require statutory clearance

Mandatory Checks

Ward Councillors notified: NO, as it impacts on all Wards

Section 4 - Contact Details and Background Papers

Contact: Justin Phillips, Corporate Anti Fraud Manager, 020 8424 1609

Background Papers: None

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HARROW COUNCIL

CORPORATE ANTI-FRAUD AND CORRUPTION STRATEGY

2022 – 2026

CONTENTS   PAGE NO

1.0 FOREWORD BY THE LEADER OF HARROW COUNCIL, COUNCILLOR PAUL OSBORN AND CHIEF EXECUTIVE, PATRICK FLAHERTY

Fraud and corruption continues to provide a significant threat to the UK economy, to businesses and individuals. Estimated losses to fraud and corruption in the UK range from the last most reliable set of local authority figures published in 2013 by the National Fraud Authority of £52 billion of which £2.1 billion was attributed to local authorities, to a more recent report published in 2021 by Crowe UK & The University of Portsmouth called the Financial Cost of Fraud 2021 putting the losses at £137 billion. Whatever the real cost of fraud and corruption to the UK, it is significant.

Harrow Council acknowledges these threats and accepts that we have to rise to the challenge that fraud and corruption threats presents. Fraud and corruption not only removes finite resources away from their intended purpose but it can cause untold social harms to individuals and our community.

Harrow Council will not tolerate fraud and corruption and will push for the strongest penalties against those that think its is acceptable to commit fraud against the authority.

Having recently launched our Vision in 2022 of '*Restoring Pride in Harrow*' supported by three clear Corporate Priorities, we will ensure that the public funds that we are entrusted with are protected against misuse and meet the needs of those that require our support the most and so that the people that live and work in Harrow can be proud of their borough.

Harrow Council Corporate Priorities

- A Council that Puts Residents First

- A Borough that is Clean and Safe

- A Place where those in need are Supported

A new Corporate Plan is being developed for February 2023 which will set out the plan to deliver against these new priorities. Having just emerged from some of the most financially and public health challenging times following the Covid-19 pandemic, we are now facing a cost of living crisis. The authority is committed to supporting those in need most which will not be easy given the current economic climate. The Council's financial position is a challenging one with an estimated budget gap of over £16.5 million for 2023/24. This will involve difficult decisions to be made around service provision but we are fully committed to doing everything in our powers to help individuals and businesses.

It is therefore vital, that we take a strong position around financial management and governance arrangements of the authority. The Council are determined therefore to protect ourselves from fraud and corruption from within and outside the organisation. The Council advocates a zero tolerance approach and will seek to prevent fraud and corruption, including bribery, in all areas of the organisation and the services we deliver. Where any instances are discovered, the Council will take all action as is necessary to hold perpetrators to account and reduce losses to an absolute minimum.

Our aim is to make absolutely clear to all that the Council will not tolerate fraud or corruption. The Council expects anyone with a concern, to report the matter immediately so that it can be investigated. The Council will make sure that these reports are dealt with promptly and

professionally and where a report is substantiated the Council will take effective and speedy action to protect the organisation.

As Harrow's largest employer, the Council has a duty to make clear to all members, employees and contractors that malpractice in any form will not be tolerated. The authority needs to demonstrate the highest standards of probity and transparency. All council employees are reminded that it is their duty to report any financial or professional misconduct.

The Council have designed this strategy to fight fraud and corruption by acknowledging and understanding our fraud risks, preventing and detecting more fraud and being stronger in punishing fraud and recovering losses. We urge you to study it carefully and join with us in ensuring Harrow Council retains its good name for corporate governance and fairness.

Cllr Paul Osborn   Patrick Flaherty

Leader of the Council   Chief Executive

2.0 INTRODUCTION

This strategy sets out the authorities' framework for managing, mitigating, identifying, investigating and improving internal controls to combat fraud and corruption perpetrated against the authority from both an internal and external perspective. It has the full support of the Corporate Strategy Board (CSB), relevant Members including the Governance, Risk Management and Standards Committee (GARMS), the Leader and Portfolio Holder for Corporate Finance.

The Council takes its responsibilities for the stewardship of public finances very seriously and is committed to the highest standards of transparency and accountability in order to ensure appropriate use of public funds and assets.

As a living document it is envisaged that this strategy will continually evolve as the Council gains a better understanding of the fraud and corruption risks it faces and responds to new and emerging threats. This strategy will be supported by an annual Fraud Plan developed and delivered by the Corporate Anti-Fraud Team and reported to the Governance, Risk Management and Standards Committee regularly.

It has a duty to prevent fraud and corruption, whether it is attempted by someone within or outside the Council such as another organisation, a resident, an employee, contractor or Councillor. The Council is committed to creating and maintaining an effective anti-fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities.

In all its dealings, the Authority will adhere to the seven principles of public life set out in the Nolan Committee's report on *Standards in Public Life*. See Fig 1 below

- ***Selflessness***
  Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families, or their friends.

- ***Integrity***
  Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

- ***Objectivity***
  In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

- ***Accountability***
  Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

- ***Openness***
  Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands. Openness requires an inclusive approach, an outward focus and a commitment to partnership working.

3

- *Honesty*

  Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

- *Leadership*

  Holders of public office should promote and support these principles by leadership and example.

DRAFT

3.0   AIMS AND OBJECTVES

The aims and objectives of the strategy are to:-

- Acknowledge and understand our fraud risks on at least an annual basis;

- Raise awareness of the impact of fraud both on the organisation and the individual;

- Promote the prevention of fraud, corruption and bribery with Council services;

- Help people pursue and detect fraud, corruption and bribery;

- Establish an effective response to suspected cases of fraud and corruption, to ensure all suspicions are properly and thoroughly investigated;

- Be innovative and explore technology to ensure the authority is ahead of the curve in relation to countering fraud and corruption;

- Create a strong anti-fraud and anti-corruption culture within the Council and reinforce an organisational culture of zero tolerance;

- Take appropriate and robust action to deal with proven fraudsters, applying sanctions against people who commit fraud; and

- Vigorously pursue all forms of redress for frauds, overpayments and to recover financial losses.

4.0   SCOPE

This strategy applies to the following groups:-

- Harrow Council employees (including volunteers and agency staff);
- Councillors;
- Staff and Committee Members of council funded voluntary organisations;
- Harrow Council's partners;
- NHS partners;
- Maintained schools;
- Council suppliers, contractors and consultants;
- Customers

5.0   DEFINITIONS

Fraud

The Fraud Act 2006 details the legal definitions of fraud and is used for the criminal prosecution of fraud offences. The Council also deals with fraud in non-criminal disciplinary matters such as tenancy fraud and recovery of property.

For the purposes of this document fraud is defined as; the dishonest action designed to facilitate gain (personally or for another) at the expense of the Council, the residents of the Borough or the wider community.   Fraud can be committed in three main ways:-

- Dishonestly making a false statement or representation;
- Dishonestly failing to disclose to another person, information which they are under a legal duty to disclose;
- Committing fraud by abuse of position, including any offence as defined in the Fraud Act 2006.

The definition covers various offences including but not limited to deception, forgery, theft, misappropriation, collusion and misrepresentation. Although use in this context is not intended to limit the full use of the Fraud Act 2006 in the investigation and prosecution, by the Council, of any offences.

Corruption

Corruption is defined as 'the abuse of entrusted power for private gain'[1]. It can be captured by the offering or acceptance of inducements designed to influence official action or decision making. These inducements can take many forms including cash, holidays, event tickets, meals.

Bribery

The Bribery Act 2010 reformed the criminal law to provide a new, modern and comprehensive scheme of bribery offences that will enable courts and prosecutors to respond more effectively to bribery at home or abroad. A bribe is defined under the UK Bribery Act as 'a financial or other advantage given or received etc., with the intention of inducing or rewarding the improper performance of a relevant function or activity'.

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[1] Transparency International

Theft

Theft is stealing any property belonging to the Council or which has been entrusted to it (i.e. client funds), including cash, equipment, vehicles or data.

Theft does not necessarily require fraud to be committed. Theft can also include the stealing of property belonging to our staff or members whilst on Council property.

Money Laundering

Money laundering is the process by which criminals attempt to 'recycle' the proceeds of their criminal activities in order to conceal its origins and ownership and which leaves them with money that cannot be traced back. All employees are instructed to be aware of the increasing possibility of receiving requests that could be used for money laundering and illicit requests for money through e-mails. Detailed guidance is set out in the Council's Money Laundering Policy.

Any Service that receives money from an external person or body is potentially vulnerable to a money laundering operation. The need for vigilance is vital and if there is any suspicion concerning the appropriateness of the transaction then advice must be sought. Officers should seek the advice from management, Internal Audit or the Corporate Anti Fraud Team.

7

6.0 THE SCALE OF FRAUD AND CORRUPTION IN THE UK

The true scale of fraud and corruption in the UK is unknown, but it is significant. There is not one exact measurement and various publications have been released by reputable bodies over the past few years all stating different levels of fraud and its impact upon the UK economy.

Fraud is now the most common crime in England and Wales costing the UK economy in the region of £137bn annually [2]. According to the Office for National Statistics in England and Wales Crime Survey (year ending December 2021), fraud increased 41% to 5.2 million offences when compared to the same period for the year ending December 2019.

On 12th November 2022, the *House of Lords Fraud Act 2006 and Digital Fraud Committee* published a report confirming fraud represents 41% of all crime against individual in England and Wales and an adult aged 16 or over in England and Wales is more likely to become a victim of fraud than any other individual crime type.

Fraud is not a victimless crime, it causes untold harm to individuals and communities.

Local Authorities continue to face significant fraud risks as the country emerges out of the Covid-19 pandemic where central government spending supporting individuals and businesses reached record levels.

For each £1 that the authority loses to fraud, a £1 is removed from budgets of essential services such as adult social care or homelessness. Fraud and corruption are a drain on resources and can lead to reputational damage and instability at Executive and Political level.

Criminals evolve and are constantly adapting and fine tuning their skills and techniques, therefore as a local authority we are committed to doing the same, being a part of innovative and trailblazing counter fraud projects where it is economic to explore, particularly where regional cross boundary schemes allow data to be shared in a co-ordinated way.

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[2] Financial Cost of Fraud 2021 Crowe UK & The University of Portsmouth

7.0 FIGHTING FRAUD AND CORRUPTION LOCALLY 2020 (FFCL)

Our strategy is aligned to the *Fighting Fraud & Corruption Locally* strategy which was first released in 2011 to support and assist local authorities combat fraud at a time when they faced significant financial challenges. The strategy is aimed at Council Leaders, Chief Executives, Finance Directors, Audit Committees and those with portfolio and governance responsibilities.

When it was refreshed in 2020 it retained the three pillars of activity that had been central to the strategy in 2011 and 2016; this being *Acknowledge, Prevent* and *Pursue,* but in addition to these a further two were added, namely *Govern* and *Protect*. The *Govern* pillar was included to ensure that local authorities should have in place a 'tone from the top' and the *Protect* pillar about ensuring it had protection against serious and organised crime.

The authority has embraced FFCL since its launch and has always strived to meet the challenges, standards and best practice contained within it. Contained within FFCL strategy is a best practice checklist that the Council will seek to comply with. See Appendix 1

GOVERN	ACKNOWLEDGE	PREVENT	PURSUE
Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.	*Accessing and understanding fraud risks.* *Committing the right support and tackling fraud and corruption.* *Demonstrating that it has a robust anti-fraud response.* *Communicating the risks to those charged with Governance .*	*Making the best use of information and technology.* *Enhancing fraud controls and processes.* *Developing a more effective anti-fraud culture.* *Communicating its' activity and successes.*	*Prioritising fraud recovery and use of civil sanctions.* *Developing capability and capacity to punish offenders.* *Collaborating across geographical and sectoral boundaries.* *Learning lessons and closing the gaps.*

PROTECTING ITSELF AND ITS RESIDENTS
Recognising the harm that fraud can cause in the community.
Protecting itself and its' residents from fraud.

8.0 THE ANTI-FRAUD FRAMEWORK AND OUR APPROACH

The Council's approach to tackling fraud and corruption aligns with FFCL's 5 pillars framework

GOVERN	**Executive support**	The Council's commitment to tackling fraud threats is clear and this 'tone from the top' is critical. Fraud will not be tolerated by the authority and there is executive support for taking a zero tolerant approach. Anti-fraud e-learning will be mandatory for all employees every 3 years from October 2022 with bespoke fraud risk training for services provided by the Corporate Anti-Fraud Team where the fraud risk is assessed as high. There are whistleblowing procedures and support for those who come forward to report suspected fraud and failures in service standards.
	Anti-Fraud culture embedded	The authority treats fraud risks like any other risks that impact the organisation's ability to deliver our corporate objectives. The risk of fraud is included on the Corporate Risk Register and specific fraud risks to be included on the Directorate Risk registers are being developed.
	Robust arrangements	The Corporate Anti-Fraud Team and Internal Audit has unfettered access to information within the authority and their work is independent of process. If fraud is reported, swift decisive action will be taken and there is executive support for strong measures against those found guilty including disciplinary action for those staff involved. Fraud committed by employees will be treated as 'gross misconduct' in relation to any disciplinary process and there is an expectation that where evidence proves guilt, the authority will always seek the strongest action including dismissal and robust recovery action where appropriate.

ACKNOWLEDGE	**Assessing and understanding fraud risks**	There is an annual fraud risk assessment undertaken as part of the annual fraud plan development. The plan draws upon evidence from previous anti-fraud activity, local intelligence gleaned from London's anti-fraud community and from the Cifas membership sharing best practice.
	Committing the right support and resources	There is an effective Corporate Anti-Fraud Team with accredited counter fraud officers able to target resources to ensure the delivery of the annual plan which is a combination of proactive and reactive anti-fraud work based on a fraud risk assessment
	Communicating risks to those charged with governance	The annual fraud plan is considered by the Corporate Strategy Board (CSB) and GARMS each year and progress against the plan is reported at the mid-year and year end points.

PREVENT	**Better use of Information Technology**	We will explore the use of data and analytical software to prevent and detect fraudulent activity. We will always look for opportunities to share data and fraud intelligence to increase our capability to uncover fraud as we have done in becoming members of Cifas utilising both the National Fraud Database and Internal Fraud Database (employee screening). We will continue to play an active part in National Fraud Initiative (NFI) data matching exercise. In the annual plan for 2022/23 we will explore a project to pilot software with the Department for Business, Energy & Industrial Strategy (BEIS) and Synalogik, identifying previously unknown frauds and organised crime groups operating in and around Harrow.
	Enhancing fraud controls and processes	The mandatory fraud e-learning training will build better fraud risk resilience and equip staff with the tools to be able to identify when something in their service does not look right and signpost them to seek further advice and guidance from the CAFT. We will promote strong management and good governance that provides scrutiny and independent challenge to risks and management controls. Internal Audit reviews will seek to highlight vulnerabilities in the control environment and make recommendations for improvement. The Corporate Anti-Fraud Team investigations and reports will also provide management with actions and recommendations to improve controls and reduce fraud risks.
	Anti-fraud culture	We will promote and develop a strong counter fraud culture, raise awareness of fraud and actively encourage improved verification of customer data and accompanying applications so that we can obtain assurance about customer interactions with the Council. We will also screen our employees both permanent and agency to ensure that we prevent fraudsters joining the Council which is a far more cost effective solution than suffering losses and investigating after the event has taken place.

PURSUE	**Fraud Recovery**	A crucial element of our response to tackling fraud is recovering any monies or assets lost through fraud. This is an important part of our strategy and will be rigorously pursued. We will use both the civil and criminal routes to recover losses to the full force of the law including confiscation under the Proceeds of Crime Act 2002.
	Punishing Fraudsters	We will apply realistic and effective sanctions for individuals or organisations where an investigation identifies fraud. This may include legal action, criminal and/or disciplinary action. We will also seek to publicise successes to act as a deterrent to those seeking to commit fraud.

Enforcement	We will investigate instances of suspected fraud detected through the planned proactive work including datamatching, cases of suspected fraud referred from internal or external stakeholders or received via the whistleblowing procedure and prioritised on a fraud risk basis. We have key performance indicators to turn referrals around in a timely manner and determine whether further resources are required to invest in the suspicion. We will work with internal / external partners including law enforcement agencies where common ground exists and where intelligence can be lawfully shared.

PROTECT	**Protecting against Serious and organised crime**	In 2022/23 and beyond we will explore a project to pilot software with the Department for Business, Energy & Industrial Strategy (BEIS) and Synalogik, identifying organised crime groups operating in and around Harrow. We will always look to collaborate with enforcement partners and to share intelligence where the law allows it.
	Protecting public funds	We take protecting the public funds incredibly seriously and we will ensure that if weaknesses in the control environment are identified, steps will be taken to plug any gaps and improve systems.
	Combatting cyber-crime	The Council is committed to following the National Cyber Security Centre guidance and security best practice to ensure the best protection is afforded to the Council's environment. This includes but not limited to security awareness training to educate and inform users, a back up policy in place stored off site, software patches regularly updated, antivirus software and firewwalls installed on all devices, password protection into place including PIN and facial recognition and multi factor authentication (NFA) enabled for all users.

9.0 ROLES & RESPONSIBILITIES

RESPONSIBILITIES STAKEHOLDER	SPECIFIC RESPONSIBILITIES
Chief Executive	Ultimately accountable for the effectiveness of the Council's arrangements for countering fraud and corruption. (This is currently not reflected in financial regulations and will be considered during the consultation)
Director of Finance (Section 151 Officer)	The Head of Paid Service will ensure a formal code of conduct is established and widely publicised and a Register of Interests is maintained and the receipt of hospitality and gifts covering both Members and officers. They will ensure the fraud risk register is established and reviewed annually and maintained by the Directorates. They will ensure that The Public Interest Disclosure Act 1998 (whistleblowing) policy is maintained and is available and officers are able to make disclosures which will be treated diligently and robustly investigated. They will ensure the implementation of appropriate measures to prevent and detect fraud and corruption and that the anti fraud strategy and fraud response plan is consistent with legislation. They are responsible for the Corporate Anti Fraud Team ensuring that effective procedures are in place to identify fraud and to investigate promptly and responsible for ensuring progress against annual fraud plans is reported to GARMS twice yearly.
Monitoring Officer and Director of Legal & Governance Services	To advise Councillors and Officers on ethical issues, standards and powers to ensure that the Council operates within the law and statutory Codes of Practice.
Governance, Audit, Risk Management and Standards Committee (GARMSC)	GARMS role is to review the assessment of fraud risks and potential harm to the council from fraud and corruption. To monitor the counter-fraud strategy, actions and resources and the Council's approach to tackling fraud and corruption and promote an anti-fraud culture. To review and approve the annual Corporate Anti-Fraud Team Plan. To consider reports from the Head of Internal Audit/ Corporate Anti-Fraud Manager on the Corporate Anti-Fraud Team's performance at mid-year and at year-end.

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Councillors	To comply with the Code of Conduct and related Council policies and procedures, to be aware of the possibility of fraud, corruption and theft, and to report any genuine concerns accordingly.
External Audit	Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption and theft.
Internal Audit	Internal audit is responsible for evaluating the potential for the occurrence of fraud and how the organisation manages fraud risk[3]
Corporate Anti-Fraud Team	Responsible for the co-ordination of the authorities' anti-fraud and corruption strategy, including the measures in place to govern, acknowledge, prevent, pursue and protect against fraud and corruption activity. This also includes a key co-ordination role in the National Fraud Initiative (NFI) which is a fraud prevention and detection exercise based around bulk data matching that is led by the Cabinet Office every two years.
Corporate Directors, Directors, Heads of Service and Service Managers	Manage the risk of fraud and corruption. To promote staff awareness and ensure that all suspected or reported irregularities are immediately referred to Corporate Anti-Fraud or Internal Audit. To ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption and theft and to reduce these risks by implementing strong internal controls. It is vital that this group show leadership in supporting investigations into fraud and corruption and that they are responsive to implementing actions arising from this work. Their role in the NFI exercise is to provide data for matching and to analyses the outputs form the matching exercise and take appropriate action
Employees	Our employees are the first line of defence against fraud and corruption. They are expected to conduct themselves in ways which are beyond reproach, above suspicion and fully accountable. Also responsible for reporting malpractice through well established 'whistleblowing' procedures.

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[3] Public Sector Internal Audit Standards

	Employees are expected to adhere to the Employee Code of Conduct, Financial Regulations and Contract Procedure Rules

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10.0 REPORTING & REVIEW

The Council recognises that the primary responsibility for the prevention and detection of fraud rests with management. If anyone believes that someone is committing a fraud or suspects corrupt practices, these concerns should be raised in the first instance directly with line management then the Corporate Anti Fraud Team or Internal Audit.

Where managers are made aware of suspected fraud by employees, they have responsibilities for passing on those concerns to the Corporate Anti Fraud Team, Internal Audit, and Monitoring Officer in the event of a whistleblowing allegation or the Director of Finance (Section 151 Officer). Managers should react urgently to suspicion of potential internal fraud or corruption.

Head teachers of LA-maintained schools should also notify their Chair of Governors. Notifications must be treated with the utmost confidentiality. Any person that is implicated in the alleged offence should not be included in the notification procedure.

The Head of Internal Audit, Corporate Anti Fraud Manager and Director of Finance (s.151 Officer) has responsibility for ensuring the authority has a robust anti fraud and corruption response.

The Council's Governance, Audit, Risk Management and Standards Committee will ensure the regular review and amendment of this strategy to ensure that it remains compliant with good practice national public sector standards, primarily the FFCL strategy, and to continues to meet the needs of Harrow Council.

APPENDIX 1 FFCL CHECKLIST

1.	The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members
2.	The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community
3.	There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist
4.	The relevant portfolio holder has been briefed on the fraud risks and mitigation
5.	The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources
6.	There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance
7.	The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business
8.	The risks of fraud and corruption are specifically considered in the local authority's overall risk management process
9.	Counter fraud staff are consulted to fraudproof new policies, strategies and initiatives across departments and this is reported upon to committee
10.	Successful cases of proven fraud/corruption are routinely publicised to raise awareness
11.	The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering: – codes of conduct including behaviour for counter fraud, anti-bribery and corruption – register of interests – register of gifts and hospitality
12.	The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended Fighting Fraud and Corruption Locally A strategy for the 2020s 28 in FFCL 2020 to prevent potentially dishonest employees from being appointed
13.	Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee
14.	There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts
15.	There is an independent and up-to-date whistleblowing policy which is monitored for take up and can show that suspicions have been acted upon without internal pressure
16.	Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistleblowers
17.	Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced
18.	There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities
19.	Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes
20.	Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation
21.	There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team

22.	All allegations of fraud and corruption are risk assessed.
23.	The fraud and corruption response plan covers all areas of counter fraud work: – prevention – detection – investigation – sanctions – redress
24.	The fraud response plan is linked to the audit plan and is communicated to senior management and members
25.	Asset recovery and civil recovery are considered in all cases
26.	There is a zero tolerance approach to fraud and corruption that is defined and monitored and which is always reported to committee
27.	There is a programme of proactive counter fraud work which covers risks identified in assessment
28.	The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity
29.	The local authority shares data across its own departments and between other enforcement agencies
30.	Prevention measures and projects are undertaken using data analytics where possible.
31.	The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools
32.	The counter fraud team has access to the FFCL regional network

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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