

**HARROW COUNCIL**  
**2022/23 DRAFT INTERNAL AUDIT & CORPORATE ANTI-FRAUD PLAN**

**22022/23 Internal Audit Plan - Consultation**

| <b>DIRECTORATE</b> | <b>NAME</b>               | <b>TITLE</b>                                    | <b>DATE</b> |
|--------------------|---------------------------|---|-------------|
|                    |                           | Corporate Strategic Board                       | 25/07/22    |
|                    | Paul Hewitt               | Interim Chief Executive                         | 25/07/22    |
| <b>Resources</b>   | Charlie Stewart           | Corporate Director Resources                    | 25/07/22    |
|                    | Dawn Calvert              | Director of Finance & Assurance/S151            | 18/07/22    |
|                    | Hugh Peart                | Director of Legal & Governance                  | 25/07/22    |
|                    | Alex Dewsnap              | Director of Strategy and Partnership            | 25/07/22    |
|                    | Ben Goward                | Director of ICT                                 | 18/07/22    |
|                    | Fern Silverio             | Divisional Director Collections & Benefits      | 18/07/22    |
|                    | Nimesh Mehta              | Head of Procurement                             | 18/07/22    |
|                    | Sharon Daniels            | Head of Strat & Tech Finance/Deputy S151        | 18/07/22    |
|                    | Tasleem Kazmi             | Finance Business Partner Housing & Regeneration | 18/07/22    |
|                    | Donna Edwards             | Finance Business Partner People (Adults)        | 18/07/22    |
|                    | Jessie Mann               | Finance Business Partner Community              | 18/07/22    |
|                    | Jo Frost                  | Finance Business Partner People (Children)      | 18/07/22    |
|                    | Justin Phillips           | Corporate Anti-Fraud Service Manager            | 24/06/22    |
|                    | Neale Burns               | Interim Risk Manager                            | 24/06/22    |
|                    | Internal Audit Team       | Auditors  | 24/06/22    |
|                    | Corporate Anti-Fraud Team | Fraud Investigators                             | 24/06/22    |
| <b>People</b>      | Peter Tolley              | Interim Corporate Director People               | 18/07/22    |
|                    | Shaun Riley               | Interim Director of Adult Social Services       | 18/07/22    |
|                    | Patrick O'Dwyer           | Director of Education                           | 18/07/22    |
|                    | Johanna Morgan            | Divisional Director Commercial & Regeneration   | 18/07/22    |
|                    | Sarah Baker               | Assistant Director – Health & Wellbeing         | 19/07/22    |

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|              |                 |  |          |
|--------------|-----------------|--|----------|
| <b>Place</b> | Dipti Patel     | Corporate Director Place   | 18/07/22 |
|              | Tony Galloway   | Interim Director Environmental Services                          | 18/07/22 |
|              | Julian Wain     | Interim Commercial Director                                      | 18/07/22 |
|              | Mark Billington | Head of Service – Economic Development, Research<br>& Enterprise | 18/07/22 |
|              | Julian Higson   | Interim Head of Housing  | 18/07/22 |
|              | Andrew Campion  | Head of Asset Management (Housing)                               | 18/07/22 |

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**Internal Audit Plan 2022/23**

| Review Area                                      | Risk Assessment <sup>1</sup> | Reason for inclusion  | Proposed Audit Coverage  | Audit Days | Q    |
|--|------------------------------|---|--|------------|------|
| <b>Core Financial Systems</b>                    |                              |   |  |            |      |
| Capital expenditure                              | H                            | Core Financial System   | Key Control Review   | 10         | Q1   |
| Business Rates                                   | H                            | Core Financial System   | Key Control Review   | 10         | Q1   |
| Housing Benefit                                  | H                            | Core Financial System   | Evidence Based Control Self- Assessment  | 1.5        | Q1   |
| Treasury Management                              | M                            | Core Financial System   | Evidence Based Control Self- Assessment  | 1.5        | Q1   |
| Housing Rents                                    | M                            | Core Financial System   | Evidence Based Control Self-Assessment   | 3          | Q1   |
| Corporate Accounts Receivable                    | M                            | Core Financial System   | Evidence Based Control Self- Assessment  | 1.5        | Q1   |
| Corporate Accounts Payable                       | H                            | Core Financial System   | Evidence Based Control Self- Assessment  | 1.5        | Q1   |
| Payroll  | H                            | Core Financial System   | Evidence Based Control Self- Assessment  | 1.5        | Q1   |
| Council Tax                                      | H                            | Core Financial System   | Evidence Based Control Self- Assessment  | 1.5        | Q1   |
| <b>IT</b>  |                              |   |  |            |      |
| IT Inventory*                                    | H                            | As a result of Pandemic IT equipment is has been distributed for homeworking. | A review to ensure that inventory covers all appropriate equipment, and that adequate systems are in place for keeping it up to date.                        | 10         | Q2   |
| IT Support – Service Integration and Management* | H                            | New arrangements in place, some in-house provision and some contracts         | A review of how the elements of the support work together and are being managed  | 20         | Q3/4 |
| IT Strategy*                                     | H                            | New IT Strategy currently being developed                                     | Provision of the 2016/17 audit work on IT Strategy to feed into the development of the new strategy and a review of new strategy towards the end of the year | 5          | Q4   |

<sup>1</sup> Wherever possible risk ratings are taken from the Corporate (prefix CR), an audit risk assessment is undertaken for all other reviews.

\* Projects carried forward from 2021/22 plan

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| <b>Corporate Compliance Checks</b>             |   |  |  |    |       |
|--|---|--|--|----|-------|
| Contract Procedure Rules (Annual Assurance)    | H   | To obtain assurance and to feed into future updating of Contract Procedure Rules and following the findings of the Depot – Additional Works Review   | Sample checks across the council to ensure that Contract Procedure Rules are understood and being adhered to – area of focus to be determined as part of review planning                       | 10 | Q3/4  |
| Financial Regulations (Annual Assurance)       | H   | To obtain assurance following the updating of Financial Regulations during 18/19 and the findings of the Depot – Additional Works Review   | Sample checks across the council to ensure that Financial Regulations are understood and being adhered to – area of focus to be determined as part of review planning                          | 10 | Q3/4  |
| HR Policies (Annual Assurance)                 | H   | To provide assurance on the implementation of HR Policies annually, with a focus on different policies each year in consultation with the Director of HR&OD  | Sample check across the council to ensure that HR Policies are understood and adhered to - areas of focus for 201/22 Job Evaluation and Honorariums  | 10 | Q2    |
| <b>Corporate Risk Based/Governance Reviews</b> |   |  |  |    |       |
| Corporate Governance                           | Statutory Requirement<br><br>Links to CR2 - H | <b>Requirement under the Accounts &amp; Audit Regulations 2015:</b> <i>A relevant authority must, each year conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement</i> | Co-ordination of the annual review of governance, including Management Assurance, assessment against the CIPFA Financial Management Standards plus drafting of the Annual Governance Statement | 30 | Q1/4  |
| Risk Registers                                 | Statutory Requirement                         | <b>Requirement under the Accounts &amp; Audit Regulations 2015:</b> <i>A relevant authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk</i>        | Update of the Corporate Risk Register and input/assistance with Directorate and other Council risk registers   | 65 | Q1-4  |
| Risk Management in Decision Making             | M   | <b>Requirement under the Accounts &amp; Audit Regulations 2015:</b> <i>A relevant authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk</i>        | A real-time pro-active review, with clearance provided before reports are presented to Cabinet   | 20 | Q1-Q4 |

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|   |                       |  |  |    |      |
|---|-----------------------|--|--|----|------|
| Tell Us Once/Legacy Systems*                          | H                     | Changes of circumstances notified to the Council are not always shared with appropriate services and this has led to overpayments and fraud.   | A review to identify the barriers to information being shared across key services, Housing, Council Tax and Housing Benefits and the Tell Us Once system and an exploration of potential solutions         | 10 | Q3/4 |
| Financial Resilience*                                 | Links to CR1 - H      | Financial Resilience is key to the authority remaining viable, stable and effective in a climate of growing demand and reduced funding   | Using CIPFA publication Building Financial Resilience as a guide a review of the authority's financial resilience  | 15 | Q3/4 |
| <b>Resources Risk Based Reviews</b>                   |                       |  |  |    |      |
| Restart Grants*                                       | H                     | Scheme in place to support business in the non-essential retail, hospitality, leisure, personal care and accommodation sectors with a one-off grant of up to £18,000, to reopen safely as COVID-19 restrictions are lifted | Post assurance review conducted jointly with Corporate Anti-Fraud Team to ensure that any suspected fraud or error identified can be investigated quickly and steps taken to recover any losses identified | 10 | Q2   |
| Transformation Programme – Project Management Review* | CR7 - H               | A continuation of project management reviews of the Council's key projects   | A project management review of one of the projects within the Transformation Programme – project to be identified at time of review  | 15 | Q3/4 |
| Resources Directorate Fraud Risk                      | CR10 - M              | In response to an external report and a significant fraud identified in 2021/22  | Development of a Resources Directorate Fraud Risk for inclusion on the Resources Directorate Risk Register and a targeted review of controls in place to mitigate the risk of fraud.                       | 20 | Q2-4 |
| <b>Place Risk Based Reviews</b>                       |                       |  |  |    |      |
| Housing Repairs* (expanded for 2022/23)               | H                     | The Council as a landlord has a number of statutory duties that must be complied with  | A review of the adequacy, application, and effectiveness of controls in place to mitigate risks to the Council including the risk of fraud and failure to comply with the Council's statutory duties       | 25 | Q3/4 |
| Facilities Management Procurement/Contracts*          | H                     | Major changes introduced during 2020/21 to improve service   | Review of procurement and contract management  | 15 | Q3/4 |
| Facilities Management Statutory Compliance*           | H                     | There are a number of statutory duties that must be complied with  | A review of the processes in place to ensure that the Council's statutory duties are met   | 15 | Q2   |
| Bus Subsidy Grant*                                    | Statutory Requirement | Grant condition requirement  | Annual HIA Certification   | 2  | Q2   |

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|  |                        |  |   |    |           |
|--|------------------------|--|---|----|-----------|
| HSDP/Council owned companies Governance*                   | CR4 – H                | New arrangements, issues highlighted in other authorities with such arrangement, potential high risks  | A review of how governance arrangements are working in practice across Council owned companies Q3/Q4  | 20 | Q3/<br>Q4 |
| Leaseholder Charges  | H                      | In response a complaint it was agreed with the Chief Executive that an internal audit of the process would be undertaken before the next billing cycle   | A review of the adequacy, application and effectiveness of controls in place to mitigate risk to the Council, including the risk inaccurate charging of in the Leaseholder Charges system                   | 20 | Q2/3      |
| Place Directorate Fraud Risk                               | CR10 - M               | In response to an external report and a significant fraud identified in 2021/22  | Development of a Place Directorate Fraud Risk for inclusion on the Place Directorate Risk Register and a targeted review of controls in place to mitigate the risk of fraud.                                | 30 | Q2-4      |
| <b>People Risk Based Reviews</b>                           |                        |  |   |    |           |
| Schools  | H                      | <b>Links to Corporate Priority:</b><br>Sustaining quality education and training<br><br>The Council has 34 maintained schools with delegated budgets most of which are in excess of £1m however schools are facing ever increasing financial pressures | Reviews to be undertaken to provide assurance on Budget Management or Governance & Financial Control. Schools that decide to leave the FMS system will be considered a higher risk and will be prioritised. | 80 | Q3/4      |
| SFVS   | Funding Requirement    | To provide assurance to S151 Officer responsible for signing off statutory return  | Review of the statutory return to the Department Education to be signed by the s151 Officer confirming the number of Schools to complete the Schools Financial Value Standard (SFVS) self-assessment        | 5  | Q1        |
| Together with Families Programme (Troubled Families Grant) | Grant Requirement      | <b>Links to Corporate Priority:</b><br>Tackling poverty and inequality - testing by internal audit is a grant condition  | Sample testing of claim prior to grant submission   | 10 | Q1-4      |
| Children Placements*                                       | Links to CR5 - H       | A high percentage of the Children Budget spent on placements   | A review of the adequacy, application and effectiveness of decisions and review of placements   | 15 | Q3/4      |
| Adults Placements*   | Links to CR3 & CR5 - H | A high percentage of the Adults Budget spent on placements   | A review of the adequacy, application and effectiveness of decisions and review of placements   | 15 | Q3/4      |

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|  |          |   |  |     |      |
|--|----------|---|--|-----|------|
| People Directorate Fraud Risk          | CR10 - M | In response to an external report and a significant fraud identified in 2021/22   | Development of a People Directorate Fraud Risk for inclusion on the People Directorate Risk Register and a targeted review of controls in place to mitigate the risk of fraud. | 20  | Q2-4 |
| <b>Support, Advice &amp; Follow-up</b> |          |   |  |     |      |
| GARMS Identified Review                | tbd      | tbd   | tbd  | 20  | tbd  |
| Professional Advice                    | H/M/L    | To provide a pro-active response to management requests for support and guidance on control, risk management and guidance | Advice on control, risk management and governance  | 20  | Q1-4 |
| Follow-up                              | H/M      | To provide assurance on the implementation of audit recommendations by management in accordance with the agreed strategy  | Follow-up of Red, Red/Amber & Amber reports  | 20  | Q1-4 |
| Grants                                 | H        | Certain government grants require HIA sign-off  | Where required sample testing to confirm grant conditions have been met before sign-off by the HIA and Chief Executive   | 5   | Q1-4 |
| Irregularity/whistleblowing Reviews    | H        | To provide a pro-active response to irregularity and/or whistleblowing allegations  | Review of allegations to support management  | 50  | Q1-4 |
| <b>TOTAL DAYS IN 2022/23 PLAN</b>      |          |   |  | 684 |      |

| <b>Internal Audit Performance Indicator 2022/23</b> |  | <b>Target</b> |
|---|--|---------------|
| 1   | Recommendations agreed for implementation                  | 95%           |
| 2   | Follow up undertaken – red and red/amber assurance reviews | 100%          |
| 3   | Follow-up undertaken – amber assurance reviews             | 70%           |
| 4   | Plan achieved for key control reviews                      | 100%          |
| 5   | Plan achieved overall (key indicator)                      | 90%           |
| <b>Corporate Performance Indicator</b>              |  | <b>Target</b> |
| 1   | Implementation of recommendations                          | 90%           |

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**Corporate Anti-Fraud Plan 2022/23**

|    | <b>Fraud work stream</b>                     | <b>Proposed counter fraud coverage</b>   |
|----|--|--|
| 1. | Corporate fraud risk assessment              | Identify and assess Harrow's fraud risk exposure affecting the principal activities in order to fully understand changing patterns in fraud and corruption threats and the potential harmful consequences to the authority and our customers. A new methodology was deployed in 2021/22 which will be reviewed at the end of the year to assess how accurate it was.   |
| 2. | Corporate Anti-Fraud & Corruption Strategy   | Review the authorities' Corporate Anti-Fraud & Corruption Strategy and update any action plan in year  |
| 3. | National Fraud Initiative co-ordination role | Co-ordination of the 2022/23 National Fraud Initiative (NFI) match processing including:- <ul style="list-style-type: none"> <li>• Ensuring the authority complies with fair processing guidelines required to submit data into the exercise in accordance with timescales so as to be compliant with GDP</li> <li>• Supports service areas in extracting the data from core systems in the required specification in accordance with timescales</li> <li>• Upload the data securely onto the Cabinet Office NFI portal and in accordance with timescales</li> <li>• Liaise with service areas when the datamatches are released back to authority in January 2019 to ensure that action is commenced promptly on those matches that are deemed to be high risk</li> </ul> |
| 4. | Cifas project                                | Continue to maximise membership of Cifas to support fraud investigation work undertaking a proactive drive using the National Fraud Database (NFD)   |
| 5. | Cifas Employee Vetting Project               | Implement employee vetting using the Cifas Enhanced Internal Fraud Database (EIFD) for new starter agency staff in phase 1 (Q2) and new starter and promotions for permanent staff in phase 2 (Q4)   |
| 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:-   |



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|    |   | <ul style="list-style-type: none"> <li>• Facilitate with organizational development the roll out of mandatory fraud e-learning during the year in response to the significant governance gap identified in 2021/22</li> <li>• General fraud communication bulletins in relation to articles on fraud and corruption, case studies</li> <li>• Issuing management reports detailing investigation outcomes and recommendations for improving fraud risk controls are implemented (KPI5)</li> <li>• In partnership with Internal Audit deliver fraud workshops/attendance at team meetings for areas identified as particularly vulnerable to fraud in response to the significant governance gap identified in 2021/22</li> <li>• Publicity through all forms of media on successful fraud cases, fraud initiatives and related prosecution outcomes</li> <li>• The use of Yammer to promote fraud awareness and signpost to the e-learning package</li> </ul> |
| 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   |
| 8. | Challenging Organised Crime Groups (OCGs) project | Explore a proof of concept to identify and investigate OCGs in partnership with the Department for Business, Energy & Industrial Strategy (BEIS), University of the West of England & Synalogik Innovative Solutions   |
| 9. | Housing fraud                                     | <p>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:</p> <ul style="list-style-type: none"> <li>• Seek to recover a combined total of 10 Council social housing units and disrupt/intercept fraudulent Right to Buy applications (KPI1)</li> <li>• Prevent housing application fraud through a partnership approach with Housing Needs providing fraud risk advice, support and the investigation of allegations of fraud</li> </ul>  |

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|     |  |   |
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|     |  | <ul style="list-style-type: none"> <li>• 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)</li> <li>• 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</li> <li>• Plan and implement a proactive anti-fraud datamatching exercise to identify the misuse of Council social housing units (see datamatching section above)</li> </ul> |
| 10. | Social care fraud  | <p>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:-</p> <ul style="list-style-type: none"> <li>• A proactive fraud risk based exercise of personal budgets applications, assessment and monitoring of spend</li> <li>• A proactive fraud risk based exercise in relation to those individuals being financially supported in long term residential care</li> </ul>   |
| 11. | Risk assess allegations of internal 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 5 working days of receipt of the information (KPI3)  |
| 12. | 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)   |

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| <b>No.</b> | <b>CAFT Key Performance Indicators 2022/23</b>  | <b>Target</b> |
|------------|---|---------------|
| 1.         | Seek to recover a combined total of 10 Council social housing units and disrupt/intercept fraudulent Right to Buy applications                      | 100%          |
| 2.         | Fraud validation checks commenced on Right to Buy applications and resources deployed in 10 working days with 100% check before purchase completion | 90%           |
| 3.         | Internal fraud and corruption referrals risk assessed and resources deployed in 5 working days  | 85%           |
| 4.         | Fraud and corruption referrals risk assessed and resources deployed in 10 working days  | 85%           |
| 5.         | Fraud risk recommendations agreed for implementation  | 85%           |

**Justin Phillips**  
Service Manager, Corporate Anti-Fraud Team

**Susan Dixon**  
Head of Internal Audit & Corporate Anti-Fraud

**July 2022**