



LONDON BOROUGH OF  
**HARROW**

# **Governance, Audit, Risk Management and Standards Committee Agenda**

**Date:** **Wednesday 20 September 2023**

**Time:** **6.30 pm**

**Venue:** **The Auditorium - Harrow Council Hub, Kenmore  
Avenue, Harrow, HA3 8LU**

## **Membership (Quorum 3)**

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**Chair:** Councillor Kanti Rabadia

**Conservative Councillors:** Philip Benjamin  
Kuha Kumaran  
Yogesh Teli

**Labour Councillors:** Ghazanfar Ali  
Rashmi Kalu  
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:** Arun Birah  
Tel: 020 8424 1196 E-mail: [arun.birah@harrow.gov.uk](mailto:arun.birah@harrow.gov.uk)

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# Useful Information

## Joining the Meeting virtually

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

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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.
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- (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 12 September 2023**

# 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 5 July 2023 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 15 September 2023. Questions should be sent to [publicquestions@harrow.gov.uk](mailto: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. **Exclusion of the Press Public**

To resolve that the press and public be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of confidential information in breach of an obligation of confidence, or of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972:

Agenda Item No	Title	Description of Exempt Information
9	INFORMATION REPORT – CRR UPDATE SEPTEMBER 2023 Corporate Risk Register 2023/24	Information relating to the financial or business affairs of any person (including the authority holding that information)

## Agenda - Part II

9. **INFORMATION REPORT - CRR UPDATE SEPTEMBER 2023 Corporate Risk Register 2023/24** (Pages 11 - 62)  
Report of the Interim Director of Finance & Assurance

## Agenda - Part I

10. **INFORMATION REPORT - Statement of Accounts 2021/22** (To Follow)  
Report of the Interim Director of Finance & Assurance
11. **INFORMATION REPORT - Internal Audit Year-End Report 2022/23** (Pages 63 - 74)  
Report of the Interim Director of Finance & Assurance
12. **Corporate Anti-Fraud Team Year-End Report 2022/23** (Pages 75 - 90)  
Report of the Interim Director of Finance & Assurance
13. **GARMS Committee Annual Report 2022/23** (Pages 91 - 108)  
Report of the Interim Director of Finance & Assurance
14. **Internal Audit Annual Plan 2023/24** (Pages 109 - 130)  
Report of the Interim Director of Finance & Assurance
15. **GARMS Workplan 2023/24** (Pages 131 - 134)  
Report of the Interim Director of Finance & Assurance
16. **Any Other Urgent Business**  
Which cannot otherwise be dealt with.

### 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**

### **5 July 2023**

**Present:**

**Chair:** Councillor Kanti Rabadia

**Councillors:** Ghazanfar Ali                      Kuha Kumaran  
Philip Benjamin                                  Yogesh Teli

**Apologies received:** Councillor Rashmi Kalu                      Councillor Dr Antonio Weiss

**69. Attendance by Reserve Members**

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

**70. Declarations of Interest**

**RESOLVED:** To note that no declarations of interest were declared by Members.

**71. Minutes**

The Chair of the Committee proposed some additional comments to the minutes of the meeting held on 23 May 2023. These additional comments were left on the desks for Members and the changes were highlighted in red.

**RESOLVED:** That the minutes of the meeting held on 23 May 2023 including the additional comments from the Chair, be taken as read and signed as a correct record.

**72. Public Questions**

**RESOLVED:** To note that no public questions were received

**73. Petitions**

**RESOLVED:** To note that no petitions had been received.

**74. Deputations**

**RESOLVED:** To note that no deputation had been received.

**75. References from Council and other Committees/Panels**

**RESOLVED:** To note that no references were received.

**76. Treasury Management Annual Outturn Report 2022/23**

The Committee received a report which set out the Treasury Management Outturn position for 2022/23.

An Officer introduced the report, stating that the Council held outstanding investment of £79.4 million at the end of the reporting financial year. The Officer explained that the actual borrowing CFR went down slightly by £8.4 million from the closing balance of £588.1 million to £579.7 million. The Officer highlighted the fact that the original borrowing CFR forecast for 2022/2023 was £655.2 million and the Council are not near that amount at all due to capital expenditure slippage. The Officer then went on to inform Members that the actual debt at the end of the current financial year stood at £432.2 million. From this amount, it was confirmed that the loans borrowing was £417,231 million and other liabilities such as PFI was roughly £15 million.

The Officer drew particular attention to the fact that during 2022/2023 the Council did not raise any new borrowing and only internal borrowing was used. The total amount that the Council paid in loans that have matured during the year was £5 million. The Officer explained that for this financial reporting year, all treasury management activities were carried out in accordance with the approved limits and the prudential indicator which was set out in the Council's treasury management strategy statement that was approved by full Council in February 2022.

The Officer then invited Members to ask questions and it was clarified that:

- When the treasury management strategy statement was put together back in February 2022, the interest rates forecast was not expecting things to be the way they are in the current environment.
- A Member sought clarification as to the reason why in the housing revenue account, capital receipts and capital grants had a substantial drop in figures as compared to the previous financial year. The Officer

confirmed that in the HRA it is normal to find that things fluctuate year to year. It was confirmed that Officers would circulate to Members the specific reasons for the variance in the HRA account.

- The Chair of the Committee requested that Officers provided clarification after the meeting regarding what has triggered the £3.2 million increase in capital receipts in the General Fund.
- The Council has an amount of cash in the bank which was made up of reserves, grants and cash in the bank (such as Council Tax money that comes in). The Officer confirmed that the Council has a trigger point of £30 million where the cash balance in the bank will not be held less than this amount. When the Council wishes to spend on the Capital Programme, rather than borrowing the money the Council would look to use any excess in the cash balance above the trigger point and this was referred to as internal borrowing.
- The Officer confirmed that Harrow was an under-borrowed Council.
- When the Council put money into the Capital Programme, the absolute limit in terms of what could be borrowed is all linked to what is both sensible and affordable for the Council to pay back. The Officer stated that the Council has an approximate £5 million surplus in the Capital Financing budget. This meant that if borrowing was required, there would be the revenue budget to fund this.
- The Chair of the Committee sought clarification regarding the Capital Financing cost in particular the budget for each category and the actual spends in each category as of March 2023. It was confirmed that the budget figures and actual capital finance costs would be provided to Members as a follow up.
- The Council keeps a high amount of money in its current account, meaning instant access can be given if urgently required for an investment.

**RESOLVED:** That

- (1) the Committee notes the Treasury Management outturn position for 2022/23;
- (2) the Committee refers the Treasury Management Annual Outturn Report 2022/23 to Cabinet for noting.

**77. INFORMATION REPORT - Audit Update 2021/22**

The Committee received a report which provided an update on the completion of the audit of the Council's statement of accounts for the year ending 31 March 2022.

An Officer introduced the report and provided Members with an update on the latest position of the two aspects of the Council's accounts where the audit was incomplete:

- 1) Valuation of property, plant, and equipment – At the last GARMS meeting on the 23 May, it was reported that the external auditors had identified several issues with the Council's valuation of its property, plant and equipment. Part of the work in this area had been completed and some material adjustments to the accounts were identified.

The Officer explained that there was currently some remaining work to complete where the auditors are waiting for the Council to provide some further information, confirm subsequent amendments, select additional samples for testing and then complete that testing.

- 2) Pensions valuation – At the last GARMS meeting, the external auditors reported that there was a national issue relating to the Council's pension assets and liabilities as at 31 March 2022.

The Officer stated that it had now been agreed that the auditors would carry out a programme of work on the pension fund membership data in early July. The Officer confirmed that this work remained as planned and the auditors expect completion by the end of the July.

The Officer then explained that as a result of the 2 outstanding items, the audit remains substantially complete, and work was expected to conclude in late July.

The Officer provided an update regarding the status of the 2022/2023 audit, stating that the draft accounts should be published by the end of August and would be presented to the Committee at its September meeting. The Officer explained that this was dependent on the 2021/2022 accounts being concluded by the end of July.

It was clarified that the statutory deadline for the 2022/2023 draft accounts was the 31 May 2023; as this was not met the Officer explained that the Council had published a notice of this delay on the website as required by the law.

Members were then given the opportunity to ask questions of the Officers and the external auditor from Mazars and it was clarified that:

- The external auditor confirmed that the intention was still that by the end of July the auditors would be in a position where they are satisfied to close the accounts.
- The external auditor stated that the intention was to publish the draft accounts for the 2022/2023 audit and that he believed this was still on track.
- A Member sought clarification regarding the date at which properties were valued and it was confirmed that the effective date for this was 31 March 2022.
- The Chair of the Committee stated that he hoped the 2021/2022 audit would be signed off within the next 2 or 3 weeks. The external auditor confirmed that this was the commitment to have the audit signed off by the end of July assuming the requested samples were received.



- It was confirmed that once the work has been completed and finalised, the audit could be published, and the publication of the Year ended 31 March 2023 accounts did not have to wait till the end of August.

**RESOLVED:** That the Committee notes the following Audit Update 2021/22 for the Council.

**78. 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:

Agenda Item No	Title	Reason
12	Information Report – Q4 Corporate Risk Register 2022/23	Information relating to the financial or business affairs of any particular person (including the authority holding that information).

**79. INFORMATION REPORT – Q4 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 4 of the financial year to assist the Committee in monitoring progress in risk management in accordance with its terms of reference.

The chair of the Committee wished to welcome the new Interim Head of Internal Audit and Corporate Anti – Fraud to the Council and the Committee. The Officer introduced the report drawing particular attention to the most significant risks faced by the Council as well as explaining the new risks identified and informing Members of the risks that were closed this quarter.

Members were then given the opportunity to ask questions, and these were responded to accordingly by officers.

**RESOLVED:** That the Q4 Corporate Risk Register 2022/23 be noted.

(Note: The meeting, having commenced at 6.30 pm, closed at 7.34 pm).

(Signed) Councillor Kanti Rabadia  
Chair

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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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LONDON BOROUGH OF  
**HARROW**

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

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**Date of Meeting:**            20 September 2023

**Subject:**                      INFORMATION REPORT – Internal  
   Audit Year-End Report 2022/23

**Responsible Officer:**      Sharon Daniels, Interim Director of  
   Finance & Assurance

**Exempt:**                        No

**Wards affected:**            All

**Enclosures:**                Appendix 1 – Internal Audit Year-End  
   Report 2022/23

## **Section 1 – Summary and Recommendations**

This report sets out the 2022/23 year-end report for Internal Audit and includes the Head of Internal Audit's overall audit opinion on the control environment.

The report is presented to enable the Committee to fulfil the requirements of its Terms of Reference 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.

### **Recommendations:**

- The Committee is requested to note the Internal Audit Year-End Report 2022/23

## **Section 2 – Report**

### **Background**

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

### **Internal Audit Year-End Report (Appendix 1)**

- 2.2. Overall, Internal Audit has achieved 97% of the 2022/23 annual internal audit plan which has exceeded the target of 90%. A total of 49 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.

## **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 2022/23.

## Risk Management Implications

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

Separate risk register in place? **No**

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	<ul style="list-style-type: none"><li>• Production of an annual plan to guide the work of the team</li><li>• Performance management of the team</li><li>• Performance management reporting to GARMS Committee</li><li>• An adequately resourced IA team and/or appropriate working methods to ensure adequate coverage</li></ul>	

## Equalities implications / Public Sector Equality Duty

N/A

## Council Priorities

1. A council that puts residents first
2. A borough that is clean and safe
3. A place where those in need are supported

The work of the Internal Audit service supports the delivery of the Council's priorities by providing assurance on the effectiveness of risk management, control and governance processes, and making recommendations to improve these processes, increasing the likelihood of the achievement of the priorities.

## Section 3 - Statutory Officer Clearance

As this is an information report Legal / Finance / Corporate Director clearances are not necessary.

## Mandatory Checks

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

## **Section 4 - Contact Details and Background Papers**

**Contact:** Tracy Barnett, Interim Head of Internal Audit & Corporate Anti-Fraud

**Background Papers:** None.

If appropriate, does the report include the following considerations?

- |                 |     |
|-----------------|-----|
| 1. Consultation | NO  |
| 2. Priorities   | YES |

# **LONDON BOROUGH OF HARROW**

## **Internal Audit Year-End Report**

### **2022/23**

#### **CONTENTS:**

**Introduction**

**Head of Internal Audit Opinion**

**Summary of Outputs**

**Direction of Assurance Travel**

**Performance of Internal Audit**

#### **Appendices:**

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 March 2023.

The Public Sector Internal Audit Standards (PSIAS) 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.

The Internal Audit Plan 2022/23 was based on a level of internal audit input of 684 audit days, however this plan was revised to reflect the reduced Internal Audit Team that consisted of the Head of Internal Audit, the Interim Risk Manager, one full-time Auditor, one full-time Auditor (returning from maternity June 2022), two temporary full-time Auditors (working a total 7 months) with two unfilled permanent vacancies reflecting the Council recruitment freeze. The revised plan was based on 479 audit days.

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 2022/23 is:

**Good with some improvements required in discrete areas.** 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 2022/23 demonstrated a sound level of control in place with five receiving a green assurance rating and four an amber/green assurance. There were two red/amber assurance reports relating to schools issued during the year. The red assurance review followed-up in 2022/23 attained a red/amber assurance rating. All recommendations made to improve controls were agreed by management.

## Framework for the Opinion

The opinion is based on:

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

## Key Factors for the 2022/23 Opinion

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

- 83% of assurance reviews undertaken during 2022/23 were given an amber, amber/green or green assurance;
- 73% of controls reviewed within the Council's core financial systems were operating fully with 15% substantially operating, 8% partially operating and 4% not operating;
- 82% of controls self-assessed by management within the Council's core financial systems were operating with 5% substantially operating and 13% partially operating;
- 100% of overall recommendations made during 2022/23 were agreed by management for implementation;
- 100% of recommendations due have been fully or partially implemented; 33% fully implemented, 55% partially implemented and 12% not yet due.

## 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
<p><b>Audit reports</b> 23 internal audit reviews were undertaken resulting in an audit report.</p>	<ul style="list-style-type: none"> <li>• 7 green, 6 amber/green, 6 amber, 2 red/amber and 2 non-assurance reports were issued;</li> <li>• 23 high risk, 24 medium risk and 3 low risk recommendations were made to improve weaknesses identified in governance, risk management or control.</li> </ul>
<p><b>Significant weaknesses</b> 2 red/amber assurance reports were issued in 2022/23 identifying significant weakness and/or potentially putting the achievement of objectives in this area at risk.</p>	<ul style="list-style-type: none"> <li>• Breach of CPRs for contracts, purchase orders not being raised in advance, overpayment of contract.</li> <li>• Lack of supporting documentation for petty cash payments.</li> </ul>
<p><b>Other audit work</b> A number of other pieces of audit work have been undertaken as part of the 2022/23 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.</p>	<ul style="list-style-type: none"> <li>• Risk Management, outputs = Corporate Risk register for Q1, Q2, Q3 and Q4 of 2022/23;</li> <li>• Risk Management in Decision Making – clearance provided before reports are presented to Cabinet, outputs = cleared cabinet reports;</li> <li>• Families First (Troubled Families Grant), outputs = validation of the Q1-Q4 grant claims;</li> <li>• Professional Advice, outputs = the provision of independent professional internal audit advice</li> <li>• Grants certified, 6 = assurance based on testing + sign-off of grant claims;</li> <li>• SFVS, outputs - review of the school self-assessments against the School Financial Value Standard and an assurance report for the Chief Finance Officer.</li> </ul>
<p><b>Annual review of governance</b> 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.</p>	<ul style="list-style-type: none"> <li>• Corporate Governance, annual review of governance 2022/23 outputs - An evidence table detailing the review of governance processes in place during 2022/23, a management assurance statement, and the 2022/23 Annual Governance Statement will be produced.</li> </ul>
<p><b>Good practice</b> We also identified a number of areas where few weaknesses were identified.</p>	<ul style="list-style-type: none"> <li>• Work on the Council's core financial systems undertaken during 2022/23 (based on controls in place during 2021/22) continue to be well controlled.</li> </ul>

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

Review	Assurance Rating		Number of Recommendations		
			H	M	L
<b>Core Financial Systems (2021/22)</b>					
Business Rates	AMBER	GREEN	0	3	0
Capital Expenditure	AMBER	GREEN	1	2	1
Treasury Management	GREEN		0	0	0
Housing Rents	GREEN		0	0	0
Housing Benefit	GREEN		0	0	0
Corporate Accounts Receivable	GREEN		0	1	0
Corporate Accounts Payable	GREEN		0	1	0
Payroll	GREEN		0	0	0
Council Tax	AMBER	GREEN	0	2	0
<b>IT</b>					
IT Inventory	AMBER		1	2	0
<b>Corporate Risk Based/Governance Reviews</b>					
Corporate Governance Assurance	AMBER	GREEN	n/a		
Risk Management Assurance	AMBER		n/a		
Commissioning Cycle Assurance	AMBER		n/a		
<b>Community</b>					
Leaseholders Service Charges	AMBER		3	4	1
Housing Repairs Compliance	AMBER		1	3	1
<b>People</b>					
Cedars Manor Investigation	RED	AMBER	10	2	0
Stag Lane Investigation	RED	AMBER	5	0	0
<b>Resources</b>					
Restart Grants	GREEN		0	0	0
<b>Other Unplanned Reviews</b>					
SNT Procurement	AMBER	GREEN	1	2	0
Housing Purchase Card	AMBER	GREEN	0	2	0
Job Advert Investigation	AMBER		n/a		
3 <sup>rd</sup> Party Enquiries	N/A		n/a		
Occupational Therapy Whistleblowing	N/A		n/a		
<b>TOTAL</b>	<b>23</b>		<b>22</b>	<b>24</b>	<b>3</b>

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 2022/23 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 <i>Delivering Good Governance in Local Government</i> and to fulfil its statutory duty as outlined in the Accounts and Audit Regulations 2015. The annual review process undertaken as part of the 2023/24 plan covering the 2022/23 financial year identified no significant governance gaps.
Risk Management	The Corporate Risk Register was updated quarterly throughout 2022/23 with each update presented and agreed with CLT. Q1 and Q2 risk registers were also presented to the GARMS Committee for review and the Q4 register was presented at the July 2023 meeting.  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 2022/23. 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 2022, September 2022, January 2023 and March 2023. For each Grant Submission, a 10% and one 20% sample of the cases were reviewed by Internal Audit to ensure that: <ul style="list-style-type: none"> <li>the cases are eligible for claim</li> <li>the criteria and the outcomes are accurately identified and evidenced where applicable</li> <li>the case has not been re-opened for further work</li> <li>the closure report on the Mosaic system clearly identifies the outcomes achieved</li> <li>the spreadsheet has been checked for duplicates</li> </ul>
Professional Advice	A range of professional advice has been provided to managers during 2022/23 including: Highways Process Maps; Adults Financial Assessments; Schools (direct debits, petty cash claims, recruitment, reconciliations, payroll provider changes, register of interests, policy/procedures).
Grants	Testing was undertaken on the following grants during 2022/23 to provide assurance that grant conditions had been met in compliance with the grant requirements: <ul style="list-style-type: none"> <li>BSOG (Bus Service Operator Grant)</li> <li>Biodiversity Net Gain Grant 2022/23</li> <li>Contain Outbreak Management Fund (COMF)</li> <li>Universal Drug Treatment Grant</li> <li>Test &amp; Trace Support Grant</li> <li>Disabled Facilities Grant</li> </ul>

## Follow Up Work Conducted





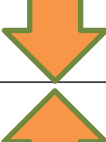

In order for the Council to derive maximum benefit from internal audit, agreed actions should be implemented. Whilst management is responsible for implementing recommendations, in accordance with the internal audit plan 2022/23, follow-ups of recommendations made and agreed by management in amber, red/amber and red assurance reports previously issued were due to be undertaken. The table below summarises the follow up work performed during 2022/23.

Review	Original Assurance Rating	Re-Assessed Assurance Rating <sup>1</sup>	No. of agreed recs	Status of agreed actions				
				I	SI	PI	PL	NI
Highways System Review	RED	RED AMBER	54	14	0	36	4	0
HMO Management & Enforcement	AMBER	AMBER	15	4	0	9	2	0
Parking Enforcement	AMBER	AMBER	16	10	0	2	4	0
<b>TOTAL</b>			85	28 33%	0	47 55%	10 12%	0

<sup>1</sup> The impact of recommendations implemented, substantially or partially, at follow-up are assessed to provide the re-assessed assurance rating and assumes previous controls assessed as operating are 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 and alternatively a number of weaknesses identified may result in only one recommendation being made.

## Direction of Assurance Travel

The direction of travel of assurance ratings over the last 3 years is included here for information.

Assurance Ratings (including follow-ups)	Direction of Travel between 2021/22 & 2022/23 (based on %)	% of Assurances (including Follow-Ups)		
		2022/23	2021/22	2020/21
<b>GREEN</b>	Down 	29% (7)	50% (8)	41%
<b>AMBER</b> <b>GREEN</b>	Up 	25% (6)	19% (3)	41%
<b>AMBER</b>	Up 	33% (8)	12% (2)	10%
<b>RED</b> <b>AMBER</b>	Up 	12.5% (3)	12% (2)	0
<b>RED</b>	Down 	0	6% (1)	2%
<b>% of Amber, Amber/Green or Green</b>	Up 	87.5% (21)	81% (13)	98%

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, amber/green or green assurance. The 87.5% figure shown above also includes results of follow up reviews including the assurance obtained from the re-evaluation of the red assurance review followed-up during the year hence the difference in the figure used for the audit opinion. The direction of travel between 2021/22 and 2022/23 increased.

## Performance of Internal Audit

Internal Audit performance against Key Performance Indicators (KPIs) agreed as part of the 2022/23 Internal Audit Plan is set out in the table below:

Internal Audit Performance Indicator	Target	Year-End	Comments
Recommendations agreed	95%	100%	Exceeded
Follow up undertaken–Red, Red/Amber	100%	100%	Met
Follow up undertaken–Amber	70%	100%	Exceeded
Plan achieved for key control reviews	100%	100%	Met
Plan achieved overall (key indicator)	90%	97%	Exceeded
<b>Corporate Performance Indicator</b>			
Implementation of recommendations due at the time of review	90%	100%	Exceeded - 33% implemented, 55% partially implemented, 12% planned at time of follow-up.

Of the five internal audit performance indicators three were exceeded and two were met.

**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 Outputs.

**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 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.

Internal audit reports are given Red, Red/Amber, Amber, Amber/Green or Green assurance ratings as follows: -

Assurance Rating	Description
Red	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	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	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	Amber/Green reports will indicate medium to low risk in need of attention to prevent them becoming high risk.
Green	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: -

Assurance Rating	Description
Red	Red reports will be those where there is one or more of the following: <ul style="list-style-type: none"> <li>• A low overall percentage of controls in place (0-50%)</li> <li>• An absence of critical controls (reflected as high risk recommendations)</li> <li>• A significant deterioration in control systems</li> <li>• Poor progress with implementation of previous recommendations</li> </ul>
Red/Amber	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	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	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	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/substantially operating will be combined to give an overall assurance rating.



**Report for:                    GOVERNANCE, AUDIT,  
RISK MANAGEMENT &  
STANDARDS  
COMMITTEE**

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<b>Date of Meeting:</b>	20 <sup>th</sup> September 2023
<b>Subject:</b>	Corporate Anti-Fraud Team Year-End Report 2022/23
<b>Responsible Officer:</b>	Sharon Daniels – Interim Director of Finance & Assurance
<b>Exempt:</b>	No
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Appendix 1: Corporate Anti-Fraud Team Year-End Report 2022/23

## **Section 1 – Summary and Recommendations**

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This report sets out the performance of the Corporate Anti-Fraud Team in 2022/23.

### **Recommendations:**

The Committee is requested to consider the report and appendix and note its contents.

## **Section 2 – Report**

### **Background**

- 2.1 Annually the GARMS Committee considers a mid (not this year due to work undertaken on other governance matters) and full year reports from the Corporate Anti-Fraud Team covering progress against the agreed annual plans to help fulfil it's purpose in accordance with the Committees Terms of Reference.

### **Corporate Anti-Fraud Team Year-End Report (Appendix 1)**

- 2.2 Of the 12 work streams contained within the plan, 6 (50%) were achieved, 1 (8) was substantially achieved, 3 (25%) were partially achieved, 1 (8%) was carried over to 2023-24 and 1 (8%) was not achieved.
- 2.3 In terms of the team's key performance indicators; all 5 were achieved.
- 2.4 The plan is delivered by an in house Corporate Anti-Fraud Team of 5 FTE's including the Service Manager. All officers in the team are Accredited Counter Fraud Officers and the Service Manager is a qualified as Accredited Counter Fraud Manager.

### **The Regulation of Investigatory Powers Act 2000 use (RIPA)**

- 2.5 The Regulation of Investigatory Powers Act 2000 (RIPA) sets out the ways in which the council can lawfully carry out investigations when we want to use surveillance techniques. There are 3 types of surveillance techniques available to local authorities:
- the acquisition and disclosure of communications data (such as telephone billing information or subscriber details);
  - directed surveillance (covert surveillance of individuals in public places);
  - and

- covert human intelligence sources (CHIS) (such as the deployment of undercover officers)
- 2.6 Local authorities may use covert techniques where they are responsible for enforcing the law in respect of: environmental crime; consumer scams; loan sharks; taxi cab regulation; underage sale of knives, alcohol and tobacco; and the employment of minors. CHIS and directed surveillance techniques are used in test purchase operations to investigate the sale of tobacco, alcohol and other age-restricted products.
- 2.7 Local authorities may only use covert surveillance for the prevention and detection of crime, and only in those cases where the offence under investigation is subject to a term of imprisonment of 6 months or more. In addition, since the Protection of Freedom Act 2012 came into force, all local authorities must get approval from a magistrate before they undertake any form of covert surveillance.
- 2.8 Harrow's use of surveillance powers is kept under review by the Chief Surveillance Commissioner, the Council is required to submit an annual return which it has done every year. Regular inspection visits are made the last one being in 2019. These powers have not been used since 2017 and the council have found other ways to obtain the information required.

## **Legal Implications**

None

## **Financial Implications**

The functions of the Corporate Anti-Fraud Team are delivered within the budget available.

## **Risk Management Implications**

None

## **Equalities implications / Public Sector Equality Duty**

Decision makers should have due regard to the public sector equality duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome.

The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows:

A public authority must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- (c) Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) Tackle prejudice, and
- (b) Promote understanding.

Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act. The relevant protected characteristics are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation
- Marriage and Civil partnership



The Internal Audit plan will have positive equalities impacts for example ensuring and measuring compliance with HR policies and the financial management of schools to give two examples.

## **Council Priorities**

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

## **Section 3 - Statutory Officer Clearance**

### **Statutory Officer: Sharon Daniels**

Interim Director of Finance & Assurance, Sharon Daniels

**Date:** 06/09/23

### **Chief Officer: Sharon Daniels**

Interim Director of Finance & Assurance, Sharon Daniels

**Date:** 06/09/23

## **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, 02084241609

**Background Papers:** None.

If appropriate, does the report include the following considerations?

- |                 |          |
|-----------------|----------|
| 1. Consultation | YES / NO |
| 2. Priorities   | YES / NO |

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**Corporate Anti-Fraud Team Year-End Report  
2022/23**

**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 anti-fraud work carried out during 2022/23. The service has an annual plan which is risk based and developed through consultation internally and draws 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 12 work streams contained within the plan, 6 (50%) were achieved, 1 (8%) was substantially achieved, 3 (25%) were partially achieved, 1 (8%) was carried over to 2023-24 and 1 (8%) was not achieved. In terms of the team's key performance indicators; all 5 were achieved.

Key Outputs at Year end		
	Fraud work stream	Detail
1	<p><b>Corporate fraud risk assessment</b></p> <p>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.</p>	<p><b>Objective achieved</b></p> <p>A fraud risk assessment was carried out to develop the fraud plan for 2022/23. (See attached) This was developed drawing on a number of sources of information including:-</p> <ul style="list-style-type: none"> <li>○ Fighting Fraud &amp; Corruption Locally 2020 (FFCL); a strategy for the 2020's;</li> <li>○ Local knowledge and intelligence about known fraud risks the authority faces and fraud cases identified during 2021-22 and previous years;</li> <li>○ Regular discussions with the Head of Internal Audit and Interim Risk Manager to co-ordinate common interest work where possible;</li> <li>○ Review of fraud and corruption trends and patterns across the UK and more specifically London.</li> <li>○ 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;</li> <li>○ Regular NAFN bulletins received citing known fraud risks that members had been exposed to;</li> <li>○ Cabinet Office National Fraud Initiative (NFI) bulletins with updates on high risk fraud areas</li> </ul>
2	<p><b>Corporate Anti-Fraud &amp; Corruption Strategy</b></p> <p>Review the authorities' Corporate Anti-Fraud &amp; Corruption Strategy and update any action plan in year</p>	<p><b>Objective not achieved</b></p> <p>The strategy was reviewed and refreshed and a draft version taken to GARMS in November 2022 for the Committee to review. Further consultation took place with all Directorates subsequent to this and the final version sign off carried over into 2023/24.</p>

3.	<p><b>National Fraud Initiative co-ordination role</b></p> <p>Co-ordination of the 2022/23 National Fraud Initiative (NFI) matching process including:-</p> <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 data matches are released in January 2023 to ensure that action is commenced promptly on those matches that are deemed to be high risk</li> </ul>	<p><b>Objective achieved</b></p> <p>Compliance with the fair processing notices was all complete to specification and deadline.</p> <p>Support provided to all service areas and all data sets were checked and complied with the data specification.</p> <p>All required data was uploaded securely to the Cabinet Office website by the deadline.</p> <p>This phase of the project is underway and more detail around outcomes will be provided in the mid-year and year-end reports in 2023/24.</p>
4.	<p><b>Cifas project</b></p> <p>Continue to maximise membership of Cifas to support fraud investigation work undertaking a proactive drive using the National Fraud Database (NFD)</p>	<p><b>Objective partially achieved</b></p> <p>All referrals received by the team were checked on the National Fraud Database and any positive hits added to the case intelligence notes. Checking 100% fraud referrals on the NFD is another source of intelligence that may alert the authority to a risk that would otherwise not have been known. It also provides the authority with assurance if no trace is found that a subject has not defrauded another member organisation.</p> <p>A proactive drive using the NFD was not undertaken due to high workload and other higher priority reactive work having to be processed.</p>
5.	<p><b>Cifas Employee Vetting Project</b></p> <p>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)</p>	<p><b>Objective partially achieved</b></p> <p>Vetting of all agency workers. in phase 1 commenced in August 2022 and in total between August 2022 and April 2023 there were 107 agency workers screened using the EIFD, with no trace on 105 employees. This provided assurance to the organisation that known fraudsters filed by Cifas members were not being recruited. The 2 agency workers filed on the database by other members left the organisation whilst enquiries were underway with the filing organisations.</p> <p>Screening of permanent staff in phase 2 did not commence as greater consultation was required internally. This work stream has been carried over to the plan for 2023/24.</p>

	Fraud work stream	Detail
6.	<p>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:-</p> <ul style="list-style-type: none"> <li>• Facilitate with organizational development the roll out of mandatory fraud e-learning during the year</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>• Deliver fraud workshops/CAFT attendance at team meetings for high fraud risk areas as appropriate</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>	<p><b>Objective partially achieved</b></p> <p><b>Fraud e-learning</b>  Fraud awareness training became mandatory for new starters in October 2022 and 3 year cyclical refresher training for all existing employees. This marks a significant step in the right direction for the authority prioritising fraud awareness, detection and prevention. It launched in October 2022 and as at the end of March 2023, the authority had achieved an 88% employee compliance rate with the training and this was evenly distributed across all of the directorates.</p> <p><b>General fraud communication bulletins</b>  No fraud updates were issued</p> <p><b>Management reports and briefing notes</b>  21 recommendations were made to management for action following investigation. 20 were accepted by management resulting in positive outcomes for the authority.</p> <p><b>KPI5 target 85%, achieved (95%)</b></p> <p><b>Workshops</b>  The team ran a live Teams fraud awareness session and posted the recording on the Hub in March 2023. The purpose of this session was to provide more detail than that covered in the e-learning course.</p> <p><b>Publicity</b>  There was no external publicity undertaken this year.</p> <p><b>Yammer</b>  The team published a series of real fraud case studies that the team had investigated commencing in November 2022 covering a number of different areas.</p> <p>November 2022 – Housing Tenancy  December 2022 – Social Care  January 2023 – Housing Tenancy  February 2023 – Housing Tenancy (Private Sector Leasing)</p>
7.	<p><b>Fraud liaison</b></p> <p>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</p>	<p><b>Objective achieved</b></p> <p>The authority continued its membership of NAFN for its essential role in intelligence and evidence gathering and the LBFIG. NAFN is an essential service for accessing 3<sup>rd</sup> party information sources which is vital for supporting investigation work.</p> <p>Officers in the team have also attended a number of virtual and face to face counter fraud training events during the year hosted by LBFIG and Cifas.</p>

		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.
8.	<p><b>Challenging Organised Crime Groups (OCGs) project</b></p> <p>Explore a proof of concept to identify and investigate OCGs in partnership with the Department for Business, Energy &amp; Industrial Strategy (BEIS), University of the West of England &amp; Synalogik Innovative Solutions</p>	<p><b>Objective carried over to 2023/24</b></p> <p>The pilot went live in January 2023 but was paused due to issues with the data sets feeding into the platform. The proof of concept is carried over to the 2023/24 plan and will recommence once the data issues have been resolved.</p>
9.	<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 Registered Social Landlords (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> <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</li> </ul>	<p><b>Objective achieved</b></p> <p><b>Tenancy recoveries &amp; Right to Buy applications disrupted/intercepted work stream</b> Working in partnership with Housing Resident Services, Harrow's RSL's, Leasehold Services and HB Public Law, 5 council housing tenancies <sup>1</sup>were recovered resulting in a fraud loss prevention saving of £465,000 (£93,000 x 5) and 6 Right to Buys were declined resulting in a fraud loss prevention saving of £675,300 (£112,300 x 3 &amp; £112,800 x 3). <sup>2</sup></p> <p>In relation to one of the tenancy recoveries, the authority was awarded £11,567.98 in court costs and an unlawful profit order amounting to £3,439.16 following a court hearing for possession. <b>KPI1 target 10, achieved 11 (110%)</b></p> <p><b>Housing Applications work stream</b> The team received one housing application referral during the year which is still a live investigation.</p> <p><b>RTB work stream</b> Out of a total of 19 Right to Buy applications received by the team, all 19 were fraud checked or were in the process of being fraud checked before purchase or the application determined (denied or accepted). <b>KPI2 target 90%, achieved 100%</b></p> <p><b>PoSHFA 2013 Powers work stream</b> The authority has utilised powers contained within the above act through requests to the NAFN on 18 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</p>

<sup>1</sup> Tenancy recovery value according to the Cabinet Office and the authorities' fraud loss formula is £93,000 per unit.

<sup>2</sup> 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).

	<p>identify the misuse of Council social housing</p>	<p>and housing applications where there is doubt over the accuracy of the subject's account of events.</p> <p><b>Proactive Drive</b> A proactive drive to identify non occupation/subletting of Council social housing was undertaken. The key fob entry use system and tenant access activity across a number of Council estates/blocks was analysed as intelligence from previous cases suggested these were high risk areas in the borough for consideration.</p> <p>In all, 474 flats were identified for key fob activity analysis after initial review; 11 cases were referred for full investigation, 5 cases were closed no fraud, 4 cases are still under investigation &amp; 2 properties were recovered (included in the tenancy recovery total above).</p> <p><b>Overall fraud loss prevented attributed to the housing fraud work stream is £1,155,307.14</b></p>
<b>Fraud work stream</b>		<b>Detail</b>
10.	<p><b>Social Care fraud</b></p> <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>	<p><b>Objective substantially achieved</b></p> <p>A sample of 20 personal budget cases were fraud checked to ensure the financial assessment undertaken on the subject was consistent with 3<sup>rd</sup> party sources. Of the 20 cases, 7 cases were closed as being compliant and 13 are still live under investigation. No fraud losses / prevention have been identified to date in the sample to date.</p> <p>No proactive drive was undertaken on individuals in long term residential care due to high workload.</p> <p>In addition to the proactive personal budget sampling undertaken, a number of other historical personal budget investigations resulted in four individuals having their financial circumstances being reassessed based on the investigation findings. This resulted in the following outcomes:-</p> <p><b>Case A</b> – Deprivation of capital by the client and family moving savings out of client's name in advance of a known care need and financial assessment. Fraudulent overpayment amounting to £76,249 resulted. Not in the public interest to pursue criminally but arrangements in place to recover the funds by the service.</p> <p><b>Case B</b> – The personal budget agreed was for respite care. No such care was received and the provision of fraudulent invoices for care provided by personal budget holder. Loss prevention saving amounting to £44,436.14 ongoing as the service was removed. A historical fraudulent overpayment was claimed in a previous financial year. Not in the public interest to pursue criminally.</p> <p><b>Case C</b> – The personal budget agreed was for respite care. No such care was received and multiple carers 'wages' were recycled back to the personal budget holder. Fraudulent overpayment amounting to £137,728.7 resulted. Investigation is ongoing and no decision taken on criminal proceedings as yet.</p> <p><b>Case D</b> – Personal budget was agreed for home care. Care was provided by resident family members. The named carer's 'wages' were recycled back to the personal budget holder. Fraudulent</p>



		<p>overpayment amounting to £59,378.96 resulted. Investigation is ongoing and no decision taken on criminal proceedings as yet.</p> <p><b>Overall fraud loss/prevention identified attributed to the social care fraud work stream is £317,792.80.</b></p>
11.	<p><b>Risk assess allegations of internal fraud and corruption</b></p> <p>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)</p>	<p><b>Objective achieved</b></p> <p>Of the 12 internal fraud referrals received, all 12 were risk assessed and resources allocated within in 5 working days.</p> <p><b>KPI3 target 85%, achieved 100%.</b></p> <p>There was 1 positive outcome where an employee deployed in parking enforcement was dismissed for blue badge misuse against a neighbouring borough.</p> <p><b>Overall fraud loss prevented attributed to this work stream is £34,322.48<sup>3</sup>.</b></p>
12.	<p><b>Risk assess allegations of fraud and corruption</b></p> <p>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)</p>	<p><b>Objective achieved</b></p> <p>Of the 94 fraud referrals received, 93 were risks assessed and resources allocated within 10 working days.</p> <p><b>KPI4 target 85%, achieved 99%.</b></p>

<sup>3</sup> Loss figure calculated by using the annual salary of the dismissed individual in line with the fraud loss formula

## Performance of Corporate Anti-Fraud Team Year End 2022/23

Key Performance Indicators (KPIs) were agreed as part of the 2022/23 Corporate Anti-Fraud Plan. Performance against these is set out in the table below: -

No.	CAFT Key Performance Indicators 2022/23	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%)	<b>Achieved</b> 6 Right to Buy applications were declined/ intercepted and 5 housing tenancies recovered suspected of non-occupation /misuse.
2.	Fraud validation checks undertaken on Right to Buy applications referred to the CAFT at offer stage and before completion	90%	100% (19/19)	<b>Achieved</b> Of the 19 Right to Buy applications received by the team during in the year, all 19 (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%	100% (12/12)	<b>Achieved</b> Of the 12 internal fraud and corruption referrals received by the team, 12 (100%) 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%	99% (93/94)	<b>Achieved</b> Of the 94 referrals received by the team during the year, 93 (99%) were risk assessed and resources deployed within 10 working days.
5.	Fraud risk recommendations agreed for implementation	85%	95% (20/21)	<b>Achieved</b> Of the 21 fraud risk recommendations made by the team in reports and briefing notes, 20 (95%) were agreed for implementation by management.

## Fraud referrals, outputs and savings summary

Fraud Risk Area	2022/23
<b>Housing application fraud</b>	
Referrals	1
Positive outcomes	0
Loss/Loss avoidance value	£0
<b>Blue badge</b>	
Referrals	11
Positive outcomes	0
Loss/loss avoidance value	£0
<b>Revenues/CT/CTRS/HB/Grants</b>	
Referrals	10
Positive outcomes	4
Loss/loss avoidance value	£19,542.76 (1 x Council Tax Reduction Support overpayment & 3 x Housing Benefit overpayments all linked to tenancy fraud investigations)
<b>Internal/Employee</b>	
Referrals	14
Positive outcomes	1
Loss/loss avoidance value	£34,322.48 (1 employee dismissed)
<b>Right to Buy</b>	
Referrals	19
Positive outcomes	6
Loss/loss avoidance value	£675,300 (6 RTB applications declined following money laundering checks)
<b>Social care</b>	
Referrals	20
Positive outcomes	4
Loss/loss avoidance value	£317,792.80 (4 x personal budgets)
<b>Tenancy</b>	
Referrals	31
Positive outcomes	5
Loss/loss avoidance value	£480,007.14 (5 x council tenancies recovered, 1 x court costs and 1 x unlawful profit order)
<b>Totals</b>	
<b>Referrals</b>	<b>106</b>
<b>Positive outcomes</b>	<b>20</b>
<b>Loss/loss avoidance value</b>	<b>£1,526,965.18</b>

### 2022/23 Year-End Financial Summary

During 2022/23 the total value of fraud loss/avoidance identified amounted to £1,526,965.18.

This represents a return on investment for the cost of running the team of over 5:1.

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**Report for:                    GOVERNANCE, AUDIT,  
RISK MANAGEMENT  
and STANDARDS  
COMMITTEE**

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<b>Date of Meeting:</b>	20 September 2023
<b>Subject:</b>	GARMS Committee Annual Report 2022/23
<b>Responsible Officer:</b>	Sharon Daniels – Interim Director of Finance & Assurance
<b>Exempt:</b>	No
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Appendix 1 – GARMS Committee Annual Report 2022/23 Appendix 2 – GARMS Committee Terms of Reference

**Section 1 – Summary and Recommendations**

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This report sets out the draft GARMS Committee Annual Report 2022/23 for Full Council in compliance with the requirements of the GARMS Committees Terms of Reference.

**Recommendations:**

The Committee is requested to:

- 1) Consider the draft report attached at Appendix 1
- 2) Provide any comments/changes required to the report

- 3) Agree any recommendations the Committee may wish to make as part of the report.
- 4) Agree, subject to the above, for the report to be presented to Council for noting.

## **Section 2 – Report**

- 2.1 The GARMS Committee's Terms of Reference requires the committee to:
  - report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.
  - report to full Council on an annual basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
  - publish an annual report on the work of the committee.
- 2.2 The draft report for 2022/23 is attached at Appendix 1. This is the second annual report and, taking on the committee's comments regarding the length of the first report, the detail explaining the committee's responsibility under each element of its remit has been removed with the intention of appending the committee's Terms of Reference instead to provide this detail. The detailed appendix listing all reports considered by the committee during the year has also been removed and replaced with a summary of reports presented and a flavour of the queries raised by members of the committee in fulfilling their remit.

## **Legal Implications**

- 2.3 Completing an annual report is recommended in CIPFA practical guidance to Local Authorities.

## **Financial Implications**

- 2.4 There are no financial implications to this report.

## **Risk Management Implications**

Risk included on Directorate risk register? No  
Separate risk register in place? No

- 2.5 If an Annual Report is not provided to Council the Committee will not be fulfilling their Terms of Reference and will not be complying with best practice as set out in the CIPFA guidance.

## **Equalities Implications / Public Sector Equality Duty**

2.6 Was an Equality Impact Assessment carried out? No (n/a)

### **Council Priorities**

2.7 The GARMS Committee contributes to all the corporate priorities by enhancing the robustness of the control environment and governance mechanisms that directly or indirectly support these priorities.

## **Section 3 - Statutory Officer Clearance**

### **Statutory Officer: Sharon Daniels**

Interim Chief Financial Officer

**Date:** 4 September 2023

### **Statutory Officer: Jessica Farmer**

Interim Director of Legal & Governance, Monitoring Officer

**Date:** 4 September 2023

## **Mandatory Checks**

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

## **Section 4 - Contact Details & Background Papers**

**Contact:** Tracy Barnett, Interim Head of Internal Audit & Corporate Anti-Fraud

**Background Papers:** None

If appropriate, does the report include the following considerations? N/A

- |                 |    |
|-----------------|----|
| 1. Consultation | No |
| 2. Priorities   | No |

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**Governance Audit, Risk Management & Standards Committee**

**2022/23**

**Annual Report**

## **Chair's Foreword**

I am pleased to present the to Full Council the Governance, Audit, Risk Management and Standards Committee Annual Report for 2022/23.

This is an annual report of the Committee presented to the full Council and as such a detailed explanation of the role of the Committee has been omitted but can be found in the Committee's Terms of Reference. The report shows that the GARMS Committee has undertaken its role effectively during 2022/23; covering a wide range of topics and ensuring that appropriate governance and control arrangements are in place to protect the interests of the Council. The Committee considered and reviewed a number of policy areas throughout the past year and this can be seen within the summary of the programme of works below.

The Committee has ensured that best practice has been followed throughout our workings and where issues need to be raised, they have been discussed at length at Committee meetings and the right level of scrutiny and challenge has occurred.

As the Chair of the Committee I would like to express my thanks to the Committee members for their contributions this year in carrying out the vital and important responsibilities the Committee oversees. I would also like to express my appreciation to the Council officers for their robust work throughout the year along with our external auditors.

Cllr. Kanti Rabadia

Chairman - Governance, Audit, Risk Management & Standards Committee

## **Introduction**

1. The purpose of the Governance, Audit, Risk Management and Standards (GARMS) committee is to provide independent assurance to members of the adequacy of the London Borough of Harrow'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.

## **Terms of Reference and Membership**

2. The Committee's Terms of Reference requires the Committee:
  - To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

- To report to full Council on an annual basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
  - To publish an annual report on the work of the committee.
  - The Terms of Reference were reviewed in August 2022
3. The membership of the Committee for 2022/23 consisted of the following:
    - Councillor Kanti Rabadia (Chair)
    - Councillor Ghazanfar Ali
    - Councillor Philip Benjamin
    - Councillor Kuha Kumaran
    - Councillor Varsha Parmar
    - Councillor Yogesh Teli
    - Councillor Antonio Weiss (Vice-Chair)
  4. The Committees membership rules, compiled during 2022/23, state that:
    - An Elected Mayor, the Leader or members of the Executive are excluded;
    - The Chair of the Committee must not be a Member of the Executive;
  5. The Committee usually meets five times a year (April, July, September, November/December and January) however during 2022/23 the April meeting was cancelled and the July meeting was deferred until August.

### **The Committee's Programme of Work**

6. The Committee has a broad remit that includes:
  - Governance
  - Risk Management
  - Internal Audit
  - Countering Fraud and Corruption
  - External Audit
  - Financial reporting
  - Treasury Management
  - Health & Safety
  - Standards
7. The following sections provide details on each area and the Terms of Reference specifies the Committee's powers and duties within each area of responsibility. This was last reviewed by the Committee in August 2022.

### **Governance**

8. The Committee received a report on the 2021/22 Annual Governance Statement that included an Evidence Table detailing the assurances obtained to support the statement. This included assurances from the Council's Legal and Finance teams,

assurance on arrangements to secure VFM, assurance on how the Council's framework of assurance addresses the risks and priorities of the Council and assurances on arrangements for the Council's significant partnerships.

9. The Head of Internal Audit's opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control and the rationale behind it was reported to the committee at the same meeting as part of the Internal Audit Year-end report and was also included in the Annual Governance Statement. The opinion stated that:

*'The adequacy and effectiveness of the organisation's control environment for the 2021/22 financial year has been assessed as "Good with some significant improvements required in a few areas.'*

10. The statement itself detailed progress on the significant gaps identified as part of the 2020/21 Annual Governance Statement.
11. The Committee considered one additional governance report during the year covering Complaints.

## **Risk Management**

12. During 2022/23 the committee received three reports on risk management covering Quarters 1, 2 and 3 respectively. These reports enabled the Committee to monitor progress of risk related issues facing the Council.
13. During Quarter 4 the opportunity was taken to review and potentially streamline the format and detail contained in the Corporate Risk Register, which had become unwieldy throughout the year, with the aim of publishing it as a public document in the future.
14. Consideration was also given in Quarter 4 to whether there are risks on the register which could be transferred and/or de-escalated to directorate risk registers for on-going management and monitoring. It is intended that those risks that remain or are captured on the corporate risk register, are the critical but few risks, which are significant, live and active barriers to the achievement of the Council's new vision of Restoring Pride in Harrow and to the new and changing strategic direction it is embarking upon. In this way information overload on risk management can be avoided. Work in this area will continue in 2023/24.

## **Internal Audit**

12. The Internal Audit Charter is presented and approved annually. In 2022/23 the Charter was presented for approval to the August meeting along with the draft Internal Audit Annual Plan for 2022/23.

13. The Committee also received the year-end report covering output and performance of the Internal Audit Service for 2021/22 and a report on the internal audit planning process.
14. During the year the committee considered 1 red internal audit report as well as 1 follow-up of a red assurance report from the 2021/22 internal audit plan. Managers from the relevant services attended the GARMS Committee meetings for these items to answer Members questions and provide assurance on action being taken to address audit recommendations.
15. The draft Annual Governance Statement 2021/22 that included a report on the effectiveness of internal audit was provided to the committee for information in August 2022 (as above).
16. The Head of Internal Audit was provided with free and unfettered access to the GARMS Committee Chair during 2022/23.
17. During 2022/23 there were no new proposals made in relation to the appointment of external providers of internal audit services and no external providers were used during the year.
18. Members raised a number of queries with regard to work on the plan taking into account the Corporate Risk Register, risk assessment of reviews on the plan, carry forward of reviews, and the Annual Governance Statement.

### **Countering Fraud and Corruption**

19. During 2022/23 the Committee received reports on the corporate anti-fraud plan for approval and the year-end report covering the output and performance of the Corporate Anti-Fraud Team for 2021/22.
20. During the year Members raised several queries including the following:-
  - having a performance indicator for the Corporate Anti-Fraud and Corruption Strategy,
  - the overall recoverable fraud losses attributable to business rates/council tax,
  - the number of fraud referrals,
  - the tenancy recovery value and the authorities' fraud loss formula how the amount of resource available to the team relates to the collection rate.

## **External Audit**

21. The external auditors (Mazars) presented reports on the 2020/21 Statement of Accounts and the Harrow Pension Fund in August 2022 along with a report on the 2021/22 External Audit Plans (Audit Strategy Memorandums).
22. The external auditor's assessment of their independence was included in Mazar's Audit Strategy Memorandum 2019/20 presented to the committee in January 2020.
23. Throughout the year the committee received updates from Mazar's about the progress of the 2021/22 audit. The timeline for approving the accounts was affected by delays resulting from the requirement for further evidence to support the valuation of property, plant and equipment and investment property. It was reported there was a national issue in relation to accounting for infrastructure assets which impacted every local authority with material infrastructure balances.
24. The committee were advised that a new national issue arose in relation to the Council's reporting of its assets and liabilities associated to its membership of the Harrow Pension Fund and this will further impact upon the timing of the completion of the audit.
25. Members queried the delays being experienced in completing the audit of the accounts; VFM; valuations of properties; penalties that might be incurred due to failure to meet statutory deadlines.

## **Financial Reporting**

26. In addition to the queries noted in paragraphs 23 and 24 above Members questioned the valuation of pension fund investments, migration from SAP to D365 and the materiality figure used when auditing the statement of accounts.

## **Treasury Management**

27. The committee considered two reports on Treasury Management during the year, the 2022/23 outturn report in September and the 2022/23 mid-year report in January 2023.
28. Members asked a number of questions in relation to the various tables set out in the appendices to the reports. They enquired about the increase in investments, borrowing arrangements including fixed rates, the borrowing authorised limit and the repayment of borrowing.

## **Health & Safety**

29. During the year the committee received the Annual Health & Safety report summarising the Council's health and safety performance for 2021/22 and providing an update of activities together with statistics on training, audits and accidents, including schools.
30. Members raised queries about engagement between Occupational Health and Health & Safety on aspects that affect life/work balance, Local Authority corporate responsibility, asbestos surveys, and staff access to the corporate system.

## **Complaints**

31. As mentioned in paragraph 11 under governance a report covering complaints was presented in January 2023. This was the first report to the Committee pulling together themes surrounding complaints.

## **Conclusion**

32. The Committee has successfully fulfilled its purpose/roles and responsibilities as outlined in its Terms of Reference.

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## **GOVERNANCE, AUDIT, RISK MANAGEMENT AND STANDARDS COMMITTEE**

### **TERMS OF REFERENCE**

#### **1. Statement of purpose**

- 1.1 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.
- 1.2 The purpose of the committee is to provide independent assurance to the members of the adequacy of Harrow Council's governance, risk management and control frameworks and to oversee 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.
- 1.3 The Governance, Audit, Risk Management and Standards Committee has the following powers and duties:

#### **2. Governance**

- 2.1 To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- 2.2 To review the Annual Governance Statement (AGS) prior to approval and consider whether it 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.
- 2.3 To monitor the progress of agreed actions to close significant governance gaps.
- 2.4 To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 2.5 To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
- 2.6 To review the governance and assurance arrangements for significant partnerships.

### **3. Risk Management**

- 3.1 To review the Council's risk management strategy.
- 3.2 To monitor the effective development and operation of risk management in the council via the review of the Council's Corporate Risk Register on a regular basis.
- 3.3 To monitor progress in addressing risk-related issues reported to the committee.

### **4. Countering Fraud and Corruption**

- 4.1 To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- 4.2 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.
- 4.3 To review and approve the annual Corporate Anti-Fraud Team Plan.
- 4.4 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.

### **5. Internal audit**

- 5.1 To approve the internal audit charter and support the independence of Internal Audit.
- 5.2 To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- 5.3 To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 5.4 To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 5.5 To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.
- 5.6 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Internal Audit.
- 5.7 To approve and periodically review safeguards to limit such impairments.

- 5.8 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.<sup>1</sup>
- 5.9 To consider Red and Red/Amber assurance reports and summaries of specific internal audit reports as requested.
- 5.10 To contribute to the Quality Assurance Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- 5.11 To consider the report on the effectiveness of internal audit contained within the AGS.
- 5.12 To provide free and unfettered access to the GARMS Committee Chair for the Head of Internal Audit, including the opportunity for a private meeting with the committee.

## **6. External audit**

- 6.1 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by Public Sector Audit Appointments (PSAA).
- 6.2 To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- 6.3 To consider specific reports as agreed with the external auditor.
- 6.4 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 6.5 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.
- 6.6 To scrutinise/comment on the External Audit plan and fees.
- 6.7 To monitor progress against the External Audit plan and receive summaries of audit work completed and key recommendations.
- 6.8 To review the management response to external audit recommendations and progress on implementation of recommendations.
- 6.9 To recommend action where external audit recommendations are not being implemented.

## **7. Financial reporting**

- 7.1 To review the annual statement of accounts prior to approval and satisfy themselves that appropriate steps have been taken to meet statutory and recommended professional practices. Specifically, to:
-

- review the narrative report to ensure consistency with the statements and the financial challenges and risks facing the authority in the future
- review whether the narrative report is readable and understandable by a lay person
- review the key messages from each of the financial statements and evaluating what that means for the authority in future years
- monitor trends and review for consistency with what is known about financial performance over the course of the year
- review the suitability of accounting policies and treatments
- seek explanations for changes in accounting policies and treatments
- review major judgemental areas, eg provisions or reserves
- seek assurances that preparations are in place to facilitate the external audit.

7.2 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

## **8. Treasury Management**

8.1 To review the Treasury Management strategy and monitor progress on treasury management in accordance with CIPFA codes of practice.

## **9. Health & Safety**

9.1 To review the Council's Health and Safety arrangements and oversee progress on Health and Safety.

## **10. Accountability arrangements**

10.1 To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

10.2 To report to full council on an annual basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

10.3 To publish an annual report on the work of the committee.

## **11. Standards**

11.1 Promoting and maintaining high standards of conduct by Councillors, co-opted members and "church" and parent governor representatives.

11.2 Assisting Councillors, co-opted members and "church" and parent governor representatives to observe the Members' Code of Conduct.

11.3 Advising the Council on the adoption or revision of the Members' Code of Conduct.

- 11.4 Monitoring the operation of the Members' Code of Conduct.
- 11.5 Developing and recommending local protocols to the Council to supplement the Members' Code of Conduct.
- 11.6 Enforcing local protocols and applying sanctions in respect of breaches as appropriate.
- 11.7 Advising, training or arranging to train Councillors, co-opted members and "church" and parent governor representatives on matters relating to the Members' Code of Conduct.
- 11.8 Granting dispensations to Councillors, co-opted members and "church" and parent governor representatives from requirements relating to interests set out in the Members' Code of Conduct.
- 11.9 To keep under review and amend, as appropriate, the Protocol on Councillor/Officer Relations.
- 11.10 To keep under review the Officer Code of Conduct and, after consultation with unions representing staff, make recommendations to Council for amendment or addition.
- 11.12 To receive reports and keep a general overview of probity matters arising from ombudsman investigations, Monitoring Officer reports, reports of the Chief Financial Officer and Audit Commission.
- 11.13 To have oversight of the Council's Whistleblowing Policy.
- 11.14 To agree the policy for decisions on payments to those adversely affected by Council maladministration (under section 92 Local Government Act 2000).
- 11.15 To establish sub-committees and working groups to deal with complaints that a member or a co-opted member has failed to comply with the Council's Code of Conduct.
- 11.16 To consider any application received from any officer of the Authority for exemption from political restriction under Sections 1 and 2 of the Local Government and Housing Act 1989 in respect of the post held by that officer and may direct the Authority that the post shall not be considered to be a politically restricted post and that the post be removed from the list maintained by the Authority under Section 2(2) of that Act.
- 11.17 Upon the application of any person or otherwise, consider whether a post should be included in the list maintained by the Authority under Section 2(2) of the 1989 Act, and may direct the Authority to include a post in that list.
- 11.18 On referral from the Monitoring Officer, to decide whether to take action against a member for breach of the Code of Conduct and if so, to decide what action should be taken.

## **12. Membership rules:**

- 12.1 An Elected Mayor, the Leader or a member of the Executive may not be Members;
- 12.2 The Chair of the Committee must not be a Member of the Executive;
- 12.3 The appointment of co-opted/independent members can be considered;
- 12.4 The Independent Persons are not members of GARMS and shall be invited to meetings only if there is a Standards item on the agenda.



**Report for:                    GOVERNANCE, AUDIT, RISK  
MANAGEMENT & STANDARDS  
COMMITTEE**

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<b>Date of Meeting:</b>	20 September 2023
<b>Subject:</b>	Internal Audit Annual Plan 2023/24
<b>Responsible Officer:</b>	Sharon Daniels – Interim Director of Finance & Assurance
<b>Exempt:</b>	No
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Appendix 1: Internal Audit Annual Plan 2023/24 Appendix 2: Internal Audit Charter 2023/24

**Section 1 – Summary and Recommendations**

---

This report sets out the 2023/24 Internal Audit Annual Plan and the reviewed Internal Audit Charter.

**Recommendations:**

- 1) The Committee is requested to: Review and approve the Internal Audit Annual Plan 2023/24 and the Internal Audit Charter 2023/24 in accordance with the Public Sector Internal Audit Standard 2020 Communication and Approval.
- 2) The Committee is also asked to note the annual plan process, the Internal Audit Strategy, the service’s organisational independence, the resources available to complete the plan, audit techniques to be used and other sources of assurance, as covered within this report.

## **Section 2 – Report**

### **Internal Audit Plan 2023/24 (Appendix 1)**

#### **Background**

- 2.1 Internal Audit is a statutory service. The Accounts and Audit Regulations 2015, state that:
- ‘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.’
- 2.2 The Public Sector Internal Audit Standards (PSIAS) have been adopted and are being implemented by the Council’s Internal Audit Service. A self-assessment against the standards is required to be undertaken annually.
- 2.3 It is a requirement of the PSIAS that the ‘chief audit executive’ (Head of Internal Audit) ‘must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals.’
- 2.4 The purpose of the plan is to enable independent and objective assurance on control, risk management and governance processes, put in place by management, to be provided to those charged with governance. This culminates in an annual report that includes an opinion that concludes on the overall adequacy and effectiveness of the Council’s framework of control, risk management and governance as required by the PSIAS.

#### **Annual Plan Process**

- 2.5 In compliance with the PSIAS requirement annually a risk based internal audit plan of work is developed by the Head of Internal Audit to determine the priorities of the internal audit service for the coming year to support the Council’s vision and priorities.
- 2.6 During 2022/23 the Internal Audit Team was involved in a substantial amount of work in relation to potential governance gaps which will be outlined in the Annual Governance Statement, this as well as having a number of vacant posts had a significant impact on the completion of the 2022/23 Internal Audit Plan. As a consequence some reviews, where still relevant, have been carried forward to the 2023/24 plan. The rest of the plan consists of reviews that are included annually e.g. core financial system reviews, the annual governance review, risk management work and schools and a few new reviews relating to the significant governance gap and/or other issues identified during 2022/23 e.g. Leaseholder Charges. The plan has been developed taking into account the Council’s risk management framework.
- 2.7 It has not been possible to consult with GARMS in advance due to the cancelation of the April Committee meeting and the subsequent retirement of the then Head of Internal Audit & Corporate Anti Fraud Team. As we are now in September the plan being presented for approval has been amended to take account of the current resources available. As our usual consultation process has not been possible consideration will be given to comments from members



of the committee – it should be noted that any suggestions will need to be risk assessed and sufficient resources identified before the Head of Internal Audit agrees to include them in the plan.

- 2.8. Consultation with officers has been undertaken as set out in Appendix 1 and included key senior managers across the Council as well as the Corporate Leadership Team (CLT).
- 2.9 The development of the plan has also taken into account the requirement for the Head of Internal Audit to produce an annual internal audit opinion on the Council's framework of governance, risk management and control, reported each year in the Internal Audit Year-end report (annual report) and included in the Annual Governance Statement.

## **Internal Audit Strategy**

- 2.9 Internal Audit adds value to the organisation and contributes to the corporate vision and priorities by providing assurance on the organisation's control environment, alerting managers to weaknesses identified in the control environment, highlighting the risks of such weaknesses and instigating action to be taken by managers to improve the control environment via the implementation of audit recommendations/advice.
- 2.10 The annual plan is designed to provide the GARMS Committee, the Corporate Strategic Board (Managing Director, Monitoring Officer and Corporate Directors), the S151 Officer and other senior managers with assurance on the Council's control environment.
- 2.11 The plan will be delivered primarily by the dedicated in-house team situated in the Resources Directorate in accordance with the Internal Audit Charter (Appendix 2). An Access Agreement is also in place to a Framework Contract with PWC for the provision of Internal Audit Services which can be used for technical IT Audits. The Audit Charter has been reviewed for 2023.
- 2.12 Key to the successful delivery of an effective internal audit service in a rapidly changing business environment is flexibility. Resources available make it difficult to build flexibility into the 2023/24 plan for emerging risks to minimise the impact they may have on the plan.

## **Organisational Independence**

- 2.13 The Public Sector Internal Audit Standards require the Chief Audit Executive (Head of Internal Audit) to confirm to the Board (GARMS Committee/CLT), at least annually, the organisational independence of the internal audit activity and if independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties.
- 2.14 The Internal Audit Service does have organisational independence in that the Head of Internal Audit reports functionally to the board (GARMS Committee/CLT), has effective communication with and free, unfettered access to the Managing Director and the Chair of the audit committee (GARMS). However, the objectivity of the service is impaired in relation to the Corporate Anti-Fraud Team, the maintenance of the Corporate Risk Register, and the preparation of the Annual Governance Statement as the Head of Internal Audit

has responsibility for these areas and thus independent assurance on them cannot be provided by internal audit. It should be noted that this is common across many local authorities.

- 2.15 This gap is mitigated by the following: -
- The Head of Internal Audit can provide management assurance on these areas;
  - The GARMS Committee and CLT have oversight of all the areas;
  - Limited assurance of these areas is provided by the External Auditors.

## Resources/Audit Techniques

- 2.16 Internal Audit's current available resources for 2023/24 have been assessed by calculating the number of productive audit days available based on 1 @ 176 days (FTE auditor) + 1@120 days (agency member of the team since August) + 40 days for specialist IT auditor (bought in), giving a total of 336 operational audit days available to undertake the 2023/24 plan plus the Head of Internal Audit's time for managing the service. This is significantly less resources than available during 2022/23 due to the number of audit vacancies resulting in a loss of 877 operational days if resources remain constant for the rest of the financial year. If additional auditors are recruited the number of operational days will increase and the plan will be reviewed. A breakdown of the calculation of operational days available is shown in the table below: -

	Internal Audit Service	Percentage %
Gross Days Available	1489	100%
<u>Less Indirect Time:</u>		
Management/Advice/Admin	-164	11%
Leave, training, etc.	-112	8%
Vacancy drag	-877	59%
<b>Operational Days Available</b>	<b>336</b>	<b>22%</b>

- 2.17 Using different techniques to gain assurance ranging from self-assessment of some core financial systems to sample testing of corporate processes and by using risk-based audit techniques to optimise the achievement of the plan, the number of audit days available is considered sufficient to deliver the proposed 2023/24 internal audit plan.
- 2.18 Changes to the way we work as an organisation as a result of the Covid-19 pandemic has required changes to internal audit working practices. The approach to undertaking reviews in previous years relied heavily on face to face meetings, the physical presence of an auditor within the areas, schools or establishments being audited, the physical review of some evidence (in addition to electronic evidence) and the physical review and sign-off of audit files/reports as part of the internal audit quality assurance and management review process. During 2020/21 with the vast majority of the Council's workforce working from home new ways of undertaking audits remotely were developed and continue to be used. This includes the use of Microsoft Teams to conduct face to face meetings, the sharing of screens to view evidence (that cannot be physically sent), the extension of the use of electronic evidence, the reintroduction of the

use of Internal Control Questionnaires, the review of standard audit programmes for schools to make them more manageable remotely, protocols for when to use different forms of communications e.g. when a face to face meeting using technology is required during the audit process and electronic review and sign-off of audit files for quality assurance and management purposes. With the move back to working more in the office the approach to internal audit working practices will continue to be reviewed and developed throughout 2023/24 to ensure that the internal service remains effective.

## **Other Sources of Assurance**

- 2.19 The work planned by the External Auditors has been considered in developing the internal audit plan and the assurance provided by their work will be taken into account during the course of 2023/24.
- 2.20 Other potential sources of assurance i.e. external reviews by reputable bodies such as Ofsted and other Councils (e.g. in relation to shared service arrangements) will be considered as they occur or are reported during 2023/24.

## **Legal Implications**

The Accounts and Audit Regulations 2015, state that:

‘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.’

The terms of reference for the Committee include the follow requirements:

- to approve the Internal Audit Charter and support the independence of Internal Audit;
- to approve the risk-based Internal Audit Annual Plan, including Internal Audit’s resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources

## **Financial Implications**

The functions of the Internal Audit service is delivered within the budget available.

## **Risk Management Implications**

Risks included on corporate or directorate risk register? - The risks included on the Corporate Risk Register were reviewed and taken into account in the preparation of the Internal Audit Plan 2023/24.

Separate risk register in place? - No, however risk assessments are undertaken to support reviews included in the plan that are not on the Corporate Risk Register.

The relevant risks contained in the register are attached/summarised below. **N/A**

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

There are two main risks to the achievement of the Internal Audit plan.

Risk Description	Mitigations	RAG Status
The risk of inadequate resources to achieve the plans caused by unplanned reduction in staff resource e.g. sickness, maternity leave or staff leaving.	<ul style="list-style-type: none"> <li>▪ Ongoing consideration of techniques used to achieve the plan</li> <li>▪ Recruitment</li> <li>▪ Sickness monitoring/management</li> <li>▪ Team motivation</li> </ul>	
The risk of detrimental level of reactive work e.g. investigations and emerging risks	<ul style="list-style-type: none"> <li>▪ Flexible plan approach</li> <li>▪ Risk assessment of work on investigations and emerging risk</li> </ul>	

## Equalities Implications / Public Sector Equality Duty

Decision makers should have due regard to the public sector equality duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome.

The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows:

A public authority must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- (c) Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities. Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- (a) Tackle prejudice, and
- (b) Promote understanding.

Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act. The relevant protected characteristics are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation
- Marriage and Civil partnership

The Internal Audit Annual Plan will have positive equalities impacts e.g. ensuring and measuring compliance with HR policies and the financial management of schools.

### **Council Priorities**

Internal Audit and the Corporate Anti-Fraud Teams contribute to all the corporate priorities by enhancing the robustness of the control environment and governance mechanisms that directly or indirectly support the priorities.

### **Section 3 - Statutory Officer Clearance**

#### **Statutory Officer: Sharon Daniels**

Signed by the Interim Chief Financial Officer and S151 Officer

**Date:** 05.09.23

#### **Statutory Officer: Jessica Farmer**

Signed by the Monitoring Office, Interim Director of Legal and Governance,

**Date:** 31.08 .23

### **Mandatory Checks**

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

### **Section 4 - Contact Details and Background Papers**

**Contact:** Tracy Barnett,

Interim Head of Internal Audit & Corporate Anti-Fraud

**Background Papers:** None

If appropriate, does the report include the following considerations?

- |                 |          |
|-----------------|----------|
| 1. Consultation | YES / NO |
| 2. Priorities   | YES / NO |

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**HARROW COUNCIL  
2023/24 INTERNAL AUDIT PLAN**

**22023/24 Internal Audit Plan - Consultation**

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<b>DIRECTORATE</b>	<b>NAME</b>	<b>TITLE</b>
	Alex Dewsnap	Managing Director
	Sharon Daniels	Acting Director of Finance & Assurance/S151
	Jessica Farmer	Acting Director of Legal & Governance (Monitoring Officer)
	Fern Silverio	Divisional Director Collections & Benefits
	Nimesh Mehta	Head of Procurement
	Sharon Daniels	Head of Strategy & Technical Finance/Deputy S151
	Tasleem Kazmi	Finance Business Partner Housing & Regeneration
	Donna Edwards	Finance Business Partner People (Adults)
	Jessie Mann	Finance Business Partner Community
	Jo Frost	Finance Business Partner People (Children)
	Justin Phillips	Corporate Anti-Fraud Service Manager
	Neale Burns	Interim Risk Manager
	Internal Audit Team	Auditors
	Corporate Anti-Fraud Team	Fraud Investigators
<b>Resources</b>	Ben Goward	Director of ICT
	Stacy Bailey	Director of HR & OD
	Shumaila Dar	Interim Assistant Director Strategy and Partnerships

**HARROW COUNCIL  
2023/24 INTERNAL AUDIT PLAN**

**People**

Senel Arkut	Corporate Director People
Peter Tolley	Divisional Director Children & Young People Services
Shaun Riley	Interim Director of Adult Social Services
Patrick O'Dwyer	Director of Education
Johanna Morgan	Divisional Director Commercial & Regeneration
Shumailla Dar	Interim Assistant Director Strategy

**Place**

Dipti Patel	Corporate Director Place
Cathy Knubley	Interim Director Environmental Services
Mark Billington	Director Inclusive Economy, Leisure & Culture
Kirstan Shiels	Interim Director Regeneration Programme
David McNulty	Director of Housing
Viv Evans	Interim Chief Planning Officer
Matthew Adams	Assistant Director Climate Change
Julian Wain	Interim Director Commercial Development
Emma Talbot	Director of Regeneration & Sustainability



**HARROW COUNCIL  
2023/24 INTERNAL AUDIT PLAN**

**Internal Audit Plan**

Review Area	Risk Assessment <sup>1</sup>	Reason for inclusion	Proposed Audit Coverage	Audit Days	Qtr
<b>Core Financial Systems</b>					
Payroll	H	Core Financial System	Evidence Based Control Self- Assessment	10	Q1
Corporate Accounts Payable	H	Core Financial System	Evidence Based Control Self- Assessment	10	Q1
Corporate Accounts Receivable	M	Core Financial System	Evidence Based Control Self- Assessment	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
Council Tax	H	Core Financial System	Evidence Based Control Self- Assessment	1.5	Q1
Capital expenditure + Follow-up	H	Core Financial System	Key Control Review – Follow-up of recommendations	3.5	Q1
Business Rates	H	Core Financial System	Key Control Review – Follow-up of Recommendations	3	Q1
<b>IT</b>					
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
Cloud Systems – third party hosted	H	To provide assurance our systems and data are adequately protected by the third parties providing these systems.	A review of cloud based systems provided, hosted and supported by third parties. Almost all our systems and our biggest cyber risks are now in this category. Contractual element i.e. do our contracts place correct obligations on the providers and allow for us to audit them against these from technical perspective.	20	Q4

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

**HARROW COUNCIL  
2023/24 INTERNAL AUDIT PLAN**

<b>Corporate Compliance Checks</b>					
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	Q3/4
<b>Corporate Risk Based/Governance Reviews</b>					
Corporate Governance	Statutory Requirement  Links to CR2 - H	<b>Requirement under the Accounts &amp; Audit Regulations 2015: A relevant authority must, each year conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement</b>	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
Corporate Assurance		Following on from work undertaken in 2022/23 covering the Commissioning Cycle, Risk Management, Corporate Governance and Health & Safety to provide assurance on key areas of the Council as determined by the Governance Board	A review of the following areas: <ul style="list-style-type: none"> <li>• Asset Management</li> <li>• Financial Management</li> <li>• Human Resources</li> <li>• Information &amp; Data Management</li> <li>• Performance Management</li> <li>• Programme &amp; Project Management</li> </ul> Plus development of action plans for work undertaken in 2022/23	40	Q2-4
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>					
Nothing Planned			Covered in core financial systems & governance reviews		

**HARROW COUNCIL  
2023/24 INTERNAL AUDIT PLAN**

<b>Place Risk Based Reviews</b>					
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	10	Q3
Bus Subsidy Grant*	Statutory Requirement	Grant condition requirement	Annual HIA Certification	2	Q2
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	10	Q3/4
Planned Housing Repairs		To complete the suit of reviews of Housing Repairs following work on Compliance and Reactive Housing Repairs undertaken in 2022/23	To review the adequacy, application and effectiveness of controls in place to manage planned housing repairs	15	Q3
Licensing		High risk of fraud (back handers)	To review the adequacy, application and effectiveness of controls in place to manage the licencing function and to mitigate the risk of fraud	10	Q3
Aids & Adaptations		A review of the process required following a whistleblowing investigation	Review of the process plus a follow-up of whistleblowing recommendations	10	Q3
Highways Review 2 <sup>nd</sup> Follow-up		The first follow-up of this review demonstrated an inadequate level of implementation of recommendations due to the impending implementation of IT software	To follow-up the implementation of outstanding recommendations and provide an updated assurance rating	3	Q1
Leaseholders Service Charges Follow-up		Follow-up of 2022/23 review	To follow-up the implementation of the recommendations and provide an updated assurance rating	2	Q2
HMO 2 <sup>nd</sup> Follow-up		The first follow-up of this review demonstrated an inadequate level of implementation of recommendations	To follow-up the implementation of outstanding recommendations and provide an updated assurance rating	2	Q2
Parking Operations 2 <sup>nd</sup> Follow-up		The first follow-up of this review demonstrated an inadequate level of implementation of recommendations	To follow-up the implementation of outstanding recommendations and provide an updated assurance rating	2	Q2

**HARROW COUNCIL  
2023/24 INTERNAL AUDIT PLAN**

Housing Repairs Compliance Follow-up		Follow-up of 2022/23 review	To follow-up the implementation of the recommendations and provide an updated assurance rating	2	Q2
Reactive Housing Repairs Follow-up		Follow-up of 2022/23 review	To follow-up the implementation of the recommendations and provide an updated assurance rating	2	Q4
<b>People Risk Based Reviews</b>					
Schools	H	<p><b>Links to Corporate Priority:</b> Sustaining quality education and training</p> <p>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</p>	<p>Reviews to be undertaken to provide assurance on Budget Management or Governance &amp; Financial Control. Schools that decide to leave the FMS system will be considered a higher risk and will be prioritised.</p> <p>To include Roxeth Primary and The Helix</p>	20	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	1	Q1
Together with Families Programme (Troubled Families Grant)	Grant Requirement	<p><b>Links to Corporate Priority:</b> Tackling poverty and inequality - testing by internal audit is a grant condition</p>	Sample testing of claim prior to grant submission	4	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	10	Q3/4
Safeguarding Team	Links to CR3 & CR5 – H	Management request– requested by Santokh Dulai Assistant Director -Specialist Learning Disabilities Care, Mental health, CYAD Services and Provider Services	A review of the effectiveness, decision making, advice giving and offloading cases	15	Q3/4
Woodlands Investigation Follow-up		Follow-up of 2022/23 review	To follow-up the implementation of the recommendations and provide an updated assurance rating	2	Q2

**HARROW COUNCIL  
2023/24 INTERNAL AUDIT PLAN**

Cedars Manor Investigation Follow-up		Follow-up of 2022/23 review	To follow-up the implementation of the recommendations and provide an updated assurance rating	2	Q2
Cedars Manor Governance & Finance Follow-up		Follow-up of 2022/23 review	To follow-up the implementation of the recommendations and provide an updated assurance rating	2	Q2
<b>TOTAL OPERATIONAL AUDIT DAYS IN 2023/24 PLAN</b>				<b>320</b>	
Contingency Allowance				16	
<b>Support &amp; Advice</b>					
*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		Q1-4
*Irregularity/whistleblowing Reviews	H	To provide a pro-active response to irregularity and/or whistleblowing allegations	Review of allegations to support management		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 Comf (Contain outbreak management fund) CRF (cultural recovery fund)	5	Q1-4
<b>TOTAL DAYS IN 2023/24 PLAN</b>				<b>336</b>	

\* Management support from HIA time which is not included in the operational plan

	<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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## Internal Audit Charter

**This Charter sets out the purpose, authority and responsibility of Harrow Council's Internal Audit function, consistent with the *Definition of Internal Auditing*, the *Code of Ethics* (and also the Committee on Standards of Public Life's *Seven Principles of Public Life*) and the *Standards* as set out in the Public Sector Internal Audit Standards.**

**It establishes Internal Audit's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the 'board' (the Governance, Audit, Risk Management & Standards Committee); authorises access to records, personnel and physical properties relevant to the performance of audit reviews; and defines the scope of internal audit activities.**

### **Mission**

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

### **Purpose**

The Accounts and Audit Regulations 2015 state that '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'.

The Public Sector Internal Audit Standards (PSIAS), encompassing the *Definition of Internal Auditing*, *Code of Ethics* and the *Standards* themselves, constitute 'proper practice' under the Accounts and Audit (England) Regulations 2015 and are therefore mandatory for Local Authority internal audit functions.

Internal auditing is defined by the PSIAS *Definition of Internal Auditing* as 'an independent and objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes'.

### **Authority/Access**

In carrying out their duties and responsibilities, Internal Audit shall be entitled to have full and unrestricted access to all of the Council's activities, records, assets, cash, stores, property, personnel and information (both manual and computerised) which is considered to be necessary to properly fulfil its function. This includes unrestricted access to alternative delivery vehicles wholly/majority own by the Council e.g., limited companies/partnerships. Access to other vehicles e.g., joint ventures will be agreed on a case-by-case basis. Internal audit may enter Council property and has unrestricted access to all locations and officers where

necessary on demand and without prior notice. Council staff are expected to provide every possible assistance to facilitate the progress of audits.

Access rights also apply to other third parties / organisations as permitted through contract, partnering and shared service arrangements. Internal audit has the authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities.

Internal audit will consider all requests from the external auditor for access to any information, files or working papers obtained or prepared during audit work that has been finalised, and which external audit need to discharge their responsibilities.

### **Responsibility/Objectives**

The Council's Head of Internal Audit (HIA) is required to provide an annual opinion to the Council and to the Chief Financial Officer, through the Governance, Audit, Risk Management & Standards (GARMS) Committee, on the overall adequacy and the effectiveness of the Council's framework of governance, risk management and control. In order to achieve this, the Internal Audit function has the following objectives:

- to provide a quality, independent and objective audit service that effectively meets the Council's needs, adds value, improves operations and helps protect public resources;
- to provide assurance to management that the Council's operations are being conducted in accordance with external regulations, legislation, internal policies and procedures;
- to provide a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes;
- to provide assurance that significant risks to the Council's objectives are being managed;
- to provide advice and support to management to enable an effective control environment to be maintained;
- to promote an anti-fraud, anti-bribery and anti-corruption culture within the Council to aid the prevention and detection of fraud.

### **Scope**

The scope of Internal Audit encompasses, but is not limited to:

- the examination and evaluation of the adequacy and effectiveness of Harrow Council's governance, risk management, and internal control processes in relation to its goals and objectives;
- reviewing and evaluating compliance with policies, plans, procedures, laws and regulations;
- assessing the reliability and integrity of information;
- the safeguarding of assets.

Internal Audit's scope covers all Harrow Council's services and budgets including schools, HRA, shared services where Harrow is the lead authority and other alternative delivery vehicles.





## Reporting/Independence

The Public Sector Internal Audit Standards require the Head of Internal Audit to report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. This is achieved by the Head of Internal Audit being line managed by the Director of Finance (s151 Officer) and reporting functionally to the GARMS Committee.

Functional reporting to the GARMS Committee is demonstrated by the committee:

- approving the internal audit charter;
- approving the risk based internal audit plan;
- approving the internal audit resource plan (as part of the annual plan);
- receiving regular reports from the HIA on Internal Audit's performance against the plan.

The internal audit budget is reported to Cabinet and Full Council for approval annually as part of the overall Council budget.

The HIA also has free and unfettered access to:

- Managing Director / Head of Paid Service;
- Director of Finance & Assurance (S151 Officer);
- GARMS Committee Chair;
- Monitoring Officer;
- CLT/Senior management;
- External Audit.

The independence of the HIA is further safeguarded by the Managing Director and the Chair of the GARMS Committee providing feedback on the HIA's performance as part of the annual performance appraisal to ensure that the assessment is not inappropriately influenced by those subject to audit.

All staff in the Internal Audit Team are required to make an annual declaration of interest to ensure that auditors' objectivity is not impaired and that any potential conflicts of interest are appropriately managed.

Internal Audit may also provide consultancy services, such as providing advice on implementing new systems and controls. However, any significant consulting activity not already included in the audit plan, and which might affect the level of assurance work undertaken will be reported to the GARMS Committee. To maintain independence, any audit staff involved in significant consulting activity will not be involved in the audit of that area for at least 12 months.

The HIA has managerial responsibility for the Corporate Anti-Fraud Team (CAFT), the Risk Management function and for the preparation of the Annual Governance Statement as well as for Internal Audit. An annual declaration on Internal Audit's organisational independence will

be made annually in the report to the GARMS Committee on the draft annual plan. Internal Audit does not undertake any other non-audit activities.

### **Communication of Results**

Draft internal audit reports are disseminated to managers who have been directly involved in the audit to confirm the accuracy of the report's findings and to respond to the report's recommendations. Final reports that include management's responses to recommendations will be disseminated to those who received the draft report plus the relevant senior managers i.e. Divisional Director and the Corporate Director.

Green, amber/green and amber assurance reports will be reported in summary to the Corporate Leadership Team (CLT) and the Governance, Audit, Risk Management and Standards (GARMS) Committee at mid-year and year-end. Red/amber and red assurance reports will be reported in full to CLT and the GARMS committee once they are finalised.

Release of draft reports to members will be at the discretion of the Head of Internal Audit but will remain private and confidential.

### **Annual Plan Process**

In compliance with the PSIAS requirement annually a risk based internal audit plan of work is developed by the Head of Internal Audit to determine the priorities of the internal audit service for the coming year to support the Council's vision and priorities.

The plan will be developed taking into account the Council's risk management framework, including the risk maturity of the organisation. The Managing Director, Corporate Directors, Divisional Directors, the Director of Finance (S151 Officer) and other senior management will be consulted and their input used to help assess risks not specifically linked to the Corporate or Directorate risk registers and a documented risk assessment will be undertaken for such reviews included in the plan.

The development of the plan will also take into account the requirement for the Head of Internal Audit to produce an annual internal audit opinion on the Council's framework of governance, risk management and control, reported each year in the Internal Audit Year-end report.

### **Due Professional Care**

The Internal Audit function is bound by the following standards:

- Institute of Internal Auditor's International Code of Ethics
- Seven Principles of Public Life (Nolan Principles)
- UK Public Sector Internal Audit Standards.
- All Council Policies and Procedures

- All relevant legislation

Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the UK Public Sector Internal Audit Standards, ongoing performance monitoring and an external assessment at least once every five years by a suitably qualified, independent assessor.

A programme of Continuous Professional Development (CPD) is maintained for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies.

### **Definitions**

The Public Sector Internal Audit Standards uses the terms ‘board’ and ‘senior management’ and requires these terms to be defined by each public sector organisation in relation to the internal audit function.

At Harrow the term ‘board’ has been defined as the Governance, Audit, Risk Management & Standards Committee which acts as the Council’s audit committee.

The term ‘senior management’ refers to members of the Corporate Leadership Team (CLT).

Tracy Barnett  
Interim Head of Internal Audit and Corporate Anti-Fraud  
August 2023

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**Report for: Governance, Audit,  
Risk Management &  
Standards Committee**

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<b>Date of Meeting:</b>	20 September 2023
<b>Subject:</b>	GARMS Workplan 2023/24
<b>Responsible Officer:</b>	Sharon Daniels Interim Director of Finance & Assurance
<b>Exempt:</b>	No
<b>Wards affected:</b>	List Ward(s) affected by decision - None
<b>Enclosures:</b>	Appendix 1 - GARMS Workplan November 2023 – April 2024

## **Section 1 – Summary and Recommendations**

---

This report sets out the 2023/24 workplan for the GARMS Committee for the period November 2023 to April 2024.

### **Recommendations:**

The Committee is requested to note the workplan for the period November 2023 – April 2024.

## **Section 2 – Report – Information Only**

The GARMS committee does not currently have a workplan in place. Having a workplan will help with managing the committee's workload and ensure all expected reports are considered during the period, assisting the committee to fulfil its oversight role. A workplan will ensure officers/report authors are clear in advance when reports are expected to be presented to the committee. The attached workplan has been created taking account of the committee's terms of reference and reporting deadlines for legislative and statutory requirements. This will be a live document, Members of the committee should be aware that changes may occur over the course of the year.

## **Legal Implications**

Not Applicable

## **Financial Implications**

Not Applicable

## **Risk Management Implications**

Not Applicable

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**

Was an Equality Impact Assessment carried out? No, not applicable

**Council Priorities** – Not applicable, no decision is sought

Please identify how the decision sought delivers this priority.

1. **A council that puts residents first**
2. **A borough that is clean and safe**
3. **A place where those in need are supported**

## **Section 3 - Statutory Officer Clearance**

Not applicable

## **Mandatory Checks**

**Ward Councillors notified:** No, as it impacts on all Wards

## **Section 4 - Contact Details and Background Papers**

**Contact:** Tracy Barnett, Interim Head of Internal Audit & CAFT

**Background Papers:** None

## GARMS Committee Annual Work Plan 2023/24

20 September 2023	Decision	Corporate Director & Lead Officer
Annual Accounts 2021/22	To approve the annual accounts 2021/22	Interim Director of Finance & Assurance (Sharon Daniels)
Internal Audit Annual Plan & Audit Charter 2023/24	To approve the Internal Audit Annual Plan & Charter 2023/24	Interim Director of Finance & Assurance (HIA & CAFT)
Internal Audit Year End Report 2022/23	For information and comment	Interim Director of Finance & Assurance (HIA & CAFT)
CAFT Year End Report & Anti Fraud 2022/23	For information and comment	Interim Director of Finance & Assurance (Justin Phillips)
Corporate Risk Register Update	For information and comment	Managing Director (Alex Dewsnap)
GARMS Committee - Annual Report 2022/23	For information and comment	Chair of GARMS (HIA & CAFT)
Internal Audit Red Assurance Follow Up – if necessary	For information and comment	Interim Director of Finance & Assurance (HIA & CAFT)
GARMS Committee Work Programme <b>(NEW)</b>	For information and comment	All

October/early Nov 2023?? Special Meeting- TBC	Decision	Corporate Director & Lead Officer
Annual Accounts 2022/23 Reliant on 2021/22 accounts being cleared by the external auditors & their 2022/23 plan being ready	To approve the annual accounts 2022/23	Interim Director of Finance & Assurance (Sharon Daniels)
Review of Annual Governance Statement 2022/23	For information and comment	Interim Director of Finance & Assurance (HIA & CAFT)
Mazars Audit Plan 2022/23	For information and comment	Interim Director of Finance & Assurance (Sharon Daniels) External Auditor

<b>29 November 2023</b>	<b>Decision</b>	<b>Corporate Director &amp; Lead Officer</b>
Treasury Management Mid-Year Report 2023/24	For information and comment	Interim Director of Finance & Assurance (Bola Toban)
Overview of Complaints (incl. Local Government Ombudsman Complaints, General Complaints & Whistleblowing, Members Complaints)	For information and comment	Interim Monitoring Officer (Jessica Farmer)
GARMS Committee Work Programme	For information and comment	All

<b>31 January 2024</b>	<b>Decision</b>	<b>Corporate Director &amp; Lead Officer</b>
Update from External Audit	For information and comment	Mazars
Corporate Risk Register Update	For information and comment	Managing Director (Alex Dewsnap)
Internal Audit & CAFT Progress Report <b>(NEW)</b>	For information and comment	Interim Director of Finance & Assurance (HIA & CAFT)
Review of Treasury Management Strategy	For approval	Interim Director of Finance & Assurance (Bola Toban)
Internal Audit Red Assurance Follow Up – if necessary	For information and comment	Interim Director of Finance & Assurance (HIA & CAFT)

<b>3 April 2024</b>	<b>Decision</b>	<b>Corporate Director &amp; Lead Officer</b>
Update from External Audit	For information and comment	Mazars
Corporate Risk Register Update	For information and comment	Managing Director (Alex Dewsnap)
Internal Audit & Corporate Anti Fraud Annual Plan 2024/25	For approval	Interim Director of Finance & Assurance (HIA & CAFT)
Internal Audit Red Assurance Follow Up – if necessary	For information and comment	Interim Director of Finance & Assurance (HIA & CAFT)
GARMS Committee Work Programme 2024/25	For information and comment	All