**Internal Audit Plan**

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| **Review Area** | **Risk Assessment[[1]](#footnote-1)** | **Reason for inclusion** | **Proposed Audit Coverage** | **Audit Days** | **Q** |
| **Core Financial Systems** | | | | | |
| Housing Benefit | H | Core Financial System | Key Control Review, Walkthrough Test | 15 | Q1 |
| Treasury Management | M | Core Financial System | Key Control Review, Walkthrough Test | 15 | Q1 |
| Housing Rents | M | Core Financial System | Due a full Key Control Review but Medium risk therefore will undertake an Evidence Based Self –Assessment | 20 | Q1 |
| Business Rates | H | Core Financial System | Evidence Based Control Self- Assessment | 1.5 | Q1 |
| Capital expenditure | H | Core Financial System | Evidence Based Control Self- Assessment | 1.5 | Q1 |
| Corporate Accounts Receivable | M | Core Financial System | Evidence Based Control Self- Assessment | 1.5 | Q1 |
| Corporate Accounts Payable | H | Core Financial System | Evidence Based Control Self- Assessment | 1.5 | Q1 |
| Payroll | H | Core Financial System | Evidence Based Control Self- Assessment | 1.5 | Q1 |
| Council Tax | H | Core Financial System | Evidence Based Control Self- Assessment | 1.5 | Q1 |
| **IT** | | | | | |
| Replacement ERP System | H | Replacement of major IT system as part of the modernisation agenda | Ongoing audit input to development of replacement ERP system | 5 | Q1-4 |
| **Corporate Compliance Checks** | | | | | |
| Contract Procedure Rules (Annual Assurance) | H | To obtain assurance and to feed into future updating of Contract Procedure Rules and following the findings of the Depot – Additional Works Review | Sample checks across the council to ensure that Contract Procedure Rules are understood and being adhered to concentrate on Gateway 2 reports | 10 | Q3/4 |
| Financial Regulations (Annual Assurance) | H | To obtain assurance following the updating of Financial Regulations during 18/19 and the findings of the Depot – Additional Works Review | Sample checks across the council to ensure that Financial Regulations are understood and being adhered to concentrating on expenditure allocation within capital projects | 20 | Q3/4 |
| Adults Financial Assessments (Residential + non-residential) | H | **Links to Corporate Priority:** Addressing health and social care inequality | Sample testing of financial assessments for residential and non-residential care to ensure assessments are being undertaken and assessed correctly for the new arrangements | 10 | Q4 |
| Adult Social Care - Personal Budgets Monitoring | H | Carry forward from 2019/20 plan | Sample testing of cash personal budgets to ensure that monitoring is taking place on a regular basis, funds are being spent appropriately and surplus funds are recovered where appropriate | 10 | Q4 |
| Invoice Payments - adherence to Fin Regs VAT invoice requirements | H | Following on from an issue identified in 2019/20 | Sample testing of invoices to ensure they are being paid in compliance with Financial Regulations in relation to a valid VAT invoice | 10 | Q4 |
| Purchase Card expenditure during Covid-19 | H | Following reports of issues identified in other London Boroughs | Sample testing of purchase card transactions covering the Pre-Covid19 and during Covid19 periods to establish whether the transactions made during these periods were in accordance with Council policy | 10 | Q2 |
| Fees & Charges (Annual Assurance) | M | Following an Issue identified during 2019/20 and discussion with Director of Finance | Annual check that Fees and Charges are being applied in accordance with Council decision | 5 | Q3 |
| **Corporate Risk Based/Governance Reviews** | | | | | |
| Corporate Governance | Statutory Requirement | **Requirement under the Accounts & 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* | Co-ordination of the annual review of governance against the new CIPFA/Solace Delivering Good Governance in Local Government Framework 2016, including Management assurance, plus drafting of the Annual Governance Statement | 30 | Q1/4 |
| Follow-up of minor governance gaps | Statutory Requirement | **Requirement under the Accounts & 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* | A follow-up of action taken to close minor governance gaps identified as part of the 2019/20 annual governance review | 10 | Q3/4 |
| Risk Registers | Statutory Requirement | **Requirement under the Accounts & Audit Regulations 2015:** *A relevant authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk* | Update of the Corporate Risk Register and input assistance with Directorate and other Council risk registers | 65 | Q1-4 |
| Risk Management Strategy review | Statutory Requirement | **Requirement under the Accounts & Audit Regulations 2015:** *A relevant authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk* | A review and update of the Council's Risk Management Strategy | 20 | Q3/4 |
| Risk Management in projects | H | Links to the provision of effective arrangements for the management of risk | A review of the adequacy, application and effectiveness of risk management in a sample of projects across the Council | 20 | Q3/4 |
| Risk Management in Decision Making | H | Links to the provision of effective arrangements for the management of risk | A review of compliance with risk management requirements for Cabinet reports and an assessment of the adequacy of the risk articulations in helping to ensure that sound decisions are made. This will be a real-time pro-active review, with clearance provided before reports are presented to Cabinet | 20 | Q3/4 |
| Information Governance | M | Proactive approach to ensure that the Council has effective polices & management of information governance risks. | Quarterly Board meetings plus review of security breaches and policies | 2 | Q1-4 |
| Social Value | M | c/f 2019/20  **Links to Corporate Priority:** Thriving economy | To obtain assurance that social value is being delivered as per contract specifications across the Council and adequately monitored and reported | 10 | Q2 |
| Income Collection | M | Leading on from 2019/20 Debt Management Review | A review of the suitability and effectiveness of income collection methods across the Council | 10 | Q4 |

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| **Resources Risk Based Reviews** | | | | | |
| Covid -19 Grants | H | Government grants launched by the Department for Business, Energy and Industrial Strategy (BEIS) e.g. Small Business Grant, Retail, Hospitality & Leisure Grant, Nursery Discount Grant administered by the Council’s Collection & Benefits Service had to be issued quickly and without the usual full scope of checks and balances – part of the conditions of these grants is post assurance review | Post assurance review conducted jointly with Corporate Anti-Fraud Team ensure that any suspected fraud identified can be investigated quickly and steps taken to recover any losses identified | 60 | Q3/Q4 |
| **Community Risk Based Reviews** | | | | | |
| Major Projects - Depot Redevelopment Additional Works | H | Following an projected overspend and the identification of a significant governance gap | A review of the governance issues of the projected overspend | 10 | Q2 |
| Major Projects - Grange Farm/Depot | H | c/f 2019/20  To provide assurance on major projects being undertaken | Project Management Review | 30 | Q2-3 |
| Bus Subsidy Grant | Statutory Requirement | Grant condition requirement | Annual HIA Certification | 2 | Q2 |
| Empty Property Grant and Property Acquisition Programme | H | **Links to Corporate Priority:** Building Homes and infrastructure | Vfm reviews to support capital bids | 15 | Q3 |
| Discretionary Grants Fund | H | Government grant launched by the Department for Business, Energy and Industrial Strategy (BEIS) administered by the Council’s Economic Development Team | Post Assurance Review | 15 | Q3 |

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| **People Risk Based Reviews** | | | | | |
| Schools | H | **Links to Corporate Priority:** Sustaining quality education and training  The Council has 34 maintained schools with delegated budgets most of which are in excess of £1m however schools are facing ever increasing financial pressures | Reviews to be undertaken to provide assurance on Budget Management or Governance & Financial Control | 70 | Q3/4 |
| Together with Families Programme (Troubled Families Grant) | Grant Requirement | **Links to Corporate Priority:** Tackling poverty and inequality - testing by internal audit is a grant condition | Sample testing of claim prior to grant submission | 5 | Q1-4 |
| Test & Trace Grant | Grant Requirement | Part of the Suite of government grants for Covid 19 | HIA Certification | 2 | Q4 |
| **Support, Advice & Follow-up** | | | | | |
| 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 | 10 | Q1-4 |
| Follow-up | H/M | To provide assurance on the implementation of audit recommendations by management in accordance with the agreed strategy | Follow-up of Red, Red/Amber & Amber reports | 20 | Q1-4 |
| **TOTAL DAYS IN 2020/21 PLAN**  565 | | | | | |

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|  | **Internal Audit Performance Indicator 2019/20** | **Target** |
| 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% |
|  | **Corporate Performance Indicator** | **Target** |
| 1 | Implementation of recommendations | 90% |

The Performance Indicator for follow-ups has been split to reflect the reduced Internal Audit resources available to undertake follow-ups.

**Corporate Anti-Fraud Plan**

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|  | **Fraud work stream** | **Proposed counter fraud coverage** |
| 1 | Corporate fraud risk assessment | Identify and assess Harrow’s fraud risk exposure affecting the principle activities in order to fully understand changing patterns in fraud and corruption threats and the potential harmful consequences to the authority and our customers. |
| 2 | Corporate fraud risk register | Review and facilitate the updating of the fraud risk register annually where significant fraud and corruption risks are identified, mitigated and monitored. Given the position with Covd-19 and most employees working from home, this review will be undertaken via a self assessment. |
| 3 | Corporate Anti-Fraud & Corruption Strategy | Review the authorities’ Corporate Anti-Fraud & Corruption Strategy 2016-19 following the publication of Fighting Fraud and Corruption Locally Strategy 2020, including the drafting of any action plan to address areas for improvement contained within the local response checklist section |
| 4 | Establish a fraud loss value methodology | Develop and implement a fraud loss value methodology to apply consistently to significant fraud risk exposures enabling fraud losses to be measured accurately |
| 5 | National Fraud Initiative co-ordination role | Co-ordination of the 2020/21 National Fraud Initiative (NFI) project including:-     * Ensuring all relevant service area privacy notices are up to date and follow best practice * Liaison with service leads to ensure data can be provided and in accordance with the relevant data specification * Ensure relevant data is extracted from legacy systems and handed to the CAFT for upload to the NFI website in accordance with the project deadline * Act as liaison and as a support role for service areas during the project |
| 6. | Cifas Pilot Membership project | Pilot membership of Cifas has been extended to March 2021. Cifas is the UK’s leading fraud prevention service that facilitates the sharing of fraud data for the prevention and detection of crime across the public, private and third sectors. A Cifas proactive datamatch project involving housing tenants will be undertaken to identify tenancy fraud/misuse and potential subletting. |
| 7. | Corporate anti-fraud awareness | Raise awareness of fraud and corruption risks both within the authority and in the community through the publication of fraud successes and awareness internally and in local and national media, including the use of all forms of social media including the following actions:-   * Launch a campaign to increase employee participation of the fraud E-learning course in the learning pod      * General internal communications bulletins in relation to articles on fraud and corruption * Issuing management reports detailing investigation outcomes and recommendations for improving fraud risk controls are implemented if agreed according to risk (KPI5) * Deliver virtual fraud workshops for high risk fraud areas as determined by the outcomes of the fraud risk register * Publicity through all forms of media on successful fraud cases, fraud initiatives and related prosecution outcomes |
| 8. | Fraud liaison | Explore, develop and maintain effective liaison with investigation teams in other boroughs and external agencies and ensure that membership and interest continues in the London Borough of Fraud Investigators Group (LBFIG), The National Anti-Fraud Network (NAFN), The Chartered Institute of Public Finance and Accountancy (CIPFA) and Cifas |
| 9. | Housing fraud | Assess and investigate allegations of fraud and abuse in the housing system working in partnership with Housing Resident Services, Housing Needs and Harrow’s RSL’s including:   * Seek to recover a combined total of 10 Council social housing units and disrupt/intercept fraudulent Right to Buy applications (KPI1) * Prevent housing application fraud through a partnership approach with Housing Needs providing fraud risk advice, support and the investigation of allegations of fraud * Prevent fraudulent Right to Buy (RTB) applications through targeted application validation with a fraud check on at least 90% applications referred to the CAFT at offer stage and before completion (KPI2) * Maximise the use of powers contained within the Prevention of Social Housing Fraud Act 2013 (PoSHFA) in terms of gathering evidence, investigation and prosecution of offenders and recovery of unlawful profit * Plan and implement a proactive anti-fraud datamatching exercise to identify the misuse of Council social housing units (see datamatching section above) |
| 10. | Covid-19 Business Grants | Work jointly with Internal Audit to undertake a review of the Small Business Grants Fund, the Retail, Hospitality & Leisure Grants Fund and the Discretionary Grants Fund launched by the Department for Business, Energy and Industrial Strategy (BEIS) and implemented by the authority to provide financial assistance to local businesses in Harrow. This work may identify suspected fraud cases which will be investigated fully and steps taken to recover any losses identified |
| 11. | Internal fraud & corruption | Risk assess at least 80% of allegations of internal fraud and corruption as a priority and deploy resources on those cases where there is corroborative evidence within an average of 5 workings days of receipt of the information (KPI3). |
| 12. | Revenues/Business Rates/Council Tax Support fraud | Work in partnership with Revenues and Benefits to investigate allegations of fraud and abuse on a risk basis of the Council Tax, Council Tax Support and Non Domestic Rates Systems, including exemptions, discounts and reliefs, apply appropriate sanctions where fraud is proven and assist in the recovery of fraud related losses |
| 13. | Social care fraud | Work in partnership with the People Directorate to investigate allegations of fraud and abuse of the social care system including but not limited to:-   * Personal budget applications, assessment and monitoring of PB spend      * Long term residential care applications financial assessments and reviews |
| 14. | Risk assess allegations of fraud and corruption | Risk assess 80% of allegations of fraud and corruption and deploy resources on those cases deemed sufficiently high enough fraud risk within an average of 10 working days of receipt of the information. (KPI4) |

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| **No.** | **CAFT Key Performance Indicators 2020/21** | **Target** |
| 1. | Recovery of a combined total of 10 social housing units subject to fraud and misuse and the disruption/interception of fraudulent Right to Buy applications | 100% |
| 2. | Fraud validation checks undertaken on Right to Buy applications referred to the CAFT at offer stage and before completion | 90% |
| 3. | Internal fraud and corruption referrals risk assessed and resources deployed in 5 working days | 80% |
| 4. | Fraud and corruption referrals risk assessed and resources deployed in 10 working days | 80% |
| 5. | Fraud risk recommendations agreed for implementation | 80% |

NB All targets have remained the same as 2019/20 due to the disruption caused by Covid-19, but ordinarily these would have been increased slightly to stretch performance

**Justin Phillips**

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**October 2020**

1. Wherever possible risk ratings are taken from the Corporate (prefix CR), an audit risk assessment is undertaken for all other reviews. [↑](#footnote-ref-1)