HARROW COUNCIL
2020/21 INTERNAL AUDIT & CORPORATE ANTI-FRAUD PLAN

Internal Audit Plan

Review Area	Risk Assessment [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	10	Q4

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

			assessed correctly for the new arrangements		
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*	Update of the Corporate Risk Register and input assistance with Directorate and other Council risk registers	65	Q1-4

		of risk			
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

	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

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October 2020