**2021/22 Internal Audit Plan - Consultation**

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| **DIRECTORATE** | **NAME** | **TITLE** | **DATE** |
|  | Sean Harriss | Chief Executive | 13/04/21  |
| **Resources** | Charlie Stewart | Corporate Director Resources | 13/04/21 |
|  | Dawn Calvert | Director of Finance & Assurance/S151 | 31/03/21 |
|  | Hugh Peart  | Director of Legal & Governance | 13/04/21 |
|  | Alex Dewsnap | Director of Strategy and Partnership | 13/04/21 |
|  | Ben Goward | Director of ICT | 25/03/21 |
|  | Tracey Connage | Director of HR & OD | 30/03/21 |
|  | Fern Silverio | Divisional Director Collections & Benefits | 26/03/21 |
|  | Nimesh Mehta | Head of Procurement | 26/03/21 |
|  | Jonathan Milbourn  | Head of Customer Service & Business Support | 30/03/21 |
|  | Sharon Daniels | Head of Strat & Tech Finance/Deputy S151 | 29/03/21 |
|  | Tasleem Kazmi | Finance Business Partner Housing & Regeneration | 23/03/21 |
|  | Donna Edwards | Finance Business Partner People (Adults) | 23/03/21 |
|  | Jessie Mann | Finance Business Partner Community | 23/03/21 |
|  | Jo Frost | Finance Business Partner People (Children) | 22/03/21 |
|  | Justin Phillips | Corporate Anti-Fraud Service Manager | 25/03/21 |
|  | Neale Burns | Interim Risk Manager | 26/02/21 |
|  | Brian Hubbard | Auditor | 26/02/21 |
|  | Cher Jones | Auditor | 26/02/21 |
|  | Ayesha Ahmede | Auditor | 26/02/21 |
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| **People** | Paul Hewitt | Corporate Director People | 13/04/21 |
|  | Angela Morris | Director of Adult Social Services | 25/03/21 |
|  | Patrick O’Dwyer | Director of Education | 22/03/21 |
|  | Carole FurlongPeter Tolley | Director of Public HealthDivisional Director Children & Young People Services | 13/04/2123/03/21 |
|  | Johanna Morgan | Divisional Director Commercial & Regeneration | 24/03/21 |
|  |  |  |  |
| **Community** | Paul Walker  | Corporate Director Community | 13/04/21 |
|  | Michael Butler | Interim Director Environmental Services | 25/03/21 |
|  | Julian Wain | Interim Commercial Director | 26/03/21 |
|  | Mark Billington | Head of Service – Economic Development, Research & Enterprise | 26/03/21 |
|  | Julian Higson | Interim Head of Housing | 25/03/21 |
|  | Andrew Campion | Head of Asset Management (Housing) | 24/03/21 |
|  | Kirstan Shiels | Interim Regeneration Programme Director | 29/03/21 |
|  | Matthew Adams | Head of Natural Resources and Climate | 08/04/21 |

**Internal Audit Plan 2020/21**

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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 | 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 |
| 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 |
| Authorisation Testing | H | During the pandemic staff have been working from home however wet signatures are still required for many authorisations that are not automated hence assure to be obtained that appropriate alternative methods of authorisation were employed.  | Testing to cover all Core Financial Systems + Pensions to establish that appropriate authorisations were obtained during the pandemic in 20/21, that methods of obtaining authorisation were adequate, that authorisations were appropriately applied to transactions and effective in minimising risk to the authority.  | 20 | 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 |
| Cyber Security Governance | Links to CR12 - M | External reports of increased cyber attacks on organisations – last reviewed 2016/17. | A review of arrangements in place to protect the Council from or in the advent of a cyber attack. | 5 | Q3/4 |
| IT Inventory | H | As a result of Pandemic IT equipment is has been distributed for homeworking.  | A review to ensure that inventory covers all appropriate equipment, and that adequate systems are in place for keeping it up to date.  | 10 | Q2 |
| IT Support – Service Integration and Management | H | New arrangements in place, some in-house provision and some contracts  | A review of how the elements of the support work together and are being managed | 20 | Q3/4 |
| IT Strategy | H | New IT Strategy currently being developed | Provision of the 2016/17 audit work on IT Strategy to feed into the development of the new strategy and a review of new strategy towards the end of the year  | 5 | Q4 |
| **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 – area of focus to be determined as part of review planning  | 10 | Q3/4 |
| Financial Regulations (Annual Assurance)   | H | To obtain assurance following the updating of Financial Regulations during 18/19 and the findings of the Depot – Additional Works Review  | Sample checks across the council to ensure that Financial Regulations are understood and being adhered to – area of focus to be determined as part of review planning  | 10 | Q3/4 |
| 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 | Q3/4 |
| HR Policies(Annual Assurance)  | H | To provide assurance on the implementation of HR Policies annually, with a focus on different policies each year in consultation with the Director of HR&OD  | Sample check across the council to ensure that HR Policies are understood and adhered to - areas of focus for 201/22 Job Evaluation and Honorariums | 10 | Q2 |
| **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, including Management Assurance, assessment against the CIPFA Financial Management Standards plus drafting of the Annual Governance Statement | 30 | Q1/4 |
| 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 in Decision Making | M | **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 real-time pro-active review, with clearance provided before reports are presented to Cabinet | 20 | Q1-Q4 |
| 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 |
| **Resources Risk Based Reviews** |
| Restart Grants  | H | Scheme in place to support business in the non-essential retail, hospitality, leisure, personal care and accommodation sectors with a one-off grant of up to £18,000, to reopen safely as COVID-19 restrictions are lifted | Post assurance review conducted jointly with Corporate Anti-Fraud Team to ensure that any suspected fraud or error identified can be investigated quickly and steps taken to recover any losses identified  | 10 | Q2 |
| Transformation Programme – Project Management Review | CR7 - H | A continuation of project management reviews of the Council’s key projects | A project management review of one of the projects within the Transformation Programme – project to be identified at time of review | 15 | Q3/4 |
| **Community Risk Based Reviews** |
| Housing Repairs – Landlord Responsibilities  | H | The Council as a landlord has a number of statutory duties that must be complied with | A review of the processes in place to ensure that the Council’s statutory duties are met | 15 | Q3/4 |
| Housing Tenancy Succession | M | A number of fraud investigations in recent years have highlighted some issues with tenancy succession | A review of the process and checks in place to ensure that tenancy successions are managed and appropriate  | 10 | Q3/4 |
| Facilities Management Procurement/Contracts | H | Major changes introduced during 2020/21 to improve service | Review of procurement and contract management | 15 | Q3/4 |
| Facilities Management Statutory Compliance | H | There are a number of statutory duties that must be complied with | A review of the processes in place to ensure that the Council’s statutory duties are met | 15 | Q2 |
| Traffic /Highways | H | Review requested by Management and an area not reviewed for many years | The adequacy, application and effectiveness of the management, procurement and financial controls of Traffic/Highways  | 20 | Q3/4 |
| Bus Subsidy Grant | Statutory Requirement | Grant condition requirement | Annual HIA Certification | 2 | Q2 |
| HSDP/Council owned companies Governance | CR2 – M  | New arrangements, issues highlighted in other authorities with such arrangement, potential high risks  | Input to the development of governance arrangements for the HSDP in Q1 and a review of how governance arrangements are working in practice in across Council owned companies Q3/Q4 | 30 | Q1 +Q3/Q4 |
| Regeneration Programme Revisited | M | The Regeneration Programme review was undertaken as part of the 2018/19 IA Plan and followed up during 2019/20 – this revisit will assess how well the key actions agreed as part of the review have been implemented and imbedded (or where alternative appropriate action has been taken)  | The revisit will review the governance structure in place for the Programme, the Regeneration Strategy, project management, decision making, financial & performance reporting and risk management  | 20 | Q3/4 |
| Everyone Active Contract Payments  | M | Review requested by Management | Quality assurance of the funding agreement  | 10 | Q2 |
| **People Risk Based Reviews** |
| Schools | H | **Links to Corporate Priority:** Sustaining quality education and trainingThe 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 | 80 | Q3/4 |
| SFVS | Funding Requirement  | To provide assurance to S151 Officer responsible for signing off statutory return  | Review of the statutory return to the Department Education to be signed by the s151 Officer confirming the number of Schools to complete the Schools Financial Value Standard (SFVS) self-assessment | 5 | Q1 |
| Together with Families Programme (Troubled Families Grant) | Grant Requirement | **Links to Corporate Priority:** Tackling poverty and inequality - testing by internal audit is a grant condition  | Sample testing of claim prior to grant submission | 10 | Q1-4 |
| Children Placements | H | A high percentage of the Children Budget spent on placements | A review of the adequacy, application and effectiveness of decisions and review of placements  | 15 | Q3/4 |
| Adults Placements | Links to CR3 - H | A high percentage of the Adults Budget spent on placements | A review of the adequacy, application and effectiveness of decisions and review of placements | 15 | Q3/4 |
| **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 | 20 | Q1-4 |
| Follow-up | H/M | To provide assurance on the implementation of audit recommendations by management in accordance with the agreed strategy  | Follow-up of Red, Red/Amber & Amber reports  | 20 | Q1-4 |
| Covid Grants | H | Certain government grants require HIA sign-off | Where required sample testing to confirm grant conditions have been met before sign-ff by the HIA and Chief Executive | 5 | Q1-4 |
| **TOTAL DAYS IN 2021/22 PLAN**  587 |

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|  | **Internal Audit Performance Indicator 2021/22** | **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% |

**Corporate Anti-Fraud Plan 2021/22**

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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 Anti-Fraud & Corruption Strategy | Review the authorities’ Corporate Anti-Fraud & Corruption Strategy in light of the refreshed Fighting Fraud and Corruption Locally Strategy 2020 and implement any actions identified to improve the authorities’ fraud risk resilience  |
| 3. | Review the fraud loss value methodology | Review the fraud loss value methodology to apply consistently to significant fraud risk exposures enabling fraud losses to be measured accurately and in line with established standard nationwide formula and best practice  |
| 4. | National Fraud Initiative co-ordination role | Co-ordination of the 2020/21 National Fraud Initiative (NFI) match processing including:-* Processing matches which are the responsibility of the CAFT
* Supporting service areas across the authority to ensure their matches are processed in a timely manner and that suspected fraud/error is investigated appropriately
* Process fraud referrals passed to the CAFT from other teams and from outside of the authority in line with team performance indicators
 |
| 5. | Cifas project  | Continue to maximise membership of Cifas for a further 12 months (pilot extension) to support fraud investigation work undertaking a proactive drive and explore expanding it’s use internally for areas such as Human Resources and Recruitment (vetting), Insurance & Procurement.  |
| 6. | Corporate anti-fraud awareness | Raise awareness of fraud and corruption risks both within the authority and in the community through the publication of fraud successes and awareness internally and in local and national media, including the use of all forms of social media including the following actions:- * Continue to promote the fraud e-learning package to employees

 * General internal communications bulletins in relation to articles on fraud and corruption
* Issuing management reports detailing investigation outcomes and recommendations for improving fraud risk controls are implemented (KPI5)
* Deliver fraud workshops/CAFT attendance at team meetings for high fraud risk areas as appropriate
* Publicity through all forms of media on successful fraud cases, fraud initiatives and related prosecution outcomes
* The use of Yammer to promote fraud awareness and signpost to the e-learning package
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| 7. | Fraud liaison | Explore, develop and maintain effective liaison with investigation teams in other boroughs and external agencies and ensure that membership and interest continues in the London Borough of Fraud Investigators Group (LBFIG), The National Anti-Fraud Network (NAFN), The Chartered Institute of Public Finance and Accountancy (CIPFA) and Cifas  |
| 8. | Internal Data-matching | Undertake an internal proactive drive using iDIS (fraud case management system tool) in an area assessed to be at high risk to fraud |
| 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 internal datamatching section above) |
| 10. | Covid-19 Restart Grants | Work jointly with Internal Audit to undertake a review of the Restart Grants and implemented by the authority to provide financial assistance to local businesses in Harrow. This work may identify suspected fraud cases which will be investigated fully and steps taken to recover any losses identified |
| 11. | Internal fraud & corruption | Risk assess at least 85% of allegations of internal fraud and corruption as a priority and deploy resources on those cases where there is corroborative evidence within an average of 5 workings days of receipt of the information (KPI3)  |
| 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 undertake a sample check allegations of fraud and abuse of the social care system including but not limited to:-* A proactive fraud risk- based exercise of personal budgets applications, assessment and monitoring of spend

 * A proactive fraud risk- based exercise in relation to those individuals being financially supported in long term residential care
 |
| 14. | Partnership working | Responding to requests for information in a timely manner from our law enforcement partners e.g Police, HMRC, Other LA’s etc  |
| 15. | Risk assess allegations of fraud and corruption | Risk assess 85% of allegations of fraud and corruption and deploy resources on those cases deemed sufficiently high enough fraud risk within an average of 10 working days of receipt of the information (KPI4) |

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| **No.** | **CAFT Key Performance Indicators 2021/22** | **Target** |
| 1. | Seek to recover a combined total of 10 Council social housing units and disrupt/intercept fraudulent Right to Buy applications | 100% |
| 2. | Fraud validation checks 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 | 85% |
| 4. | Fraud and corruption referrals risk assessed and resources deployed in 10 working days | 85% |
| 5. | Fraud risk recommendations agreed for implementation  | 85% |

**Justin Phillips**

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

**Susan Dixson**

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

**April 2021**

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)