

**HARROW COUNCIL
INTERNAL AUDIT PLAN & CORPORATE ANTI-FRAUD PLAN 2021/22**

2021/22 Internal Audit Plan - Consultation

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
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 Furlong	Director of Public Health	13/04/21
	Peter Tolley	Divisional Director Children & Young People Services	23/03/21

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	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 Champion	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

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Internal Audit Plan 2020/21

Review Area	Risk Assessment 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

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

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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: <i>A relevant authority must, each year conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement</i>	Co-ordination of the annual review of governance, including Management Assurance, assessment against the CIPFA Financial Management Standards plus drafting of the Annual Governance Statement	30	Q1/4
Risk Registers	Statutory Requirement	Requirement under the Accounts & Audit Regulations 2015: <i>A relevant authority must ensure that it has a sound system of internal control which includes effective</i>	Update of the Corporate Risk Register and input assistance with Directorate and other Council risk registers	65	Q1-4

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		<i>arrangements for the management of risk</i>			
Risk Management in Decision Making	M	Requirement under the Accounts & Audit Regulations 2015: <i>A relevant authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk</i>	A real-time pro-active review, with clearance provided before reports are presented to Cabinet	20	Q1-Q4
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

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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 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	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

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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-off by the HIA and Chief Executive	5	Q1-4
TOTAL DAYS IN 2021/22 PLAN				587	

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%

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Corporate Anti-Fraud Plan 2021/22

	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:- <ul style="list-style-type: none"> • 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:-

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		<ul style="list-style-type: none"> • 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
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	<p>Assess and investigate allegations of fraud and abuse in the housing system working in partnership with Housing Resident Services, Housing Needs and Harrow's RSL's including:</p> <ul style="list-style-type: none"> • 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)

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		<ul style="list-style-type: none"> • 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	<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"> • 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%

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April 2021