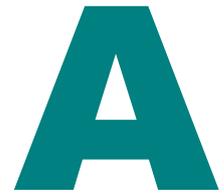




HILLINGDON
LONDON



Audit Committee

Members of the Committee

John Chesshire (Chairman)
Councillor Martin Goddard (Vice-Chairman)
Councillor Tony Eginton
Councillor Duncan Flynn
Councillor Edward Lavery

Date: THURSDAY, 1 OCTOBER
2020

Time: 5.10 PM

Venue: COMMITTEE ROOM 5 -
CIVIC CENTRE, HIGH
STREET, UXBRIDGE

**Meeting
Details:** Members of the Public and
Media are welcome to attend
this meeting

This Agenda is available online at:
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camera and scan the code below:



Published: Wednesday, 23 September
2020

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Putting our residents first

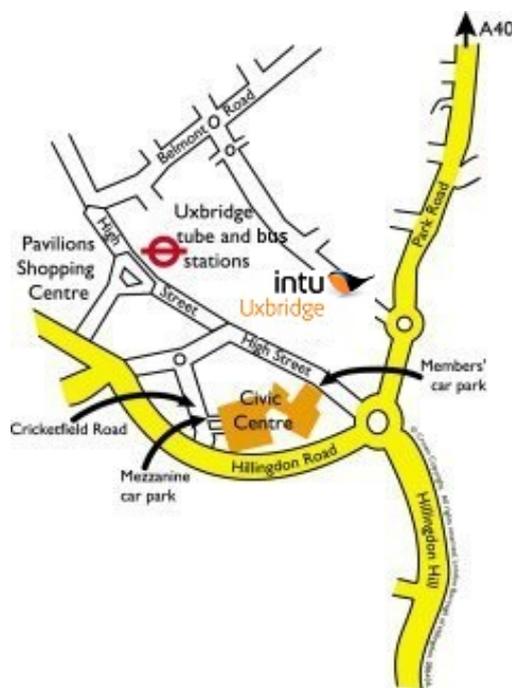
Lloyd White
Head of Democratic Services
London Borough of Hillingdon,
Phase II, Civic Centre, High Street, Uxbridge, UB8 1UW

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In the event of a SECURITY INCIDENT, follow instructions issued via the tannoy, a Fire Marshal or a Security Officer. Those unable to evacuate using the stairs, should make their way to the signed refuge locations.

Terms of Reference

The Constitution defines the terms of reference for the Audit Committee as:

Introduction

The Audit Committee's role will be to:

- Review and monitor the Council's audit, governance, risk management framework and the associated control environment, as an independent assurance mechanism;
- Review and monitor the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and/or weakens the control environment;
- Oversee the financial reporting process of the Statement of Accounts.

Decisions in respect of strategy, policy and service delivery or improvement are reserved to the Cabinet or delegated to Officers.

Internal Audit

1. Review and approve (but not direct) the Internal Audit Strategy to ensure that it meets the Council's overall strategic direction.
2. Review, approve and monitor (but not direct) Internal Audit's planned programme of work, paying particular attention to whether there is sufficient and appropriate coverage.
3. Through quarterly Internal Audit summary reports of work done, monitor progress against the Internal Audit Plan and assess whether adequate skills and resources are available to provide an effective Internal Audit function. Monitor the main Internal Audit recommendations and consider whether management responses to the recommendations raised are appropriate, with due regard to risk, materiality and coverage.
4. Make recommendations to the Leader of the Council or Cabinet Member for Finance, Property and Business Services on any changes to the Council's Internal Audit Strategy and Internal Audit Plans.
5. Review the Annual Internal Audit Report and Opinion Statement and the level of assurance this provides over the Council's corporate governance arrangements, risk management framework and system of internal controls.
6. Consider reports dealing with the activity, management and performance of Internal Audit.
7. Following a request to the Corporate Director of Finance, and in consultation with the Leader of the Council or Cabinet Member for Finance, Property and Business Services, to request work from Internal Audit.

External Audit

8. Receive and consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.
9. Monitor management action in response to issues raised by External Audit.
10. Receive and consider specific reports as agreed with the External Auditor.
11. Comment on the scope and depth of External Audit work and ensure that it gives value for money, making any recommendations to the Corporate Director of Finance.
12. Be consulted by the Corporate Director of Finance over the appointment of the Council's External Auditor.
13. Following a request to the Corporate Director of Finance, and in consultation with the Leader of the Council or Cabinet Member for Finance, Property and Business Services, to commission work from External Audit.
14. Monitor arrangements for ensuring effective liaison between Internal Audit and External Audit, in consultation with the Corporate Director of Finance.

Governance Framework

15. Maintain an overview of the Council's Constitution in respect of contract procedure rules and financial regulations and where necessary bring proposals to the Leader of the Council or the Cabinet for their development.
16. Review any issue referred to it by the Chief Executive, Deputy Chief Executive, Corporate Director, any Council body or external assurance providers including Inspection agencies.
17. Monitor and review, but not direct, the authority's risk management arrangements, including regularly reviewing the Corporate Risk Register and seeking assurances that appropriate action is being taken on managing risks.
18. Review and monitor Council strategy and policies on anti-fraud and anti-corruption including the 'Raising Concerns at Work' policy, making any recommendations on changes to the relevant Corporate Director in consultation with the Leader of the Council.
19. Oversee the production of the authority's Annual Governance Statement and recommend its adoption.
20. Review the Council's arrangements for corporate governance and make recommendations to the Corporate Director of Finance on suggested actions to improve alignment with best practice.
21. Where requested by the Leader of the Council or Cabinet Member for Finance, Property and Business Services or Corporate Director of Finance, provide recommendations on the Council's compliance with its own and other published standards and controls.

Accounts

22. Review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from financial statements or from the external auditor that need to be brought to the attention of the Council.
23. Consider the External Auditor's report to those charged with governance on issues arising from the external audit of the accounts.

Review and reporting

24. Undertake an annual independent review of the Audit Committee's effectiveness and submit an annual report to Council on the activity of the Audit Committee.

Agenda

PART I

- 1 Apologies for absence
- 2 Declarations of interest
- 3 To confirm that all items marked Part I will be considered in Public and that any items marked Part II will be considered in Private
- 4 Minutes of the Meeting held on 3 February 2020 1 - 4
- 5 2019/20 Annual Statement of Accounts and Audit Update 5 - 6
- 6 Annual Internal Audit Report & Opinion Statement 2019/20 7 - 38
- 7 Draft Internal Audit Plan 2020/21 39 - 56
- 8 Counter Fraud Annual Report 2019/20 57 - 76
- 9 Audit Committee Forward Programme 77 - 80

PART II

That the reports in Part 2 of this agenda be declared not for publication because they involve the disclosure of information in accordance with Section 100(A) and Part 1 of Schedule 12 (A) to the Local Government Act 1972 (as amended), in that they contain exempt information and that the public interest in withholding the information outweighs the public interest in disclosing it.

- 10 Annual Risk Management Report 2019/20 81 - 102
- 11 Quarter 1 2020/21 Corporate Risk Register 103 - 106

Minutes



HILLINGDON
LONDON

AUDIT COMMITTEE

3 February 2020

Meeting held at Committee Room 4 - Civic Centre, High Street, Uxbridge

	<p>Committee Members Present: John Cheshire (Chairman) Councillors: Martin Goddard (Vice-Chairman), Tony Eginton, Duncan Flynn and Eddie Lavery</p> <p>LBH Officers Present: James Lake (Chief Accountant), Paul Whaymand (Corporate Director of Finance), Muir Laurie (Deputy Director of Exchequer & Business Assurance Services), Sarah Hydrie (Head of Internal Audit & Risk Assurance), Zac O'Neil (Head of Counter Fraud), Stephanie Rao (Internal Audit, Risk and Insurance Manager) and Anisha Teji (Democratic Services Officer)</p> <p>Also Present: Larisa Midoni – Ernst & Young LLP Suresh Patel – Ernst & Young LLP</p>
72.	<p>APOLOGIES FOR ABSENCE (<i>Agenda Item 1</i>)</p> <p>There were no apologies for absence.</p>
73.	<p>DECLARATIONS OF INTEREST (<i>Agenda Item 2</i>)</p> <p>Councillor Tony Eginton declared a non-pecuniary interest in agenda item 5 arising from the fact that he was a retired member of the Local Government Pension Scheme. He remained for the discussion of all items.</p>
74.	<p>TO CONFIRM THAT ALL ITEMS MARKED PART I WILL BE CONSIDERED IN PUBLIC AND THAT ANY ITEMS MARKED PART II WILL BE CONSIDERED IN PRIVATE (<i>Agenda Item 3</i>)</p> <p>It was agreed that all the items on the agenda be considered in public with the exception of Agenda Item 9 – 2019/20 Quarters 2 and 3 Corporate Risk Register.</p>
75.	<p>MINUTES OF THE MEETING HELD ON 21 OCTOBER 2019 (<i>Agenda Item 4</i>)</p> <p>RESOLVED: That the minutes of the meeting held on 21 October 2019 be approved as a correct record.</p>
76.	<p>EY 2019/20 ANNUAL AUDIT PLAN & PENSION FUND AUDIT PLAN (<i>Agenda Item 5</i>)</p> <p>The Committee was provided with reports which set out the initial plans for the 2019/20 audit by Ernst & Young LLP (EY), the Council's External Auditor. The plans set out the</p>

approach to the external audit of the Council's Accounts, the Pension Fund Accounts and a broad timetable, to enable the whole process to be completed by the end of July 2020. EY took the Committee through the reports and provided a summary of the key issues.

Members were informed that the Key Financial Statement Risks on the External Audit Plan were:

- Risk of management override;
- Risk of inappropriate capitalisation of revenue expenditure;
- PPE valuations;
- Valuation of Schools; and
- Accounting for the Dedicated Schools Grant.

Other areas of external audit focus not classified as significant risk, but still material when considering risks of misstatement included:

- Consideration of Group Boundary (Hillingdon First Ltd);
- New accounting standards (IFRS16); and
- Pension Liabilities and the IAS19 valuations.

For the Pension Fund Audit Plan, the risk of management override had been removed however two audit risks remained as follows:

- Risk of misstatement of Investment Income and Valuation through journals; and
- Valuation of Unquoted Investments.

It was noted that there were no specific listed areas of external audit focus classified as not having a significant risk.

The Committee was assured that the external audit would be completed by the end of July following learning from the previous year.

It was noted that as at 31 March 2019, the Council had reported a negative dedicated schools grant (DSG) balance and that at 31 March 2020 this was likely to exceed available individual schools balances. It was also noted that new DfE guidance had just been issued which clarified that negative DSG could not be funded from General Resource, but instead should be funded from future year's DSG grant income

RESOLVED: That the Committee noted the 2019/20 annual external audit plan and pension fund external audit plan.

77. **INTERNAL AUDIT PROGRESS REPORT FOR 2019/20 QUARTER 3 (INCLUDING THE QUARTER 4 IA PLAN)** (*Agenda Item 6*)

The Committee received the Internal Audit (IA) Progress Report for 2019/20 Quarter 3 and IA Plan for Quarter 4 which provided summary information on all IA work covered in relation to 2019/20, together with assurance levels in this respect.

It was noted that since the last IA Progress Report five assurance reviews had concluded, two grant claims had been certified and three consultancy reviews had finalised. The staffing matrix was also highlighted to the Committee.

It was noted that the follow-up verification process identified two recommendations which had not been implemented despite management/risk owners marking these recommendations as implemented. The reason for marking these recommendations as

implemented was explained to the Committee. It was confirmed that further training and advice was being provided to the relevant teams.

The Committee was informed that the Cyber Incident Management review had received a Limited assurance opinion and it was confirmed that issues were found with policies, procedures and the risk management arrangements. In relation to the thematic review of Schools Payrolls, the scope of the audit looked at policy and procedures, tendering and changes to starters and leavers.

It was reported that IA was in discussions with senior managers in regards to setting up an annual IT audit plan. Working collaboratively with ICT, IA agreed several pieces of work, which had been risk assessed and audits in this area would commence in April 2020. However, it was confirmed that if there were any issues which required IA intervention between now and April, then IA would not wait until April 2020 to pick this up but would action it immediately.

It was noted that all nine IA KPIs had been met or actual performance exceeded the target set. The Committee commended IA for this work.

RESOLVED:

- 1) That the Audit Committee noted the IA Progress Report for 2019/20 Quarter 3 and approval be given to the 2019/20 Quarter 4 Internal Audit Plan;**
- 2) That the Committee noted the coverage, performance and results of Business Assurance Internal Audit activity within this quarter.**

78. 2019/20 QUARTER 3 COUNTER FRAUD PROGRESS REPORT (Agenda Item 7)

The Committee received a report detailing the work being undertaken by the Business Assurance Counter Fraud Team (BACFT) in relation to 2019/20 Quarter 3 and assurances in this respect.

It was noted that the BACFT team was on target to meet its loss prevention savings target of £2m for the 2019/20 year, with improvements made on the financial outcomes achieved in the previous quarter of 24.6%.

It was highlighted that during this quarter, nine Council properties had been recovered, 52 cases of suspected housing and tenancy fraud were still under investigation and five cases of housing fraud had been put forward for legal proceedings. The Home Office Immigration Enforcement Officer had contributed to a total saving of £287,637 in loss prevention work. NFI data matching and the Verifications service had achieved savings of over £31k across single person discount and Council Tax reduction, bringing the total savings in this area to £91k for the year so far.

The launch of the Fraud Awareness Week was well received, with the BACFT conducting a series of activities to raise awareness of fraud across the Council.

The Committee was informed that since the agenda had been published two successful prosecutions had been secured and the BACFT had been shortlisted for the Public Finance awards due to its outstanding approach to fraud prevention work.

It was reported that the BACFT had begun a pilot project within the area of 'Beds in Sheds' where intelligence gathering had been carried out to identify properties with unregistered residential premises. Four properties had been visited so far and,

	<p>following the visits, all four had been brought into Council Tax. Further details would be reported in the Quarter 4 progress report.</p> <p>It was noted that the BACFT was on track to reach its annual loss prevention savings target of £2M</p> <p>RESOLVED: That the Counter Fraud Progress Report for 2019/20 Quarter 3 be noted.</p>
79.	<p>AUDIT COMMITTEE FORWARD PROGRAMME (<i>Agenda Item 8</i>)</p> <p>It was noted that the meeting on Thursday 15 October 2020 would be moved to Thursday 29 October 2020.</p> <p>RESOLVED: That the forward work programme be noted.</p>
80.	<p>2019/20 QUARTERS 2 AND 3 CORPORATE RISK REGISTER (<i>Agenda Item 9</i>)</p> <p><i>This item was discussed as a Part II item without the press or public present as the information under discussion contained confidential or exempt information as defined by law in the Local Government (Access to Information) Act 1985. This was because it discussed 'information relating to the financial or business affairs of any particular person (including the authority holding that information)' (paragraph 3 of the schedule to the Act).</i></p> <p>The Corporate Risk Register for Quarters 2 and 3 (July to December 2019) report was presented to Members. The report provided evidence about how identified corporate risks were being managed and the actions which were being taken to mitigate those risks.</p> <p>RESOLVED: That the Committee reviewed the Corporate Risk Register for Quarters 2 and 3 (1 July to 31 December 2019), as part of the Committee's role to independently assure the strategic risk management arrangements in the Council.</p>
	<p>The meeting, which commenced at 5.10 pm, closed at 6.22 pm.</p>

These are the minutes of the above meeting. For more information on any of the resolutions please contact Anisha Teji, Democratic Services Officer on 01895 277655. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.

2019/20 ANNUAL STATEMENT OF ACCOUNTS AND AUDIT UPDATE

Committee name	Audit Committee
Officer reporting	James Lake, Finance
Papers with report	None
Ward	All

HEADLINES

This report provides details of the revised statutory deadlines as a result of COVID-19, relating to the publication of the 2019/20 Statement of Accounts and completion of the external audit.

An update is also included on the current status of the audit.

RECOMMENDATION:

That the Committee note this report.

Information

In accordance with Accounts and Audit Regulations 2015 and the CIPFA Code of Practice on Local Authority Accounting, the Council is normally required to publish its draft statement of accounts by 31 May and have the final audited accounts published by 30 July.

However, due to COVID-19, which resulted in reallocation of Council priorities and changes in working practices throughout the country, it was agreed nationally that it would be unfeasible for the existing deadlines to be met. A number of potential adjustments to the reporting deadlines and structure of the accounts were proposed and informally consulted upon.

Options included not producing accounts for 2019/20, abridged and summarised versions, or to continue with the current full accounts format. Varying deadlines were also suggested ranging from one month to four month extensions.

The Ministry of Housing, Communities and Local Government (MHCLG) confirmed the details of the changes made to the Accounts and Audit Regulations 2015 in a letter to authorities on 3 April 2020. The Accounts and Audit (Coronavirus) Amendments Regulations 2020 (SI 2020/404) extended the statutory audit deadline for 2019/20 for all local authorities

The amended regulations stated that:

- Draft accounts should be issued by 31 August;
- Public Inspection to commence on or before the first working day of September; and,
- Publication of audited accounts moved to 30 November.

Update

In accordance with the revised regulations and ahead of the new deadlines, the Council produced and published a draft set of accounts on the 7 August and the public inspection period commenced on the 10 August.

Although EY were in a position to commence the audit as per the original timeframe, it was agreed with the Council that EY resources would be realigned to accommodate the regulatory extension and incorporate staggered discreet work where possible.

Audit progress

Interim audit work began at the end of 2019 where systems and processes were documented and tested. Sample testing up to month 9 was carried out in key areas including payroll, income, expenditure, pensions and treasury. Furthermore letters of authority were put in place and access to systems arranged.

The main audit began at the start of June and focused primarily on the pension fund, where this area of the draft accounts was prepared broadly in line with the original statutory timescales. June also saw audit work being carried out on discreet areas in the Council's accounts. These items were identified as standalone pieces and included payroll, treasury, Collection Fund, non-current assets (including property) and IAS19 pensions disclosures.

Due to COVID-19, EY have been conducting the main audit remotely with most audit requests, responses and supporting documentation going through the secure EY portal. Virtual meetings and calls have been arranged where required to complement hard data uploads.

The latest information from EY indicates they are currently on course to complete the audit by the 29 October Audit Committee.

Financial Implications

None.

Legal Implications

Included within the body of this report.

Annual Internal Audit Report & HIA Opinion Statement 2019/20

Committee name	Audit Committee
Officer reporting	Sarah Hydrie, Head of Internal Audit & Risk Assurance
Papers with report	Annual Internal Audit Report & HIA Opinion Statement 2019/20
Ward	All

HEADLINES

The UK Public Sector Internal Audit Standards (PSIAS) requires the Head of Internal Audit & Risk Assurance (HIA) to deliver an Annual Internal Audit Report and HIA Opinion Statement that can be used by the Council to inform and support its Annual Governance Statement.

Therefore, in setting out how it meets the reporting requirements, this report and opinion statement outlines how Internal Audit (IA) has supported the Council in meeting the requirements of the Accounts and Audit (England) Regulations 2015. The report also summarises the main findings arising from the work performed by IA during 2019/20. This report provides the opportunity for the HIA to highlight to the Committee any significant matters arising from the 2019/20 IA work. The draft report was considered by CMT in September 2020 to allow comment by the officer body responsible for the Council's internal control, corporate governance and risk management arrangements.

RECOMMENDATION:

That the Audit Committee are asked to note the Annual IA Report and HIA Opinion Statement 2019/20.

SUPPORTING INFORMATION

IA provides an independent appraisal and consultancy service that underpins good governance, which is essential in helping the Council achieve its strategic objectives and realise its vision for the London Borough of Hillingdon. It is also a requirement of the Accounts and Audit (England) Regulations 2015 that the Council undertakes an adequate and effective IA of its accounting records and of its system of internal control in accordance with the proper practices.

BACKGROUND PAPERS

See attached report.

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BUSINESS ASSURANCE

Annual Internal Audit Report & Opinion Statement 2019/20

31st August 2020



Contents

The Business Assurance key contacts in connection with this document are:

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1. Introduction

1.1 The Role of Internal Audit

- 1.1.1 Internal Audit (IA), which is part of the Council's Business Assurance (BA) Service, provides an independent assurance and consultancy service that underpins good governance. This is essential in helping the Council achieve its strategic objectives and realise its vision for the borough of Hillingdon (LBH). It is also a requirement of the Accounts and Audit (England) Regulations 2015 that the Authority undertakes an effective IA to evaluate the effectiveness of its risk management, internal control and corporate governance processes, taking into account public sector internal auditing standards or guidance.
- 1.1.2 IA give an objective opinion to the Council on whether the control environment is operating as expected. In 'traditional' IA teams this usually means compliance testing of internal controls. However, the IA service at LBH fully embraces the risk based approach which means IA provides greater assurance to the Council because it is focused on the key risks to the achievement of the organisation's objectives. As a result, IA does not just comment on whether the controls operate, but whether they are the right controls to mitigate risk and enhance the likelihood of achieving the overall aims of the service.
- 1.1.3 The UK Public Sector IA Standards (PSIAS) promote further improvement in the professionalism, quality, consistency and effectiveness of IA across the public sector. They stress the importance of robust, independent and objective IA arrangements to provide senior management with the key assurances they need to support them both in managing the organisation and in producing the Annual Governance Statement (AGS).

1.2 The Purpose of the Annual Internal Audit Report and Opinion Statement

- 1.2.1 This annual report summarises the main findings arising from all of the 2019/20 IA work. The report also provides IA key stakeholders including the Council's Corporate Management Team (CMT) and the Audit Committee, with an opportunity to hold the Council's Head of Internal Audit & Risk Assurance (as the Council's statutory Head of Internal Audit [HIA]) to account on delivery of the 2019/20 IA Plan and on the effectiveness of the IA service.
- 1.2.2 The UK PSIAS require the HIA to deliver an annual IA report and opinion statement that can be used by the organisation to inform its AGS. Therefore, in setting out how it meets the reporting requirements, this report and opinion statement also outlines how IA has supported the Authority in meeting the requirements of the Accounts and Audit (England) Regulations 2015.

2. Executive Summary

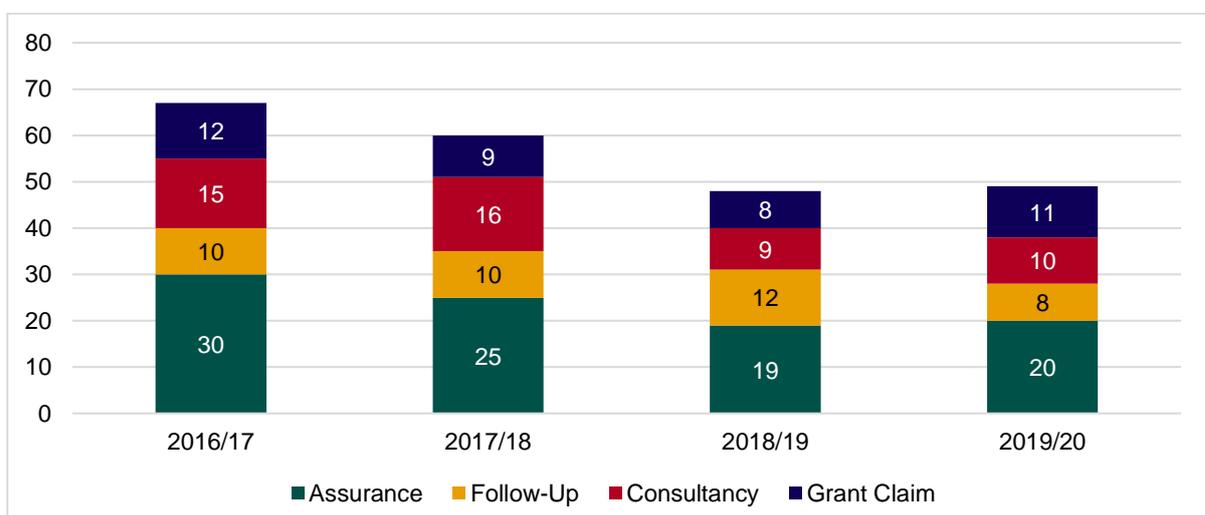
- 2.1 Between 1st April 2019 and up to early March 2020 the IA service was progressing well with delivery of the IA plan and was on track to meet all of its KPIs. However, as a result of the Coronavirus pandemic and the subsequent lockdown, all non critical council work was put on hold until further notice. Although IA is a statutory service and delivery of the IA work is essential, the precise timing of IA work is not time critical. The statutory duty of the IA function is to provide independent and objective assurance to underpin the HIA opinion statement which supports the Council's Annual Governance Statement.
- 2.2 During lockdown the IA service staff were redeployed to support a range of critical services across the Council. The majority of IA staff along with other Business Assurance colleagues in the Counter Fraud, Insurance and Health & Safety teams were redeployed to work on the Council's **Food Delivery Service (FDS)**. This was a new initiative, set up soon after the lockdown was announced in light of the unprecedented hardships and untold disruption that Hillingdon residents would be facing.

- 2.3 Successfully led by the Corporate Director of Residents Services (and Deputy Chief Executive), the FDS operated 7 days a week including bank holidays and provided a unique bespoke food shopping and delivery service for residents as well as supplying and delivering emergency parcels to vulnerable people including rough sleepers. IA staff also collected and delivered medication to residents who were shielding. At the height of the pandemic the orders for food, medication and emergency parcels were exceeding 100 per day. In addition, IA staff assisted in the delivery of PPE and supported the Council's Exchequer Services team by performing verification checks on **business grant claims**. This work was vital in supporting local businesses through the Coronavirus pandemic and was championed and monitored by central government.
- 2.4 The IA team returned to IA work in early June 2020 as part of the Council's 'Recovery' phase and the return to 'business as usual'. From that point the team's immediate focus was on completing the remaining 2019/20 work that was outstanding before lockdown was instigated, as well as verifying the business grant claims and completing some Quality Assurance and Improvement work. Despite the significant disruptions to IA work in 2019/20 Quarter 4 and 2020/21 Quarter 1, the HIA is pleased to report that **the 2019/20 IA plan was 100% complete to final report stage by 31st August 2020**. Although 31st August is not in line with the IA team's annual target (i.e. 31st. May) as already stated this deadline needed to be moved due to the Coronavirus pandemic.
- 2.5 For the purpose of the Council's Annual Governance Statement, following work undertaken and from the other sources of assurance referred to in para 3.7:

*It is the HIA's opinion that overall IA can provide **REASONABLE** assurance that the system of internal control that has been in place at Hillingdon Council for the year ended 31st March 2020 accords with proper practice, except for the significant internal control issues referred to in para 3.8 (see para 3.12 for further details).*

- 2.6 In total **49** pieces of IA work have been delivered as part of the 2019/20 IA plan. This included **20** assurance reviews, **8** follow-up reviews, **10** consultancy reviews and **11** grant claim audits. An analysis of IA work over the past 4 years shows a slight **increase** of work from 2018/19 to 2019/20 (**48** - refer to **Chart 1** below). Due to the Coronavirus pandemic, 2 assurance reviews, 1 follow-up and 1 consultancy review were **DEFERRED** to 2020/21 and 1 assurance review was **CANCELLED** because the area no longer presented a risk to the Corporate Director, Social Care (refer to **Appendix A** for further details).
- 2.7 **80%** of the 2019/20 assurance reviews resulted in a **REASONABLE** opinion; this provides positive assurance to the Audit Committee and CMT that IA resource is focused on the right areas, often highlighted by management as known areas of concern.

Chart 1 – IA Work Undertaken



2.8 **99%** of the 2019/20 **HIGH** and **MEDIUM** risk recommendations raised by IA were accepted by the relevant manager's/ risk owners, with positive action proposed to **TREAT** all these risks (this includes the issues highlighted in the quarterly IA progress reports presented to the Audit Committee and CMT during 2019/20). **2 MEDIUM** risk recommendations are being **TOLERATED** by management. Further analysis of the IA assurance levels issued in 2019/20 along with a breakdown of the risk recommendations raised can be found at sections 4 and 5 of this report respectively.

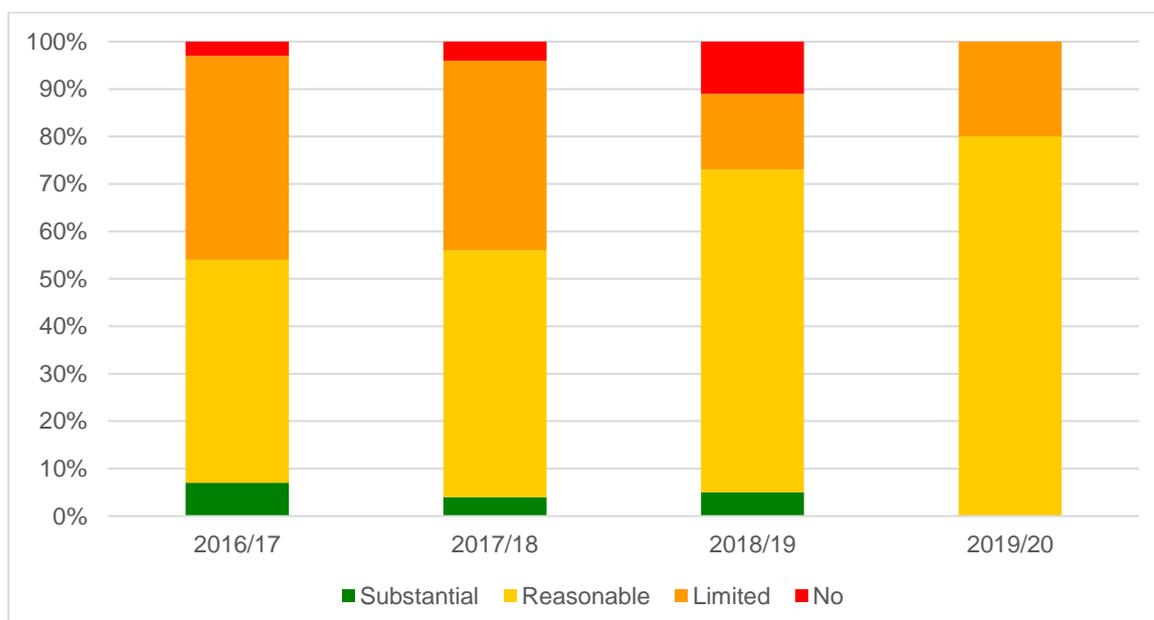
2.9 The table below provides an analytical review of assurance opinions issued by IA over the last 4 years. This partly demonstrates a broadly consistent picture, although this is within the context of 10 (33%) less assurance reviews in 2019/20 compared to 2016/17:

IA Assurance Levels

Assurance Level	2016/17	2017/18	2018/19	2019/20
Substantial	2 (7%)	1 (4%)	1 (5%)	0 (0%)
Reasonable	14 (47%)	13 (52%)	13 (68%)	16 (80%)
Limited	13 (43%)	10 (40%)	3 (16%)	4 (20%)
No	1 (3%)	1 (4%)	2 (11%)	0 (0%)
Totals	30	25	19	20

2.10 The bar chart overleaf highlights that IA assurance reviews continue to be focussed on the areas of greatest risk:

Chart 2 – IA Assurance Levels



2.11 Focussing dedicated IA resource to the process of **following-up recommendations** that are due to have been implemented, has helped to continue to achieve a positive outcome for the Council during 2019/20. Specifically, as at 31st August 2020, **100%** of the **HIGH** risk recommendations raised in 2019/20 that have fallen due (1) have been confirmed by management as in place. IA verification work is ongoing to confirm these recommendations are embedded and operating as intended. The remaining **HIGH** risk recommendations implementation date has not yet passed. Further details of the follow-up of previous IA recommendations can be found at section 5 of this report.

3. Head of Internal Audit Opinion Statement 2019/20

3.1 Background

3.1.1 The HIA opinion statement is provided partly to help inform the Chief Executive and Leader of the Council to assist them in completing the AGS, which forms part of the statutory Statement of Accounts for the 2019/20 year. The AGS provides public assurances about the effectiveness of the Council's governance arrangements, including the system of internal control. The HIA opinion statement meets the Authority's statutory requirement under Regulation 6 of the Accounts and Audit (England) Regulations 2015 and is in line with the UK PSIAS.

3.2 Scope of Responsibility

3.2.1 The Council is responsible for ensuring its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty, under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Authority's functions and which includes arrangements for the management of risk. Specifically, the Council has a statutory responsibility for conducting a review of the effectiveness of the system of internal control on at least an annual basis.

3.3 The Purpose of the System of Internal Control

3.3.1 The Council's system of internal control is designed to manage risk to a reasonable level rather than to completely eliminate the risk of failure to achieve policies, aims and objectives. Consequently, it can only provide a reasonable, and not absolute, assurance of effectiveness.

3.3.2 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's vision, strategic priorities, policies, aims and objectives. It also is designed to evaluate the likelihood of those risks being realised, their impact, and to manage them efficiently, effectively and economically.

3.4 Annual Opinion Statement on the Effectiveness of the System of Internal Control

3.4.1 The HIA opinion is based primarily on the work carried out by the Council's IA service during 2019/20, as well as a small number of other assurance providers. Where the work of the Business Assurance Counter Fraud Team (BACFT) has identified weaknesses of a systematic nature that impact on the system of internal control, this has been considered in forming the HIA opinion.

3.4.2 The IA Plan for 2019/20 was developed primarily to provide CMT and the Audit Committee with independent assurance on the adequacy and effectiveness of the systems of internal control, including an assessment of the Council's corporate governance arrangements and risk management framework.

3.5 Basis of Assurance

3.5.1 All of the IA reviews carried out in 2019/20 have been conducted in accordance with the UK PSIAS. An independent External Quality Assurance (EQA) review of the IA service, finalised in September 2017, confirmed that **Hillingdon's IA service FULLY conforms** to the PSIAS, complies with each of the statements of good practice and core principles. The EQA stated that IA has a very positive impact on the governance, risk and control environment within the organisation.

3.5.2 In line with the UK PSIAS, the HIA is professionally qualified and suitably experienced. The skills mix within the rest of the in-house IA team has evolved during the year with every single member of the IA team either fully qualified or actively studying for a relevant professional IA qualification. As a result, the 2019/20 IA resources fulfilled the UK PSIAS requirements in terms of the combination of professionally qualified and suitably experienced staff.

3.6 Qualifications to the Opinion

3.6.1 During 2019/20 the Council's IA service:

- had **unrestricted access to all areas and systems** across the authority;
- received **appropriate co-operation from officers and members**; and
- had **sufficient resources to enable it to provide adequate coverage** of the authority's control environment to provide the overall opinion (refer to para 3.12.3).

As a consequence, **there are no qualifications to the 2019/20 HIA opinion statement.**

3.7 Other Assurance Providers

3.7.1 In formulating the HIA overall opinion on the Council's system of internal control, the HIA has taken into account the work undertaken by other sources of assurance, and their resulting findings and conclusions.

3.7.2 These other assurance providers which included:

- Coverage of the BACFT;
- The work of the Corporate Risk Management Group (refer to para 3.10);
- The work of the Corporate Governance Working Group (refer to para 3.11);
- The work of the Business Continuity Management Group;
- The work of the Hillingdon Information Assurance Group;
- The work of the Hillingdon Health & Safety Group;
- The Audit Committee - an IA assurance review of the effectiveness of the Audit Committee was reported in 2018/19;
- External inspections i.e. Ofsted; and
- Coverage by External Audit (EY) including grant claim certification i.e. HB Subsidy.

3.8 Significant Internal Control Weaknesses

3.8.1 IA is required to form an opinion on the quality of the internal control environment, which includes consideration of any significant risk or governance issues and control failures which arise during the year.

3.8.2 **There were several significant control weaknesses identified by IA during 2019/20.** Work is ongoing to strengthen the Council's control environment in relation to the significant control weaknesses identified. These included (but are not limited to):

1. The 2018/19 IA review of **Early Years Centres (EYC)** identified an absence for raising and managing invoices. It was found to be a manual process with no involvement from Finance and as a result invoices were inconsistent, unclear, and inaccurate. Because payments could not be reconciled to the Council's finance system, there was an absence of a formalised debt recovery process, aged debt monitoring, escalation processes and recovery controls. Following this review the function has undergone a restructure and a Business Improvement Delivery (BID) review. An **IA follow-up review of EYC** was planned in 2019/20; but was deferred to 2020/21 due to Covid-19.

-
2. The 2019/20 IA review of the **Cyber Incident Management** identified a range of issues, concerning the leaver's process, password control and administrator account management. Management have responded positively to our findings and have provided a comprehensive response and prompt action plan to address the control weaknesses and risks identified within the control framework. An IA follow-up is due to take place in 2020/21 Quarter 3.
 3. The 2019/20 IA review of the **Payment Process in New Years Green Lane** identified several issues concerning the current IT system including lack of maintenance, poor access controls, no interface with other systems and limited quality checks/ data validation. The payment process reliant on manual records, which we found to be inaccurate and not easily accessible, staff training records were not available for IA testing and payment records from larger trader customers were not evidenced. Management brought this review to IA's attention knowing that significant control weaknesses would be identified and we worked collaboratively with them to identify each risk while they agreed the steps they would take to address each of the risks identified and take prompt action to address them.
 4. Following a request by management during the quarterly IA planning process, a review of the **Administration of Dedicated Schools Grant in Nurseries** found that for 8 children the Early Years Funding Entitlement (EYFE) had been claimed and a total of £11,101 had been awarded to 5 providers, despite all 8 being at school during the term. Other areas for improvement include obtaining signed agreements from the EYFE and maintaining better staffing records, setting performance targets and maintaining induction records for new team members. This is another example of working collaboratively with management to address areas of concern, highlight and prioritise the areas of highest risk and find solutions to reduce and/ or remove them.
 5. The **Dedicated Schools Grant (DSG)** continues to put pressure on the Dedicated Schools Budget, which has a cumulative deficit of £15m at the end of 2019/20, and estimated in-year budget gap of £7.2m gap for 2020/21. The risk has been captured on the Council's Corporate Risk Register and is currently a **MEDIUM** risk rated **E1**. The lack of central government support to approve the Council's Deficit Recovery Plan and to provide funding to alleviate the deficit means the risk is not improving and instead could potentially worsen as the gap increases.
 6. The rapid progression of the **Coronavirus pandemic** presented LBH with a unique set of risks and a considerable number of issues to address and respond to within tight timeframes. CMT consulted on a daily basis and the Covid-19 Gold Group remains in place to closely monitor developments to ensure we are following the latest advice and protocols from Public Health England and central government. Whilst the Council is still dealing with the aftermath of lockdown, we are working with residents and staff to rebuild our community. Whilst the risk of a second wave is ever present, the Gold Group continues to work diligently to plan for a possible second lockdown if an increase in localised Coronavirus cases is identified.
 7. Due to Covid-19, **Brexit** matters became side-lined temporarily although this continues to be a risk for the Council. We continue to await guidance, instruction and/ or policy from central government on how this will impact local authorities. In the meantime, a wide range of activities were undertaken in the lead up to and preparation for Brexit. Strategic co-ordination was in place where CMT had oversight of Brexit related risks and controls by Group (Directorate). Preparedness and consideration of resilience related impacts on critical services and meeting statutory duties was regularly discussed and considered. The risk has been captured on the Council's Corporate Risk Register and is monitored regularly.

3.9 Internal Control Improvements

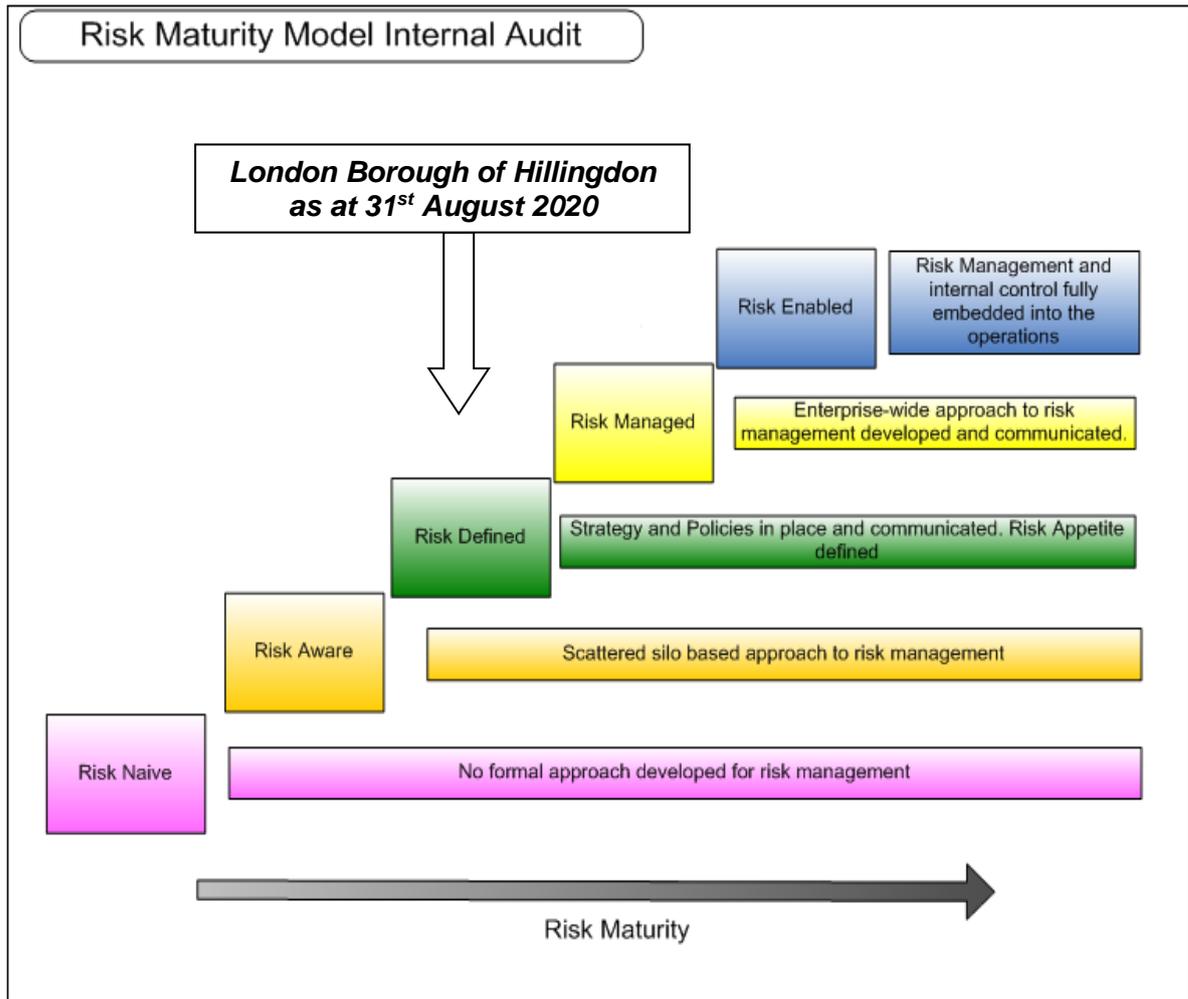
- 3.9.1 In addition to the action taken by senior management to address the significant control weaknesses, IA has identified during the year a number of areas where other improvements have strengthened the control environment. These include:

-
- **Management and organisational structures have strengthened within the year.** In particular, Senior Management restructures within Finance, Residents Services and Social Care have enhanced the control framework, stabilising and enhancing the robustness of the internal environment as well as the associated monitoring activities; and
 - The Council has been successful at continuing to **achieve transformational savings and maintaining its financial resilience.** This has been done whilst at the same time continuing to deliver a range of innovative projects to help drive forward major change across the Council. The Hillingdon Improvement Programme (HIP) has been a fundamental part of this success and helped **improve the services delivered to residents** in line with the Council's vision of *'Putting Our Residents First'*.

3.10 Risk Management

- 3.10.1 Risk Management is the process by which risks are identified and evaluated so that appropriate risk treatment measures can be applied to reduce the likelihood and impact of risks materialising. In the event a risk materialises, this could inhibit the Council to achieve its objectives and fulfil its strategic priorities. The IA opinion on the effectiveness of the Council's Risk Management arrangements is based on **the Chartered Institute of Internal Auditors' Risk Maturity Model**. IA has identified that there is good Risk Management practice in an increasing number of areas of the Council's operations, but the issue remains that the majority of the Council's services' understanding of Risk Management could be improved.
- 3.10.2 IA's review of the Council's Risk Management arrangements concluded that whilst the approach to Risk Management at a strategic level was good, risk identification and management at a more operational level remains that of a scattered, silo based approach.
- 3.10.3 The Risk Management policy and guidance was last updated and approved in January 2018 and is currently being reviewed by the Corporate Risk Management Group (CRMG), before going on to be considered by the Corporate Management Team (CMT) and Audit Committee. The policy contains comprehensive detail including clarity of roles, responsibilities and accountabilities of Members and Officers in relation to Risk Management.
- 3.10.4 The Council has a well-established CRMG in place which meets quarterly and discusses strategic (corporate) risk issues in a sufficient manner. Strategic risks are monitored and reviewed by Group SMTs, CMT as well as the Audit Committee generally on a quarterly basis. In addition, whilst it is the responsibility of all employees to identify and manage risks effectively, there are designated risk champions representing each Group (Directorate) with accountability assigned for each identified strategic risk to own and manage, in liaison with the lead Cabinet Member.
- 3.10.5 However, the Council needs to further improve the process for identifying and recording risks at an operational level. In particular, IA's judgement in this area is that risks below Group level are not being consistently identified, treated and escalated across the organisation. Further, service risk registers, whilst encouraged, are not in place for a large number of areas across the Council. We have therefore concluded that the approach to managing operational risks still requires significant work if the Council is to achieve a **Risk Managed** enterprise-wide approach to risk management.
- 3.10.6 Nevertheless, a number of enhancements to risk management arrangements have been noted throughout the year. This includes the establishment of risk appetite statements for each risk within the corporate risk register and the communication of the updated Risk Management policy and guidance. As a result, the IA assessment of **the Council's Risk Management maturity is** that the Council was **Risk Defined** as at 31st August 2020. In our opinion, the Council demonstrates all the main characteristics of a **Risk Defined** maturity level and the key requirements that apply to this maturity level are now in place.

Chart 3 – Chartered Institute of Internal Auditors’ Risk Maturity Model



3.11 Corporate Governance

3.11.1 The 2019/20 IA opinion on the effectiveness of the Council’s corporate governance arrangements is based on the **Langland’s Report on ‘Good Governance Standard for Public Services’**. The Langland’s report contains best practice governance in the public sector and IA’s assessment is highlighted in the table below:

2019/20 Corporate Governance Assessment

Langland’s Governance Principles	IA Assessment of Hillingdon
1. Good governance means focusing on the organisation’s purpose and on outcomes for citizens and service users.	<p>REASONABLE Assurance</p> <p>The Council has a clear vision and strategic priorities in place to guide the organisation in the short, medium and long term. A search of the Council’s intranet and website found that the organisation has 4 key themes which clearly align with its overall vision of: <i>“Putting our residents first”</i>. These themes and the vision further inform the Council’s objectives, enshrined primarily within the Hillingdon Improvement Programme (HIP) and Local Plan.</p> <p>However, the vision was not found to be clearly advertised on a new version of the Council’s website. Further, results of an internet search using the keywords <i>“Hillingdon”</i> and <i>“objectives”</i> found a document outlining a ‘Core Strategy’ and Council objectives, which were updated in 2012.</p>

Langland's Governance Principles	IA Assessment of Hillingdon
<i>(Principle 1 – cont'd)</i>	<p><i>(Principle 1 – cont'd)</i></p> <p>The Council was found to have a clear vision, strategies and objectives in place, along with its HIP programme for improving services for residents. However, there was no evidence that the Council had engaged in an external review of its effectiveness. The Local Government Association operate a 'peer challenge' programme with the aim of providing external review, challenge and shared learning, in which 71 Councils took part in 2018/19. The Council could consider utilising such programmes to provide external assurance of its organisational values, behaviour, and operations, promoting knowledge sharing.</p>
<p>2. Good governance means performing effectively in clearly defined functions and roles.</p>	<p>REASONABLE Assurance</p> <p>The Council has an up to date Constitution in place that is communicated to residents, officers and Members. Each directorate is supported by a Scheme of Delegations (SoD) document, which clearly specifies decision-making responsibilities across all management levels. These are further supported by a Procurement and Standing Order Rules document, specifying levels of authority for procurement exercises.</p> <p>Statutory chief officer roles were all found to be in place at the Council, with none currently vacant. Supporting job description documents were obtained for each of these chief officer roles and found to adequately capture statutory responsibilities. However, a job description for the Monitoring Officer role could not be obtained, although the risk of this not being in place is mitigated due to responsibilities being enshrined within legislation.</p>
<p>3. Good governance means promoting values for the whole organisation and demonstrating the values of good governance through behaviour.</p>	<p>REASONABLE Assurance</p> <p>The Code of Conduct documents clearly define the expected behaviour and values of officers and Members. These documents also define the relationship between officers and Members and are enshrined within the Constitution. Behaviour is further governed by processes to monitor conflicts of interest and complaints for officers and Members, alongside Counter Fraud, Anti-Corruption, Anti-Bribery, Whistleblowing, and Gifts and Hospitality arrangements. A Standards Committee is in place to oversee these arrangements, although it was noted that the Committee has not convened due to there being a lack of items to consider, showing that strong values and behaviour are consistently practiced.</p> <p>Under the Local Government Transparency Code 2015, the Council is required to regularly publish certain data openly and transparently. The Council's website has a dedicated page for the publishing of its data under this Code. Whilst it was clear that all 16 mandatory datasets had been published, 7 out of 16 were not up to date and 3 out of 16 were identified as not published in a format that conformed to the Code.</p>

Langland's Governance Principles	IA Assessment of Hillingdon
<p>4. Good governance means taking informed, transparent decisions and managing risk.</p>	<p>SUBSTANTIAL Assurance</p> <p>There are strong arrangements in place for decision making at the Council, where decisions are made in accordance with the Cabinet SoD and directorate SoDs. Each decision is supported by an assessment of risks and financial and legal implications, with minutes and reports of each Cabinet and committee meetings published for transparency.</p> <p>The Council's Executive Scrutiny Committee also considers each Cabinet decision and has the ability to 'call-in' a decision so that it can be re-considered, although this power has not been exercised for several years. Finally, there is a robust risk management process in place to highlight and act upon emerging risks. This culminates in the production of an Annual Governance Statement, supported by assurance statements from each senior officer.</p>
<p>5. Good governance means developing the capacity and capability of the governing body to be effective.</p>	<p>SUBSTANTIAL Assurance</p> <p>A range of tools and training is in place to assist the Council's Members in the performance of their roles, including the provision of mandatory training courses. Each new Member is given an induction to the role and is subsequently provided with opportunities for development each year, which is managed by a dedicated officer.</p> <p>Further, the effectiveness of Cabinet and committees is considered periodically, as and when changes are identified as being needed. Evidence showed that changes to the Cabinet are clearly documented in a toolkit for ease of reference, for both officers and Members. This ensures that strong direction and governance for the Council.</p>
<p>6. Good governance means engaging stakeholders and making accountability real.</p>	<p>SUBSTANTIAL Assurance</p> <p>Key achievements, performance and objectives are communicated to residents, officers and other Council stakeholders using a variety of methods. These messages are enhanced by processes in place for such stakeholders to engage with the Council through surveys, consultations, petitions, and other methods of feedback, creating accountability for the Council's actions.</p> <p>Additionally, annual reports are created by each of the Council's Scrutiny and Policy Overview Committees and are considered by full Council, highlighting areas of work undertaken by each committee during the year and the outcomes for residents. These reporting arrangements are also set out in the Constitution, which governs the scope of each committee and its responsibilities to Cabinet and Council.</p>

3.11.2 As a result, **Hillingdon's overall Governance arrangements were assessed by IA as REASONABLE**. The Council's vision and strategic priorities provides both officers and Members with a very clear direction. This is complimented by a strong and stable political leadership that controls and leads the organisation to achieve positive outcomes for residents.

3.11.3 Further, the Council's governance arrangements are underpinned by its Constitution which explains how the Council is governed and how it operates.

3.11.4 IA also noted the Cabinet is collectively viewed as effective and renowned for generally quick decision making. In IA's opinion, although the Council's CG arrangements are not fully in line with more traditional CG models, **the outcomes the Council has achieved within a period of austerity measures and constant change are exceptionally good.** This demonstrates that the overall direction and control is a good fit for the organisation at this time. It is clear that the Council put their residents at the forefront of all activity that it engages in, maintaining a high resident satisfaction rating.

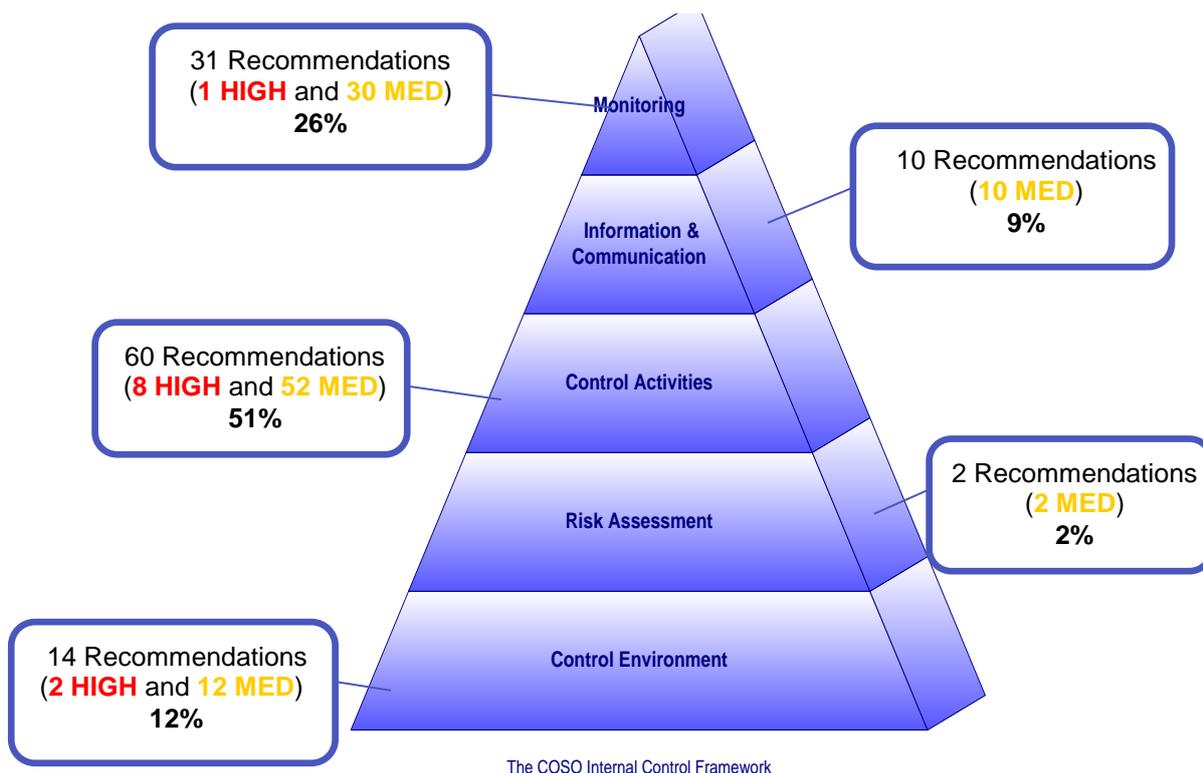
3.11.5 The Council exemplifies strong financial management and control that is illustrated by the relatively healthy reserves balances and history of record low Council Tax levels. Nevertheless, the Council continues to operate in an environment of declining financial support from government against a backdrop of rising inflation costs and significant demographic changes (i.e. there are an increasing number of children in the borough and people are living longer). In addition, the impact the Coronavirus has had on the local community including residents and businesses and the financial pressures this has placed on the local authority.

3.11.6 As a result, this presents the Council with the challenge of managing the greater demand for its broad range of services, which in the absence of any response would result in a rising annual deficit. However, LBH continues to review and transform services to drive improvement and efficiency through initiatives such as the successful BID programme, which has bridged the budget gap with 2019/20 savings of £6.6 million delivered or on track for delivery. This proven successful approach is set to be continued beyond 2019/20, enabling the Council to continue 'putting our residents first' despite the challenging financial conditions and demographic pressures.

3.12 Internal Control

3.12.1 The IA opinion on the Council's internal control system is **based on the best practice on Internal Control from the Committee of Sponsoring Organisations of the Treadway Committee (COSO).** The diagram below details the elements of the COSO internal control framework and analyses all **117 HIGH** and **MEDIUM** risk IA recommendations (per para. 5.8) raised during the 2019/20 year:

Chart 4 – The COSO Internal Control Framework



3.12.2 As expected the majority of IA recommendations related to improvements over control activities. These include recommendations relating to written procedures, authorisations, reconciliations and segregation of duties. The other components have a relative proportionate share of recommendations. As noted at para 3.10, there are some weaknesses within the operational risk management processes. Similarly, it should not be inferred that risk assessment is completely robust.

3.12.3 The individual IA assurance ratings help determine the overall audit opinion at the end of the financial year, although other factors such as implementation of IA recommendations have a bearing too. From the IA work undertaken in 2019/20, and the other sources of assurance referred to in para 3.7, **it is the HIA's opinion that overall IA can provide REASONABLE assurance that the system of internal control that has been in place at the Council for the financial year ending 31st March 2020 accords with proper practice**, except for the significant internal control issues referred to in para 3.8.

4. Analysis of Internal Audit Activity 2019/20

4.1 Internal Audit Assurance Work 2019/20

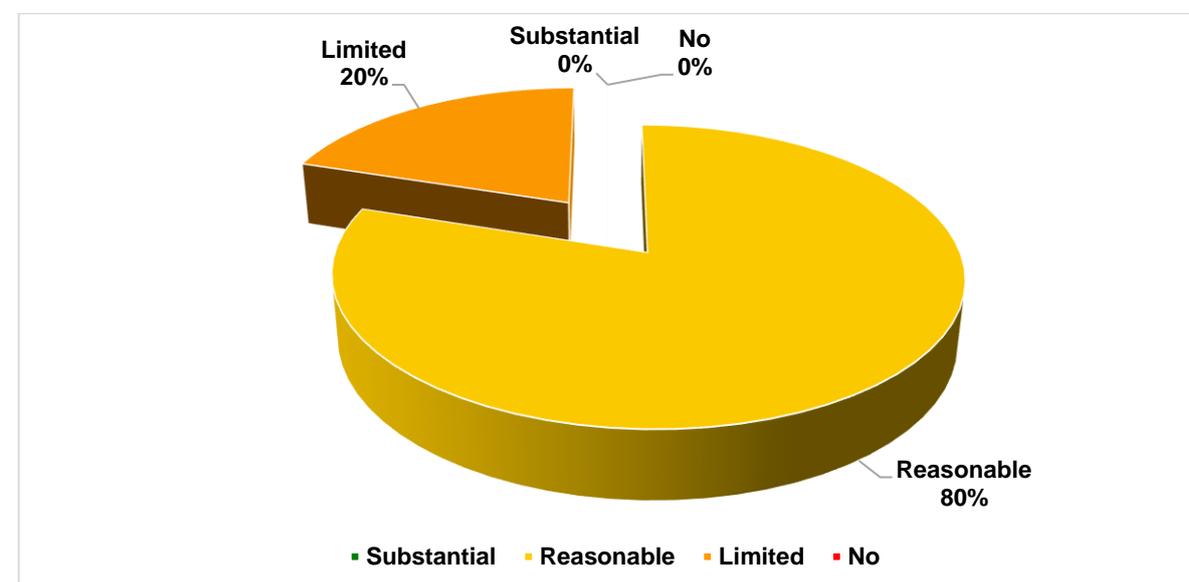
4.1.1 The 2019/20 IA assurance work is summarised by the assurance level achieved (definitions of the IA assurance levels are included at **Appendix B**) as per the table below:

Comparison of Assurance Levels from 2016/17 to 2019/20

Assurance Level	2019/20 IA Assurance Reports	Percentage Split 2019/20	Comparison		
			2018/19	2017/18	2016/17
SUBSTANTIAL	0	0%	5% (1)	4% (1)	7% (2)
REASONABLE	16	80%	68% (13)	52% (13)	47% (14)
LIMITED	4	20%	16% (3)	40% (10)	43% (13)
NO	0	0%	11% (2)	4% (1)	3% (1)
TOTAL	20	100%	100% (19)	100% (25)	100% (30)

4.1.2 The pie chart below depicts the levels of assurances achieved based on a percentage of the total 2019/20 assurance audits completed by IA:

Chart 5 – Comparison of Assurance Levels from 2016/17 to 2019/20



4.1.3 Chart 5 highlights the positive news for the Council that 80% of the areas audited in 2019/20 were assessed by IA as providing **REASONABLE** levels of assurance over the management of the key risks to achieving the service objectives. Further, results from 2019/20 IA Assurance work represent an improvement when compared to 2018/19 outturn figures (23%). This is positive given the risk based focus of IA coverage and the increased alignment of IA work to the key risks facing the Council, and demonstrates consistency in the control environment across the Council in 2019/20.

4.1.4 The individual assurance reviews carried out during 2019/20 are fully listed at **Appendix A** which highlights the assurance levels achieved (as outlined at **Appendix B**) and provides an analysis of the IA recommendations made (in accordance with the risk ratings as outlined at **Appendix C**).

4.1.5 Within the **20** IA assurance reviews completed in 2019/20, we raised **169** IA assurance recommendations in total as set out in the table below:

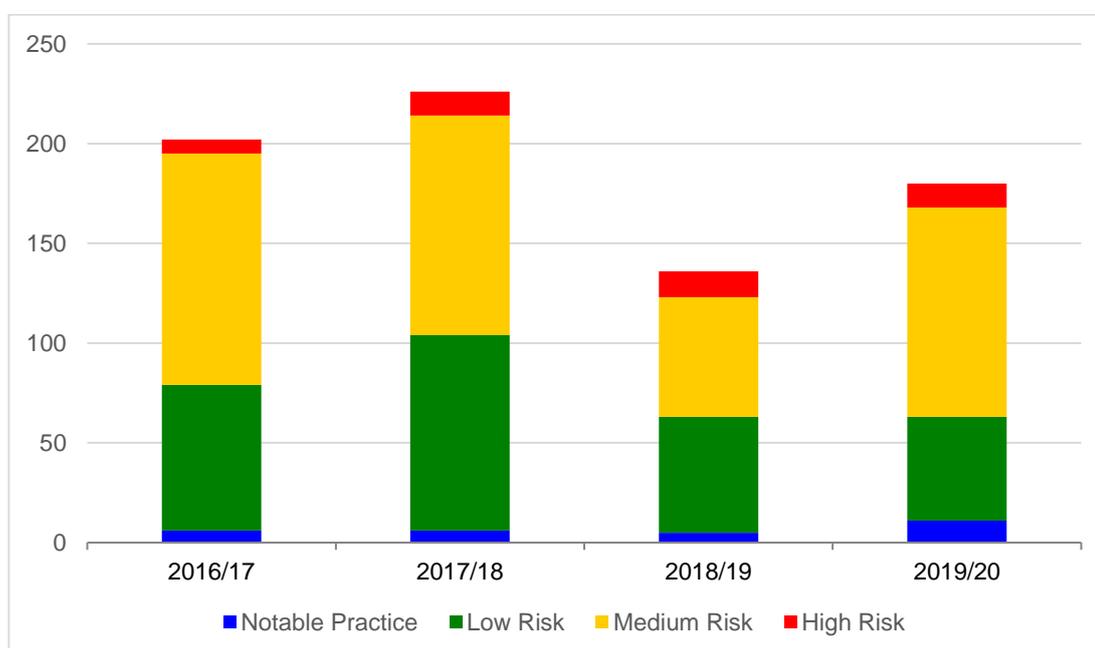
IA Recommendations Comparison

Risk Rating	2019/20		Comparison		
	Recommendations	Percentage	2018/19	2017/18	2016/17
HIGH	12	7%	10% (13)	5% (12)	15% (7)
MEDIUM	105	62%	46% (60)	50% (110)	57% (116)
LOW	52	31%	44% (58)	45% (98)	36% (73)
TOTALS	169	100% (169)	100% (131)	100% (220)	100% (204)
NOTABLE PRACTICE	11	-	5	6	6

4.1.6 Given that a risk based IA approach has continued to be applied during 2019/20, it is in line with IA's expectations that just over half of the IA recommendations raised were rated as either **HIGH** or **MEDIUM** risk.

4.1.7 The breakdown of all 2019/20 IA recommendations (plus notable practices) by risk rating (as outlined at **Appendix C**), is provided in the bar chart below, including a comparison with comparative prior year data:

Chart 6 – IA Recommendations Comparison



4.1.8 Chart 6 highlights that **7% (12)** of recommendations raised by IA in 2019/20 were rated as **HIGH** risk. We therefore believe that the results depicted above, given the risk based approach to IA work introduced since 2013/14, demonstrate an overall improvement in the control environment across the Council over the prior four years with a notable reduction in the proportion of **HIGH** and **MEDIUM** risk recommendations raised within 2019/20.

4.2 Internal Audit Consultancy Work 2019/20

4.2.1 In 2019/20 there has been a continued volume of consultancy work, advice and guidance that IA has been asked to provide across the Council. This, in addition to the enhanced role that IA now has in helping Council services improve, is a sign of the achievement of the collaborative approach that IA strives to deliver to help services to succeed.

4.2.2 In addition to the traditional consultancy reviews, this type of work includes IA staff sitting on project/working groups, whilst ensuring IA staff are clear about whether they are there in an assurance or advisory capacity. This type of approach is helping increase IA's knowledge of corporate developments which feeds into the risk based deployment of IA resource on assurance work. Also, participation in project/ working groups as well as secondments within the business is helping individual IA staff develop, whilst at the same time increasing the value IA provides to the Council.

4.2.3 Further to this, in line with the UK PSIAS, IA coverage this year included a range of consultancy work. This included testing/ certification of several grant claims including **the Housing Benefits Subsidy grant claim** on behalf of External Audit (EY). In addition, the Head of IA was an active member or the chair of a number of corporate project groups including the Corporate Risk Management Group, Business Continuity Management Group, Corporate Governance Working Group, Hillingdon Health & Safety Group, and the Hillingdon Information Assurance Group. As part of this participation, IA aims to provide insightful, independent and informed advice in order to reduce the risk of the Council failing to achieve its objectives.

4.2.4 As detailed at **Appendix A**, IA also conducted **10** consultancy pieces of work in 2019/20. This included support, advisory and data analytical work in relation to Private Sector Housing, HR IT Projects and Payment Modernisation.

4.3 Quality Assurance and Improvement Programme 2019/20

4.3.1 In accordance with the UK PSIAS Attribute Standard 1300 and the IA Charter, a Quality Assurance and Improvement Programme (QAIP) has been developed by IA. This covers all aspects of IA Activity (IAA) and is designed to enable an evaluation of the IAA's conformance with the UK PSIAS and an evaluation of whether internal auditors apply the *Code of Ethics*. The QAIP also helps enable the ongoing monitoring of IAA and sets out how IA is maintaining the required quality standards/ achieving continuous improvement.

4.3.2 A significant amount of time was spent refining the IA QAIP during 2015/16 and 2016/17, enabling the QAIP to be refocused and reflective of the challenges incurred, providing an opportunity to help generate ideas on how IA can further improve to help services continue to succeed. Progress and results of QAIP reviews have subsequently been reported within quarterly updates to CMT and the Audit Committee. This approach helped achieve the IA service achieve a '**Fully Conforms**' rating in the 2017/18 independent EQA that was carried out. We are now seeking to form a revised QAIP to further drive the IA service forward to ensure the function continues to align to emerging best practice.

5. Internal Audit Follow Up 2019/20

5.1 IA monitors all **HIGH** and **MEDIUM** risk recommendations raised (excluding those at schools), through to the point where the recommendation has either been fully implemented, or a satisfactory alternative risk response has been proposed.

- 5.2 IA does not follow-up **LOW** risk IA recommendations as they are minor risks including compliance with best practice, or issues that have a minimal impact on a Service's reputation i.e. adherence to local procedures. It would also take a disproportionate amount of time for IA to robustly follow-up **LOW** risk recommendations. The full definitions of the IA recommendation risk ratings are included at **Appendix C**.
- 5.3 The implementation of recommendations raised by IA continues to be monitored through TeamCentral (TC - a module of the IA software TeamMate) which has become more embedded across the Council in 2019/20. Whilst TC automates the follow-up process, we facilitate the work allowing the IA team to focus on delivery of the IA plan, streamlining the process of following up recommendations. TC provides key stakeholders with greater oversight and/or ownership of IA recommendations and the underlying risks.
- 5.4 IA will support and advise managers in formulating a response to the risks identified. As an organisational improvement function, IA will also offer assistance to management to help devise pragmatic and robust action plans arising from IA recommendations. Good practice in IA and risk management encourages management to respond to risks in any combination of the following four ways; *Treat, Terminate, Tolerate, Transfer* - **the 4 T's**. The full definitions of the response to risk are included at **Appendix C**.
- 5.5 In addition to this, we have taken a renewed approach to follow-up work within the year, actively following up on prior **LIMITED** or **NO** assurance reports within a set time period after their issue and management confirmation that recommended action has been implemented. This approach provides additional assurance to CMT and the Audit Committee over the implementation of IA recommendations and whether the control environment is now operating as intended.
- 5.6 In 2019/20 IA has undertaken verifications work on **HIGH** and **MEDIUM** risk recommendations in addition to 7 specific follow-up reviews. Our follow-up work found that **64 (76%)** of the **84** recommendations followed-up were deemed **Implemented**. Of the remaining recommendations we deemed **1 (1%) Partly Implemented** and **19 (23%)** were **No Longer Applicable** because the risk had reduced significantly or no longer existed at the time testing (further details at **Appendix A**).
- 5.7 The **20** IA assurance reviews have resulted in **169** IA recommendations being raised in **2019/20** as well as **11 NOTABLE PRACTICES** (refer to **Appendix A** for further details). Given that we apply a risk based IA approach to our coverage, it is a positive outcome that there were approximately **eight times as many MEDIUM risk recommendations than HIGH risk recommendations raised** in 2019/20.
- 5.8 The table below summarises the **status of IA recommendations** raised as at 31st August 2020:

2019/20 Recommendation Status

2019/20 IA Recommendation Status as at 31 st August 2020	HIGH	MEDIUM	LOW	Total	NOTABLE PRACTICE
Total No. of Recommendations Raised (per Appendix A)	12	105	52	169	11
2019/20 IA Recommendation Status as at 31 st August 2020	HIGH	MEDIUM	LOW	Total	NOTABLE PRACTICE
Total No. of Recommendations Risks Tolerated by Management	-	2	-	2	-
No. Not Yet Due for Implementation	11	63	-	74	-
No. Implemented	1	32	-	33	-
No. of Recommendations Outstanding	0	10	-	10	-

- 5.9 Positive management action was proposed to address **115** of the 2019/20 **HIGH** and **MEDIUM** risk recommendations raised, **74** of which have not yet reached their target date for implementation. IA is pleased to report that **33** **HIGH** and **MEDIUM** risk recommendations which were due for implementation have been confirmed by management as being implemented. **This is a reasonably good outcome and comes directly as a result of the collaborative approach between IA and senior management across the organisation.**
- 5.10 It was noted that despite robust challenge from IA, **2** **MEDIUM** risk recommendations were stated by management as being **TOLERATED** with no action proposed. This means that management are accepting the risk the Council is exposed to. These 2 cases are the first time in the last 4 years that management has chosen to accept a **MEDIUM** risk IA recommendation with no action proposed.
- 5.11 The first one (from the Compliance with the Criminal Finances Act 2017 audit) refers to Employment Status Assessments which occur post contract. IA recommended that these take place pre-contract. The (former) Head of Procurement & Fleet believed that the IA recommendation *“added an extra layer of checks, which required additional resource for little value”* and she stated she believed that *“the current process manages the risk effectively in line with the Act”*. **IA believes the risk remains** that *“If Employment Status Assessments occur post-contract award then the Council is exposed to a greater risk of non-compliance with IR35 and Procurement rules, potentially resulting in financial penalties and reputational damage”*.
- 5.12 The second **TOLERATED MEDIUM** risk recommendation (from the Voids Property Management audit) concerns the enhancement of integrated IT systems to compliment processes and procedures. The Service Manager for Tenancy Services accepted the risk because he believes current systems are operating sufficiently. **IA believes the risk remains** that *“Where there are data errors and anomalies within the Northgate system, Civica and Google sheets, there is an increased risk that KPI data may be inaccurate, leading to incorrect decisions being made resulting in financial and operational consequences for the Council”*.
- 5.13 During Quarter 3, IA will be undertaking verifications testing on all implemented **HIGH** and **MEDIUM** risk recommendations to confirm and support management's assertion that recommended action has been successfully taken and is now embedded within the control environment. Further, IA will continue to undertake dedicated follow-up reviews of **LIMITED** and **NO** assurance reports issued within prior years, to provide greater assurance to senior management and the Audit Committee over the improvements within the control environment.

6. Review of Internal Audit Performance 2019/20

6.1 Key Performance Indicators (KPIs)

- 6.1.1 The IA KPIs measure the quality, efficiency and effectiveness of the IA service. They assist IA and the Council in helping measure how successful IA has been in achieving its strategic and operational objectives. Actual cumulative IA performance for 2019/20 against its KPIs is highlighted in the table below and overleaf:

2019/20 - IA Key Performance Indicators

IA KPI	Description	Target Performance	Actual Performance	RAG Status
KPI 1	HIGH risk IA recommendations where positive management action is proposed.	98%	100%	GREEN

IA KPI	Description	Target Performance	Actual Performance	RAG Status
KPI 2	MEDIUM risk IA recommendations where positive management action is proposed.	95%	100%	GREEN
KPI 3	HIGH risk IA recommendations where management action is taken within agreed timescale.	90%	100%	GREEN
KPI 4	MEDIUM risk IA recommendations where management action is taken within agreed timescale.	75%	90%	GREEN
KPI 5	Percentage of IA Plan delivered to draft report stage by 31 st March.	90%	80%	RED
KPI 6	Percentage of IA Plan delivered to final report stage by 31 st March.	80%	80%	GREEN
KPI 7	Percentage of draft reports issued as a final report within 15 working days.	75%	95%	GREEN
KPI 8	Client Satisfaction Rating.	85%	94%	GREEN
KPI 9	IA work fully compliant with the PSIAS and IIA Code of Ethics .	100%		

- 6.1.2 The team's performance against **KPI 5** has seen the **target missed by 10%** this year, and as a result has been reported as **RED** in line with the KPI reporting standards. However, this is a considerable improvement from last year, where the actual performance against KPI 5 in 2018/19 was 63%. This shows a positive direction of travel in terms of team performance and had the IA work programme not been suspended by the Covid-19 pandemic this KPI would have been achieved quite comfortably.
- 6.1.3 In the current climate and during a period of significant change and upheaval some slippage is expected. Despite this, **100% of 2019/20 IA reviews were completed to final report stage by 31st August 2020**. Although 31st August is not in line with the IA team's expected annual deadline (i.e. 31st May) it is an achievement as it follows a period of uncertainty, disruption and 12 weeks of intense service delivery in other critical services.
- 6.1.4 The IA team meets regularly to discuss delivery against its KPIs and the HIA will continue to be carefully monitoring progress carefully against KPI 5 in particular moving forward. In addition, now that colleagues are familiar with the IA methodology and are establishing themselves across the Council, the HIA is confident that these targets will continue to be improved upon in 2020/21.
- 6.1.5 Management feedback continues to be positive about our coverage. This year's actual performance against **KPI 8** of 94% shows continued increase when compared to prior years, analysis provided at 6.2 below.

6.2 Client Feedback Questionnaires (CFQ)

- 6.2.1 As part of continuous improvement, a CFQ is sent out at the completion of all audit reviews to obtain formal management feedback. The **IA CFQ target** previously agreed with CMT and the Audit Committee was for IA to achieve **an overall average score of 3.4 (85%) or above** across the eight CFQ areas. As a recap on the CFQ scores, **4** means the client strongly agrees; **3** is agree; **2** is disagree; and **1** is strongly disagree.

6.2.2 There is not an option on the CFQ for the client to indicate that they ‘neither agree or disagree’. This is a deliberate decision by the HIA to enable management to form an overall opinion on the work that IA does i.e. did the audit review add value or not? Inherently with any feedback mechanism such as this, there is a risk that the CFQ results can become skewed where a client is dissatisfied i.e. if there are large number of recommendations or a poorer assurance level than expected/ anticipated, the client may be inclined to dismiss the value of the IA work with a low CFQ score.

6.2.3 The table below shows the average score from the **32** CFQs completed in relation to the 2019/20 IA Plan (as per **Appendix A**):

Comparison of Client Feedback Questionnaires

IA CFQ Areas	Average Score 2016/17	Average Score 2017/18	Average Score 2018/19	Average Score 2019/20	% Change (18/19-19/20)
Q1. Planning: The planning arrangements for the IA review were good	3.49	3.63	3.63	3.71	+2.2%
Q2. Scope: The scope of the IA review was relevant	3.44	3.59	3.66	3.79	+3.5%
Q3. Conduct: The IA review was conducted in a highly professional manner	3.76	3.67	3.68	3.85	+4.6%
Q4. Timing: The IA review was carried out in a timely manner	3.61	3.59	3.55	3.76	+5.9%
Q5. Report: The IA report was presented in a clear, logical and organised way	3.61	3.67	3.71	3.79	+2.2%
Q6. Recommendations: The IA recommendations were constructive and practical	3.51	3.46	3.53	3.71	+5.1%
Q7. Value: The IA review added value to your service area	3.44	3.48	3.53	3.62	+2.5%
Q8. Overall: I look forward to working with IA in future	3.66	3.72	3.71	3.88	+4.6%
Average Total Score	3.56 (89%)	3.60 (90%)	3.63 (91%)	3.76 (94%)	

6.2.4 Analysis of the above results provides a very positive picture. Further, when **compared to prior years this shows a continual improvement**, particularly when taking into account the continuing complexity and higher risk areas reviewed and number of limited assurance opinions issued. We have seen a minor reduction in CFQ scores for timing and working with IA in the future which can be attributed to the changing staff mix during the year.

6.2.5 Despite this, increases in CFQ scores for scope, conduct, report, recommendations and value are positive. Overall the IA CFQ results demonstrate the positive recognition of IA work across the Council, the quarterly planning process undertaken and the continued collaborative approach undertaken with management.

6.2.6 From the **32** CFQs returned in 2019/20, IA has received a range of formal client comments on IA performance, **a snapshot of additional comments are provided below:**

Voids Management

- *"Your suggestions of a risk register has been a key part of our success on mitigating the risks of COVID-19 so again thank you for that - it came at the right time!"*

Missing Children from Home and Care

- *"The IA team really took time to understand both the local perspective and the legislation surrounding this piece of work which added value to the process."*

CCTV Control Room

- *"Well managed audit, helpful recommendations."*

HMO – Applications and Licensing

- *"The audit was carried out very well during Covid-19. It has added significant value to how the Private Sector Housing team now develops and grows."*

6.2.7 Whilst the HIA proactively seeks informal feedback from management on IA, we are extremely grateful to management for formal feedback received in CFQs. A high completion rate of CFQs helps IA identify areas where we are able to continue to improve as a service.

7. Forward Look to 2020/21

7.1 Looking ahead to 2020/21, the **Coronavirus pandemic** continues to have a major impact globally and as a result Council services have had to adapt or in some cases radically change the way they operate. The consequences of this are significant changes to the Council's control environment including working to new processes and also policies that are no longer practical or relevant. It is against this backdrop that IA has had to revisit its **Audit Needs Analysis** to help formulate a revised IA plan for 2020/21.

7.2 Having recently completed the delayed 2019/20 IA Plan, IA is now in the process of using its **Risk Universe** to update the Audit Needs Analysis for 2020/21 which will:

- Score and profile each service in the Council by risk assessment;
- Identify any service areas that have not been subject to an IA review in the last 3 years; and
- Identify any new functions or significant processes that have been created in the last 6 months.

7.3 The Audit Needs Analysis will then be used to inform the quarterly IA planning process (for Quarters 3 and 4 2020/21) whilst ensuring a stronger risk based approach that provides coverage over the Council's **HIGH** and **MEDIUM** risks. The changed control environment will result in **a greater percentage of assurance coverage** featuring in the 2020/21 IA Plan. Another feature of the 2020/21 IA Plan will be **an increased focus on the prompt follow-up of IA recommendations** to provide timely assurance to key stakeholders. In addition, IA has agreed to **work more closely with the Council's Business Improvement Team** moving forward to ensure a more dovetailed approach to transformation of services.

7.4 The knock-on effect of the revised IA Plan and change in approach and has meant that a different skills mix is required within the IA service to ensure timely delivery of the work to the required high quality standards. Specifically, this means an increased level of complex assurance work being carried out and significantly less consultancy reviews. As a consequence, the majority of IA staff (and some Insurance staff) are currently in consultation on a proposed restructure. Whilst this is obviously a difficult time for the staff affected by the proposal, the Audit Needs Analysis has set out the clear business need to increase the level of assurance coverage provided by IA.

-
- 7.5 Therefore the proposed IA restructure will not only increase the total resource in the IA function but also strengthen the skills mix. As a result, even in the significantly reduced 2020/21 IA year, the HIA is confident that the IA plan will be delivered by 31st May 2021.
- 7.6 We have a successful track record in investing in the **professional development of our IA team** and of course we will continue to do so moving forward. We are pleased to report that recently the Senior Internal Auditor and one of the Internal Auditors were awarded professional IA qualifications by the Chartered Institute of Internal Auditors. Further, one of the Internal Auditors and the IA Apprentice have been shortlisted for the 2020 London Borough Apprenticeship Awards for the Best Progression and Best Contribution categories respectively. This is a great achievement for those individuals but is also a reflection of the priority we gave to the professional training and development of staff within IA, which will continue to be a priority in 2020/21.
- 7.7 IA would like to take this opportunity to formally thank all staff throughout the Council with whom it had contact during the year. There has been a continued collaborative approach in IA's working relationship with staff and management who have generally responded very positively to IA findings.
- 7.8 There are no other matters that IA needs to bring to the attention of the Council's CMT or Audit Committee at this time.

Sarah Hydrie CMIIA CIA
Head of Internal Audit & Risk Assurance
31st August 2020

APPENDIX A**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2019/20**

Key:		
IA = Internal Audit	M = Medium Risk	NP = Notable Practice
H = High Risk	L = Low Risk	CFQ = Client Feedback Questionnaire

2019/20 IA Assurance Reviews:

IA Ref.	IA Review Area	Status as at 31 st August 2020	Assurance Level	Risk Rating				CFQ Received
				H	M	L	NP	
19-A12	Cyber Incident Management	Final report issued on 19 th Nov 2019	Limited	1	5	1	0	✓
19-A20	Payment Process New Yr's Green Lane	Final report issued on 20 th Feb 2020	Limited	4	7	1	0	✓
19-A25	Administration of DSG in Nurseries	Final report issued on 2 nd Mar 2020	Limited	1	5	1	0	✓
19-A30	Playground Inspections	Final report issued on 5 th Aug 2020	Limited	4	1	2	0	✓
19-A6	Imported Food Office – Regs 669 & 884	Final report issued on 22 nd Jul 2019	Reasonable	0	4	2	0	✓
19-A8	Cash Handling in Registrar's Office	Final report issued on 5 th Aug 2019	Reasonable	0	3	3	0	✓
19-A1	*Thematic Review of Schools Payroll	Final report issued on 9 th Sep 2019	Reasonable	0	16	5	1	✓
19-A2	Compliance with Criminal Finances Act	Final report issued on 9 th Sep 2019	Reasonable	1	5	4	0	✓
19-A4	Battle of Britain Bunker	Final report issued on 30 th Sep 2019	Reasonable	0	5	6	1	✓
19-A3	Grounds Main. Spend on Eqpt	Final report issued on 30 th Sep 2019	Reasonable	0	7	1	0	✓
19-A7	Food H&S - Site Inspections	Final report issued on 24 th Oct 2019	Reasonable	0	7	1	0	✓
19-A14	Absence Management	Final report issued on 9 th Dec 2019	Reasonable	0	2	1	2	✓
19-A5	CCTV Control Room Arrangements	Final report issued on 24 th Feb 2020	Reasonable	0	4	4	1	✓
19-A21	Missing Children from Home and Care	Final report issued on 5 th Mar 2020	Reasonable	0	4	0	0	✓
19-A13	**Thematic Review of Pupil Premium Funding in Schools	Final report issued on 9 th Mar 2020	Reasonable	0	12	9	5	✓

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APPENDIX A (cont'd)**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2019/20 (cont'd)****2019/20 IA Assurance Reviews (cont'd):**

IA Ref.	IA Review Area	Status as at 31 st August 2020	Assurance Level	Risk Rating				CFQ Received
				H	M	L	NP	
19-A19	Corporate Governance	Final report issued on 16 th Mar 2020	Reasonable	0	1	3	0	✓
19-A22	Voids Management	Final report issued on 23 rd Mar 2020	Reasonable	0	5	2	1	✓
19-A26	HMO - Applications and Licensing	Final report issued on 25 th Aug 2020	Reasonable	1	1	5	0	✓
19-A28	Void Property Management	Final report issued on 25 th Aug 2020	Reasonable	0	5	0	0	✓
19-A31	Purchase Cards	Final report issued on 25 th Aug 2020	Reasonable	0	6	1	0	
19-A18	<i>Cyber Maturity Assessment</i>	<i>Deferred to 2020/21 due to Covid-19</i>						
19-A29	<i>Terminating a Tenancy</i>	<i>Deferred to 2020/21 due to Covid-19</i>						
19-A27	<i>Adult Pathway</i>	<i>Cancelled due to risk reduction</i>						
Total <u>number</u> of IA Assurance Recommendations raised in 2019/20				12	105	52	11	
Total <u>percentage</u> of IA Assurance Recommendations raised in 2019/20				7%	62%	31%	-	

* Total number of recommendations raised across 6 schools

** Total number of recommendations raised across 7 schools

APPENDIX A (cont'd)**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2019/20 (cont'd)****2019/20 IA Follow-Up Reviews:**

IA Ref.	IA Follow-Up Review Area	Status as at 31 st August 2020	Recommendations				Total
			Implemented	Partly Implemented	Not Implemented	No Longer Applicable	
19-A9	Follow-up of IA recs	Verification testing concluded	64	1	0	19	84
19-A10	Volunteering	Memo issued on 21 st Jun 2019	3	0	0	0	3
19-A11	Trading Standards	Memo issued on 15 th Jul 2019	6	1	0	0	7
19-A17	Cyber Security	Memo issued on 30 th Sep 2019	3	1	1	0	5
19-A16	Positive Behaviour Support	Memo issued on 22 nd Oct 2019	3	3	1	0	7
19-A24	Merchiston House	Memo issued on 16 th Dec 2019	6	0	0	0	6
19-A15	Emergency Duty Team	Memo issued on 28 th Feb 2020	7	5	2	0	14
19-A33	Child Protection Conferences	Memo issued on 31 st Jul 2020	8	6	2	0	16
19-A32	Early Years Centres	Deferred to 2020/21 due to Covid-19					
Total Number			100 (62%)	17 (11%)	25 (15%)	19 (12%)	161 (100%)

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2019/20 IA Consultancy Reviews:

IA Ref.	IA Review Area	Status as at 31 st August 2020	CFQ Received
19-C4	Troubled Families Spot Check	Memo issued on 25 th Jun 2019	✓
19-C2	Inquest Hearing Preparation	Memo issued on 13 th Sep 2019	✓
19-C5	Hillingdon Shared Lives Fund	Memo issued on 27 th Nov 2019	✓
19-C8	Safeguarding Adults Review - Learning Points Verification	Memo issued on 23 rd Dec 2019	✓
19-C10	Mayor's Charity Accounts	Memo issued on 15 th Jan 2020	N/A

APPENDIX A (cont'd)**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2019/20 (cont'd)****2019/20 IA Consultancy Reviews (cont'd):**

IA Ref.	IA Review Area	Status as at 31 st August 2020	CFQ Received
19-C12	Adaptations Team Invoice Query	Memo issued on 5 th Feb 2020	✓
19-C9	Data Security Protection Toolkit	Memo issued on 17 th Mar 2020	✓
19-C1	Private Sector Housing Q1 - Q3 (Working Group)	Advisory work concluded in Mar 2020	N/A
19-C3	HR IT Projects (Working Group)	Advisory work concluded in Mar 2020	N/A
19-C7	Payment Modernisation (Working Group)	Advisory work concluded in Mar 2020	N/A
19-C11	Stores Stock Check	Deferred to 2020/21 due to Covid-19	

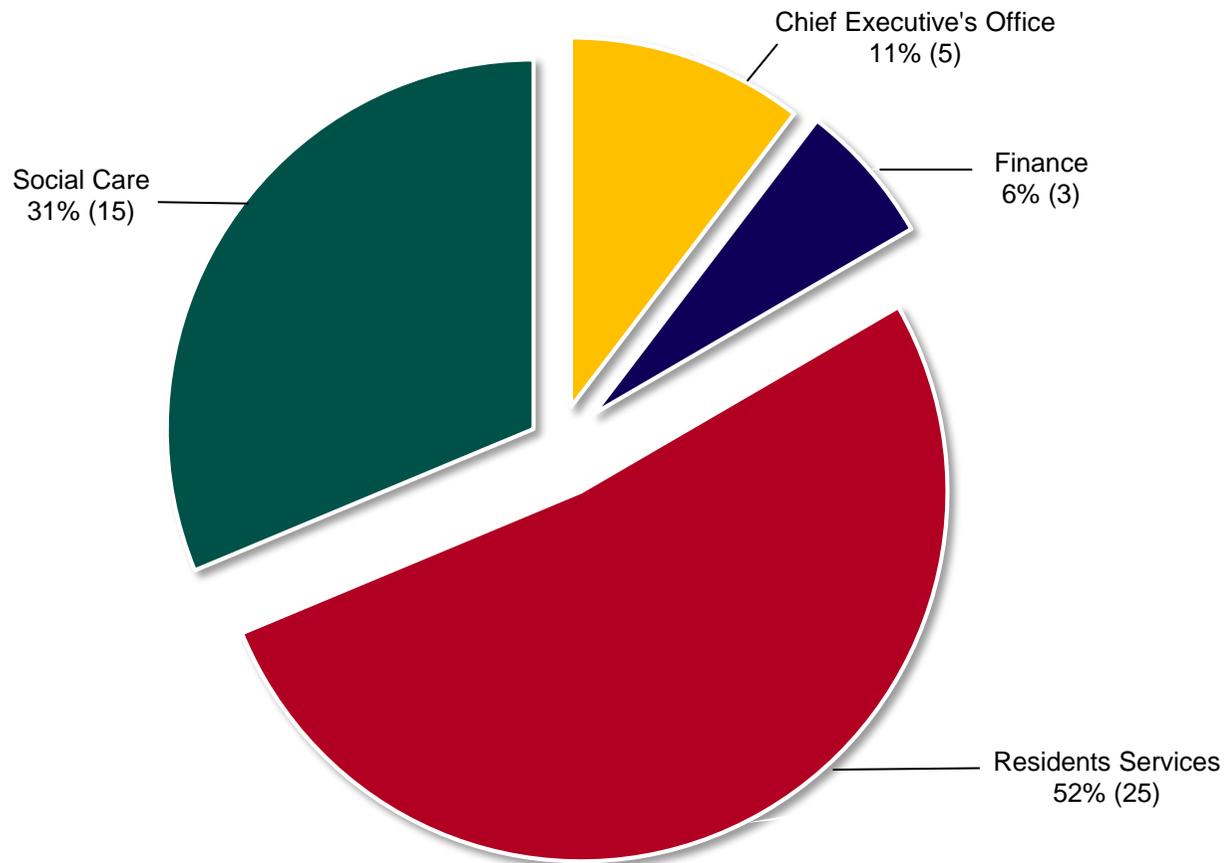
2019/20 IA Grant Claims certified:

IA Ref.	IA Review Area	Status as at 31 st August 2020
19-GC1	Troubled Families Grant - Quarter 1	Certified and memos issued on 24 th Apr and 26 th Jun 2019
19-GC3	2017/18 DfE Collaborative Fund (St. Mary's Catholic Pr. School)	Certified and memo issued on 27 th Jun 2019
19-GC4	2018/19 DfE Collaborative Fund (St. Mary's Catholic Pr. School)	Certified and memo issued on 27 th Jun 2019
19-GC8	Troubled Families Grant - Quarter 2	Certified and memos issued on 24 th Jul, 29 th Aug and 27 th Sep 2019
19-GC2	Housing Benefit Subsidy Grant	Certified and memo issued on 22 nd Aug 2019
19-GC7	Pothole Action Fund	Certified and memo issued on 11 th Sep 2019
19-GC6	Bus Service Operators Grant	Certified and memo issued on 27 th September 2019
19-GC5	Disabled Facilities Capital Grant	Certified and memo issued on 30 th Oct 2019
19-GC9	Troubled Families Grant - Quarter 3	Certified and memos issued on 23 rd Oct, 29 th Nov and 18 th Dec 2019
19-GC11	Troubled Families Grant - Quarter 4	Certified and memos issued on 30 th Jan and 26 th Feb 2020
19-GC10	Public Health England Capital Funding Grant 2019/20	Certified and memo issued on 13 th Mar 2020

APPENDIX A (cont'd)

DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2019/20 (cont'd)

Chart 7 – Analysis by Corporate Director of 2019/20 IA work (undertaken in the 1st April 2019 to 31st August 2020 period)



The IA review **'Follow-up of implemented IA recommendations'** (IA Ref. 19-A9) is not featured in this chart because this is an overarching piece of work which is performed across Directorates (Groups).

INTERNAL AUDIT ASSURANCE LEVELS AND DEFINITIONS

ASSURANCE LEVEL	DEFINITION
SUBSTANTIAL	There is a good level of assurance over the management of the key risks to the Council objectives. The control environment is robust with no major weaknesses in design or operation. There is positive assurance that objectives will be achieved.
REASONABLE	There is a reasonable level of assurance over the management of the key risks to the Council objectives. The control environment is in need of some improvement in either design or operation. There is a misalignment of the level of residual risk to the objectives and the designated risk appetite. There remains some risk that objectives will not be achieved.
LIMITED	There is a limited level of assurance over the management of the key risks to the Council objectives. The control environment has significant weaknesses in either design and/or operation. The level of residual risk to the objectives is not aligned to the relevant risk appetite. There is a significant risk that objectives will not be achieved.
NO	There is no assurance to be derived from the management of key risks to the Council objectives. There is an absence of several key elements of the control environment in design and/or operation. There are extensive improvements to be made. There is a substantial variance between the risk appetite and the residual risk to objectives. There is a high risk that objectives will not be achieved.

1. **Control Environment:** The control environment comprises the systems of governance, risk management and internal control. The key elements of the control environment include:
 - establishing and monitoring the achievement of the authority's objectives;
 - the facilitation of policy and decision-making;
 - ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the authority, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties;
 - ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness;
 - the financial management of the authority and the reporting of financial management; and
 - the performance management of the authority and the reporting of performance management.
2. **Risk Appetite:** The amount of risk that the Council is prepared to accept, tolerate, or be exposed to at any point in time.
3. **Residual Risk:** The risk remaining after management takes action to reduce the impact and likelihood of an adverse event, including control activities in responding to a risk.

INTERNAL AUDIT RECOMMENDATION RISK RATINGS AND DEFINITIONS

RISK	DEFINITION
HIGH ●	The recommendation relates to a significant threat or opportunity that impacts the Council's corporate objectives. The action required is to mitigate a substantial risk to the Council. In particular it has an impact on the Council's reputation, statutory compliance, finances or key corporate objectives. The risk requires senior management attention.
MEDIUM ●	The recommendation relates to a potentially significant threat or opportunity that impacts on either corporate or operational objectives. The action required is to mitigate a moderate level of risk to the Council. In particular an adverse impact on the Department's reputation, adherence to Council policy, the departmental budget or service plan objectives. The risk requires management attention.
LOW ●	The recommendation relates to a minor threat or opportunity that impacts on operational objectives. The action required is to mitigate a minor risk to the Council as a whole. This may be compliance with best practice or minimal impacts on the Service's reputation, adherence to local procedures, local budget or Section objectives. The risk may be tolerable in the medium term.
NOTABLE PRACTICE ●	The activity reflects current best management practice or is an innovative response to the management of risk within the Council. The practice should be shared with others.

RISK RESPONSE DEFINITIONS

RISK RESPONSE	DEFINITION
TREAT	The probability and / or impact of the risk are reduced to an acceptable level through the proposal of positive management action.
TOLERATE	The risk is accepted by management and no further action is proposed.
TRANSFER	Moving the impact and responsibility (but not the accountability) of the risk to a third party.
TERMINATE	The activity / project from which the risk originates from are no longer undertaken.

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Draft Annual Internal Audit Plan for 2020/21

Committee name	Audit Committee
Officer reporting	Sarah Hydrie, Head of Internal Audit & Risk Assurance
Papers with report	Draft Annual Internal Audit Plan for 2020/21
Ward	All

HEADLINES

The attached report presents the Audit Committee with the planned Internal Audit (IA) approach and activity type for the 2020/21 financial year and seeks to:

- Provide all Business Assurance IA key stakeholders with independent assurance that the risks within the Council's fundamental systems and processes are being effectively managed;
- Allow the Council to demonstrate it is complying with the relevant legislation and applicable professional standards;
- Demonstrate the Council's commitment to good governance and compliance with the UK Public Sector IA Standards (PSIAS); and
- Set out that Business Assurance IA resources are being properly utilised.

RECOMMENDATIONS:

That the Committee notes the Draft Annual Internal Audit Plan for 2020/21 and, subject to any further minor amendments, approves it.

SUPPORTING INFORMATION

The outcomes from the work proposed in the 2020/21 IA Plan will underpin the Head of Internal Audit & Risk Assurance statutory annual IA opinion statement. This opinion concludes on the overall adequacy and effectiveness of the Council's internal control, risk management and corporate governance arrangements. It also supports the Council's Annual Governance Statement which forms part of the statutory financial statements.

In 2020/21, the Business Assurance service at Hillingdon will continue to apply a fully risk-based approach to its IA coverage. This means that Business Assurance gives greater assurance to the Council because its IA coverage is closer aligned to the key risks to the achievement of the Council's objectives. As a result, Business Assurance will not just be commenting on whether the controls operate, but whether they are the right controls to achieve the overall aims of the service.

In order to deliver this assurance it is vital for the organisation to have a comprehensive IA Plan which gives sufficient risk-based coverage and support to management. To help meet this

need, the risk-based IA Plan for 2020/21 has been linked to the organisational objectives and strategic priorities, whilst also taking account of the Council's wider assurance framework.

This year's IA Annual Plan has been developed following the major negative impact of the Covid-19 pandemic. As a result, IA has had to revisit its 'Audit Needs Analysis' to help formulate its IA plan for 2020/21. The updated Audit Needs Analysis has been used to inform the quarterly IA planning process for the remainder of the audit year (Quarters 3 and 4).

BACKGROUND PAPERS

The Business Assurance service holds various background research papers in relation to the Annual IA Plan 2020/21.



BUSINESS ASSURANCE

Internal Audit Plan 2020/21: Draft for Audit Committee

1st September 2020

Contents

The Business Assurance key contacts in connection with this document are:

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1. Introduction

1.1 The Role of Internal Audit

1.1.1 Internal Audit (IA) provides an independent assurance and consultancy service that underpins good governance, which is essential in helping the Council achieve its corporate objectives and realise its vision for the borough of Hillingdon. It is also a requirement of the Accounts and Audit (England) Regulations 2015 that the Authority undertakes an effective IA to evaluate the effectiveness of its risk management, internal control and corporate governance processes, taking into account UK Public Sector IA Standards (PSIAS).

1.2 The Purpose of the Internal Audit Plan

1.2.1 The IA Plan is a crucial component of the annual assurance opinion statement provided by the Council's Head of Internal Audit & Risk Assurance (HIA), to those charged with governance. In order to deliver this assurance it is vital for the organisation to have a comprehensive IA Plan which gives sufficient risk-based coverage and support to management.

2. The Internal Audit Planning Process

2.1 The Approach to IA Planning in 2020/21

2.1.1 As detailed within the 2019/20 Annual IA Report, when the country went into lockdown in March 2020 because of the Coronavirus pandemic, all IA work at Hillingdon was paused as part of the Council's '**Respond**' phase. Following this, most IA of the staff were redeployed for 3 months to support a range of critical front line Council services. IA work then resumed in June 2020 and initially focused on the '**Recovery**' phase and the return to 'business as usual'. Consequently, very little IA work was conducted during Quarter 1 and the vast majority of the current quarter (Quarter 2) has been focussed on completing residual 2019/20 work along with 2020/21 planning.

2.1.2 The pandemic continues to have a major impact globally and as a result Council services have had to adapt or in some cases radically change the way they operate. The consequences of this are significant changes to the Council's control environment including working to new processes and also policies that are no longer practical or relevant. It is against this backdrop that IA has had to revisit its '**Audit Needs Analysis**' to help formulate its IA plan for 2020/21.

2.1.3 During Quarter 2, IA has used its '**Risk Universe**' (a long list of areas for potential IA review) to update the Audit Needs Analysis which included:

- Scoring and profiling each service in the Council via a risk assessment;
- Identifying any service areas that have not been subject to an IA review in the last 3 years; and
- Highlighting any new functions that have been created, or significant process changes that have occurred within the last 6 months.

2.1.4 The Audit Needs Analysis was then used to inform the quarterly IA planning process for the remainder of the audit year (Quarters 3 and 4), ensuring a stronger risk based approach (in accordance with PSIAS 2010 - Planning) that provides coverage over the Council's **HIGH** and **MEDIUM** risks. The changed control environment has resulted in **greater assurance coverage** featuring in the 2020/21 IA Plan. Another feature of the plan will be **an increased focus on the prompt follow-up of IA recommendations** to provide timely assurance to key stakeholders. In addition, IA has agreed to **work more closely with the Council's Business Improvement Team** moving forward to ensure a more dovetailed approach to transformation of services.

2.1.5 The quarterly risk-based approach to IA planning means that IA coverage gives greater assurance to the Council because it is based on the key risks to the organisation's objectives. As a result, IA will not just be commenting on whether the controls operate, but whether they are the right controls to achieve the overall aims of the service. Further, the IA Plan for 2020/21 will be linked to the organisational objectives and strategic priorities and it will take into account the Council's wider assurance framework. The plan has also been developed in accordance with the IA Charter, the IA Strategy and also gives consideration to the Counter Fraud Strategic Plan 2020/21.

2.2 Skills and Resources

2.2.1 In line with the **PSIAS Standard 1210 - Proficiency**, the HIA is professionally qualified and suitably experienced, whilst the IA activity collectively possess the knowledge, skills and other competencies needed to perform its responsibilities. The skills mix within the in-house IA team has continued to evolve in the last 12 months, with every team member either **professionally qualified or actively studying** for a relevant professional IA qualification.

2.2.2 Demand for IA assurance and consulting services usually exceeds available IA resources at local authorities. This means choices have to be made that will determine the impact IA has upon the organisation and the way key stakeholders perceive the value of IA. The starting point in the IA planning process at Hillingdon is therefore to **determine the total available IA staff resources**.

2.2.3 Linked to that, the knock-on effect of the revised IA Risk Universe and change in IA approach for 2020/21 has meant that a **stronger skills mix is required** within the IA service. This is to ensure timely delivery of the IA work to the required high quality standards including a **greater amount of complex assurance work**. As a result, the majority of IA staff are currently in consultation on a proposed restructure. Whilst this is obviously a difficult time for the staff affected by the proposal, the Audit Needs Analysis has set out the clear business need to increase the level of assurance provided by IA.

2.2.4 When calculating the IA chargeable time for 2020/21, we took into consideration the number of IA days spent redeployed during the critical 'Respond' phase. We then deducted an appropriate amount of allocated time for IA planning, reporting, staff training, etc and added in the additional IA resource from the proposed team restructure. Subject to the IA restructure proposal being implemented, the calculated **total available IA chargeable time** for a full audit year will become **1,100 IA Days**, which is a **44% increase** compared to the 2019/20 IA Plan (765 IA Days). For the Covid-19 impacted audit year of 2020/21, this equates to **850 IA Days**, which still represents an **increase of 11% in IA Days** compared to the 2019/20 IA Plan (as detailed at [Appendix B](#)).

2.3 Planning Sources

2.3.1 Although the IA Plan for the year is determined by the number of days available, the primary purpose of the IA Plan is ensuring that the key risks facing the Council are given sufficient IA attention. Therefore the next step in developing the risk-based annual IA Plan has been to make reference to a variety of planning sources (as per the flowchart of the IA Process attached at [Appendix A](#)) including:

- **Team Plans** – We carried out a review of team plans, where these could be traced, to help us confirm the strategic objectives of each service area;
- **Corporate Risk Register** – Review of the Council's Corporate Risk Register to establish those charged with governance's view of the main risks facing the Council;
- **Group & Service Risk Registers** – We conducted a review of Group and Service risk registers (where they were in place), to help identify the key risks facing each service;
- **Senior Management** – We have met or spoken with senior managers across the Council including members of Corporate Management Team (CMT), to develop our knowledge of the risks and challenges facing their services;

- **Key Documents** – We have carried out a desktop review of key Council documents including minutes and reports of Cabinet and various committee meetings, as well as recent Business Improvement Delivery (BID) and Hillingdon Improvement Programme (HIP) reports, in addition to the budget papers for 2020/21;
- **Audit Committee** – We will invite comments from all members of the Audit Committee when they consider the draft IA plan at the next Audit Committee meeting planned for 1st October 2020. The IA plan will be subsequently updated to reflect any further comments and observations the Audit Committee members may have, before being formally finalised and circulated to all key stakeholders;
- **Members** – We have consulted with the Leader of the Council to seek his views on the key risks facing the Council; we have previously invited comments from all Cabinet Members, in addition to providing training at Member development days;
- **External Audit** – We have previously liaised with Ernst and Young (EY) to discuss any matters of concern and to identify those areas where they are likely to consider IA work to inform their own risk assessment;
- **External Inspections** – We have given consideration to any relevant external inspection or peer review reports; and
- **IA Cumulative Knowledge** – We also make reference to the cumulative knowledge of the Business Assurance service of known control weaknesses and risks facing the Council, including the wider strategic issues and regulatory changes emerging elsewhere, effecting local government.

2.4 Risk Assessment

- 2.4.1 Due to the major impact the Coronavirus pandemic has had on public services the risk landscape for the Council has changed significantly. For this reason, a comprehensive review of the Authority's **Audit Needs Analysis** and **Risk Universe** was carried out during July and August to assist in the development of the IA Plan for 2020/21. We then conduct an IA risk assessment for each area in the audit universe based on the following **three elements**:

Element	Definition
Inherent Risk	Our assessment of the overall level of risk associated with the audit area. This is effectively a gross relative risk of the potential impact of this area.
Control Risk	Our assessment and cumulative knowledge of the risk that exists within a particular area based upon the controls that we understand the Council has put in place. This affects the likelihood of the risk being realised.
Materiality	Our assessment of the potential financial or organisational impact. This might be judged by the potential for a monetary loss or the extent to which it impacts on core Council objectives.

- 2.4.2 The Council's risk management framework is not sufficiently mature to place full reliance on the corporate, directorate (group) and service risk registers to identify ALL the risks the Council faces. However, the corporate and group risk registers are developed sufficiently enough to inform the IA risk assessment process which includes post Covid-19 risk assessment and audit needs analysis work including calculating the total audit risk.
- 2.4.3 The **total audit risk score** is determined using each of the elements above (para 2.4.1) which enables each area in the audit universe to be categorised into one of three '**Overall Risk Assessment**' areas as detailed overleaf:

Overall Risk Assessment	Definition
HIGH	This relates to a significant threat or opportunity that impacts the Council's corporate objectives. This has an impact on the Council's reputation, statutory compliance, finances or key corporate objectives.
MEDIUM	This relates to a potentially significant threat or opportunity that impacts on either corporate or operational objectives. This has an adverse impact on the Department's reputation, adherence to Council policy, the departmental budget or service plan objectives.
LOW	This relates to a minor threat or opportunity that impacts on operational objectives. This may be compliance with best practice or minimal impacts on the Service's reputation, adherence to local procedures, local budget or Section objectives.

3. The 2020/21 Internal Audit Plan

- 3.1 The results of the **Overall Risk Assessment** process are used to determine IA priorities and produce the allocation of IA resources. This provides a high-level estimation of where we expect to utilise our resources over the year. Attached at **Appendix B** is a Pie Chart which provides the 2020/21 IA Plan high-level '**Estimation Allocation by Audit Type**'. We believe this allocation provides the best value to our key stakeholders, using a risk-based approach to internal control, risk management and corporate governance. Also detailed at **Appendix B** is a Bar Chart showing the 2020/21 IA Plan analysed by IA staff category.
- 3.2 Underpinning the high-level annual plan, IA will carry out quarterly planning cycles (in Quarters 3 and 4) to ensure that IA coverage has the flexibility to respond to the dynamic environment in which the Council operates. As a result, formal updates of the IA Plan will be reported to CMT and the Audit Committee as part of the quarterly progress reports. This enables a continuous risk-based IA approach in line with the PSIAS. This will also make sure that IA planning will be conducted regularly to help ensure it remains aligned with the Council's objectives and emerging risks impacting their achievement.
- 3.3 As a consequence, appended to the quarterly IA progress reports (for Quarter 3 and 4) will be the detailed operational IA plan for the following quarter. These will be considered at the respective CMT and Audit Committee meetings in line with previous practice. It is our opinion that this approach helps make sure IA resources are directed in a more flexible and targeted manner to maximise the benefit to our stakeholders.
- 3.4 Set out at **Appendix C** is the high level '**Allocation of IA Days for 2020/21**' which highlights that following the proposed IA restructure, the calculated **total available IA chargeable time** for a full audit year will become **1,100 IA Days**, which is a **44% increase** (335 IA Days) compared to the 2019/20 IA Plan (765 IA Days). In addition, the total number of IA Days in the reduced 2020/21 audit year is **850 Days**, which is an **11% increase** compared to 2019/20. This increase in IA Days (as detailed at para. 2.2.4) is despite the major disruption caused by the pandemic and has only been achieved because the Council is **proposing to increase the size of the IA function by 2.0 f.t.e. staff** and strengthen the skills mix of the IA team at the same time.
- 3.5 Despite the proposed increase in IA resource, there are a significant number of audit areas identified in the audit universe which fall below the risk threshold. These areas are therefore unlikely to form part of the detailed operational IA plans produced for Quarter 3 and 4, unless specifically requested by management.

- 3.6 The quarterly detailed operational IA plans include a number of **key features** as detailed below:
- **ICT Audit** – The quarterly operational IA plans makes provision for specialised computer audit work to be undertaken by our in-house qualified computer auditor. The scope of this assurance work will be to assess and report upon the adequacy of the key ICT controls present within major Council systems and ICT processes.
 - **Grant Claims** - The public sector is funded from a number of sources, including hypothecated and unhypothecated grants. Hypothecated grants are grants for a specific purpose and unhypothecated grants are general grants. The IA planning process has identified the number and timing of grant audits required during the year (some of which will be related to Covid-19) to ensure that there is appropriate resource available to audit claims within the required timescales.
 - **Counter Fraud** – Whilst the Business Assurance Counter Fraud Team (CFT) is the lead assurance provider for the Council on fraud and corruption, the PSIA's require IA to evaluate the risk of fraud and thus we have a responsibility to give regard to the possibility of fraud and corruption as part of our coverage. IA will review the Council's counter fraud and corruption key controls as part of its 'assurance' coverage. In addition, close working and liaison between IA and the CFT is in place, which provides critical risk intelligence to help focus IA resources.
 - **Core Financial Systems** – The allocation of IA days at **Appendix C** highlights **76 days** which have been allocated for coverage of the core financial systems. This represents a slight increase to the previous year's coverage and reflects the changing risk landscape of the Council as a result of the pandemic. Financial controls are always at risk during periods of operational change and the IA resource has been adjusted to reflect this.
 - **Value for Money** – As part of our 'assurance' coverage, IA may, where requested by Management, conduct Value for Money (VfM) reviews on specific areas of expenditure and seek to reach a judgement on whether good VfM has been achieved by the Council. Good VfM is defined as the optimal use of resources to achieve the intended outcomes. Our role is not to question the Council's policy objectives, but to provide independent and rigorous analysis to CMT and to the Audit Committee on the way in which public money has been spent to achieve policy objectives. As well as reaching an overall conclusion on VfM, where applicable we will make recommendations on how to achieve better VfM and to improve the services under examination.
 - **Consultancy** – In line with the PSIA's, IA coverage will include some consultancy work. The allocation of IA days at **Appendix C** highlights that only **60 days** has been allocated for IA consultancy in 2020/21. This reflects the change in risk appetite following the pandemic, with assurance coverage becoming a much greater priority.
 - **Contingency** – An allocation for unprogrammed work will be included in each quarterly operational IA Plan. This will be used to respond to urgent requests for unplanned IA work. Where requests for work are not urgent, they will form part of the following quarter's operational IA Plan.
- 3.7 In terms of schools coverage, CMT and the Audit Committee are aware that on 22nd October 2015, Schools Forum (SF) took a funding decision which resulted in **IA coverage of LBH maintained schools being reduced to the statutory minimum** from 2016/17 onwards. Our updated risk assessment and Audit Needs Analysis for 2020/21 has highlighted schools generally as an increasingly significant risk. As a result, it is anticipated that schools assurance coverage will feature prominently in the detailed operational IA Plans for Quarter 3 and 4.
- 3.8 As set out earlier, **the 2020/21 audit year has been severely impacted by the pandemic** and therefore delivery of this year's IA Plan will be a significant challenge. Nevertheless, despite the shorter timescale, the HIA is confident that, on the basis that the proposed restructure of the IA service goes ahead, **the 2020/21 IA Plan will be completed by 31st May 2021.**

4. Internal Audit Reporting

- 4.1 Business Assurance reports the findings of its IA work in detail to key officers at the conclusion of each piece of its work. However, Corporate Directors are immediately informed of any significant internal control weaknesses identified by IA. With the exception of follow-up and consultancy reviews (including grant claim audits), all IA reports issued include an assurance opinion and recommendations based on the **IA Assurance Levels and Recommendation Risk Rating** definitions included at **Appendix D**.
- 4.2 Progress reports for Quarter 3 and 4 will be submitted to CMT and the Audit Committee, summarising IA performance and work carried out in the period. These reports will provide an update on the progress made against the delivery of the IA Plan and provide details of IA work completed to date, the assurance opinions given and the number and type of recommendations made. As already noted, these quarterly progress reports also include the detailed operational IA Plan for the following quarter.
- 4.3 In addition, at the end of the audit year an annual IA report is presented to CMT and the Audit Committee. This provides the statutory HIA opinion statement on the Council's internal control, risk management and corporate governance arrangements. The individual assurance ratings help determine the overall audit opinion at the end of the financial year, although other factors such as implementation of IA recommendations will have a bearing too. The annual IA report contributes to the assurances underpinning the Council's Annual Governance Statement (AGS).

5. The Internal Audit Follow Up Process

- 5.1 IA evaluates the Council's progress in implementing management agreed IA recommendations against set targets. Although detailed follow up work will not be carried out by us for any **LOW** risk recommendations, IA continues to monitor all **HIGH** and **MEDIUM** risk recommendations raised. The full definitions of all the **IA Risk Ratings** are included at **Appendix C**. If progress is unsatisfactory or management fail to provide a reasonable response to our follow up requests, we will implement the escalation procedure agreed with CMT, as clearly set out in our Management Protocol.
- 5.2 In addition to this, we are **strengthening our approach to follow-up work in 2020/21** where we will actively follow up on prior **LIMITED** or **NO** assurance reports **within 6 months** (rather than a year) after their issue. This revised approach will provide more timely assurance to CMT and the Audit Committee over the implementation of IA recommendations and whether the control environment is now operating as intended.
- 5.3 Linked to this, it is important that all key stakeholders are clear on our role; we do not tell management what to do; we identify internal control, risk management and corporate governance weaknesses along with notable practices for management's attention. Good practice in IA and risk management encourages management to respond to risks in any combination of the following four ways (**the 4 T's**):
- i) **Transfer** the risk i.e. insure against it;
 - ii) **Terminate** the risk i.e. stop carrying out the activity that creates the potential risk;
 - iii) **Treat** the risk i.e. take mitigating action to reduce the risk; and
 - iv) **Tolerate** the risk i.e. do nothing and accept that this risk could materialise.
- 5.4 IA support and advise managers in formulating a response to the risks identified. As an organisational improvement function, we will also offer assistance to management to help devise pragmatic and robust action plans arising from IA recommendations. Progress on the implementation of IA recommendations will continue to be formally reported to CMT and the Audit Committee on a quarterly basis.

6. Measuring Internal Audit Performance

6.1 The Public Sector Internal Audit Standards

6.1.1 The PSIAS, which are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector. The standards, revised in April 2016, stress the importance of robust, independent and objective IA to provide senior management with the key assurances to support them in managing the organisation and in producing the AGS.

6.2 Internal Audit Measures of Success

6.2.1 The PSIAS are also clear that IA should be adding value to the organisation in which it operates. At a time when all areas of the Council are being urged to deliver better and more efficient services, it is absolutely right that IA demonstrates improvements in its services through key performance indicators and the Quality Assurance and Improvement Programme (QAIP).

6.3 Reporting Internal Audit Performance

6.3.1 There are a wide range of IA stakeholders to satisfy, but the key stakeholders for the purposes of the IA progress reports are CMT and the Audit Committee. Further to this, attached at **Appendix E** are the agreed **IA KPIs** that will continue to be used in 2020/21 despite the shorted time period for delivery of the IA Plan.

6.3.2 We will continue to use the monitoring data maintained on our dedicated IA software system (TeamMate). A summary of actual IA performance against the targeted performance will continue to be reported to CMT and the Audit Committee as part of the quarterly IA progress reports. These results will allow all stakeholders to measure the performance and robustness of the IA team delivered by the Business Assurance Service at Hillingdon.

6.4 Analysing Internal Audit Performance

6.4.1 All nine of the agreed IA KPIs (per **Appendix E**) need management co-operation to enable them to be achieved. In fact IA in isolation is unable to achieve any of these KPIs; they can influence the results but they cannot completely control them i.e. IA KPI 3 (**HIGH** risk IA recommendations where management action is taken within agreed timescale). IA influences this KPI by raising pragmatic recommendations and agreeing reasonable timescales with management, but ultimately the reliance is on management to strengthen the control environment in the agreed timeframe.

6.4.2 It is therefore important that interpretation of the IA KPIs is not taken in isolation, as other factors should be taken into account i.e. the risk focused IA approach being applied could result in a greater number of **HIGH** risk recommendations and/or a greater number of **LIMITED** assurance reports.

6.4.3 The IA KPI targets remain ambitious, but we believe they are achievable and realistic for a high performing IA service working collaboratively with exceptional managers, which is what we strive to be at Hillingdon. For **KPI 5** (Percentage of the IA Plan delivered to **draft report** stage by 31st March), the **90%** target is ambitious in any year, but in the 2020/21 shorter audit year achievement of this target will be heavily reliant on the proposed restructure of the IA service being successfully implemented. In terms of KPI 8 (Client Satisfaction Rating), this is based on an average score of 3.4 out of 4.0 from the IA Client Feedback Questionnaires completed by management. KPI 9 (IA reviews compliant with the PSIAS and IIA Code of Ethics) is an internal quality check completed, as part of an annual assessment of the service, to verify that all our IA work meets the required standards.

6.5 Individual Internal Audit Staff Performance

- 6.5.1 As well as the KPIs for quarterly reporting to CMT and the Audit Committee, a further set of performance measures are in operation and are used to monitor and assess the performance of individual IA staff. These operational KPIs form the basis of the performance targets for IA staff and are aligned to the detailed IA procedures, as set out in the IA Manual and outlined in the IA Charter. The IA standards aim to ensure that all IA staff follows a consistent process for each piece of IA work and that the planned IA programme is completed within agreed timescales and to the required quality standards.

7. Acknowledgement

- 7.1 The draft 2020/21 IA Plan has been considered by CMT and is due to be presented to the Audit Committee at its meeting scheduled for 1st October 2020. It will then be finalised and circulated/ made available to key stakeholders.
- 7.2 The IA team would like to take this opportunity to formally record its thanks for the co-operation and support it has received from the Council's management as part of the risk-based planning process.

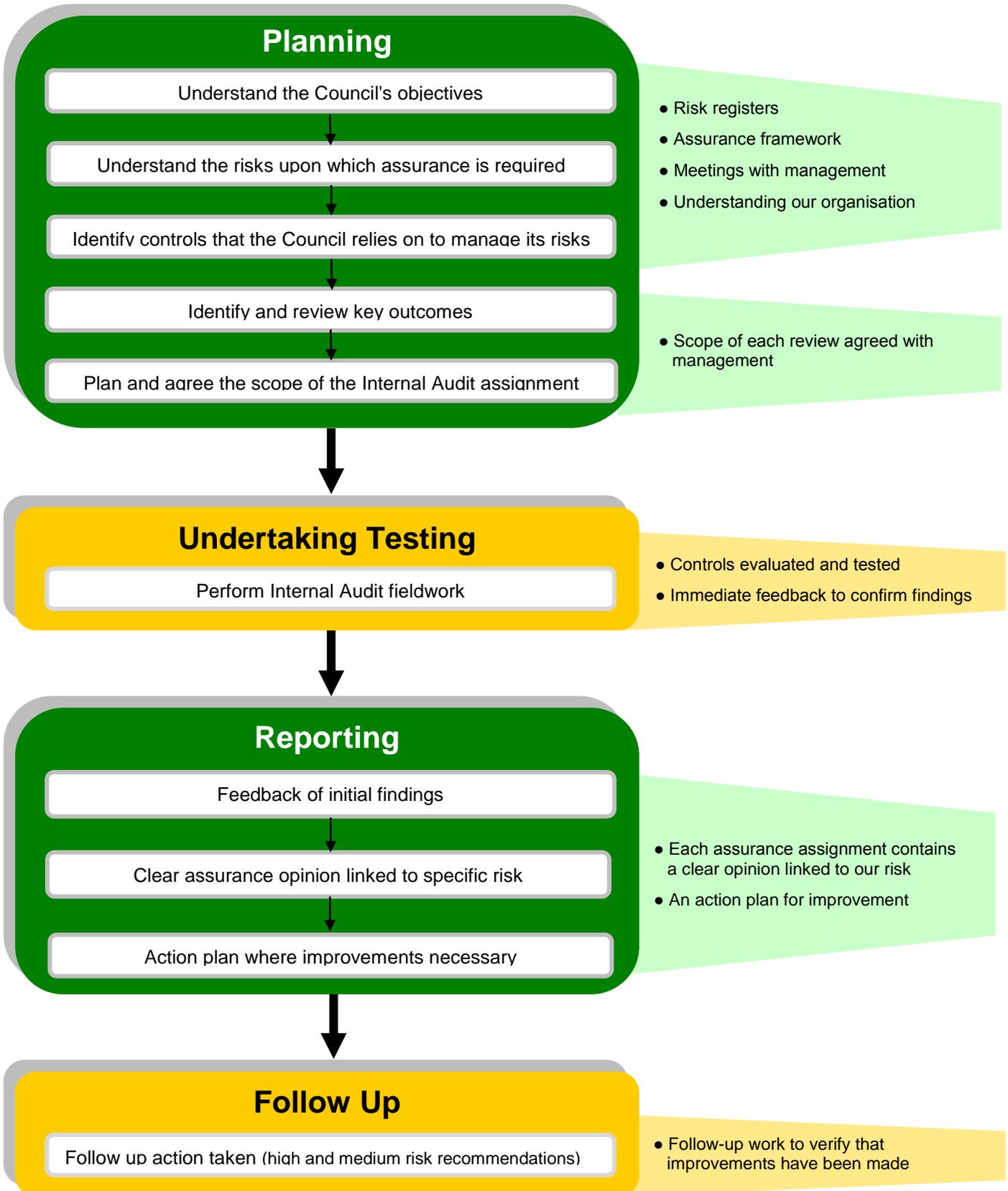
Sarah Hydrie CMIIA CIA
Head of Internal Audit & Risk Assurance

1st September 2020

APPENDIX A

THE INTERNAL AUDIT PROCESS

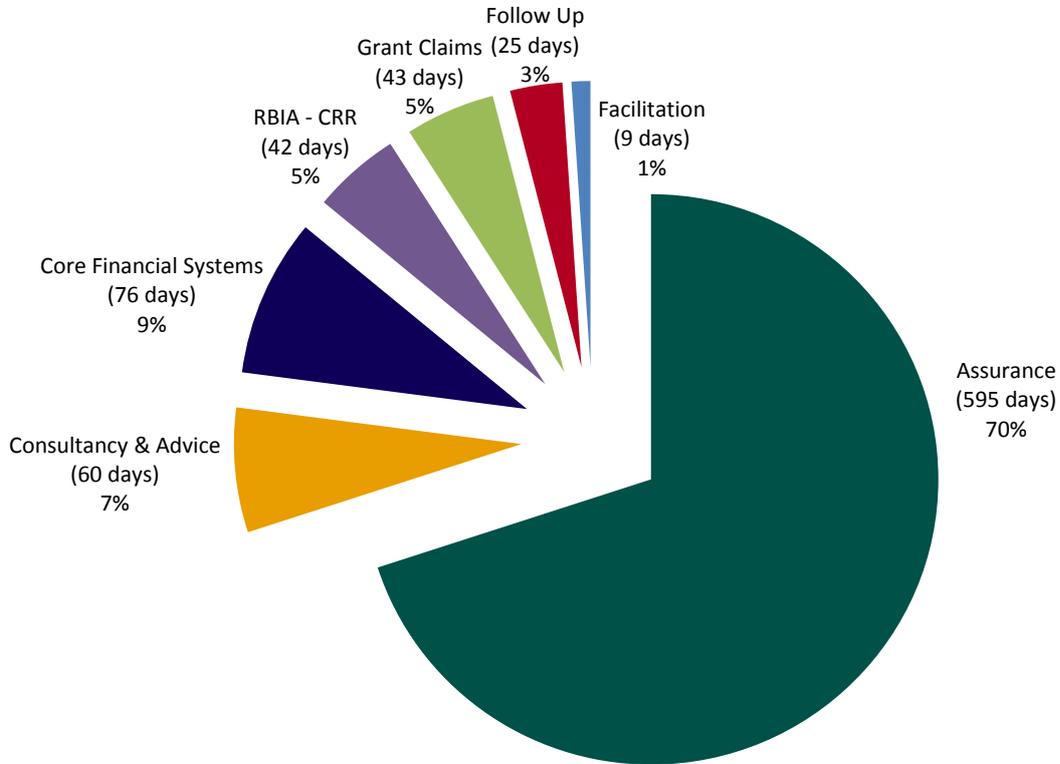
As per para 2.2, after total available IA resources have been determined the overall IA process is summarised below:



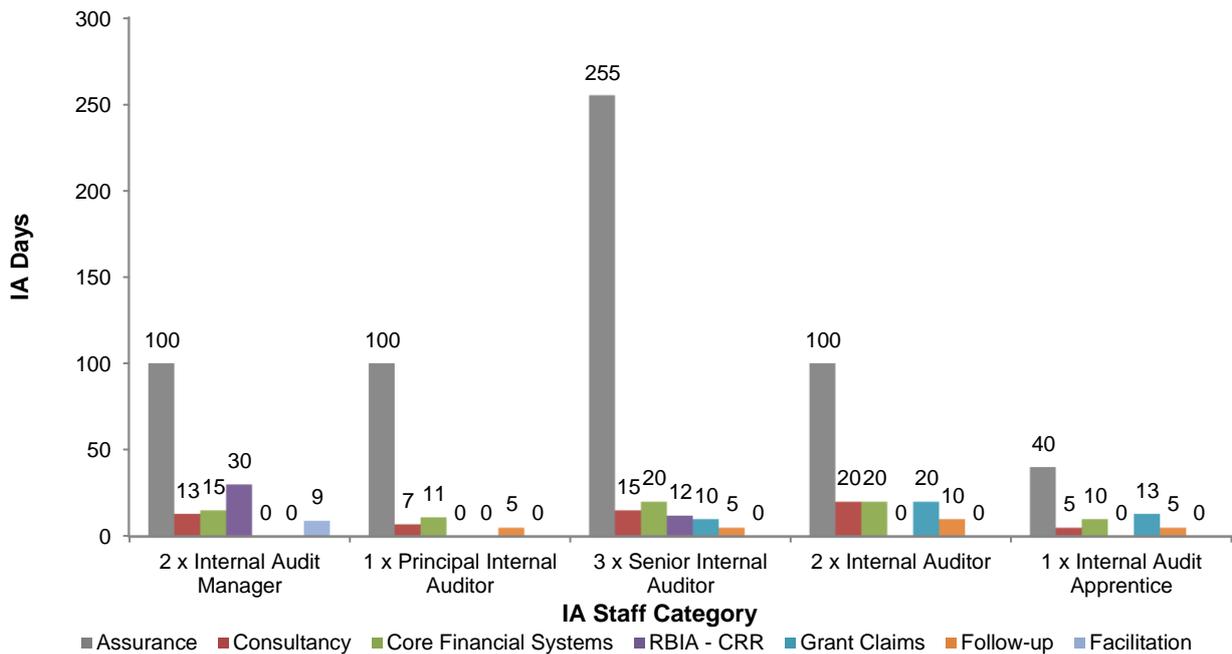
APPENDIX B

THE 2020/21 ANNUAL INTERNAL AUDIT PLAN ~ ESTIMATED ALLOCATION BY AUDIT TYPE (POST RESTRUCTURE)

The 2020/21 Annual IA Plan estimated allocation by audit type is as follows:



PLANNED IA TIME IN 2020/21 (POST RESTRUCTURE)



APPENDIX C**THE 2020/21 ANNUAL INTERNAL AUDIT PLAN ~ ALLOCATION OF DAYS**

Type of IA Work	Definition	Annual IA Days Allocation (for a full year post restructure)	2020/21 Days	2020/21 %	2019/20 Days	2019/20 %
Assurance	Work which provides confirmation to CMT and the Audit Committee that key risks to the achievement of objectives (including transformation projects) are being effectively mitigated and arrangements are operating as expected.	800 Days	595 Days	70%	425 Days	56%
Core Financial Systems	Assurance coverage of the core financial processes that have a material impact on the financial position of the Council (including the HRA and DSG).	100 Days	76 Days	9%	68 Days	9%
Consultancy & Advice	Work where the primary purpose is to advise and support management to improve systems and processes, mitigate risk and enable the achievement of objectives.	81 Days	60 Days	7%	161 Days	21%
Grant Claims	Grant work on behalf of the Council including the Housing Subsidy and Troubled Families claims (fixed days).	43 Days	43 Days	5%	43 Days	6%
RBIA - CRR	<u>Risk-based IA</u> (RBIA) reviews that provide assurance on the Council's strategic risks identified in the <u>Corporate Risk Register</u> (fixed days).	42 Days	42 Days	5%	42 Days	5%
Follow Up	Activity which ascertains the implementation of agreed management actions (fixed days - new approach 20/21).	25 Days	25 Days	3%	17 Days	2%
Facilitation	Activity which supports CMT in their management of risk and the production of the Annual Governance Statement (fixed days).	9 Days	9 Days	1%	9 Days	1%
		1,100 Days	850 Days	100%	765 Days	100%

APPENDIX D**INTERNAL AUDIT ASSURANCE LEVELS AND DEFINITIONS**

ASSURANCE LEVEL	DEFINITION
SUBSTANTIAL	There is a good level of assurance over the management of the key risks to the Council objectives. The control environment is robust with no major weaknesses in design or operation. There is positive assurance that objectives will be achieved.
REASONABLE	There is a reasonable level of assurance over the management of the key risks to the Council objectives. The control environment is in need of some improvement in either design or operation. There is a misalignment of the level of residual risk to the objectives and the designated risk appetite. There remains some risk that objectives will not be achieved.
LIMITED	There is a limited level of assurance over the management of the key risks to the Council objectives. The control environment has significant weaknesses in either design and/or operation. The level of residual risk to the objectives is not aligned to the relevant risk appetite. There is a significant risk that objectives will not be achieved.
NO	There is no assurance to be derived from the management of key risks to the Council objectives. There is an absence of several key elements of the control environment in design and/or operation. There are extensive improvements to be made. There is a substantial variance between the risk appetite and the residual risk to objectives. There is a high risk that objectives will not be achieved.

1. Control Environment: The control environment comprises the systems of governance, risk management and internal control. The key elements of the control environment include:

- Establishing and monitoring the achievement of the authority's objectives;
- The facilitation of policy and decision-making;
- Ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the authority, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties;
- Ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness;
- The financial management of the authority and the reporting of financial management; and
- The performance management of the authority and the reporting of performance management.

2. Risk Appetite: The amount of risk that the Council is prepared to accept, tolerate, or be exposed to at any point in time.

3. Residual Risk: The risk remaining after management takes action to reduce the impact and likelihood of an adverse event, including control activities in responding to a risk.

APPENDIX D (cont'd)**INTERNAL AUDIT RECOMMENDATION RISK RATINGS AND DEFINITIONS**

RISK	DEFINITION
HIGH 	The recommendation relates to a significant threat or opportunity that impacts the Council's corporate objectives. The action required is to mitigate a substantial risk to the Council. In particular it has an impact on the Council's reputation, statutory compliance, finances or key corporate objectives. The risk requires senior management attention.
MEDIUM 	The recommendation relates to a potentially significant threat or opportunity that impacts on either corporate or operational objectives. The action required is to mitigate a moderate level of risk to the Council. In particular an adverse impact on the Department's reputation, adherence to Council policy, the departmental budget or service plan objectives. The risk requires management attention.
LOW 	The recommendation relates to a minor threat or opportunity that impacts on operational objectives. The action required is to mitigate a minor risk to the Council as a whole. This may be compliance with best practice or minimal impacts on the Service's reputation, adherence to local procedures, local budget or Section objectives. The risk may be tolerable in the medium term.
NOTABLE PRACTICE 	The activity reflects current best management practice or is an innovative response to the management of risk within the Council. The practice should be shared with others.

APPENDIX E**INTERNAL AUDIT KEY PERFORMANCE INDICATORS 2020/21**

The Key Performance Indicators (KPIs) for IA quarterly reporting to CMT and the Audit Committee in 2020/21 are set out below:

KPI Ref.	Performance Measure	Target Performance 2020/21*
KPI 1	HIGH risk IA recommendations where positive management action is proposed	98%
KPI 2	MEDIUM risk IA recommendations where positive management action is proposed	95%
KPI 3	HIGH risk IA recommendations where management action is taken within agreed timescale	90%
KPI 4	MEDIUM risk IA recommendations where management action is taken within agreed timescale	75%
KPI 5	Percentage of IA Plan delivered to draft report stage by 31 st March	90%
KPI 6	Percentage of IA Plan delivered to final report stage by 31 st March	80%
KPI 7	Percentage of draft reports issued as a final report within 15 working days	80%
KPI 8	Client Satisfaction Rating (from completed CFQs)	85%
KPI 9	IA work fully compliant with the PSIAS and IIA Code of Ethics	100%

*All IA KPIs Target Performance for 2020/21 have been set at the same thresholds as they were for 2019/20 (despite the shortened audit year).

Key for above:

- CFQs = Client Feedback Questionnaires.
- PSIAS = Public Sector Internal Audit Standards.
- IIA = Chartered Institute of Internal Auditors (UK).

Key for future reporting on actual KPI performance:

- **RED** = currently this performance target is not being met (significantly [**>5%**] short of target performance).
- **AMBER** = currently not meeting this performance target (just short [**<5%**] of target performance).
- **GREEN** = currently meeting or exceeding this performance target.

2019/20 Counter Fraud Annual Report

Committee name	Audit Committee
Officer reporting	Muir Laurie, Deputy Director of Exchequer Services & Business Assurance
Papers with report	2019/20 Counter Fraud Annual Report
Ward	All

HEADLINES

The attached report presents the Audit Committee with an overview of all Counter Fraud work carried out in relation to 2019/20 and assurance in this respect. It also provides an opportunity for the Deputy Director of Exchequer Services & Business Assurance to highlight to the Audit Committee any significant Counter Fraud issues that have arisen which they need to be aware of. Further, the report enables the Audit Committee to hold the Deputy Director of Exchequer Services & Business Assurance to account on delivery of the Counter Fraud Strategic Plan and facilitates in holding management to account for managing issues identified during the course of the Business Assurance Counter Fraud Team activity.

RECOMMENDATIONS:

That the Audit Committee:

- 1. Notes the Counter Fraud Annual Report for 2019/20; and**
- 2. Suggests any comments/amendments.**

SUPPORTING INFORMATION

The Business Assurance Counter Fraud Team supports the Council in meeting its statutory responsibility under section 151 of the Local Government Act 1972 for the prevention and detection of fraud and corruption. The work of the team underpins the Council's commitment to a zero tolerance approach to fraud, bribery, corruption and other irregularities, including any money laundering activity.

BACKGROUND PAPERS

See attached report.

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BUSINESS ASSURANCE

Counter Fraud Annual Report to Audit Committee: 2019/20

31st August 2020



Contents

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1. Introduction

1.1 The Role of the Business Assurance Counter Fraud Team

- 1.1.1 The Business Assurance Counter Fraud Team (BACFT) supports the Council in meeting its statutory responsibility under section 151 of the Local Government Act 1972 for the prevention and detection of fraud and corruption. The work of the BACFT underpins the Council's commitment to a zero tolerance approach to fraud, bribery, corruption and other irregularities, including any money laundering activity.
- 1.1.2 As well as counter fraud activity, the BACFT also conducts a range of other types of investigative work which do not necessarily have a criminal element to them i.e. revenue inspections, disciplinary investigations, etc. There is also a range of preventative work that the team is responsible for carrying out, such as fraud awareness training and ensuring the Council have up-to-date and appropriate corporate investigation policies and procedures. The BACFT also leads on the Council's assessment of the risk of fraud and corruption across all council services.

1.2 The Purpose of the Counter Fraud Annual Report

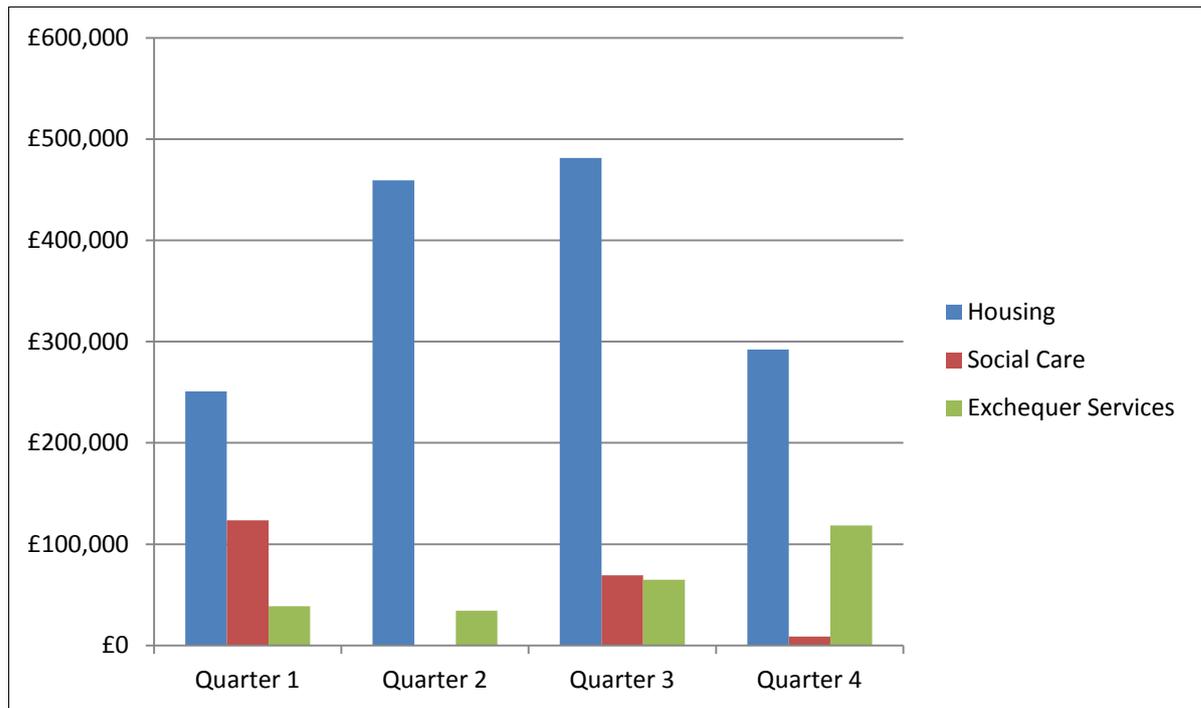
- 1.2.1 The Counter Fraud Annual Report 2019/20 provides the Council's Corporate Management Team (CMT) and Audit Committee with information on the counter fraud work carried out during 2019/20. It summarises for CMT and the Audit Committee the key findings from the quarterly progress reports presented during the year. In addition, it provides an opportunity for the Deputy Director of Exchequer Services & Business Assurance [DDESBA] to highlight any significant issues arising from the counter fraud work in 2019/20.
- 1.2.2 The Annual Report also highlights to CMT, the Audit Committee and other key stakeholders, the performance of the BACFT in meeting its strategic and operational objectives (as set out in the Counter Fraud Strategic Plan), which provides an opportunity for the DDESBA to be held to account in this respect.

2. Executive Summary

- 2.1 In 2019/20 the BACFT was able to build on the achievements of 2018/19, outperforming the previous year in achieving successful outcomes in all areas of counter-fraud work, **delivering a total of £1.94m in loss prevention savings** across Council services. This is a positive outcome for the BACFT and the Council, particularly as 95% of Counter Fraud activity was put on hold in mid March as a result of the Covid-19 pandemic.
- 2.2 From mid March through to June, the BACFT were redeployed into critical services as part of the Council's response to the pandemic. This predominantly involved creating, operating and managing the Council's Food Delivery Service of bespoke shopping orders as well as emergency food parcels for residents. Further, working alongside the Hillingdon4All charity and other Business Assurance teams (including Internal Audit and Insurance), the BACFT successfully carried out other Covid-19 response critical services including medical prescription collections and deliveries of PPE.
- 2.3 2019/20 saw the introduction of prototype Revenues Investigations Unit (RIU) within the BACFT. The work of the RIU maximises revenue, improves efficiency and increases productivity by applying proven effective visiting processes and investigation techniques. This ensures that Business Rates and Council Tax are correctly applied to all properties, including business premises and new-build properties. The RIU's performance in its first year has met expectations and exceeded the 2018/19 figures; 8% improvement on volume of inspections work carried out and 4% increase on inspections completed within the 10 day target. The DDESBA acknowledges that there are further improvements to be made in the RIU coverage and outcomes, but this represents a positive direction of travel for the RIU in its first year of operation.

- 2.4 In 2019/20, the main area of work for the BACFT continued to be within **Housing Services**, with the team carrying out a number of successful counter fraud proactive projects, together with ongoing reactive investigations into suspected housing fraud. This has achieved overall **loss prevention cost reductions of £1.320m**, a 55% increase on the results of 2018/19 (£0.849m). These savings included the **recovery of 28 Council properties** due to tenancy fraud, an increase of 47% from the previous year (19). The BACFT has also successfully **prosecuted 2 cases of housing fraud** involving First Time Buyers (FTB) grants and Housing Application fraud, with the Courts handing down sentences of 120 hours of unpaid work and a £300 fine respectively.
- 2.5 Other counter fraud and verifications activities carried out in 2019/20 included work in the areas of **Exchequer Services, Social Care and Blue Badge**. This was a mixture of proactive counter fraud projects and reactive investigations work, informed by the team's established risk based approach, which generated **financial loss prevention cost reductions totalling c£257k**. Working with colleagues in Social Care and focusing on areas of highest risk, the BACFT carried out projects in relation to Section 17 emergency funding and the allocation of temporary accommodation, which resulted in **loss prevention cost reductions of c£29k** being achieved.
- 2.6 As part of an ongoing prevention strategy towards **Blue Badge Fraud**, the BACFT carried out bi-annual proactive projects in 2019/20, targeting misuse hotspots in the borough. Due to the successful work of the team since introducing proactive prevention work in 2018, Blue Badge misuse has been reduced to a relatively low level. This is partly evidenced by the reduced levels of detected misuse and penalties issued, from 13 seized badges and 12 penalties issued in 2018/19, decreasing to **6 seized badges and 3 penalties issued in 2019/20**. The decision to reduce the number of proactive operations carried out was made based on an assessment of risk and the downward trend in detected Blue Badge misuse. This is a positive reflection on the effect that proactive counter fraud operations have in driving down the instances of fraud/misuse in a particular area of focus.
- 2.7 Proactive projects in Quarters 3 and 4 within Exchequer Services, looking at "**Beds in Sheds**" (unregistered residential accommodation), successfully brought **10 unregistered properties** into Council Tax, generating **£17k of revenue income** for the Council. Data matching, also within Council Tax, specifically focusing on **Single Person Discount (SPD)**, generated **£132k of additional revenue**, with **£29k of wrongful claims** via the **Council Tax Reduction (CTR)** scheme also identified. These results represent a significant improvement in results compared to 2018/19.
- 2.8 In 2019/20 the BACFT continued to successfully operate with a **Home Office Immigration Enforcement Officer (IEO)** integrated within the Counter Fraud and Verifications services provided across the Council. The IEO joined the team in April 2018 through a joint initiative with the Home Office to provide better access to Home Office data and assist local authority decision making where immigration status is an issue. Despite there being a cost to the Council for the IEO service, the prudent estimate of the return on this investment in terms of **loss prevention achieved for 2019/20 is 300%**, which is an **improvement of 40% over 2018/19**.
- 2.9 This loss prevention work is made up of savings in a number of complex Council service areas, but mainly in Housing and Social Care. The impact of the Covid-19 pandemic resulted in the IEO service being paused in March 2020. However, in line with other BACFT services, the IEO services were resumed on 1st of July 2020.
- 2.10 **Chart 1** (over the page) summarises the areas* in which the BACFT has achieved loss prevention savings (cost reductions) in 2019/20 by each quarter. The emphasis of BACFT resource within the area of Housing Services is clearly illustrated and provides context for where loss prevention savings have been achieved throughout the year.
- 2.11 A full breakdown of all BACFT loss prevention savings can be found at **Appendix A**.

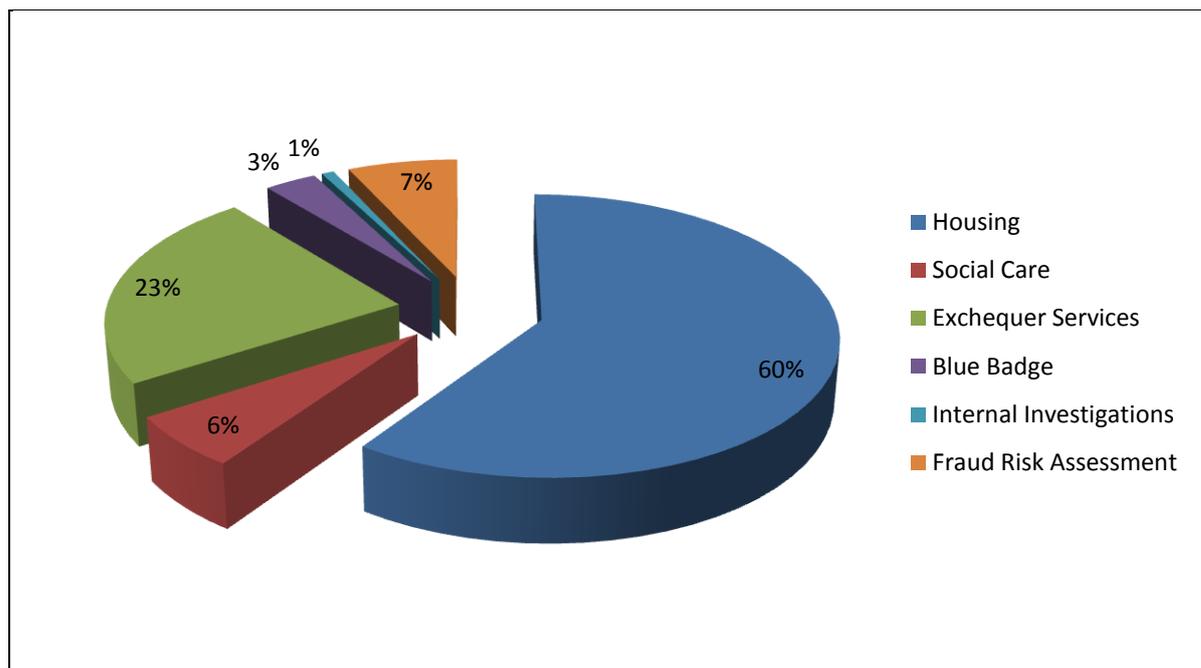
Chart 1 - BACFT Loss Prevention Savings Achieved in 2019/20



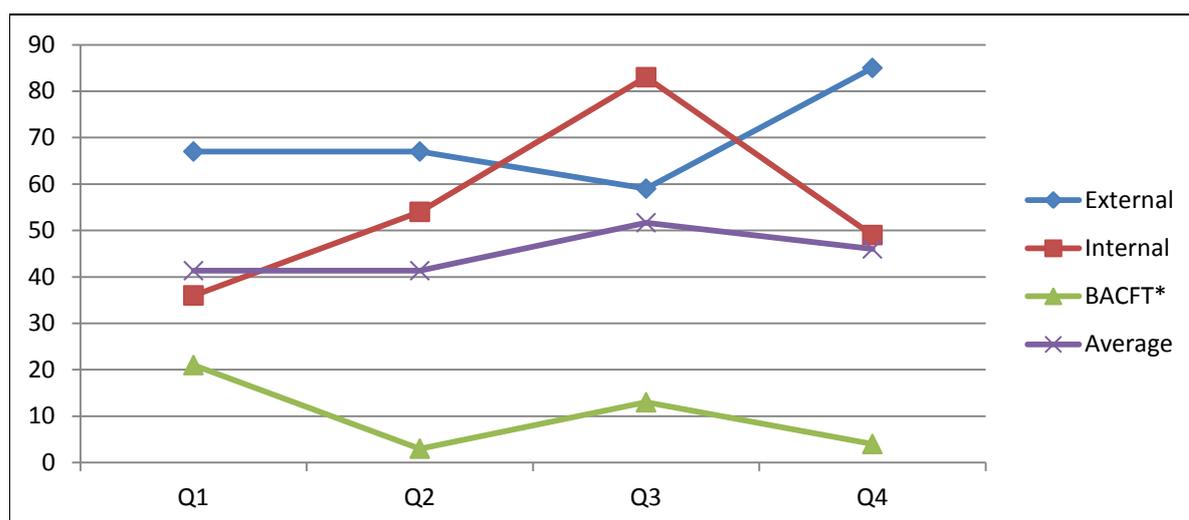
* This includes savings generated through the work of the IEO

2.12 **Chart 2** below summarises the allocation of BACFT resource in 2019/20. As with the previous year, the primary area of allocation is within Housing, though it should be noted this is almost 20% less than in 2018/19. Social Care and Fraud Risk Assessment remains stable at 6% and 7% of resource allocation respectively. The remaining BACFT resource was allocated to Exchequer Services, including NFI data matching and Revenue Inspections. This allocation correlates to the savings achieved in 2019/20 and clearly reflects the strategy to increase focus on high value fraud and loss prevention work within Exchequer Services.

Chart 2 - BACFT Allocated Resource in 2019/20



2.13 In 2019/20 the BACFT received a total of 541 referrals for investigation from both internal and external sources (compared to 425 in 2018/19). **Chart 3** (over the page) provides a summary of the trend in referrals over the year.

Chart 3 - Number of 2019/20 Referrals by Quarter

*Referrals generated through BACFT proactive projects or data matching exercises

- 2.14 The sharp increase in referrals from internal sources in Q3 is attributable to a **comprehensive fraud awareness campaign**, which began in Q3. The Annual Counter Fraud Plan for 2020/21 includes activities to further embed the effective counter fraud culture within the Council. This will build on the achievements of 2019/20 and introduce new initiatives to strengthen the internal and external counter fraud environment, which is a key element of ensuring our fraud prevention strategy is effective. Overall, **fraud referrals across all areas increased by 27% (116) in 2019/20**, which is a positive outcome, as this was a priority objective for the team this year and a key part of the strategy to achieve the team's financial loss prevention target.

3. Analysis of Counter Fraud Activity in 2019/20

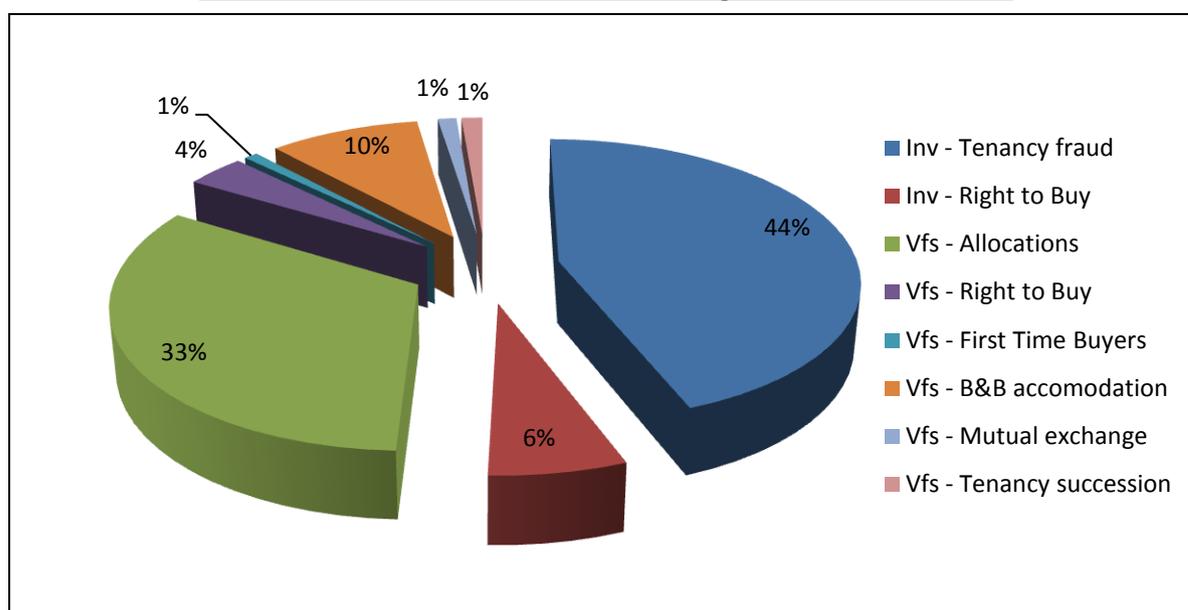
- 3.1 This section provides a more detailed analysis of the activities of the BACFT during 2019/20, detailing specific work streams and the trends within each area for comparison and contrast. The activities of the BACFT were predominantly focussed on three main fraud areas of work; **Housing, Social Care and Exchequer Services**. Although **Blue Badge** fraud remained part of the BACFT's annual plan for proactive work and reactive work, we have seen a decrease in instances of this type of fraud across the borough in 2019/20 due to increased counter fraud activity in this area. The team were also commissioned to carry out several internal investigations, which at times included investigations under the Council's Disciplinary Policy and Procedure, whilst ensuring full compliance with the Corporate Investigations Protocol.

3.2 Housing Fraud

- 3.2.1 Despite increased counter fraud activity within other areas of Council services, housing fraud continued to be the main area for work for the BACFT in 2019/20. The objective being the **effective prevention and detection of housing tenancy fraud**, and providing assurance to key stakeholders that applicants' eligibility for housing services is properly verified, prior to being offered a tenancy.
- 3.2.2 The team actively engages with Housing colleagues to ensure a **high level of fraud awareness** and good working relationships, which in turn acts to generate high quality fraud referrals for investigation. Fraud allegations are also received from members of the public and investigated following a **robust risk assessment process**. This involves initial intelligence gathering and confirmation checks, often including un-notified visits to properties. The team also work with a variety of social landlords and statutory agencies to help detect fraud where information sharing protocols are in place, to try and ensure that those people living in Council properties are properly entitled.

3.2.3 The Council is exposed to a number of housing fraud risks, as highlighted in the Counter Fraud Strategy and as a consequence, significant BACFT resource was deployed on the prevention and detection of housing fraud in 2019/20. **Chart 4** below details the allocation of BACFT resources in 2019/20 within the fraud risk area of Housing Services.

Chart 4 - BACFT Work Within Housing Services in 2019/20



3.2.4 **Chart 4** above sets out the proportion of resource allocated within the different areas of Housing. This clearly indicates that the majority of Counter Fraud housing work is in the areas of tenancy fraud and pre-allocation verifications. **Tenancy fraud work increased by 18% in 2019/20** whereas verifications of housing allocations reduced by 13%. Verifications across all BACFT areas reduced in 2019/20, which reflects the **increasing risk based approach** taken in the delivery of verifications services. This frees up resource to be used on higher risk cases i.e. tenancy fraud work to recover properties. This also allowed for greater resource to be allocated to Right to Buy investigations (refer to **Appendix A**).

3.2.5 Per **Table 1** below, in 2019/20 the BACFT recovered **28 Council properties, an increase of 47% on the previous year**. This improvement can be attributed to the greater priority placed on detecting and investigating more complex and high risk cases of suspected fraud and the additional resource allocated to this work. The focus was also to improve the quality of intelligence received within referrals, through fraud awareness training and maintaining close working relationships with colleagues in Housing Services. These results **reverse the trend of falling numbers of properties recovered** by the BACFT over the last two years, which was due, in part, to successes in tackling tenancy fraud in previous years, effectively reducing levels of fraud across the borough in line with Council's fraud prevention strategy. An increased effort was therefore needed to detect those fraud cases that might have gone unnoticed previously and to tackle the more complex cases, thereby improving on the previous year's outcomes.

Table 1 ~ Housing Tenancy Fraud Cases

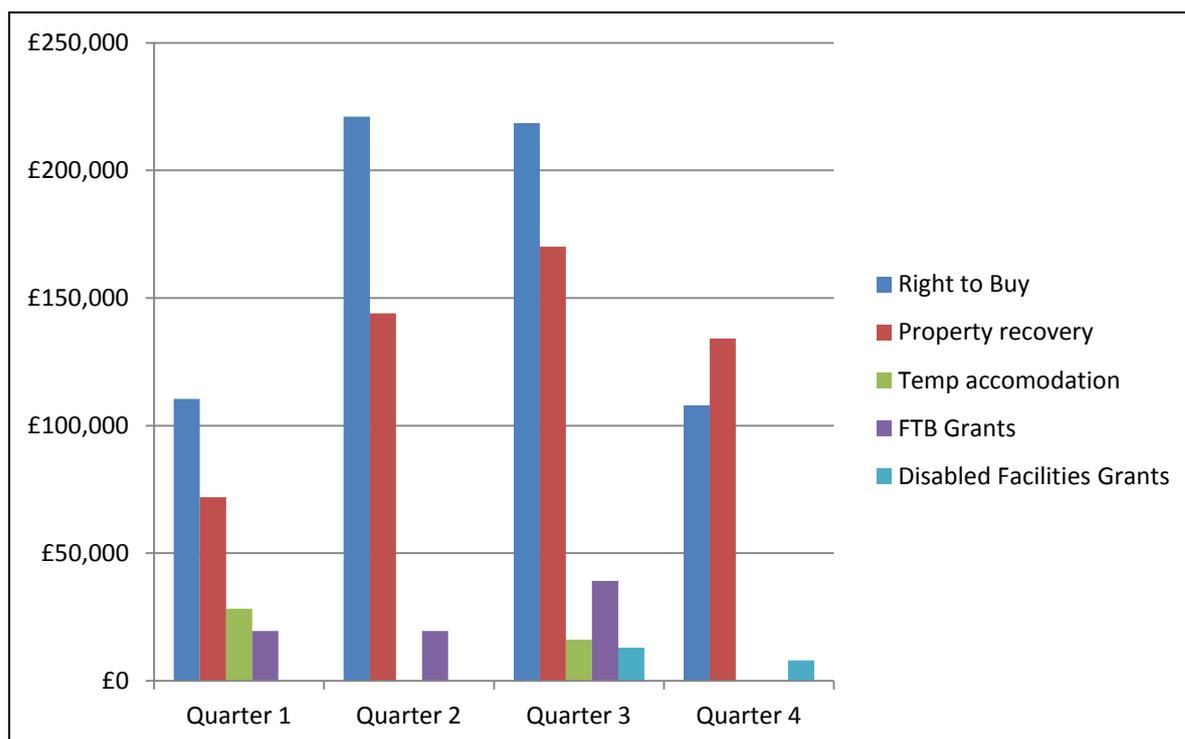
Housing Tenancy Fraud	2019/20		2017/18		2016/17	
	Cases	£k/value**	Cases	£k/value	Cases	£k/value
Total number of recovered properties	28	£504k	19	£342k	43	£774k

** = In 2014, the Audit Commission reported the national average temporary accommodation costs to Local Authorities for one family as **£18k per property**. We continue to use this prudent estimate for reporting purposes, although across London a number of authorities are reporting that the true cost of each tenancy fraud case is more accurately estimated as **£94k per property** and some as high as **£150k per property** as a representation of property replacement costs.

3.2.6 The financial savings achieved in 2019/20 within Housing Services contributed 68% of the total cost reductions achieved by the team, with 60% of the team's resource allocation. This means that fraud within Housing remains the most significant in terms of financial outcomes as a percentage of resources allocated.

3.2.7 **Chart 5** below summaries the loss prevention outcomes of the team by Housing area. Some of these outcomes are notional, such as the recovery of properties, as outlined in **Table 1** (on previous page). Others are a loss prevention outcome where the team has prevented expenditure, such as with accommodation that has been closed or 'Right to Buy' discounts, or a direct cashable saving where the Council has recovered, or will recover funds.

Chart 5 - BACFT Loss Prevention Outcomes in Housing 2019/20



3.2.8 Per **Table 2** below, in 2019/20 the BACFT continued to carry out verifications as part of the housing allocations process. These enhanced checks give assurance to management that housing applicants are genuine and entitled to be housed prior to allocation, and also highlight potential fraud for further investigation.

3.2.9 Of the 2,295 **housing verifications** carried out in 2019/20, **26% (598) have been rejected** for various reasons, such as inability to demonstrate 10 year history in the borough, significant rent arrears or other property ownership. Without our verification checks, these applications are likely to have been successful and the applicant would then have been housed in a Council property that they were not entitled to.

Table 2 ~ Housing Tenancy Verification Cases 2019/20

Housing Tenancy Verification Cases	Q1	Q2	Q3	Q4	Total
Total number of cases reviewed	518	692	581	504	2,295
Total number verified as accurate	380	518	424	375	1,697
Total number rejected	138	174	157	129	598
% identified by BACFT for rejection	27%	25%	27%	26%	26%

3.3 Exchequer Services

- 3.3.1 Over the last financial year, the BACFT has dedicated significant additional resource in the area of Exchequer Services. This includes the work of the **Revenues Investigations Unit (RIU)** carrying out inspections of businesses and properties in the borough, **Council Tax exemptions and discounts** (such as SPD) and data matching work through the National Fraud Initiative (NFI).
- 3.3.2 The RIU was a **prototype sub-team** set up within the BACFT in 2019/20 to carry out the work of revenues inspections in the areas of Council Tax and Business Rates. This initiative brought the function placed back within the BACFT from Exchequer Services, taking advantage of the operational processes existing within the Verifications sub-team. This included the synergy and the knowledge and experience of the BACFT in operating a highly performing visiting function. The work of the RIU maximises revenue, improves efficiency and increases productivity by applying proven effective visiting processes and investigation techniques. This ensures that Business Rates and Council Tax are correctly applied to all properties, including business premises and new-build properties.
- 3.3.3 Per **Table 3** below, the RIU in 2019/20 improved on the performance of the Revenues Team in the previous year by increasing the total number of inspections completed and improving the number of inspections completed within the target of 10 days. This target was not part of the KPI's for the BACFT and existed prior to the service being taken on, but it is intended that this will be a KPI for the RIU moving forward.

Table 3 ~ Revenues Inspections Performance 2019/20

Revenues Inspections	2019/20	2018/19	Improvement
Total number of inspections completed	5,592	5,164	+428 / +8.3%
Percentage within 10 day target	62.8%	58.6%	+4.2 / +7.2%

3.4 National Fraud Initiative

- 3.4.1 The National Fraud Initiative (NFI) is a data matching exercise co-ordinated by the Cabinet Office (CO) which is carried out every 2 years. Over 1,200 organisations in both the public and private sector participate, including councils, the Police, hospitals, nearly 100 private companies, all helping to identify potentially fraudulent claims and errors. The NFI states that from 2018 to 2020, over £244 million of fraud and error has been identified by the scheme.
- 3.4.2 LBH's participation in the NFI project yields financial savings beyond that of the BACFT, details of which are captured by the CO and reported based on their assessment of the estimated impact of the NFI's work. For LBH, the figures reported by the CO for the most recent completed exercise (which was the **2018 bi-annual exercise**) are **savings of £418k** and for the **yearly matching exercise** in 2018, the CO reports **savings of £481k**. The methodology used by the CO to calculate their reported figures is not the same approach as that of the BACFT. We choose to use prudent estimates, i.e. £18k per tenancy fraud case where a property is returned, as opposed to £94k used by the NFI. For Council Tax SPD, the NFI uses 2 years of discount, whereas the BACFT uses just 1 year as the estimated saving.
- 3.4.3 Per **Table 4** (over the page), the results for the **NFI loss prevention work by the BACFT in 2019/20 were total savings of £159,613**. This is a significant improvement on the outcomes for 2018/19 and is explained by an intentional focus placed data matching and NFI work, seeking to improve in this area on 2018/19 outcomes. The majority of the savings have been achieved within revenues and specifically SPD, but a Council property has also been recovered through the NFI work as indicated by the notional saving.

Table 4 ~ NFI Savings in 2019/20

Area of Saving	Q1	Q2	Q3	Q4	Total
Single Person Discount	£22,774	£23,938	£24,421	£39,056	£110,189
Council Tax Exemption	£0	£0	£0	£3,193	£3,193
Council Tax Reduction	£0	£0	£474	£4,132	£4,606
Housing Benefit	£0	£5,066	£0	£18,559	£23,625
Housing Tenancy	£0	£0	£18,000	£0	£18,000
Totals	£22,774	£29,004	£42,895	£64,940	£159,613

3.5 Blue Badge Fraud

3.5.1 The Council is committed to preventing and detecting Blue Badge Fraud through the work of the BACFT. Although the direct monetary value of Blue Badge Fraud is relatively low, the reputational risk in relation to this area is significant for the Council.

3.5.2 In 2019/20 the approach in this area was to carry out proactive 'operations' targeting areas of highest risk for parking offences. BACFT officers in plain clothes checked the badges of all vehicles parking within a disabled bay, or on yellow lines and displaying a Blue Badge. This is to ensure that the badge holder is present or is being collected, but also to ensure that the badge is genuine.

3.5.3 In the 2019/20 year, the approach was to carry out one Blue Badge proactive operation per two quarters. The results for the year were as follows:

- 2 proactive operations (Q1 and Q3) targeting high risk areas;
- 133 badges checked by BACFT officers;
- 6 expired badges seized and returned to the Blue Badge team; and
- 3 financial penalties and 1 official caution issued following investigation.

3.5.4 Since the BACFT commenced proactive Blue Badge operations in 2018, the recorded **instances of misuse of Blue Badges in the borough have been falling significantly in number**. This reflects positively on how the Council tackles Blue Badge fraud and provides reassurance to residents that fraud in this area will not be tolerated by the London Borough of Hillingdon. This initiative increases public awareness of the BACFT's work across the borough and also inspires community confidence. The BACFT will continue to carry out proactive work in this area in 2020/21 and increase resource in this area if levels of misuse begin to rise again.

3.6 Counter Fraud Proactive Projects in 2019/20

3.6.1 Part of the strategic counter fraud approach is to carry out focused proactive projects within service areas where there is the highest risk of fraud and financial loss. This enables the BACFT to focus resource on where it is likely to have the biggest impact, and also gives assurance over areas of council expenditure that is at a high risk.

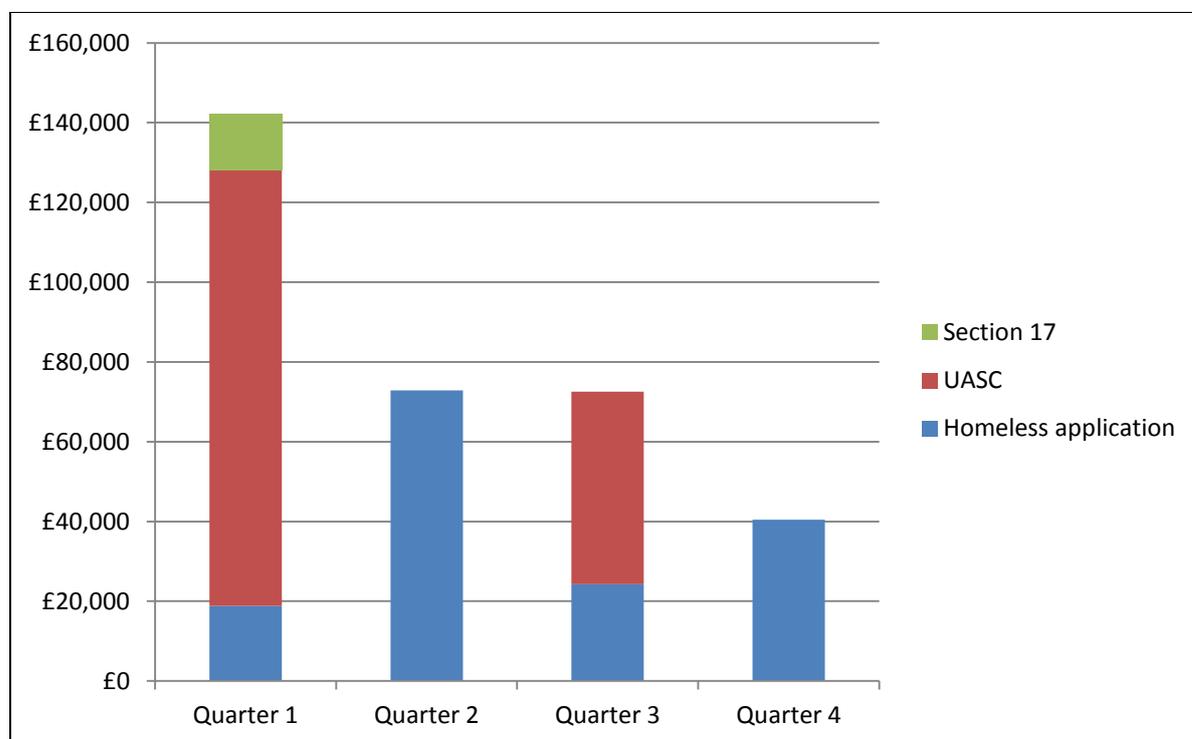
3.6.2 Per the table at **Appendix C**, the BACFT carried out 6 main proactive counter fraud projects in 2019/20 (not including Blue Badge operations). Detailed within **Appendix C** is the rationale behind each project and its outcomes. These projects represent continued achievement for the BACFT, building on the work carried out in 2018/19, and a clear indication of the focus on a risk based methodology and the value in undertaking project work as a proactive measure to prevent financial loss and detect fraud. Further proactive project work is planned for 2020/21 as detailed in the Counter Fraud Strategic Plan.

3.7 Immigration Enforcement Officer (IEO)

3.7.1 Since April 2018, the BACFT has had a Home Office IEO working as part of the team. The purpose is to provide enhanced access to Home Office data for the purpose of assessing cases involving immigration status and for assisting in counter fraud work. The IEO is available to all Council departments where there is a need to verify an individual's status in the country. Having the IEO present has proven to be extremely beneficial in assisting in Council business and preventing financial loss.

3.7.2 **Chart 6** below summarises the outcomes for the work of the IEO within 2019/20. This is based on prudent estimates of the costs of Council services that are linked to immigration issues where the IEO has been able to directly assist with by providing Home Office information. The total value of the IEO work for 2019/20 is prudently estimated at **£328,144** which represents a significant return on the investment by the Council and a **40% increase on the achievements of 2018/19**. At the end of Quarter 4, the IEO's work at the Council was paused due to the pandemic, but the IEO has returned into the team at the start of July 2020.

Chart 6 - IEO Loss Prevention Outcomes 2019/20



3.8 Fraud Awareness Campaign

3.8.1 Part of the Counter Fraud Strategy for 2019/20 was to **enhance and embed an effective counter fraud culture** within the Council. It had been identified from the previous year's data that the number of referrals for investigation from colleagues was on a downward trend, leading to worse outcomes in terms of fraud prevention and detection. The aim, therefore, was to increase the volume of referrals for investigation from colleagues, improving the quality of those referrals, and ensure that fraud was more likely to be detected and prevented by colleagues who were more aware of their fraud risks, and had appropriate controls in place to detect and deter fraud.

3.8.2 The strategy therefore was to increase fraud awareness amongst staff across the Council, and engage with managers to identify and categorise their fraud risks, as part of a comprehensive Fraud Awareness Campaign. This campaign began in November 2019 with a **Fraud Awareness Week**, which included a range of activities designed to communicate to all levels of the Council. Fraud Awareness Week was only the start of the campaign, with the BACFT continuing fraud awareness activities into the New Year and beyond.

- 3.8.3 The activities carried out as part of the fraud awareness campaign included the following:
- Fraud awareness presentations tailored by service area;
 - Fraud Risk Workshops delivered to senior members of staff to identify fraud risks;
 - Information communicated via the All Staff Email and Horizon;
 - A fraud awareness stand manned for the week in November outside the civic centre staff restaurant; and
 - A mandatory fraud awareness e-Learning module which all new staff must complete as part of the staff induction.
- 3.8.4 As a result of this campaign, fraud referrals for investigation from internal sources significantly increased **from 166 in 2018/19, to 222 in 2019/20; an increase of 34%**.

4. Analysis of the Counter Fraud Team Performance 2019/20

- 4.1 The BACFT introduced KPIs for the first time at the beginning of the 2018/19 which were agreed and implemented in liaison with CMT and the Audit Committee. The KPIs allow effective measurement of performance and enable the team and the DDEBA to be better held to account by CMT and Audit Committee. The table at **Appendix B** sets out the performance by the BACFT against the KPIs throughout 2019/20.
- 4.2 As can be seen from **Appendix B**, performance against KPIs has improved considerably in 2019/20 compared to 2018/19, with **5 of the 8 KPIs being achieved**. Whilst further improvement is still possible, this is a significant achievement for the BACFT and indicates the efforts made to constantly improve and professionalise the BACFT, aiming to provide the Council with excellence in fraud prevention, detection and investigation services.
- 4.3 The table at **Appendix A** provides a summary overview of the loss prevention performance of the Counter Fraud team during 2019/20 in relation to the different areas of counter fraud activity.
- 4.4 Throughout 2019/20 the BACFT has sought to obtain data from each London Borough relating to counter fraud activity and produced benchmarking information which is set out at **Appendix D**. This data relates to reported figures in counter fraud reports to oversight committees for 2018/19. It is worth users of this report noting the significant inconsistency between authorities in terms of what they each report to their oversight committees and the variation in values they each place on individual activities. As a result, this makes comparison between authorities in terms of individual counter fraud work areas more challenging.
- 4.5 Nevertheless, there are several areas of general commonality (as set out in **Appendix D**), including the performance on housing fraud and Blue Badge which are present across most London Boroughs.

5. Forward Look

- 5.1 Looking ahead to 2020/21, the BACFT, as part of the Council's Counter Fraud Strategic Plan, will continue to develop the risk based approach, focussing on the areas of highest fraud risk within service areas. Key to this is the continued engagement with service areas on fraud issues, and facilitating fraud risk analysis for the Council through the 'Fraud Universe' and fraud risk workshops.
- 5.2 With the fraud risk profile for the Council changing significantly due to the Covid-19 pandemic, the BACFT will respond to this by adapting its service to meet new challenges and ensure that opportunities to prevent and detect fraud and error are identified with appropriate action taken.

- 5.3 Moving ahead, there are a number of key priorities for the BACFT. These include:
- **Restructuring the BACFT** to align the sub-teams into three fraud units by risk type - Housing Investigations Unit, Revenues Investigations Unit and Special Investigations Unit - as opposed to by function, creating process efficiencies and strengthening the skills mix within the team;
 - **Implementation of the Counter Fraud Strategic Plan 2020/21**, with a full and ongoing reassessment of the fraud risk profile of the Council in light of new and emerging fraud risks;
 - Continued **engagement with key stakeholders through fraud awareness and fraud risk workshops and a continuing of the organisation wide fraud awareness campaign** to further promote and embed the counter fraud culture within the Council; and
 - Focussing on **new opportunities for fraud prevention and detection and strengthening of counter fraud controls** in key areas of financial interest to the Council, such as Social Care, Revenues, Schools and Procurement.
- 5.4 The BACFT would like to take this opportunity to formally record its thanks for the co-operation and support it has received from the management and staff of the Council during 2019/20.

Muir Laurie FCCA CMIIA

Deputy Director of Exchequer Services & Business Assurance

31st August 2020

APPENDIX A**BACFT Loss Prevention Performance 2019/20**

Work Area	Description	Q1	Q2	Q3	Q4	Total
Housing	Right to Buy Discounts	£110,500	£221,000	£218,500	£108,000	£658,000
	Property Recovery (notional)	£72,000	£144,000	£170,095	£134,095	£520,191
	Disabled Facilities Grants	£0	£0	£13,000	£8,000	£21,000
	First Time Buyer Grants*	£19,560	£19,560	£39,120	£0	£78,240
	Other Savings/Loss Prevention	£29,797	£1,762	£16,329	£0	£49,388
	Prosecution Costs	£0	£0	£0	£2,165	£2,165
Social Services	Loss Prevention	£0	£0	£20,978	£8,762	£29,741
Revenues	Council Tax Reduction	£397	£0	£5,311	£24,254	£29,962
	Single Person Discount	£30,984	£28,097	£27,673	£45,719	£132,474
	Council Tax Arrears	£2,600	£0	£3,246	£5,220	£11,066
	Council Tax Exemptions	£1,005	£0	£0	£0	£1,005
	Beds in Sheds	£0	£0	£4,791	£12,837	£17,628
	Housing Benefit Overpayments	£3,715	£6,157	£23,909	£31,819	£65,600
Blue Badge	Simple Caution & Financial Penalty	£200	£0	£100	£0	£300
Immigration Enforcement Officer	Housing Homelessness Applications**	£18,869	£72,861	£24,287	£40,479	£156,496
	Asylum Seeking Children Expense***	£109,263	£0	£48,232	£0	£157,496
	Social Services Section 17 Expense**	£14,123	£0	£0	£0	£14,123
	IEO Sub Total	£142,255	£72,861	£72,520	£40,479	£328,115
Totals	Loss Prevention	£252,755	£293,861	£311,998	£165,241	£1,023,855
	Notional Savings	£75,715	£150,157	£207,005	£165,914	£598,791
	Cashable Savings	£84,343	£49,419	£96,470	£89,531	£319,764
	Costs Awarded/Penalties	£200	£0	£100	£2,165	£2,465
	Total	£413,013	£493,438	£615,573	£422,851	£1,944,875

* First time buyers - Average grant given per person.

** Average weekly cost against average length of support. This figure fluctuates but has been provided by the Council's business performance team.

*** Cost of accommodation and subsistence per week for one year. This figure is a prudent estimate as the Council can and does often support asylum seeking children until they are 25 years old.

APPENDIX B**KPIs and Actual Performance 2019/20**

BACFT KPIs	Target	Q1	Q2	Q3	Q4	19/20	18/19
1. Percentage of fraud referrals risk assessed within 3 working days	95%	94%	100%	100%	97%	98%	66%
2. Verification work timescales for completion:							
a. Housing Allocations completion within the target date set by Housing. ¹	95%	90% ²	96%	99%	96%	97%	90%
b. First Time Buyer completion within 5 working days	95%	100%	100%	100%	100%	100%	90%
c. Right to Buy completion within 28 working days	95%	64%	78%	100%	100%	86%	54%
3. Investigation plan completion within 5 working days of case allocation	95%	100%	94%	89%	94%	94%	67%
4. Tenancy fraud referrals received resulting in property recovery	20%	23%	29%	33%	50%	34%	18%
5. Investigations resulting in sanction (prosecution/penalty/caution)	10%	8%	0%	0%	5%	3%	6%
6. Investigations resulting in loss prevention/financial saving outcome	25%	23%	47%	30%	28%	32%	22%

¹ This KPI was updated in quarter 2 of this year on review of verifications performance and the needs of Housing Services. The previous KPI was "Housing Allocations completion within 3 working days".

² The performance for Q1 and for 2018/19 is shown against the previous KPI of completion within 3 working days.

APPENDIX C**Proactive Counter Fraud Projects 2019/20**

Proactive Project & Rationale	Project Outcomes
<p><u>Bed and Breakfast residency - Q1 to Q2</u></p> <p>The BACFT carried out a project conducting residency checks for emergency accommodation provided to Housing and Social Care service users. The objective of this project was to verify that the emergency accommodation was being lawfully occupied and identify any fraud being committed through subletting or non-occupation.</p>	<ul style="list-style-type: none"> • Number of cases reviewed - 178 • Number of cases validated - 176 • Cases recommended to cease funding - 2 • Loss prevention through stopping funding - £18k • Additional savings - 3 SPD claims ended
<p><u>Empty properties New Homes Bonus - Q2 to Q3</u></p> <p>The New Homes Bonus (NHB) is a grant paid by central government to local councils to incentivise housing growth in local areas. The BACFT worked alongside colleagues within Exchequer Services, to identify properties that were recorded as empty but were in occupation, counting towards the NHB. Desktop enquiries and information gathering was completed by Exchequer Services, whilst the BACFT conducted unannounced visits to properties where checks indicated that a visit was required.</p>	<p>As a result of this work, the Council's NHB grant for 2020/21 has been calculated at £1,084,020, which is £300k above the budget figure forecast by the Council for income from the NHB.</p> <p>The NHB is calculated on a NET figure of the total number of properties that are brought into occupation against the number that become long term empty in the same period.</p>
<p><u>Beds in Sheds - Q3 to Q4</u></p> <p>'Beds in Sheds' is the term used to describe buildings or annexes on private properties that have been erected without the Valuation Office being made aware and that can be considered habitable. This means that the building or annexe should be charged Council Tax.</p> <p>A pilot exercise was conducted and 40 properties were identified that underwent thorough intelligence checks. A joint working visiting programme was designed by BACFT and the Housing Standards team to carry out unannounced inspections at these properties.</p>	<ul style="list-style-type: none"> • Number of properties reviewed - 40 • Properties identified for visit - 21 • No concerns - 8 • Number identified for bringing into Council Tax - 7 • Investigations continuing - 5 • Income generation - £13,811 • Other notable outcomes - 1 HMO suspected as illegal
<p><u>Gas Safety - Q3 (ongoing)</u></p> <p>The Council has a legal obligation as a landlord to ensure that all of its properties have an annual gas safety check. The gas safety appointments are arranged with the tenants who are obliged to allow access to the contractor in order to conduct any necessary work. A joint working programme was set up with the Electrical & Maintenance department to identify properties where the gas safety checks were overdue. This can be considered as an indicator of potential non-occupation, abandonment or non-compliance with their tenancy agreement.</p>	<ul style="list-style-type: none"> • Number of properties visited - 9 • Gas Safety Checks completed with no concerns - 5 • Cases passed to a Counter Fraud Investigator due to concerns of non-occupation - 2 • The remaining visits were postponed due to the Covid-19 pandemic and will be completed when normal service is resumed.

cont'd...

APPENDIX C (cont'd)**Proactive Counter Fraud Projects 2019/20 (cont'd)**

Proactive Project & Rationale	Project Outcomes
<p><u>Council Tax Reduction (CTR) non-responders - Q3 (ongoing)</u></p> <p>The BACFT were approached by Exchequer Services following an annual SPD review carried out by Liberata. A total of 327 CTR and/or HB claimants did not respond to SPD review letters that were sent. The CFT carried out both desktop checks and unannounced visits to identify the reason for not receiving a response and to identify fraud and error.</p>	<ul style="list-style-type: none"> • Properties visited following intelligence checks - 10 • Joint working referrals - 2 • Financial savings - Council Tax Reduction - £6,958 • Financial savings - SPD - £4,004 • HB overpayments - £3,318 • HB applications closed - 9
<p>Fairlie House - Q4</p> <p>This was a joint project with Housing Tenancy Management to conduct visits to a specific tower block. The objective was to ascertain the mobility needs of the residents due to a potential refurbishment taking place where the lifts will be taken out of action, the secondary objective being to identify tenancy fraud and non-occupation. The tower block has had prior tenancy issues, including non-occupation, fraudulent HB/SPD claims and breaches of tenancy (i.e. ASB issues).</p>	<ul style="list-style-type: none"> • Properties visited - 62 • Visit successful - 53 • Cases ongoing - potentially leading to investigation - 9 • Ongoing cases were put on hold due to the Covid-19 pandemic and will resume with normal service.
<p><u>Small Business Rates Relief (SBRR) Project - Q4</u></p> <p>SBRR is aimed at helping small businesses where they are not entitled to another mandatory relief. Relief is based upon the Rateable Value (RV) of their business in the relevant valuation period. They can apply for small business rate relief if the property's rateable value is less than £15,000. They also qualify for small business rate relief if they only use one property for business use.</p> <p>The BACFT was asked by Exchequer Services to carry out a project to make contact with small businesses that would be eligible for the relief, but are not claiming it. This is financially beneficial to the Council as the relief is funded by central government and is guaranteed income for the Council. The project included visits and hand delivered letters inviting applications.</p>	<ul style="list-style-type: none"> • Businesses reviewed - 452 • Businesses that did not qualify - 221 • Businesses that qualified and were awarded SBRR - 35 • Data quality issues (duplicates or relief already awarded) - 29 • No response as yet - 167 • Value of SBRR awarded to businesses - £95k¹

¹This figure is not included in the financial outcomes for the BACFT in 19/20

APPENDIX D**Counter Fraud Benchmarking 2018/19**

London Borough	Council Properties Returned	RTB Cancelled	Housing Applications Closed	Council Tax & CTRS	Blue Badge Outcomes*	Social Care
Barking & Dagenham	14					
Barnet	53	41	3		69	
Bexley	12		62		15	
Brent	23	3	3	£52,846	22	£367,843
Bromley						
Camden	95	5			3	
City of London	20	1	4			
Croydon	8	2	21		27	
Ealing	19	24	33	£1,607		
Enfield	104	30		£141,263		£430,000
Greenwich	15	3			9	£36,442
Hackney	63	13	42		0	£1,721,496
Hammersmith & Fulham	37	16	18	£23,649		
Haringey	52	117				
Harrow	15	8	18	£27,539	17	£40,490
Havering						
Hillingdon	19	4	44	£34,708	9	£50,520
Hounslow	28	19	3			
Islington	16	26	16	£8,050		
Kensington & Chelsea						
Kingston	10	9	25	£213,637	2	
Lambeth	81	2		£27,092	77	
Lewisham	18		8		18	
Merton	9	8	156			
Newham	4	4				
Redbridge	4	2		£41,000		
Richmond						
Southwark						
Sutton	10	9	21		13	
Tower Hamlets	55	12				
Waltham Forest	30	66			45	
Wandsworth						
Westminster (City of)	24	38		£2,649	96	

Where the cell is greyed out, the data was not available to us from the council in question.

* = Successful Outcomes for Blue Badges are defined as Fines and/or Prosecutions, but excluding seized badges.

AUDIT COMMITTEE FORWARD PROGRAMME 2020/21

Committee name	Audit Committee
Officer reporting	Luke Taylor, Democratic Services
Papers with report	None
Ward	All

HEADLINES

This report is to enable the Audit Committee to review planned meeting dates and the forward programme.

RECOMMENDATIONS

That the Audit Committee:

1. Confirms the dates for Audit Committee meetings; and
2. Makes suggestions for future agenda items, working practices and / or reviews.

SUPPORTING INFORMATION

The meeting on Thursday 1 October 2020 will start at 17:10.

Meetings	Room
6 February 2019	CR 6
25 April 2019	CR 5
22 July 2019	CR 4
21 October 2019	CR 4
3 February 2020	CR 4
23 April 2020	CR 5
1 October 2020	CR 5
29 October 2020	CR 5
4 February 2021	CR 3
20 April 2021	CR 6

Meeting Date	Item	Lead Officer
29 October 2020	*Private meeting with Corporate Director of Finance to take place before the meeting	
	External Audit Annual Audit Letter 19/20	Corporate Director of Finance /Ernst & Young
	Approval of the 2019/20 Statement of Accounts and External Audit Report on the Audit for the Year Ended 31/03/2020	Ernst & Young
	External Audit Report on the Pension Fund Annual Report & Accounts 2019/20	Ernst & Young
	Statement of Accounts 2019/20 (incl Annual Governance Statement)	Corporate Director of Finance
	Internal Audit Progress Report Quarters 1 & 2 2020/21 (incl the Quarter 3 2020/21 Internal Audit Plan)	Head of Internal Audit and Risk Assurance
	Counter Fraud Strategic Plan 2020/21	Deputy Director of Exchequer & Business Assurance Services
	Counter Fraud Progress Report Quarters 1 & 2 2020/21	Deputy Director of Exchequer & Business Assurance Services
	2020/21 Q1 Corporate Risk Register - Part II	Deputy Director of Exchequer & Business Assurance Services
	Annual Risk Management Report 2019/20	Deputy Director of Exchequer & Business Assurance Services
	Audit Committee Forward Programme	Democratic Services

Meeting Date	Item	Lead Officer
4 February 2021	*Private meeting with External Audit (Ernst & Young) to take place before the meeting	
	Internal Audit Progress Report Quarter 3 2019/20 & Internal Audit Plan Quarter 4	Head of Internal Audit and Risk Assurance
	Internal Audit Charter 2020/21	Head of Internal Audit and Risk Assurance
	Counter Fraud Progress Report Quarter 3 2019/20	Deputy Director of Exchequer & Business Assurance Services
	2019/20 Q2 Corporate Risk Register - Part II	Deputy Director of Exchequer & Business Assurance Services
	Audit Committee Forward Programme	Democratic Services

Meeting Date	Item	Lead Officer
20 April 2021	**Private meeting with Deputy Director of Exchequer & Business Assurance Services to take place before the meeting	
	EY 2019/20 Annual Audit Plan; 2019/20 Pension Fund Audit plan	Corporate Director of Finance /Ernst & Young
	EY - Annual Grant Audit Letter	Corporate Director of Finance /Ernst & Young
	Draft Internal Audit Plan	Head of Internal Audit and Risk Assurance
	Internal Audit Progress Report 2019/20 Quarter 4 (including the 2020/21 Quarter 1 IA Plan)	Head of Internal Audit and Risk Assurance
	Counter Fraud Progress Report Quarter 4 2019/20	Deputy Director of Exchequer & Business Assurance Services
	Counter Fraud Strategic Plan 20/21 and Operational Work Plan	Deputy Director of Exchequer & Business Assurance Services
	2019/20 Q3 Corporate Risk Register - Part II	Deputy Director of Exchequer & Business Assurance Services
	Audit Committee Forward Programme	Democratic Services

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