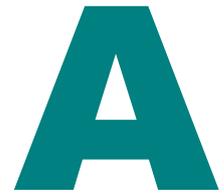




HILLINGDON
LONDON



Audit Committee

Members of the Committee

John Chesshire (Chairman)
Councillor Duncan Flynn (Vice-Chairman)
Councillor Tony Eginton (Opposition
Lead)
Councillor Raymond Graham
Councillor John Morgan

Date: TUESDAY 9 NOVEMBER
2021

Time: 5.10 PM

Venue: COMMITTEE ROOM 6 -
CIVIC CENTRE, HIGH
STREET, UXBRIDGE

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

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Published: Monday 1 November 2021

Contact: Anisha Teji
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Putting our residents first

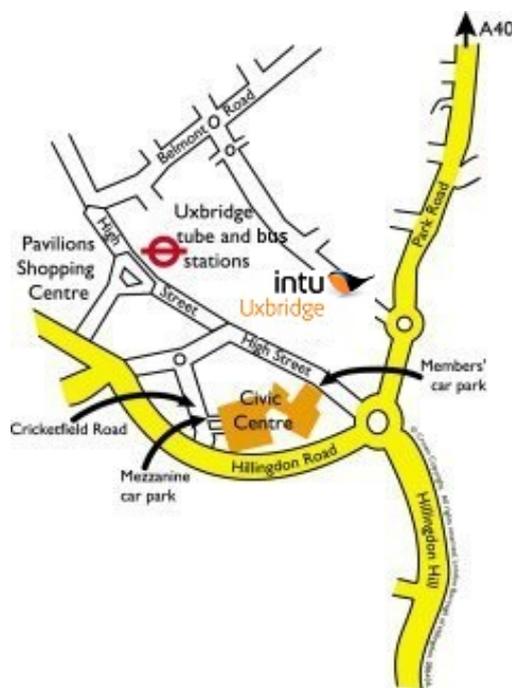
Lloyd White
Head of Democratic Services
London Borough of Hillingdon,
Phase II, Civic Centre, High Street, Uxbridge, UB8 1UW

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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 29 September 2021 1 - 4
- 5** UPDATE: External Audit 2020/21 Statement of Accounts & Public Sector Audit Appointments (PSAA) 5 - 6
- 6** Internal Audit Progress Report Quarter 2 2021/22 (including the Quarter 3 Internal Audit Plan) 7 - 36
- 7** 2021/22 Quarter 2 Counter Fraud Progress Report 37 - 52
- 8** Audit Committee Forward Programme 53 - 54

Minutes



AUDIT COMMITTEE

29 September 2021

Meeting held at Committee Room 5 - Civic Centre, High Street, Uxbridge

	<p>Committee Members Present: John Chesshire (Chairman) Councillors Duncan Flynn, Richard Lewis and Tony Eginton (Opposition Lead)</p> <p>LBH Officers Present: Paul Whaymand, Corporate Director of Finance Lloyd White, Head of Democratic Services Sarah Hydrie, Head of Internal Audit & Risk Assurance James Lake, Head of Finance – Statutory Accounting & Pension Fund Muir Laurie, Deputy Director of Exchequer Services & Business Assurance Stephanie Rao, Internal Audit Manager Alex Brown, Head of Counter Fraud Anisha Teji, Democratic Services Officer</p>
138.	<p>APOLOGIES FOR ABSENCE (<i>Agenda Item 1</i>)</p> <p>Apologies for absence were received from Councillor Ray Graham and Councillor John Morgan, with Councillor Richard Lewis substituting.</p>
139.	<p>DECLARATIONS OF INTEREST (<i>Agenda Item 2</i>)</p> <p>Councillor Tony Eginton declared a non-pecuniary interest in respect of agenda item 6 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> <p>Councillor Richard Lewis declared a non-pecuniary interest in respect of agenda item 6 arising from the fact that he was a non – retired member of the Local Government Pension Scheme. He remained for the discussion of all items.</p>
140.	<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 confirmed that agenda items 1-9 were marked as Part I and would be considered in public.</p>
141.	<p>MINUTES OF THE MEETING HELD ON 29 JULY 2021 (<i>Agenda Item 4</i>)</p> <p>RESOLVED: That the minutes of the meeting held on 29 July 2021 be approved as a correct record, subject to the following amendments:</p>

Minute 134 to read 'loss prevention savings of £1.004m and immigration enforcement savings of £85k'. Minute 135 to read 'immigration enforcement savings of £20k'.

142. **REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE – MANAGEMENT UPDATE** (*Agenda Item 5*)

The Committee received a management update on the review of the effectiveness of the Audit Committee. The review had been awarded a reasonable assurance, with seven low risk recommendations for best practice and one notable practice observation identified.

A management action plan had been created to address the recommendations made in relation to the Committee's membership, Terms of Reference, the corporate risk register, attendance at meetings, training and pre-meetings.

Members welcomed the proposed actions and noted that the Committee membership would be considered post May 2022, although attendance at meetings was a matter for individual Members and any challenges for Member attendance had to be made by the office of the Chief Whips. A skills matrix had already been completed by Members, and training sessions took place prior to Audit Committee meetings. Although transparency concerns were noted, Members considered that pre-meetings with officers made Committee meetings more efficient and effective. The remuneration of the Chairman was also discussed and would be considered by Full Council alongside all other allowances at the appropriate time. With regard to any proposed changes to the Committee's terms of reference, it was noted that the Committee would need to make a recommendation for consideration by Council.

The Committee agreed to discuss the management action plan and advise Democratic Services of its progress.

RESOLVED: That the Committee noted the verbal update on the review of the effectiveness of the Audit Committee and any further proposed action would be notified to Democratic Services.

143. **APPROVAL OF THE 2020/21 STATEMENT OF ACCOUNTS AND DRAFT EXTERNAL AUDIT REPORT FOR THE YEAR ENDED 31 MARCH 2021** (*Agenda Item 6*)

The Committee was provided with a summary of the findings of Ernst & Young (EY), the External Auditor, on the external audit of the 2020/21 statement of accounts, including the pension fund accounts. The report detailed the Council's main financial statements and the pension fund accounts audit.

It was reported that the audit had not been completed by 29 September 2021, due to several pieces of outstanding work, one of which was a national issue relating to pension fund estimates. The Committee was informed that, based on the work undertaken to date, EY anticipated issuing an unqualified opinion on the Council's financial statements, subject to the completion of outstanding work.

The Committee was provided with details of key audit risks. It was noted that EY aim to complete the audit by the end of October 2021, however priority needed to be given to ensuring that the right opinion was provided. Following the conclusion of the audit, debrief sessions would take place with officers to discuss what had worked well and

any areas of learning. The Committee was keen to have EY attend in person for future meetings and it was noted that there were no regulatory or financial implications of late reporting of the audited accounts, however if not published, a notice of non-conclusion should be published by 30 September. It was confirmed the notice had been published.

Further information would be provided in relation to the fair value through profit and loss, Hillingdon First Ltd share capital and fair value assumption and the non-domestic appeal rates losses provisions to confirm the opening percentage.

RESOLVED: That the Committee:

- 1. Noted the progress of 2020/21 external annual audit.**
- 2. Subject to no material change in the attached draft accounts, delegated authority to the Corporate Director of Finance in conjunction with the Audit Committee Chairman to approve the audited 2020/21 Annual Statement of Accounts.**

144. **RISK MANAGEMENT ANNUAL REPORT 2020- 21** (*Agenda Item 7*)

The Committee considered the Risk Management Annual Report 2019/20 which provided an overview of the movement of individual corporate risks across the year, how they had been managed by the Council, and horizon scanning for the future.

It was reported that Business Assurance attended senior management team meetings to meet with individual officer leads to discuss the status of current risks and any new identified risks.

The Committee welcomed the focussed report and commented that it was good to see the risks by each directorate. Further information on membership of the corporate risk management group was requested in future reporting.

The organisational risk culture was described as progressive during the pandemic as there had been an increased awareness and adaptiveness by management to address risks. It was noted that climate change had been recorded as an emerging risk with discussion taking place on how targets and challenges were being met. The Committee discussed risk 5 and the ability to deliver a balanced budget in the medium term and noted that the nature of challenges had changed.

RESOLVED: That the Audit Committee reviewed the risk management annual report 2019/20 as part of its role to independently assure the Council's corporate risk management arrangements and made comments.

145. **2021/22 Q1 CORPORATE RISK REGISTER PART I** (*Agenda Item 8*)

The Corporate Risk Register for Quarter 1 (April to June 2021) report was presented to Members. The report provided evidence about how identified corporate risks had been managed and the actions which were being taken to mitigate those risks.

It was reported that there had been key movements in the Corporate Risk Register including changes to the following risks:

- Financial Resilience of Contracts;
- Asylum/Unaccompanied Minors/ Trafficked Children & Young People;
- High Speed 2 Rail Link;
- Cyber Security; and

	<ul style="list-style-type: none"> • Brexit. <p>An update on the Hillingdon Outdoor Activity Centre was requested.</p> <p>RESOLVED: That the Committee reviewed the Corporate Risk Register for Quarter 1 (1 April to 30 June 2021) as part of the Committee’s role to independently assure the Council’s corporate risk management arrangements.</p>
146.	<p>AUDIT COMMITTEE FORWARD PROGRAMME (<i>Agenda Item 9</i>)</p> <p>Consideration was given to the forward work programme for the Committee.</p> <p>The following amendments were agreed:</p> <ul style="list-style-type: none"> • Internal Audit Strategy would be considered at the February 2022 meeting. • The Counter Fraud Progress Reports would be presented by the Head of Counter Fraud. <p>RESOLVED: That the Audit Committee noted the Forward Work Programme for 2021/22 and amendments.</p>
	<p>The meeting, which commenced at 5.10 pm, closed at 6.43 pm.</p>

These are the minutes of the above meeting. For more information on any of the resolutions please contact Anisha Teji on 01895 277655 or email: ateji@hillington.gov.uk. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.

UPDATE: External Audit 2020/21 Statement of Accounts & Public Sector Audit Appointments (PSAA)

Committee name	Audit Committee
Officer reporting	James Lake, Head of Finance - Statutory Accounts & Pension Fund
Papers with report	PSAA Formal Initiation
Ward	All

HEADLINES

This paper provides an update on the progress of the external audit of the 2020/21 Statement of Accounts including the Pension Fund Accounts.

In addition, an update is provided on the next steps regarding the Public Sector Audit Appointments (PSAA) process following the issue of their formal invitation.

RECOMMENDATIONS:

That the Committee:

- 1. Note the progress of 2020/21 external annual audit.**
- 2. Note receipt of the PSAA formal invitation to participate in the tendering exercise and support the request for Full Council approval to opt into the national scheme for auditor appointments.**

SUPPORTING INFORMATION

Audit Update

At the Audit Committee meeting held in September 2021, EY advised they aimed to complete the annual external audit of the 2020/21 Statement of Accounts by the end of October 2021, albeit this was not guaranteed. Although work has continued, EY internal review processes have highlighted a number of instances where more audit work is required. EY are forecasting this will involve further resource allocation and is likely to extend the audit to the end of November 2021.

Officers will be meeting with EY during November to monitor progress and to ensure any issues are resolved in a timely manner.

PSAA Update

The Council currently utilises the PSAA for the procurement of external audit services. The current agreement covers a period to the end of March 2023.

The Secretary of State has now confirmed the role of the PSAA as the appointing person for eligible principal bodies for the period commencing April 2023. The PSAA has specified the five consecutive financial years beginning 1 April 2023 as a compulsory appointing period for the purposes of the regulations governing the national scheme.

Following Hillingdon's PSAA draft prospectus response and indication to be included in the national scheme for auditor appointments, a formal invitation was received by the Council on the 22 September 2021. In order to meet the regulatory requirements and join the national scheme, the Council will need to complete and return the PSAA form of acceptance.

The relevant regulations also require that the decision to accept the invitation and to opt in must be made by the members of the authority meeting as a whole, (Full Council). Approval will be sought at the 13 January 2022 Full Council meeting.

Subject to approval, the PSAA will need to receive the Council's formal acceptance of this invitation by Friday 11 March 2022.

FINANCIAL IMPLICATIONS

Any costs payable to PSAA are charged directly to the relevant Audit firm.

LEGAL IMPLICATIONS

The Secretary of State for Communities and Local Government delegated statutory functions (from the Audit Commission Act 1998) to PSAA on a transitional basis under powers contained in the Local Audit and Accountability Act 2014. Other legal implications are included in the body of the report.

BACKGROUND PAPERS

None.

AUDIT COMMITTEE - Internal Audit Progress Report for 2021/22 Quarter 2 (including the Quarter 3 Internal Audit Plan)

Committee name	Audit Committee
Officer reporting	Sarah Hydrie, Head of Internal Audit & Risk Assurance
Papers with report	Internal Audit Progress Report for 2021/22 Quarter 2 (including the Internal Audit Plan for 2021/22 Quarter 3)
Ward	All

HEADLINES

The attached report presents the Audit Committee with summary information on all Internal Audit (IA) work covered in 2021/22 Quarter 2, and assurance in this respect. It also provides an opportunity for the Head of Internal Audit & Risk Assurance to highlight to the Audit Committee any significant issues that they need be aware of that have arisen since the last IA progress report. Further, it enables the Audit Committee to hold the Head of Internal Audit & Risk Assurance to account on delivery of the IA Plan and facilitates in holding management to account for managing risk and control weaknesses identified during the course of IA activity. Appended to this report is the risk based IA Plan for 2021/22 Quarter 3 which has been produced in consultation with senior managers and outlines the planned programme of IA work due to commence in the 1st October to 31st December period.

RECOMMENDATIONS:

That the Audit Committee:

- 1. Notes the IA Progress Report for 2021/22 Quarter 2 and considers the Quarter 3 IA Plan and, subject to any further minor amendments, approves it; and**
- 2. Ensures that the coverage, performance and results of the Business Assurance IA activity in quarter 2 is considered and any additional assurance requirements are communicated to the Head of Internal Audit & Risk Assurance.**

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 borough of Hillingdon.

BACKGROUND PAPERS

The Business Assurance service holds various background research documents in relation to the risk based 2021/22 Quarter 3 IA Plan.

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BUSINESS ASSURANCE

Internal Audit Progress Report to Audit Committee:

2021/22 Quarter 2

(including the 2021/22 Quarter 3 Internal Audit Plan)

28th October 2021



HILLINGDON
LONDON

www.hillingdon.gov.uk

Contents

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1. Introduction

1.1 The Role of Internal Audit (IA)

1.1.1 IA provides an independent assurance and consultancy service that underpins good governance, 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 (Amendment) Regulations 2021 that the Authority undertakes an effective IA to evaluate the effectiveness of its risk management, internal control and corporate governance processes, taking into account the UK Public Sector IA Standards or guidance.

1.1.2 The UK Public Sector IA Standards (PSIAS) define the nature of IA and set out basic principles for carrying out IA within the public sector. The PSIAS help the Council to establish a framework for providing IA services, which adds value to the organisation, leading to improved organisational processes and operations.

1.2 The Purpose of the Internal Audit Progress Report to Audit Committee

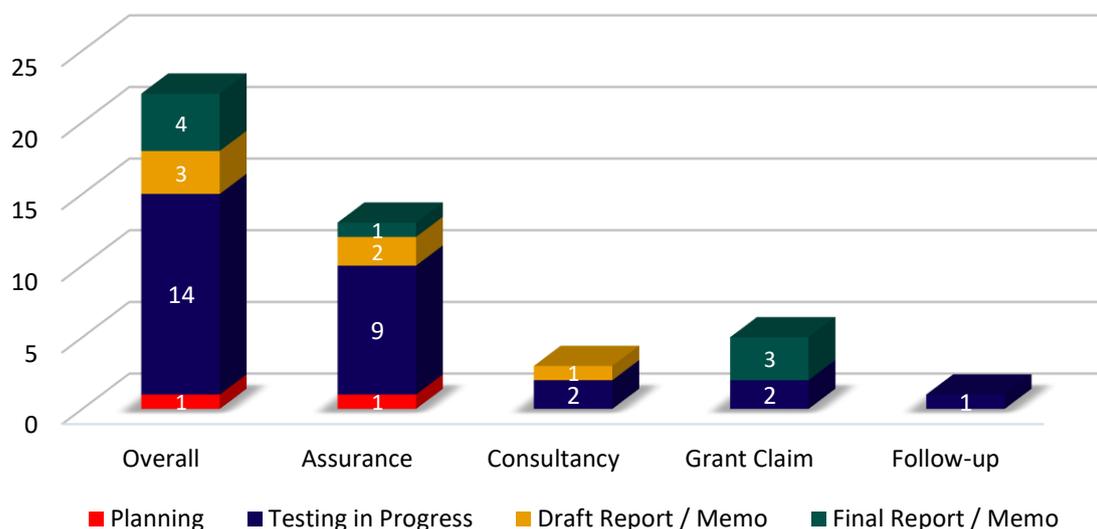
1.2.1 This progress report presents the Council's Corporate Management Team (CMT) and Audit Committee with summary information on all IA work for Quarter 2 (1st July to 30th September 2021). In addition, it provides an opportunity for the Council's Head of Internal Audit & Risk Assurance (HIA), to highlight any significant issues which have arisen from IA work in Quarter 2. It also highlights to CMT, the Audit Committee and other IA stakeholders the revisions to the Quarter 2 (Q2) IA plan since its approval (refer to **Appendix B**).

1.2.2 A key feature of this report is the inclusion of the Quarter 3 IA plan (refer to **Appendix C**). This has been produced over the last few weeks following our assessment of the key risks in consultation with senior managers. It sets out the planned programme of IA coverage due to commence in the Q3 period (1st October to 31st December 2021).

2. Executive Summary

2.1 Since the Q2 IA Progress Report to CMT and the Audit Committee dated 19th July 2021, **1 assurance review** and **3 grant claims** have concluded. **2 assurance reviews** and **1 consultancy review** are at draft report/ memo stage. **9 assurance reviews**, **2 consultancy reviews** and **2 grant claims** are at advanced testing stage and **1 assurance review** is at planning stage. The teams progress against this year's programme of IA work for 2021/22, is depicted in Chart 1 below:

Chart 1 ~ 2021/22 IA Work Undertaken to Date

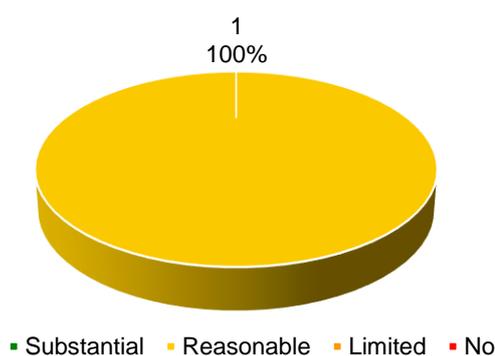
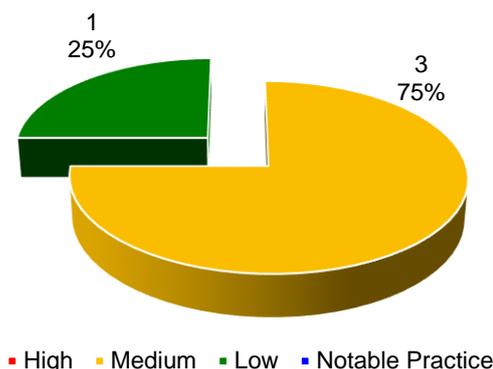


- 2.2 Our work on the 2021/22 Q2 IA Plan commenced on 1st July 2021 and the initial planning stage is mostly complete and testing is well underway on almost all Q2 pieces of IA work. Progress against the Q2 IA Plan has been steady but slower than planned, this is mainly due to the summer holiday period which saw a lot of council staff (including IA colleagues) take annual leave following the lifting of Covid-19 restrictions. Nevertheless, **11** IA assurance reviews, **3** consultancy reviews and **2** grant claims are at an advanced testing/ fieldwork stage and we anticipate being back on track during Q3.
- 2.3 The assurance review finalised this quarter is **Business Continuity Planning** which received a **REASONABLE** assurance opinion. This result is in line with our expectations and the risk-based approach which we deploy. **Positive action has been proposed by management** to address all the **MEDIUM** risk recommendations raised within the review and these recommendations will be followed-up by IA in due course.
- 2.4 This quarter IA has undertaken a variety of consultancy and grant claim work across the Council including **Civica Casework - Enforcement, General Ledger, Safety at Ports Grant, Bus Service Operators Grant and Supporting Families Grant - Q2**. IA is also carrying out an **External Quality Assessment (EQA) for the London Borough (LB) of Camden and the LB of Islington** (who are a shared IA service). This is also helping us prepare for our own EQA due next year.
- 2.5 We continue to perform our follow-up verification work aimed at providing enhanced assurance to CMT and the Audit Committee that IA recommendations have been fully embedded. This quarter, the IA team has established the status of **34** outstanding **HIGH** and **MEDIUM** risk recommendations. We continue to support management with the closure and volume of outstanding IA recommendations, thereby reducing the Council's risk exposure. Further details of the work undertaken in this area can be found in section 3.4 and at **Appendix D** of this report.
- 2.6 Following IA undertaking its initial planning stage, **2 assurance reviews have been deferred** at Management's request (and in agreement with the HIA). **1 assurance review and 1 consultancy review have been added** to the Q2 IA plan (refer to **Appendix B**). Further details of all IA work carried out in this period are summarised at section 3 of this report below.

3. Analysis of Internal Audit Activity

3.1 Assurance Work in Quarter 2

- 3.1.1 During this quarter, **1** assurance review has been completed to final report stage with an additional **2** assurance reviews at draft report stage. A further **9** assurance reviews are at advanced testing stage and the remaining **1** assurance review is at planning stage (where the draft Terms of Reference has been issued but is awaiting management agreement).
- 3.1.2 In Q2 the **Business Continuity Planning** review was awarded a **REASONABLE** assurance opinion where **3 MEDIUM** risk recommendations were raised (refer to **Appendix A**). The IA team found that the business continuity process was working effectively but that some basic framework improvements were required. Documents such as the business continuity strategy and policy were identified as needing updating. Further, we found the process for tracking Business Continuity Plans should be refined. Positive management action has been proposed by management to address all the **MEDIUM** risk recommendations raised.
- 3.1.3 All IA assurance reviewed carried out in the financial year to date are individually listed at **Appendix A**, detailing the assurance levels achieved as well as providing an analysis of recommendations made (in accordance with the assurance level definitions and recommendations risk categories outlined at **Appendix E**). Assurance opinions provided and the associated IA recommendations raised are further summarised in **Chart 2** and **Chart 3** overleaf:

Chart 2 ~ IA Assurance Opinions**Chart 3 ~ IA Assurance Opinions**

3.2 Consultancy Work in Quarter 2

3.2.1 The IA team continues to undertake some consultancy work across the council. Attached at **Appendix A** is the list of consultancy work carried out in Q2 with **3** consultancy reviews at an advanced testing stage. The **EQA for the LB of Camden and LB of Islington** was originally due to start in November but was brought forward to September following a request by the HIA of the shared IA service. The review is a comprehensive assessment of this IA shared service and has proved to be quite insightful and a useful benchmark in comparison to our own IA processes.

3.3 Grant Claim Verification Work in Quarter 2

3.3.1 During this quarter IA has assisted the Council in certifying **3** grant claims. As detailed at **Appendix A**, IA continues to carry out verification work on the **Supporting Families (SF) Grant** as well as completing work on the **Safety at Ports Grant** and the **Bus Service Operators Grant**.

3.3.2 As detailed at **Appendix A** the planned quarterly verification work on the SF Grant has progressed well this quarter. IA has tested a sample of SF cases that had been identified as being 'turned around' by the Council's SF Team. At the conclusion of the work IA issued 3 memos in July, August and September 2021. The total number of families claimed for in Q2 was **128**. IA continues to work with the SF Co-ordinator to discuss their strategy for the SF programme.

3.4 Follow-Up of Previous Internal Audit Recommendations

3.4.1 Following the Audit Committee's request in November 2020 for greater assurance in this area of IA activity, it was agreed that IA will actively follow-up on all (including schools) **HIGH** risk recommendations **within 2 weeks** after their implementation date and **MEDIUM** risks **within 4 weeks** after their implementation date.

3.4.2 Further to this, IA has removed the functionality for risk owners to revise recommendation implementation dates and instead any requests for implementation date extensions will go to the HIA for consideration. The HIA will then, in consultation with the relevant CMT Director, agree the most appropriate course of action.

3.4.3 **Table 1** overleaf highlights that there are **34 IA recommendations for LBH and schools that have not been actioned within the agreed timescales** in Q2 (where an extension has not been agreed). The table also lists the numbers of **HIGH** and **MEDIUM** risk IA recommendations that have passed their implementation date set by management and details their current status.

Table 1 ~ 2021/22 Follow-Up Work Undertaken in Q2

	HIGH risk IA recommendations		MEDIUM risk IA recommendations	
	LBH	Schools	LBH	Schools
1. No. of recommendations that have been marked as implemented on TeamCentral	1	3	5	2
2. *No. of recommendations with new implementation date agreed by HIA and CMT	-	-	-	-
3. **No. of recommendations whose status IA are currently verifying	3	2	18	-
TOTAL (1+2+3) no. of recommendations that have passed their implementation date	4	5	23	2

* Refer to **Appendix D**

** These recommendations have passed their implementation date and IA have been liaising with the Action Owner and relevant Corporate Director to verify/ confirm their status

3.4.4 **Table 1** above shows **IA has verified 34 recommendations in total** whose implementation date has passed (as at 30th September 2021); **9 HIGH** and **25 MEDIUM** risk recommendations. Out of those, **4 HIGH** and **7 MEDIUM** risk recommendations have been marked as implemented. In addition, there are **5 HIGH** and **18 MEDIUM** risk recommendations which IA is currently verifying the status of in liaison with the relevant Action Owner/ Corporate Director (refer to **Appendix D** for further details on the status of these 23 recommendations). IA are working with action owners to establish the status of each outstanding recommendation where updates have not been provided on TeamCentral.

3.4.5 As requested by the Audit Committee, **Table 2** below contains a further breakdown of the number of recommendations whose status IA are currently verifying by **Directorate**.

Table 2 ~ No. of recommendations whose status IA are currently verifying by Directorate

	HIGH risk IA recommendations	MEDIUM risk IA recommendations
Finance	-	-
Social Care & Health	-	2
Planning, Env., Education & Community Services	†5	13
Infrastructure, Transport & Building Services	-	-
Corporate Services & Transformation	-	3

†2/5 of the recommendations are for schools

3.4.6 **Table 2** shows that the highest number of outstanding recommendations are in the Planning, Environment, Education & Community Services Directorate, where **5 HIGH** and **13 MEDIUM** risk recommendations have not been implemented in the original timescale agreed by management. Of these, **2 out of 5** of the **HIGH** risk recommendations have been raised at schools which are the responsibility of the aforementioned Directorate. IA has liaised with each action owner to follow-up progress, refer to **Appendix D** for further information.

3.5 Other Internal Audit Work in Quarter 2

3.5.1 We continue to undertake a quarterly approach to IA planning to ensure emerging risks and new areas of concern are captured, particularly following the global pandemic and the risk this still places on the Authority. During Q2 we continued to undertake risk-based planning meetings alongside risk register reviews due to the synergies between these two functions.

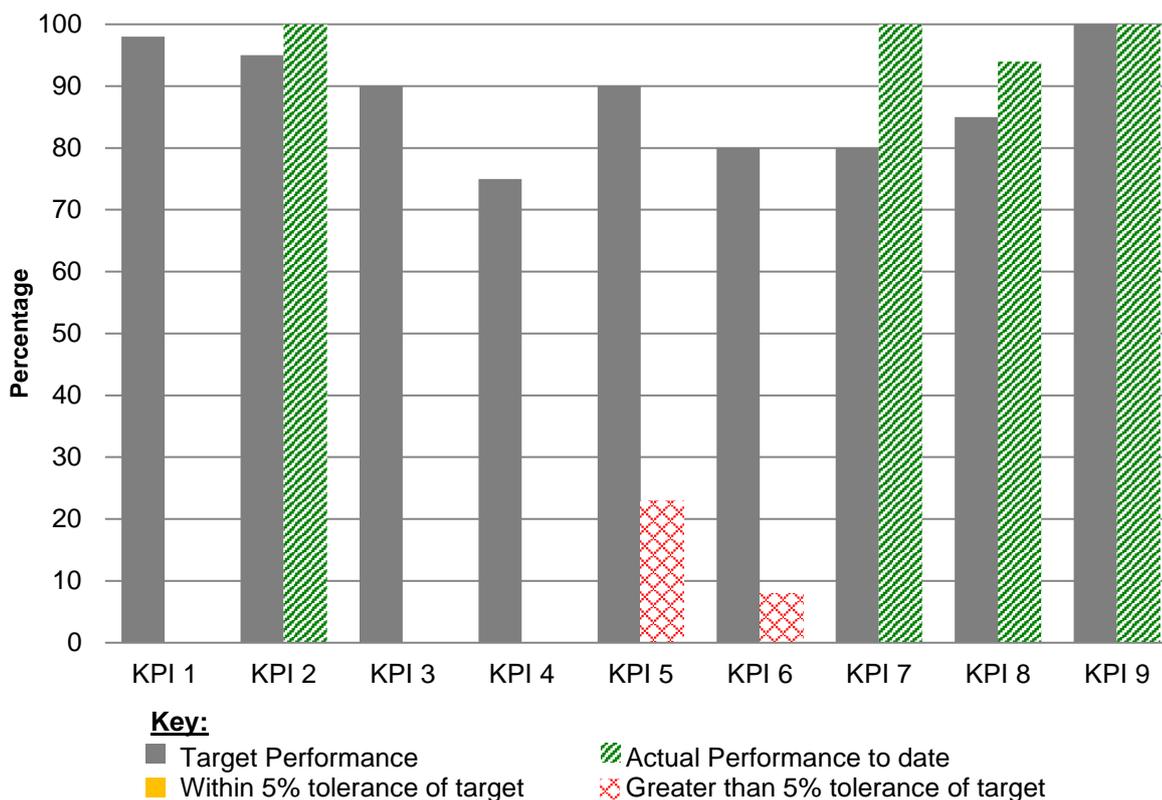
3.5.2 The detailed operational IA plan for Q3 of 2021/22 (refer to **Appendix C**) has been produced in consultation with management. The quarterly planning cycle helps ensure that IA resources are directed in a flexible, risk-based and targeted manner.

4. Analysis of Internal Audit Performance

4.1 IA Key Performance Indicators

4.1.1 The KPIs measure the quality, efficiency and effectiveness of the IA service and assist IA and the Council in helping measure how successful IA has been in achieving its strategic and operational objectives. We believe that these KPIs (as detailed at **Appendix E**) are meaningful and provide challenge to the service. Cumulative performance for 2021/22 to date period is summarised below:

Chart 4 ~ 2021/22 IA Key Performance Indicators



4.1.2 **KPI's 1, 3 and 4** refer to **HIGH** and **MEDIUM** risk recommendations which have not yet been raised and/ or implemented in this reporting year to date, therefore no performance data is available. As more IA work is completed during the course of the year these statistics will be updated.

4.1.3 The following KPIs are below our performance target. They are:

- **KPI 5** shows that 3 assurance reviews (out of 13) have reached draft report stage by the 31st March 2022 deadline which accounts for **23%** of work undertaken so far in Q1 and Q2 compared to the **90% target**; and

- **KPI 6** shows that 1 assurance review (out of 13) have reached final report stage by the 31st March 2022 which accounts for **8%** of work undertaken so far in Q1 and Q2 compared to the **80% target**.

4.1.4 **Appendix A** shows a large portion of IA work is underway and progressing well but that completing work to draft and final report stage has been relatively slow. The completion of IA work has been significantly affected by staff holidays. However, the slow performance against KPIs 5 and 6 was expected because it is relatively early in the audit year. The HIA remains confident that IA KPI performance will improve now that across the council we have seen a return to business as usual.

5. Forward Look

- 5.1 Looking ahead to Q3, we will look to recruit an **Internal Audit Manager**, to replace our colleague who left the council recently. The successful candidate will play a key role in assisting the HIA and other IA Manager with delivery of the IA Team objectives.
- 5.2 The **IA Strategy** is due to be updated and presented to CMT and Audit Committee in the New Year. As a result, the HIA will commence consultation with key stakeholders (including CMT, the Audit Committee, the Leader and his Cabinet, senior managers, external audit, etc) during Q3 to ensure their input to the draft strategy. This will reflect the key strategic objectives faced by the council including the post pandemic assurance work and the move to greater automation of processes across the organisation.
- 5.3 IA would like to take this opportunity to formally thank all staff throughout the Council with whom it had contact during Q2. There are no other matters that the HIA 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

28th October 2021

APPENDIX A**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2021/22**

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

2021/22 IA Assurance Reviews:

IA Ref.	IA Review Area	Status as at 30 th September 2021	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
21-A9	Business Continuity Planning	Final report issued on 3 rd Sept 2021	Reasonable	0	3	1	0	✓
21-A2	Planned Works & Contract Management	Draft report issued on 27 th Sept 2021						
21-A5	Expenditure Approval Process	Draft report issued on 27 th Sept 2021						
21-A3	ICT Service Desk	Testing in progress						
21-A6	Transport Contract Management	Testing in progress						
21-A7	Fostering Service	Testing in progress						
21-A11	Crematorium	Testing in progress						
21-A13	Allotments	Testing in progress						
21-A14	Birth Registration Service	Testing in progress						
21-A16	Procurement – Contract Compliance	Testing in progress						
21-A17	Road Naming and Numbering	Testing in progress						
21-A18	¹ S106 and CIL	Testing in progress						
21-A12	Absence Management	Planning						
21-A10	Social Care Charges	Internal Audit review deferred at Management's request – refer to Appendix B						
21-A15	Parking	Internal Audit review deferred at Management's request – refer to Appendix B						
Total Number of IA Recommendations Raised				0	3	1	0	
Total % of IA Recommendations Raised				0%	75%	25%	0%	

¹New IA Assurance Review Section 106 (S106) and Community Infrastructure Levy (CIL) – refer to **Appendix B**

APPENDIX A (cont'd)**DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2021/22****2021/22 IA Follow-Up Reviews:**

IA Ref.	IA Follow-Up Review Area	Status as at 30 th September 2021	Recommendations					CFQ Received?
			Implemented	Partly Implemented	Not Implemented	+N/A	Total	
21-A8	Follow-up of Implemented Recommendations	Testing in progress	Refer to para 3.4					

⁺ IA follow-up work has concluded this recommendation is no longer applicable

2021/22 IA Consultancy Reviews:

IA Ref.	IA Review Area	Status as at 30 th September 2021	CFQ Received?
21-C1	Civica Casework - Enforcement	Draft memo in progress	-
21-C2	General Ledger	Testing in progress	-
21-C3	² External Quality Assessment for LB Camden & LB Islington	Testing in progress	-

²New IA Consultancy Review – refer to **Appendix B**

2021/22 IA Grant Claim Verification Reviews:

IA Ref.	IA Review Area	Status as at 30 th September 2021
21-GC1	Supporting Families Grant - Quarter 1	Certified, memos issued on 29 th Apr, 28 th May and 25 th Jun 2021
21-GC2	Safety at Ports Grant	Certified and memo issued on 12 th August 2021
21-GC6	Bus Service Operators Grant	Certified and memo issued on 30 th September 2021
21-GC3	Supporting Families Grant - Quarter 2	Certified, memos issued on 30 th Jul, 27 th Aug and 24 th Sept 2021
21-GC4	Housing Benefit Subsidy Grant	Testing in progress
21-GC5	Disabled Facilities Capital Grant	Testing in progress

APPENDIX B**REVISIONS TO THE 2021/22 INTERNAL AUDIT PLAN ~ QUARTER 2****AMENDMENTS to the 2021/22 Operational IA Plan for Quarter 2:**

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
21-A18	Section 106 (S106) and Community Infrastructure Levy (CIL)	Assurance	HIGH	Dan Kennedy Corporate Director Planning, Environment, Education & Community Services	This assurance review was added to the IA Plan in Q2 following discussions with the Leader of the Council and the Chief Executive. The S106 and CIL service is undergoing significant change and IA have been assigned to review the effectiveness of new controls and IT systems to deliver a more efficient service.
21-C3	External Quality Assessment for LB Camden & LB Islington	Consultancy	N/A	Paul Whaymand Corporate Director of Finance	This consultancy project, planned by the London Audit Group, reviews the IA process for the London Boroughs of Camden and Islington against the International Professional Practices Framework (IPPF). This review was originally due to start in Q3 but was brought forward following a request by the audit sponsor.

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IA work DEFERRED from the 2021/22 Operational IA Plan for Quarter 2:

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
21-A10	Social Care Charges	Assurance	HIGH	Tony Zaman Corporate Director, Social Care & Health	This review has been deferred due to a wider piece of work which will look at demand and packages of care. In Q2, Social Care have reported an increase in demand, projected demand and subsequent budget pressures post lockdown. This is exacerbated by the demand and support needs of those fleeing Afghanistan. Before an IA review can begin, work is underway to assess the current baseline with ongoing monitoring of trends which have been modelled over the MTF cycle.
21-A15	Parking	Assurance	MEDIUM	Perry Scott Corporate Director, Infrastructure, Transport & Building Services	The Council's Parking Team are undergoing significant changes. They have recently completed a BID review, are undergoing a recruitment campaign and are changing their ways of working. IA has agreed to carry out this review in 2022/23 when the new structure, process and procedures have had time to be established and embedded.

APPENDIX C**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2021/22 ~ QUARTER 3****IA work scheduled to commence in the 1st October to 31st December 2021 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
21-A19	Council Tax Hardship Discretionary Scheme	Assurance	HIGH	Paul Whaymand Corporate Director of Finance	During the pandemic the Government introduced the Council Tax Discretionary Scheme which is administered for new and existing Council Tax Reduction claimants. The scheme offers claimants an additional discount against their council tax liability, helping to mitigate the impact for some of LBH's financially vulnerable. This audit will review provide assurance over the efficiency, effectiveness and robustness of controls surrounding the application and processing of discounts under this scheme.
21-A20	Thematic Review of Safeguarding in Schools	Assurance	HIGH	Dan Kennedy Corporate Director Planning, Environment, Education & Community Services	Section 175 of the Education Act 2002 sets out the requirement for schools to make arrangements to safeguard and promote the welfare of children. This thematic audit will review a sample of maintained schools to provide assurance over safeguarding arrangements.
21-A21	IT Application Review: ContrOCC	Assurance	MEDIUM	Perry Scott Corporate Director, Infrastructure, Transport & Building Services	ContrOCC is an IT application designed to integrate with case management systems, such as Liquidlogic and Oracle. It is used to help improve the accuracy of Social Care payments and charges by reducing data duplication and improve efficiency of administration. This audit will review the efficiency, effectiveness and robustness of controls surrounding the application and business processes, user access, administration and business continuity measures.
21-A22	Application of Additional Responsibility Allowances (ARAs) and Additional Payments	Assurance	MEDIUM	Mike Talbot Corporate Director, Corporate Services & Transformation	An ARA is an allowance payable to an employee when they perform duties outside the scope of their post over an extended period. During the pandemic there was an increase in the utilisation of ARAs to enable services to meet the changing and additional requirements of services. This audit will provide assurance over the application of ARAs in accordance with the Staff Handbook and equal pay requirements.

APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2021/22 ~ QUARTER 3****IA work scheduled to commence in the 1st October to 31st December 2021 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
21-A23	Chronology on Protocol	Assurance	MEDIUM	Tony Zaman Corporate Director, Social Care & Health	Protocol is the case management and recording system for Children's Social Care. Chronologies provide a key link in the chain of understanding needs/ risks of service users. They set out key events in sequential date order and give a summary timeline of a child's circumstances or patterns of behaviour that may assist any assessment and highlight gaps. This review will provide assurance over the consistency of application, completion and quality of chronologies, ensuring all significant events are included.
21-A24	Transport Funded Projects	Assurance	MEDIUM	Perry Scott Corporate Director, Infrastructure, Transport & Building Services	Transport for London offers financial support to London's local authorities for schemes to improve their transport networks in line with the Mayor's Transport Strategy objectives. Funding can be utilised for a range of town centre improvements and initiatives such as improving road safety. This review will seek to provide assurance on how funded projects and town centre improvement projects are delivered to ensure both value for money and achievement of desired outcomes.
21-A25	Hatton Grove	Assurance	MEDIUM	Tony Zaman Corporate Director, Social Care & Health	Hatton Grove is a care home for up to 20 adults. People living at the home have a range of needs including learning and physical disabilities. This review will provide assurance that financial and risk management arrangements are efficient, staffing and utilisation of beds are operating effectively.
21-A26	Planning Enforcement	Assurance	MEDIUM	Dan Kennedy Corporate Director Planning, Environment, Education & Community Services	Planning Enforcement investigates possible breaches of planning control, as defined in the Town and Country Planning Act 1990 and aims to resolve these using the most appropriate means or action. A breach of planning is when any work is done without the requisite planning permission or does not meet the conditions as per the planning permission. This review will seek to provide assurance over established controls surrounding the enforcement of informal and formal action.

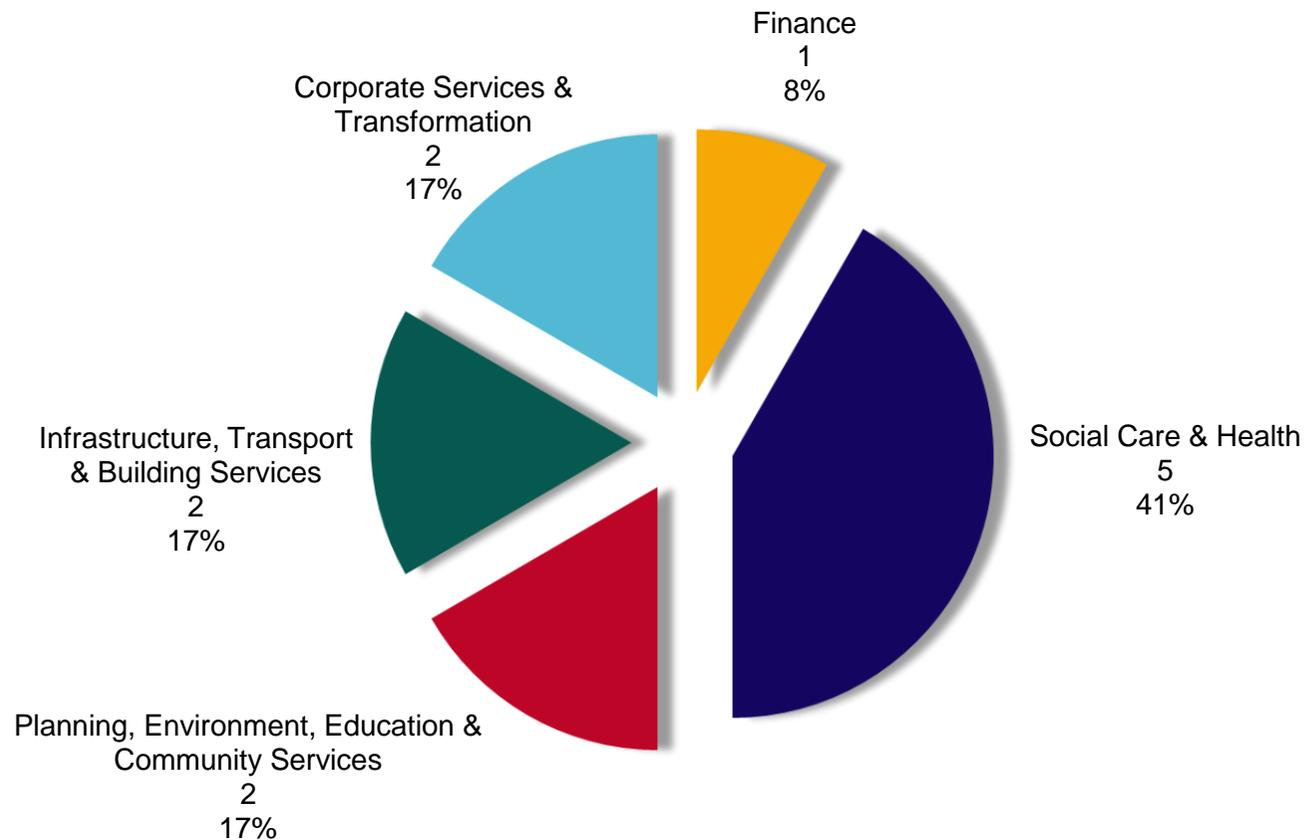
APPENDIX C (cont'd)**DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2021/22 ~ QUARTER 3****IA work scheduled to commence in the 1st October to 31st December 2021 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
21-A27	Payroll Rent Payments	Assurance	MEDIUM	Mike Talbot Corporate Director, Corporate Services & Transformation	There are instances at LBH where an employee's accommodation is linked to their employment, for example, a Care Warden who has to live on site because their accommodation is linked to their job. Government guidelines state that if someone gets accommodation from their work, this does not automatically count towards the National Minimum Wage or National Living Wage. This review will seek assurance surrounding the processes and controls in place when an employee pays rent through LBH Payroll and whether the correct tax has been applied.
21-A28	Home to Assess	Assurance	MEDIUM	Tony Zaman Corporate Director, Social Care & Health	This review will focus on the effectiveness of the Home to Assess service where a patient has their care needs assessed when they are discharged from hospital and are in their own home. This review will look at the adequacy and robustness for transfers of care from hospital and seek to provide assurance that appropriate controls are in place to ensure that any delays to care are minimised.
21-C4	Occupational Therapy - Contract Management	Consultancy	LOW	Tony Zaman Corporate Director, Social Care & Health	Occupational therapy utilises aids and minor adaptations to service users' homes to develop, recover, or maintain the meaningful activities, or occupations of individuals. This consultancy review will seek to ascertain how the new structure and procedures are working in relation to contract management and are operating as expected.
21-GC7	Supporting Families Grant - Quarter 3	Grant Claim	N/A	Tony Zaman Corporate Director, Social Care & Health	Supporting Families Grant continues to be a Central Government scheme under the MHCLG, with the stated objective of helping vulnerable families turn their lives around. The Council receives a payment by results from the MHCLG for each family they support under the scheme. As per the grant conditions, IA will undertake verification work to confirm compliance.

APPENDIX C (cont'd)

DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2021/22 ~ QUARTER 3 (cont'd)

IA work scheduled to commence in the 1st October to 31st December 2021 period – Analysis by Corporate Director:



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- The relevant Audit Sponsor (Corporate Directors, Directors, Deputy Directors, Assistant Directors and Heads of Service) will be consulted regarding the exact timing of each individual IA review; and
- Where an IA review is deferred or cancelled within the quarter, the relevant Audit Sponsor will be asked to provide an alternative audit in their Directorate (Group).

APPENDIX D**OUTSTANDING RECOMMENDATIONS WITH REVISED IMPLEMENTATION DATES (ref para 3.4.5)****2020/21 Multi-Agency Response to Risk****Action Owner: Antony Madden****Corporate Director: Tony Zaman**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
01/07/2021	None	If referrals are not filed correctly there is a risk that the Council and its partners are not providing safeguards to the right individual and make erroneous decisions, resulting in safeguarding, legal, financial and operational consequences for the Council. MEDIUM	Managers were reminded of this expectation at the All Managers Meeting held on the 13 th May 2021 as well as service specific managers meetings. Further discussion at service meetings is required due to the continued difficulties in accessing Civica whilst practitioners are working from home. This matter has been reported to ICT and requires further development. IA are working with the risk owner to determine the revised implementation date.

APPENDIX D (cont'd)**2020/21 CYPS Pathway Plans****Action Owner: Tehseen Kauser****Corporate Director: Tony Zaman**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
30/09/2021	None	<p>If actions identified in a young person's Pathway Plan are not SMART, monitored and reviewed there is a risk that young people will not receive the appropriate ongoing support based on their needs, resulting in an inefficient service which risks their development of independence and risk that the Council are not fulfilling their corporate parent responsibilities which adversely affects the Council.</p> <p>MEDIUM</p>	<p>The risk has been mitigated via changes to the supervision process and pathway plans. In terms of the design performance reporting to support monitoring, ICT has been maximised and we have interim measures in place, however full resolution will not be possible until Power BI is available. IA are working with the risk owner to determine the revised implementation date.</p>

APPENDIX D (cont'd)

2020/21 Remote Working

Action Owner: Lydia Newman

Corporate Director: Mike Talbot

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
30/09/2021	None	If key controls and procedures for remote working are not effectively and clearly communicated to staff, there is a risk of non-compliance and unsafe working practices, leading to injuries to staff, loss of data, or damage to ICT assets, resulting in legal, financial and reputational damage to the Council and injuries to staff. MEDIUM	The status of this recommendation has not been updated therefore IA are working with the risk owner to establish new testing criteria which will verify the implementation of this recommendation.
30/09/2021	None	If the Council does not sufficiently assess risks relating to remote working at a corporate, directorate or service/ team level, controls may fail to be implemented to reduce the inherent risks involved from a health and safety, operational, legal, or financial perspective, leading to the possibility of the risks materialising and resulting in legal, financial, operational and reputational consequences for the Council. MEDIUM	As above.
30/09/2021	None	If management information is not SMART or analysed by key stakeholders, management may not be able to take timely and appropriate actions to address any shortfalls or other emerging issues, resulting in financial, legal, operational and reputational consequences for the Council. MEDIUM	As above.

APPENDIX D (cont'd)**2017/18 Food and Safety Regulation****Action Owner: Stephanie Waterford****Corporate Director: Dan Kennedy**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
31/01/2019 (5 extensions)	01/07/2021	If resources are not used efficiently and effectively there is an increased likelihood that European Union (EU) requirements regarding staffing levels are breached leading to unacceptable delays during the importation of food process, resulting in reputational damage and increased likelihood for compensation claims. MEDIUM	Due to the complexities that have arisen following legislative changes to Brexit this recommendation will be updated in line with its compliance. The roadmap for legislation changes will be announced w/c 18 th October 2021, after which the recommendation will be updated and implemented accordingly. New implementation dates to follow.
31/01/2019 (4 extensions)	01/07/2021	If statutory requirements regarding food and safety inspections are not complied with, there is a risk of contamination with potential health implications to residents. This may result in severe reputational damage to the Council and potential legal action with financial loss incurred. MEDIUM	As above.
30/09/2018 (4 extensions)	01/07/2021	If there is no clear performance management structure in place there is a risk that employees work may not be aligned to organisational and service objectives. Further, if employee performance is not monitored, high performance and/or development needs of individuals and the services will not be identified, commended or remedied. MEDIUM	As above.

APPENDIX D (cont'd)

2019/20 Imported Food Office

Action Owner: Stephanie Waterford

Corporate Director: Dan Kennedy

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
30/01/2020 (1 extension)	01/07/2021	If the Imported Food Office's processes are heavily reliant on a paper-based system, there is a risk that files could be vulnerable to damage and officers are not working efficiently, effectively or economically, impacting their ability to promptly and accurately verify imports, resulting in non-compliance with statute and incurring financial costs to the Council. MEDIUM	Due to the complexities that have arisen following legislative changes to Brexit this recommendation will be updated in line with its compliance. The roadmap for legislation changes will be announced w/c 18 th October 2021, after which the recommendation will be updated and implemented accordingly. New implementation dates to follow.
30/01/2020 (1 extension)	01/07/2021	If roles and responsibilities have not been clearly defined or communicated, there is an increased likelihood that duties may be unfulfilled or duplicated, resulting in practices undertaken that conflict with service objectives, impacting the accurate recording and processing of imported foods and resulting in hazardous materials going undetected causing risks to the public and the environment. MEDIUM	As above.

APPENDIX D (cont'd)**2020/21 Cemeteries - Bereavement Svc & Ground Maintenance****Action Owner: Paul Richards****Corporate Director: Dan Kennedy**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
30/09/2021	None	If adequate systems are not in place to record and maintain accurate grave site and cemetery information or track and update cemetery plans, there is a risk that the Council is in breach of its obligations as a Burial Authority, resulting in legal, financial and reputational consequences for the Council. HIGH	The status of this recommendation has not been updated (the risk owner was on an extended period of leave) therefore IA are working with the risk owner to establish new testing criteria which will verify the implementation of this recommendation.
30/09/2021	None	If the Burial Administration process is heavily reliant on a paper-based system there is a risk that officers are not working efficiently, effectively or economically potentially causing inaccurate recording of burial information, leading to legal, reputational and financial consequences for the Council. HIGH	As above.
30/09/2021	None	If systems are not fit for purpose and enable officers to record and share key data efficiently there is a risk delays may be caused in the current burial process, or management do not receive important information promptly, potentially leading to financial and reputational consequences for the Council. HIGH	As above.
30/09/2021	None	If up to date policies and procedures for the burial process are not in place, easily accessible and regularly reviewed, there is a risk that inconsistent practices may be developed, leading to operational, financial and reputational consequences for the Council. MEDIUM	As above.

APPENDIX D (cont'd)

2020/21 Cemeteries - Bereavement Svc & Ground Maintenance

Action Owner: Paul Richards

Corporate Director: Dan Kennedy

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
30/09/2021	None	If the Council's Bereavement Service's objectives are not clearly specified, there is a risk that the Service will fail to identify and assess potential risks to achieving those objectives, leading to a failure to deliver services effectively, resulting in operational, financial and reputational consequences for the Council. If the Council's Bereavement Service's objectives are not clearly specified, there is a risk that the Service will fail to identify and assess potential risks to achieving those objectives, leading to a failure to deliver services effectively, resulting in operational, financial and reputational consequences for the Council. MEDIUM	The status of this recommendation has not been updated (the risk owner was on an extended period of leave) therefore IA are working with the risk owner to establish new testing criteria which will verify the implementation of this recommendation.
30/09/2021	None	If timely and relevant management information is not in place and regularly reviewed, there is a risk that performance issues are not identified leading to a negative effect on decision-making and impacting the achievement of the service and Council objectives, leading to operational, financial and reputational consequences for the Council. MEDIUM	As above.
01/07/2021	None	If payment structures and income generated by the Council's cemeteries office is not regularly monitored, reviewed and reconciled, there is a risk that residents will be mischarged and income will not be recorded correctly, leading to operational, financial and reputational consequences for the Council. MEDIUM	As above.

APPENDIX D (cont'd)**2020/21 Purchasing and Payments in Schools****Action Owner: Jenny Rigby****Corporate Director: Dan Kennedy**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
23/07/2021	None	If there are no instructions or supporting documentation which guide officers on the purchasing and payment process there is a risk that financial mismanagement will occur resulting in legal, financial, operational and reputational consequences. HIGH	A verbal update was provided by the risk owner on 29 th September 2021. This recommendation is stated as Implemented, but due to lack of internet access at the school over the summer holidays they cannot update TeamCentral. IA are working with the school to obtain a written update and evidence for IA verification.
23/07/2021	None	If roles and responsibilities are not clearly defined there is a risk of staff developing inconsistent practices resulting in poor financial management increasing the risk of fraud which has legal, financial, operational and reputational consequences. HIGH	As above.

APPENDIX D (cont'd)**2020/21 Exclusions or Education Cases for Vulnerable Young People****Action Owner: Paul Chambers****Corporate Director: Dan Kennedy**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
30/09/2021	None	If uniform arrangements are not in place to monitor placements in alternative provision, there is a risk that young people will not be appropriately supported nor receive an education, resulting in safeguarding, legal, financial and reputational consequences for the Council. MEDIUM	The status of this recommendation has not been updated therefore IA are working with the risk owner to establish new testing criteria which will verify the implementation of this recommendation.
30/09/2021	None	If uniform arrangements are not in place to monitor Pupil Support Team placements in accordance with the SLA, there is a risk that young people will not be appropriately supported nor receive an education, resulting in safeguarding, legal, financial and reputational consequences for the Council. MEDIUM	As above.
30/09/2021	None	If alternative school provision providers are not actively monitoring and considering reintegration there is a risk that pupil's integration into mainstream education may be prolonged, resulting in legal, financial and reputational consequences for the Council. MEDIUM	As above.
30/09/2021	None	If there is insufficient management oversight of pupils in alternative education settings there is a risk that progress, hazards and mitigating actions could fail to be identified leading to legal, financial and operational consequences for the Council. MEDIUM	As above.

APPENDIX E**INTERNAL AUDIT KEY PERFORMANCE INDICATORS**

KPI Ref.	Performance Measure	Target Performance	Actual* Performance	RAG Status
KPI 1	2021/22 HIGH risk IA recommendations where positive management action is proposed	98%	-	-
KPI 2	2021/22 MEDIUM risk IA recommendations where positive management action is proposed	95%	100%	GREEN
KPI 3	2021/22 HIGH risk IA recommendations where management action is taken within agreed timescale	90%	-	-
KPI 4	2021/22 MEDIUM risk IA recommendations where management action is taken within agreed timescale	75%	-	-
KPI 5	Percentage of annual (Q1 to Q4) IA Plan delivered to draft report stage by 31 st March	90%	23%	RED
KPI 6	Percentage of annual (Q1 to Q4) IA Plan delivered to final report stage by 31 st March	80%	8%	RED
KPI 7	Percentage of draft reports issued as a final report within 15 working days of completion of fieldwork (this being the final day of fieldwork, exit meeting and receipt of all outstanding information)	80%	100%	GREEN
KPI 8	Client Satisfaction Rating (from CFQs)	85%	94%	GREEN
KPI 9	IA work fully compliant with the UK PSIAS and IIA Code of Ethics	100%	100%	GREEN

Key for above:

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

Key for 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.

* = as at 30th September 2021.

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

RISK	DEFINITION
<p style="text-align: center;">HIGH ●</p>	<p>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.</p>
<p style="text-align: center;">MEDIUM ●</p>	<p>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.</p>
<p style="text-align: center;">LOW ●</p>	<p>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.</p>
<p style="text-align: center;">NOTABLE PRACTICE ●</p>	<p>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.</p>

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AUDIT COMMITTEE - 2021/22 Quarter 2 Counter Fraud Progress Report

Committee name	Audit Committee
Officer reporting	Muir Laurie, Deputy Director of Exchequer Services and Business Assurance
Papers with report	2021/22 Quarter 2 Counter Fraud Progress Report
Ward	All

HEADLINES

The attached report presents the Audit Committee with summary information on all Counter Fraud work covered in relation to 2021/22 Quarter 2 and assurance in this respect. It also provides an opportunity for the Deputy Director of Exchequer Services and 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 and 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 Progress Report for 2021/22 Quarter 2; and**
- 2. Suggests any comments/amendments.**

SUPPORTING INFORMATION

The 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

The Business Assurance service holds various background research documents in relation to the Counter Fraud Strategic Plan.

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BUSINESS ASSURANCE

Counter Fraud Progress Report to Audit Committee:

2021/22 Quarter 2

28th October 2021



Contents

The Counter Fraud key contacts in connection with this report are:

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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, there is also a range of preventative work that the team is responsible for carrying out. This includes fraud awareness training and ensuring the Council have up-to-date and appropriate investigation policies and procedures.

1.2 The Purpose of the Counter Fraud Progress Report

- 1.2.1 The Counter Fraud Progress Report provides the Council's Corporate Management Team (CMT) and Audit Committee with summary information on all counter fraud work carried out during the Quarter 2 period (1st July to 30th September 2021). In addition, it provides an opportunity for the Head of Counter Fraud (HCF) and the Deputy Director of Exchequer Services & Business Assurance (DDESBA) to highlight any significant issues arising from the counter fraud work in Quarter 2 (Q2).
- 1.2.2 The progress 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 HCF and DDEBA to be held to account in this respect.

2. Executive Summary

- 2.1 With the Government's Covid 19 restrictions lifting in July 2021, the BACFT has resumed full operational activity in Q2. This has had a positive impact on visiting functions and direct engagement with the public, as well as contributing to the most financially successful quarter since the introduction of the risk-based approach to counter fraud at Hillingdon. **A total of c£1.5m in loss prevention savings have been achieved in just this quarter alone**, across Housing, Revenues and Social Care. This brings the total year to date loss prevention savings to over c£1.8m and has led the team to exceeding its annual financial target of £1.5m at the halfway stage and is **on course to record its most successful year ever**. This quarter's results are an excellent achievement and highlights the innovative ways the BACFT are tackling fraud risks to maximise loss prevention.
- 2.2 Due to the Covid-19 restrictions which made it difficult to visit domestic properties, the BACFT concentrated on revenues maximisation and using data matching to identify unlisted business premises. As a result, a total of c£1.2m in loss prevention savings have been identified in this area during Q2. This is predominantly made up of **3 undeclared businesses that have now been billed more than £1.1m**, following a robust investigation which utilised council data sets and open source intelligence gathering. This is a significant identification of legitimate council revenue and validates the advantages of taking a proactive risk-based approach to focus on revenue maximisation. With a greater utilisation of technology, open source intelligence and internal information, we are confident that further positive outcomes can be achieved in this area.
- 2.3 The DDESBA is pleased to report that after a robust internal and external recruitment exercise, **Alex Brown has been appointed as the new permanent Head of Counter Fraud (HCF)**. Following this, the DDESBA and HCF are now considering how best to fill the current SIU Counter Fraud Manager vacancy to ensure the continued development of the SIU and how the unit supports the BACFT in meeting its strategic objectives.

- 2.4 After a **three-year criminal investigation into a 10-year tenancy fraud** by the BACFT, both suspects in the case have been prosecuted. Mr Mockford and Mrs Bailey pleaded guilty to two counts of fraud each and both were sentenced to 120 hours unpaid work and ordered to pay a £500 penalty. Additionally, Mr Mockford was handed a **9-month suspended prison sentence**. The outcome of this investigation has been published on the Council's website and social media platforms and sends a clear message that Hillingdon Council will not hesitate to act against fraudsters.
- 2.5 Efforts to continue tackling tenancy fraud led to the successful recovery of a further **7 Council properties** and the cancellation of **1 Right to Buy (RTB)** application. Loss prevention savings totalling **£234k** have been achieved during Q2. A total number of **17 properties** have been recovered during the first half of the financial year. BACFT Officers continue to investigate a further **106** cases of suspected tenancy fraud and are confident of further successful outcomes over the remainder of the financial year.
- 2.6 Two Blue Badge proactive projects were undertaken at **Ruislip Lido** car parks and surrounding residential areas. Concerns had been raised by local Councillors over the summer, which led to the scheduling of the proactive projects. These operations resulted in the seizure of **8 Blue Badges** and formal investigations being opened in **4 instances, with 1 of the offenders receiving a Fixed Penalty Notice of £100** and a **Simple Caution**.
- 2.7 Q2 saw the introduction of a **new Home Office Onsite Immigration Official (OSIO)**. The new OSIO is in post and based at the Civic Centre to provide onsite support and assistance for any immigration related queries. This resource continues to be made available on a part time basis. A communication campaign was launched to reiterate the return of the OSIO function in an onsite capacity and to encourage staff to utilise the services he can provide, to assist with their decision-making processes. Despite the new OSIO not starting the role until late in Q2, the OSIO has identified financial loss prevention savings of over £9k within Housing during the quarter.

3. Analysis of Counter Fraud Activity in Quarter 2

3.1 Housing Fraud

- 3.1.1 The BACFT has continued to carry out positive counter fraud work within Housing services during Q2. As Covid-19 restrictions have eased, and other services across the Council have returned to some form of normality, there has been a **90% increase in referrals** from internal departments such as Housing services, Contact Centre and other frontline services. The courts continue to prioritise the most serious of cases, which has had an impact on the BACFT's ability to evict tenants for tenancy fraud related matters. However, as time goes on, the team is noticing an improvement in the availability of court dates and the timely way they are available.
- 3.1.2 In Q2 the BACFT was able to conclude a **three-year housing investigation** which resulted in a **successful criminal prosecution**. The investigation, which was opened from an anonymous referral, uncovered a **10-year tenancy fraud** involving the sub-letting of a **4-bedroom house**. The tenant and her son both pleaded guilty to offences and were sentenced, in addition the son was given a **9-month suspended prison sentence**. This is a positive outcome for the BACFT and for all departments involved, who assisted with this investigation.
- 3.1.3 As per **Table 1** over the page, the BACFT has **recovered 7 Council properties** during Q2. There are **106 ongoing investigations** into suspected housing fraud, consisting of non-occupation, sub-let and wrongful succession. From these investigations the BACFT have instigated **legal proceedings for 9 of these cases** with Notices being served in each instance.

Table 1 ~ Housing Tenancy Fraud Cases

Housing Tenancy Fraud Cases	2021/22*		2020/21		2019/20	
	Cases	£k/value**	Cases	£k/value	Cases	£k/value
Total number of properties recovered	17	£306k	22	£396k	28	£504k
Total number of ongoing cases	106	£1,908k				

* As at 30th September 2021.

** 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 large 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.

- 3.1.4 The Key Performance Indicator (KPI) 4 (refer to **Table 5** in **Appendix A**) targets an outcome of a Council property to be recovered for 20% of tenancy fraud referrals received. The BACFT has continued to investigate housing fraud effectively with **26% of tenancy fraud referrals resulting in property recovery** (ref KPI 4 at **Appendix A**).
- 3.1.5 The BACFT continues to carry out checks on all **Right to Buy (RTB) applications** submitted to Housing. The RTB process is a statutory scheme whereby a tenant(s) can apply to purchase their property at a significant discount from its market value. There are strict conditions that must be met by the applicant(s) if they are to qualify for the discount. In Q2 the BACFT has prevented **1 fraudulent RTB application, leading to loss prevention savings of £108k**. A further **7 cases of suspected RTB fraud** are currently being investigated.
- 3.1.6 In Q1 the BACFT reported the commencement of the **Temporary Accommodation (TA) proactive project** within Housing. During Q2 the BACFT have conducted unannounced visits to TA properties to verify the details of the current residents, ensuring that any changes of circumstances are reflected in internal systems. This project provides key stakeholders, including the Housing department with positive assurance that TA properties are being lawfully occupied in line with part VII of the Housing Act 1996. Following the recent conclusion of this project, a total of 457 visits to 192 properties were conducted. The BACFT has opened **12 investigations** for suspected non-occupation or subletting, of which **4** of these investigations have already resulted in legal proceedings. Further updates on the outstanding investigations will be available in Q3.
- 3.1.7 The BACFT have also commenced a Q2 proactive housing project involving **outstanding gas safety inspections**. Working collaboratively with internal departments including Housing, Repairs and Legal Services, the BACFT is conducting unannounced visits to those properties that have overdue gas safety checks. The purpose of this project is to reduce the number of properties that have outstanding gas safety checks of 12 months or longer, whilst also identifying potential cases of non-occupation or sub-letting. So far, **47 properties have been visited**, with 19 visits resulting in successful doorstep appointments and a further 6 appointments being made via telephone or email from carrying out enquiries using alternative data systems. Further updates will be available in the next progress report.
- 3.1.8 Although the council no longer offers the First Time Buyer (FTB) scheme, the BACFT continues its **fraud prevention work** by carrying out periodic unannounced post-sale residency checks on properties purchased through the scheme. The conditions of the scheme specify that the homeowner(s) must occupy their property for the first 36 months after purchase to retain the grant.

- 3.1.9 Following a programme of residency checks conducted the BACFT has **3 FTB cases under investigation for sub-letting**. These post sales checks will continue for those already in receipt of the grant.
- 3.1.10 Per **Table 2** below, the BACFT as part of its prevention activity carry out eligibility checks on applicants who register for social housing. In Q2 the BACFT has **completed 511 verifications**, these checks include gathering information on an applicant's income, savings, assets, as well as their current housing situation.

Table 2 ~ Housing Tenancy Verification Cases

Housing Tenancy Verification Cases	Q1	Q2*	2021/22*	2020/21
Total number of cases reviewed	756	511	1,267	2,010
% identified by BACFT for rejection	29%	24%	26%	31%
Total number of applications closed	1	3	4	14

* As at 30th September 2021.

- 3.1.11 In Q2 a further **3 housing tenancy applications** have been completely closed. Applications are closed due to a range of reasons, such as they no longer have a housing need, they have no immigration status, they own a property elsewhere or they have over the threshold in savings or assets. Without the BACFT's enhanced verification checks, these applicants may have been successful in obtaining a council property that they were not entitled to.
- 3.1.12 KPI 2a (refer to **Table 5** in **Appendix A**) targets an **outcome of 95%** of Housing allocation verifications to be completed within the target date set by the Housing department. In Q2 the team has successfully achieved **99% of verifications** being completed within their target date.

3.2 National Fraud Initiative & Internal Data Matching

- 3.2.1 The National Fraud Initiative (NFI) is a data matching exercise co-ordinated by the Government Cabinet Office and conducted every 2 years. The NFI matches data from over 1,200 organisations, including councils, the police, hospitals and almost 100 private companies to identify potential fraud and error. In the year to date, the BACFT has identified loss prevention **savings more than £32k** in this area. Most of these savings were due to residents continuing to claim **Single Person Discount** when they were no longer entitled to do so. Further results are expected to filter through during Quarter 3 and will be reported accordingly. The BACFT are currently in discussions with NFI regarding **new data matching initiatives** to identify fraud and loss across a variety of fraud risks. These discussions are in their infancy but further updates will be included in future BACFT progress reports.

3.3 Revenues Fraud & Inspections

- 3.3.1 Per **Table 3** (over the page), the Revenues Investigation Unit (RIU) has **conducted 2,344 inspections during Q2, with 2,280 (97%) completed within the 10-day target**. There has been a consistent improvement over the course of the year and the team has worked hard to improve its efficiency and achieve the KPI target. The removal of visiting restrictions during Q2 has allowed the RIU to resume its full duties. This has also coincided with a strong loss prevention performance for the RIU in Q2. The team will continue to focus on revenue maximisation to identify high value loss prevention savings. (refer to **Table 6** at **Appendix B**).

Table 3 ~ Revenues Inspections Performance 2021/22

Revenues Inspections	Q1	Q2*	2021/22*	2020/21
Total number of inspections completed	1,887	2,344	4,231	6,005
Percentage within 10 day target	94%	97%	96%	59%

* As at 30th September 2021.

- 3.3.2 Proactive project work has continued to identify '**Beds in Sheds**' within the borough during Q2. 'Beds in Sheds' is the term used to describe habitable outbuildings, or annexes to private properties being utilised without the awareness of the Council or the Valuation Office Agency (VOA). BACFT officers conducted proactive inspections covering 4 roads in a specific part of the borough. A total of **194 properties** were visited and **7 properties** were identified as having self-contained outbuildings or annexes. The details of these properties have been shared with the VOA and the financial outcomes will be reported in Q3. As a result of these visits, **119 properties** require no further action as officers were satisfied that the outbuilding could not be considered as self-contained accommodation. A total of **68 properties** require further inspection visits to be conducted.
- 3.3.3 Outside of the proactive project the BACFT have identified a further **6 previously unlisted outbuildings**, resulting in over **£13k of loss prevention savings** during this quarter. An additional **3 outbuildings** have also been identified and their financial outcomes will be reported in Q3. Beds in Sheds will remain a key area of focus for the BACFT, with further proactive visits planned to continue for the remainder of the year.
- 3.3.4 During Q2 the BACFT continued to **focus on maximising revenue for the Council**. Using council indices, open source intelligence gathering and external data the BACFT identified **3 businesses** that were not listed for NNDR. The investigations on all 3 businesses have concluded, and all the relevant evidence was sent to the VOA. It was confirmed by the VOA that all 3 businesses should be brought into rates, and this has resulted in **over £1.1m of loss prevention savings**. Although only 15% of this is retained by the council, this is a substantial amount of revenue and highlights the importance of proactive intelligence led investigations in this area of work. The BACFT will be aiming to further develop utilising technology and other internally held data. This is a vital area of work for the BACFT as businesses have **no legal obligation** to inform the council that they are trading. Every unlisted business is a potential loss of legitimate revenue to the council.
- 3.4 New Homes Bonus Empty Property Project**
- 3.4.1 The New Homes Bonus (NHB) is a grant paid by central government to the Council to incentivise local housing growth. It is based on the extra council tax revenue raised for new build homes, conversions and long-term empty homes brought back into use. During Q2 the BACFT has worked to identify properties that were classified as long-term empty and are now occupied.
- 3.4.2 A total of **985 properties** were initially listed as unoccupied. Following internal systems checks and intelligence gathering, unannounced visits were conducted to the properties where occupancy could not be determined from information held internally. As a result of the internal systems interrogation and the visiting programme, **418 properties** were identified as occupied. This area of work carried out jointly with Exchequer Services directly increases the amount of grant money received by the council.
- 3.4.3 As a result of the New Homes Bonus project, **2 beds in sheds, 3 potential HMO's (House of Multiple Occupancy), 2 incorrect SPD claims and 1 potential previously unlisted business** were subsequently identified. This information was shared with the appropriate council teams and the financial outcomes will be reported in Q3.

3.5 Social Services

- 3.5.1 The BACFT has continued its loss prevention and counter fraud activity within the **Financial Assessment Team (FA)**. The **new financial assessment verification process** that was introduced in Q1 has seen a large increase in verification requests by the FA Team, with these increasing from **35 requests during Q1 to 91 requests in Q2**.
- 3.5.2 This means tested assessment which the council is under a financial and legal obligation to carry out, assesses each service user's eligibility to receive financial support from the council towards the cost of their care. The verification process enables BACFT officers to identify anomalies including, hidden income, capital, or assets and verify information supplied by each service user. Of the **91 verifications** processed by the team this quarter, **5 cases are undergoing further checks**, with outcomes expected to be reported in Q3.
- 3.5.3 Q2 saw the commencement of the BACFT's first proactive project within financial assessments, with a primary focus on service users who have no recourse to public funds (NRPF). The care costs for both residential and non-residential care are extremely high, with the council being liable for the full cost for users identified as not being able to access public funds.
- 3.5.4 The NRPF project was conducted to ensure that the financial support provided by the council was still required, by verifying the service user's immigration status within the UK and establishing their entitlement to claim and access public funds. Up-to-date status checks were carried out on all **8 cases, with 1 service user found to have access to public funds**. This resulted in the case being re-assessed and the service user contributing towards the cost of their care, identifying **£1.7k in loss prevention savings**.
- 3.5.5 The BACFT has continued its efforts to combat fraud within Direct Payments by encouraging the reporting of suspected cases both internally and externally. This has included utilising social media platforms with the '**FraudAwarenessFriday**' hashtag and Fraud Awareness sessions.
- 3.5.6 Direct Payment applicants can only receive assistance if they have been assessed as needing care and support services, with payments made to allow applicants to access care to meet their needs. The cost of financially supporting these cases can have a great effect on the council's finances due to the considerable cost that such services present. There are currently **3 direct payments cases under investigation**.
- 3.5.7 The council offers a wide range of financial support and schemes for people with disabilities, such as the **Disabled Facilities Grant (DFG)**. This means tested scheme allows eligible applicants to receive financial support from the council to make changes to their home, if they, or someone living at the property is disabled. The BACFT carries out investigations into suspected cases of fraud within the scheme as part of the counter fraud coverage within Social Care. There are currently **5 cases under investigation**, with 2 of these cases being linked to ongoing tenancy fraud investigations.
- 3.5.8 One of the preventative measures to mitigate against the risk of fraud and error within Children's Social Care for the allocation of emergency accommodation under Section 17 of the Children's Act 1989 is the BACFT verification process. This new process aims to validate a family's reason for approach and their financial circumstances, as they are claiming to be destitute and requiring accommodation and or financial support.
- 3.5.9 This desktop process includes confirming the applicant's immigration status and whether they qualify to receive emergency accommodation and support. Whilst the volume of approaches and verification requests are lower than other areas, **Table 4** (over the page), demonstrates the effectiveness of the work carried out in this area. As a direct result of this robust process, the BACFT was able to evidence in one case that **two bank accounts** had not been disclosed with one account containing **£10k**. This resulted in the application being closed and **saving c£13k in accommodation costs**.

Table 4 ~ Section 17 Verification Cases 2021/22

Section 17 Verification Cases	Q1	Q2*	2021/22*	2020/21
Total number of cases reviewed	5	7	12	N/A
Total number verified as accurate	4	6	10	N/A
Total number of cases closed	1	1	2	N/A
Loss Prevention Savings	£13,128	£13,128	£26,256	N/A

* As at 30th September 2021.

3.6 Blue Badge

- 3.6.1 Blue Badge permits provide parking concessions for people with severe mobility problems. In 2019 the scheme's eligibility was extended to people with less visible conditions. Residents that have been diagnosed with autism and/or mental health conditions are now able to apply for a Blue Badge.
- 3.6.2 Q2 saw the BACFT coordinate **two proactive Blue Badge operations** within the parking management schemes at Ruislip Lido and surrounding residential area. These operations followed on from residents approaching their local Councillors, where they expressed their concerns that visitors to the area were fraudulently using Blue Badges and not abiding to the parking management schemes enforced by Parking Services.
- 3.6.3 To maximise coverage and provide reassurance to residents and Councillors, both operations were held during peak times during the week and on a weekend, with BACFT officers deployed alongside Parking Enforcement Officers to determine the scale of the issue raised.
- 3.6.4 A total of **50 Blue Badges** were inspected during these operations. This led to the seizure of **4 badges due to potential Blue Badge misuse** with a further **4 expired badges** also seized. A **Simple Caution** and a **Fixed Penalty Notice** was administered to **1 of the offenders**, with the remaining **3 cases** currently under investigation.
- 3.6.5 The visible presence of officers operating during weekends, demonstrated to residents that the BACFT will take the appropriate action against Blue Badge misuse and ensure legitimate badge holders are able to park and enjoy one of the boroughs most popular attractions.

3.7 Onsite Immigration Official

- 3.7.1 The BACFT has had a Home Office Onsite Immigration Official (OSIO) working as part of the team since April 2018, providing enhanced access to Home Office data for the purpose of assessing cases involving immigration issues and for assisting in a range of counter fraud work.
- 3.7.2 A new permanent OSIO has been recruited by the Home Office and has returned to working onsite at the Civic since mid-September. It is our strongly held belief that an onsite visible presence provides a deterrent to potential false approaches whilst also encouraging staff to utilise the service. As part of the **communication campaign** to relaunch the OSIO service, the BACFT had a feature included in a recent **All Staff Email**. This highlighted the OSIO's working hours, how a referral can be made and included a link to the referral form/ the OSIO's contact details. A further email was sent to **key stakeholders** in Housing, Social Services and HR advising them of recommencement of the onsite service and encouraging their staff to utilise the OSIO.

3.7.3 The OSIO has contributed loss prevention savings of c£9k in Q2 (refer to **Table 6** in **Appendix B**). These savings are in relation to clients who had approached Housing Services for assistance but were subsequently found to be ineligible due to their immigration status. The BACFT is hopeful of a significant increase in the number of referrals following the OSIO's return to onsite duties, which will lead to much greater loss prevention financial savings moving forward.

3.8 Other Counter Fraud Activities

3.8.1 Working closely with colleagues from **Planning Enforcement, Licencing and the Anti-Social Behaviour (ASB)** teams, the BACFT were part of a **joint operation to tackle complaints** raised by residents in part of the borough. Their complaints related to the activities of several businesses based in a multi-use yard causing **noise and ASB**. A joint operation was organised with officers from each team attending the site to ascertain the circumstances relating to the complaints that had been raised. As a result of this intervention, **several previously unlisted businesses** were identified. These businesses will be added to the Council's ratings list and the financial savings will be reported in Q3. **Further enforcement action** is being undertaken by the other council teams involved. This highlighted the benefits of a collaborative approach when dealing with instances of illegal or unlawful behaviour and provides reassurance to residents that such behaviour will not be tolerated.

3.8.2 The BACFT has continued to support colleagues from the **Community Safety Team** and have taken part in the monthly **Targeted Problem-Solving days**. These targeted days aim to highlight problem areas within the borough which have been identified by residents, businesses, and local Councillors. The areas of Hayes, West Drayton and Eastcote were selected to be part of this proactive drive in Q2. The different enforcement teams would flood the area with officers to tackle the myriad of issues that had been raised.

3.8.3 As part of the continued commitment to create a strong counter fraud culture within the organisation, the team has delivered fraud awareness training sessions to colleagues in other services. In total, **4 Fraud Awareness sessions** have been delivered across **Technical Admin** and **Housing Services** with further sessions planned for Technical Admin and to Library staff in Q3. The increase in engagement via the Fraud Awareness Programme has had a direct positive impact on the increase of referrals received.

4. Analysis of the Counter Fraud Team's Performance in Quarter 2

4.1 Attached at **Appendix A** is **Table 5** which sets out the performance by the BACFT against the eight KPIs in Q2. Also attached at **Appendix B** is **Table 6** which provides an overview of the financial performance of the team in Q2 within each of the main areas of counter fraud activity.

4.2 The BACFT have achieved a consistent level of performance across the majority of the KPIs, with **7 of the 8 KPIs at or above targeted performance**, whereas **1 is red**. Staff and management have continued to focus on performance following the success of Q1. The management team are confident this level of performance can be sustained throughout the financial year.

5. Forward Look

5.1 In Q3 the BACFT will undertake a proactive visiting programme to all shared accommodation occupied by **Unaccompanied Asylum Seeking Children (UASC)**. The aim of the project will be to identify possible non occupation or sub-letting of any accommodation. There is currently a high demand for accommodation for certain social care service users. The team will verify the circumstances of each UASC including their immigration status to potentially free up accommodation that is being used fraudulently.

- 5.2 With the new permanent **OSIO** now in place, the BACFT will be exploring opportunities to offer **document verification training** to staff within service areas such as Housing, HR and Social Services. The OSIO will also re-commence the **UASC status check** project that had been put on hold due to Covid-19 working arrangements.
- 5.3 The BACFT will be looking to utilise **International Fraud Awareness Week (November 14th–20th)** to continue to raise fraud awareness and shine a light on fraudulent behaviours. A planned programme of social media posts and internal communications will form part of our stakeholder engagement. Information on common types of fraud and fraud prevention advice will also be shared to enlighten residents and staff alike. Fraud Awareness sessions will be arranged and conducted for teams within **Technical Admin and Library Staff**. Contact has been made with colleagues within **Procurement** regarding potential proactive counter fraud activity. This will likely lead to planned works in this area later in 2021/22.
- 5.4 **The BACFT will continue to prioritise revenues maximisation** and is currently in the planning stages of a new proactive project in conjunction with Exchequer Services. Both departments will work closely with two external suppliers who will utilise external data sets to identify residential premises and businesses the Council are not aware of.
- 5.5 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 this quarter. There are no other counter fraud matters that the DDESBA needs to bring to the attention of CMT or the Audit Committee at this time.

Muir Laurie FCCA CMIIA

Deputy Director of Exchequer Services & Business Assurance

28th October 2021

APPENDIX A**Table 5 ~ BACFT KPIs and Actual Performance**

BACFT KPIs	Target	Q1	Q2*	21/22*	20/21
1. Percentage of fraud referrals risk assessed within 3 working days	95%	100%	100%	100%	87%
2. Verification work timescales for completion:					
a. Housing Allocations completion within the target date set by Housing	95%	99%	99%	99%	95%
b. First Time Buyer completion within 5 working days	95%	100%	N/A**	100%	33%
c. Right to Buy case completion within 28 working days	95%	100%	100%	100%	100%
3. Investigation plan completion within 5 working days of case allocation	95%	100%	96%	98%	90%
4. Tenancy fraud referrals received resulting in property recovery	20%	39%	26%	30%	41%
5. Investigations resulting in sanction (prosecution/penalty/caution)	10%	13%	5%	8%	5%
6. Investigations resulting in loss prevention/financial saving outcome	25%	46%	55%	48%	39%
7. Revenues inspections completed within 10 days of raising	95%	94%	97%	96%	59%

* As at 30th September 2021.

N/A**- KPI has been retired as the scheme has disbanded.

APPENDIX B**Table 6 ~ BACFT Quarter 2 2021/22 ~ Financial Performance**

Work Area	Description	Quarter 1	Quarter 2	2021/22*
Housing	Right to Buy discounts	£0	£108,000	£108,000
	Property Recovery (notional savings)	£180,000	£126,000	£306,000
	Other savings/loss prevention	£0	£4,122	£4,122
Social Services	Section 17 and UASC**	£27,775	£13,128	£40,903
	Financial Assessments and Direct Payments	£0	£1,754	£1,754
	Disabled Facilities Grants	£30,000	£0	£30,000
Revenues	Single Person Discount	£3,247	£37,172	£40,419
	Council Tax Reduction	£4,930	£4,081	£9,011
	Beds in Sheds	£12,367	£13,202	£25,569
	Housing Benefit Overpayments	£23,312	£41,419	£64,731
	NNDR***	£5,866	£1,165,672	£1,171,538
Blue Badge	Simple Caution & Financial Penalty	£500	£100	£600
Immigration Officer	Housing Homelessness Applications**	£0	£9,999	£9,999
	Social Care Savings	£20,303	£0	£20,303
Totals	Loss Prevention Savings	£78,078	£132,882	£210,960
	Notional Savings	£203,312	£167,419	£370,731
	Cashable Savings	£26,410	£1,223,250	£1,249,659
	Costs awarded and penalties	£500	£1,100	£1,600
	Total	£308,299	£1,524,650	£1,832,949

* As at 30th September 2021.

** Average weekly cost against average length of support. This figure fluctuates but has been provided by the Council's Business Performance Team.

*** NNDR operates under a business rates retention model with the Council keeping 15% of income.

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AUDIT COMMITTEE FORWARD PROGRAMME 2021/22

Committee name	Audit Committee
Officer reporting	Anisha Teji, 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 9 November 2021 will start at 17:10.

Meetings	Room
01 February 2022	CR6
28 April 2022	CR3

Meeting Date	Item	Lead Officer
01 February 2022	**Private meeting with Deputy Director of Exchequer Services & Business Assurance to take place before the meeting	
	EY 2020/21 Grant Certification	
	EY 2020/21 Auditor's Annual Report (to include VFM commentary) and Completion Certificate	Corporate Director of Finance /Ernst & Young
	Internal Audit Progress Report Quarter 3 2021/22 (incl. the Quarter 4 2021/22 Internal Audit Plan)	Head of Internal Audit and Risk Assurance
	Internal Audit Strategy 2022 – 25	Head of Internal Audit and Risk Assurance
	Counter Fraud Strategy 2022 – 25	Head of Counter Fraud
	Counter Fraud Progress Report Quarter 3 2021/22	Head of Counter Fraud
	2021/22 Q2 Corporate Risk Register -	Deputy Director of Exchequer Services & Business Assurance
	Forward Programme	Democratic Services

Meeting Date	Item	Lead Officer
28 April 2022	**Private meeting with Ernst & Young to take place before the meeting	
	2021/22 External Audit Plan.	Corporate Director of Finance / Ernst & Young
	Internal Audit Progress Report Quarter 4 2021/22 (incl. the Quarter 1 2022/23 Internal Audit Plan)	Head of Internal Audit and Risk Assurance
	Internal Audit Annual 2022/23 Plan	Head of Internal Audit and Risk Assurance
	Counter Fraud Progress Report Quarter 4 2021/22	Head of Counter Fraud
	Counter Fraud Annual 2022/23 Plan	Head of Counter Fraud
	2021/22 Q3 Corporate Risk Register Part II	Deputy Director of Exchequer Services & Business Assurance
	Forward Programme	Democratic Services