



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 1 FEBRUARY  
2022

**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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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
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## Minutes



### AUDIT COMMITTEE

29 September 2021

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

	<p><b>Committee Members Present:</b> John Chesshire (Chairman) Councillors Duncan Flynn, Richard Lewis and Tony Eginton (Opposition Lead)</p> <p><b>LBH Officers Present:</b> Paul Whaymand, Corporate Director of Finance Lloyd White, Head of Democratic Services Sarah Hydrie, Head of Internal Audit &amp; Risk Assurance James Lake, Head of Finance – Statutory Accounting &amp; Pension Fund Muir Laurie, Deputy Director of Exchequer Services &amp; Business Assurance Stephanie Rao, Internal Audit Manager Alex Brown, Head of Counter Fraud Anisha Teji, Democratic Services Officer</p>
138.	<p><b>APOLOGIES FOR ABSENCE</b> (<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><b>DECLARATIONS OF INTEREST</b> (<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><b>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</b> (<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><b>MINUTES OF THE MEETING HELD ON 29 JULY 2021</b> (<i>Agenda Item 4</i>)</p> <p><b>RESOLVED:</b> That the minutes of the meeting held on 29 July 2021 be approved as a correct record, subject to the following amendments:</p>

	<p><b>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'.</b></p>
142.	<p><b>REVIEW OF THE EFFECTIVENESS OF THE AUDIT COMMITTEE – MANAGEMENT UPDATE</b> (<i>Agenda Item 5</i>)</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The Committee agreed to discuss the management action plan and advise Democratic Services of its progress.</p> <p><b>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.</b></p>
143.	<p><b>APPROVAL OF THE 2020/21 STATEMENT OF ACCOUNTS AND DRAFT EXTERNAL AUDIT REPORT FOR THE YEAR ENDED 31 MARCH 2021</b> (<i>Agenda Item 6</i>)</p> <p>The Committee was provided with a summary of the findings of Ernst &amp; 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.</p> <p>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.</p> <p>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</p>



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"> <li>• Brexit.</li> </ul> <p>An update on the Hillingdon Outdoor Activity Centre was requested.</p> <p><b>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.</b></p>
146.	<p><b>AUDIT COMMITTEE FORWARD PROGRAMME</b> (<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"> <li>• Internal Audit Strategy would be considered at the February 2022 meeting.</li> <li>• The Counter Fraud Progress Reports would be presented by the Head of Counter Fraud.</li> </ul> <p><b>RESOLVED: That the Audit Committee noted the Forward Work Programme for 2021/22 and amendments.</b></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](mailto:ateji@hillington.gov.uk). Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.

## UPDATE EXTERNAL AUDIT GRANT CERTIFICATION 2020/21

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	James Lake, Head of Finance - Statutory Accounts & Pension Fund
<b>Papers with report</b>	None
<b>Ward</b>	All

### HEADLINES

This report provides an update on three areas of 2020/21 certification work undertaken by EY and covers Teachers Pensions, Housing Benefit Assurance Process and Capital Receipts Pooling.

### RECOMMENDATIONS:

**That the Committee notes the update.**

### SUPPORTING INFORMATION

#### Teachers Pensions

EY carried out the audit of the Teachers Pension contributions in Q4 2021. No adjustments were noted in the Teacher's Pension return and it was submitted by the 30 November 2021 deadline.

#### Housing Benefit Assurance Process (HBAP)

EY has been carrying out the Housing Benefit Assurance Process during the second half of 2021 and January 2022. Given the nature of benefits processing, the high volume of transactions, the large value (in excess of £107m for 20/21), and complicated benefits subsidy system, there will always be a certain element of error. However, at this stage, EY has indicated that any differences are likely to be immaterial in the context of the whole claim.

At the time of writing the report it is expected the audit will have completed by the 31 January 2022 deadline.

#### Capital Receipts Pooling

At the end of January 2022, EY began their work relating to the Capital Receipts Pooling. EY is expected to meet the extended deadline of the 31 March 2022.

Classification: Public

Audit Committee – 1 February 2022

## **FINANCIAL IMPLICATIONS**

Fees for the grant certification work undertaken by EY are as follows:

HBAP – Estimate £26,700

Teachers' Pension - £13,500

Pooling of Capital Receipts – Estimate £8,000

## **LEGAL IMPLICATIONS**

Audit engagements are performed in accordance with International Standards on Related Services (ISRS) 4400

Classification: Public

Audit Committee – 1 February 2022

## External Audit 2020/21 Statement of Accounts

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	James Lake, Head of Finance - Statutory Accounts & Pension Fund
<b>Papers with report</b>	None
<b>Ward</b>	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.

### RECOMMENDATIONS:

**That the Committee notes the 2020/21 external annual audit update.**

### SUPPORTING INFORMATION

#### Audit Update

EY will provide a verbal update on the status of the 20/21 external audit at the 1 February 2022 Audit Committee. At the time of writing, the Pension Fund Accounts element has been completed, subject any cross-referencing checks with the Council. It is expected the Council element will be completed on the Audit Committee date of the 1 February 2022. Should the audit be complete ahead of this date, the Statement of Accounts will be signed off by the Chair of the Audit Committee and Corporate Director of Finance under the delegation agreed at the meeting held on 29 September 2021.

#### Value for Money

Under the Code of Audit Practice 2020 EY are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria on the arrangements the Council has in place to secure value for money for the relevant period. The outcome of the assessment is included in a new report named the 'Auditors Annual Report'

At the September meeting EY reported that at that stage they had not identified any significant risks regarding the Council's 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources. EY continue to review the responses and evidence provided and this will enable them, to issue the 'Audit Report'. EY then have a further three months in which to issue the VFM Auditors Annual Report.

### **Whole Government Accounts (WGA)**

Alongside the audit of the accounts EY is also required to review the Whole Government Accounts submission. To enable the WGA submission HM Treasury (HMT) create a Data Collection Tool (DCT). Currently HMT are still developing the tool which is now due for release in Q1 2022. Until the WGA return has been completed and reviewed, EY will be unable to finalise the annual audit. However, it should be noted this does not impact an opinion being issued on the Statement of Accounts.

### **FINANCIAL IMPLICATIONS**

Proposed scale fees detailed in the original audit plan for the London Borough of Hillingdon include the PSAA agreed scale fee of £121,096 plus an extra scale fee of £82,728 which is currently being discussed with the PSAA. Further additional variation fees of between £9,000 and £18,000 for specialist areas are also listed. The EY report also notes further potential variation costs for additional work and grant certification.

For the London Borough Pension Fund agreed scale fees are £16,170 with an additional scale fee of £28,290.

These additional scale fees are being considered by the PSAA as part of the national consideration of EY's fee proposals.

### **LEGAL IMPLICATIONS**

The Statement of Accounts is compiled in accordance the CPIFA Code of Practice (The Code) The Code sets out the proper accounting practices defined by Section 21(2) of the Local Government Act 2003. These proper practices apply to statements of accounts prepared in accordance with the statutory framework established for England by the Accounts and Audit Regulations 2015. The audit of those accounts is undertaken in accordance with the statutory framework established by Sections 3 and 20 of the Local Audit and Accountability Act 2014 for England.

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

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Sarah Hydrie, Head of Internal Audit & Risk Assurance
<b>Papers with report</b>	Internal Audit Progress Report for 2021/22 Quarter 2 (including the Internal Audit Plan for 2021/22 Quarter 3)
<b>Ward</b>	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 1<sup>st</sup> October to 31<sup>st</sup> 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)**

**28<sup>th</sup> October 2021**



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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.

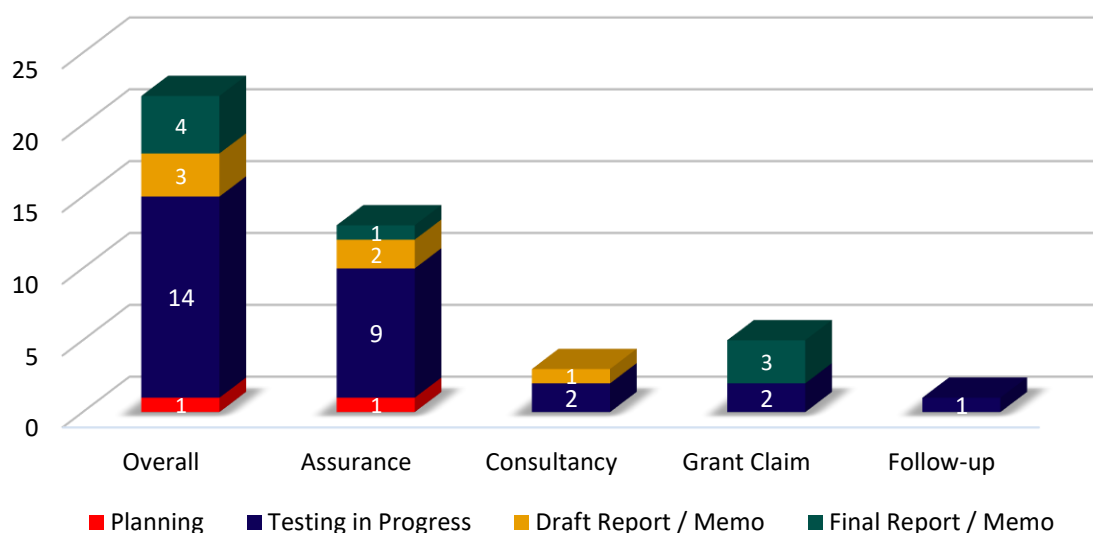
### 1.2 The Purpose of the Internal Audit Progress Report to Audit Committee

- 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 (1<sup>st</sup> July to 30<sup>th</sup> 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 (1<sup>st</sup> October to 31<sup>st</sup> December 2021).

## 2. Executive Summary

- 2.1 Since the Q2 IA Progress Report to CMT and the Audit Committee dated 19<sup>th</sup> 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**



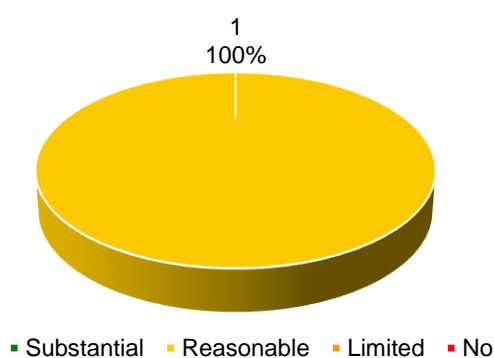
- 2.2 Our work on the 2021/22 Q2 IA Plan commenced on 1<sup>st</sup> July 2021 and the initial planning stage is mostly complete and testing is well underway on almost all Q2 pieces of IA work. Progress against the Q2 IA Plan has been steady but slower than planned, this is mainly due to the summer holiday 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

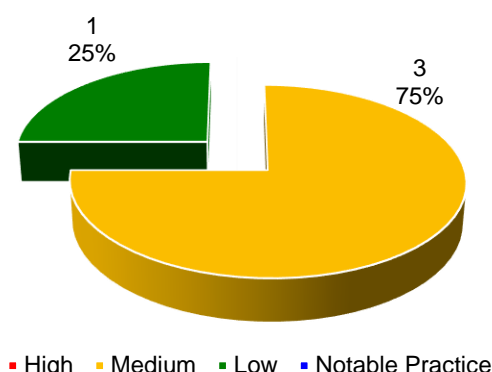
#### 3.1 Assurance Work in Quarter 2

- 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**



■ Substantial ■ Reasonable ■ Limited ■ No

■ High ■ Medium ■ Low ■ Notable Practice

## 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**

	<b>HIGH risk IA recommendations</b>		<b>MEDIUM risk IA recommendations</b>	
	<b>LBH</b>	<b>Schools</b>	<b>LBH</b>	<b>Schools</b>
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	-
<b>TOTAL (1+2+3) no. of recommendations that have passed their implementation date</b>	<b>4</b>	<b>5</b>	<b>23</b>	<b>2</b>

\* 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 30<sup>th</sup> 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**

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

<sup>†</sup>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

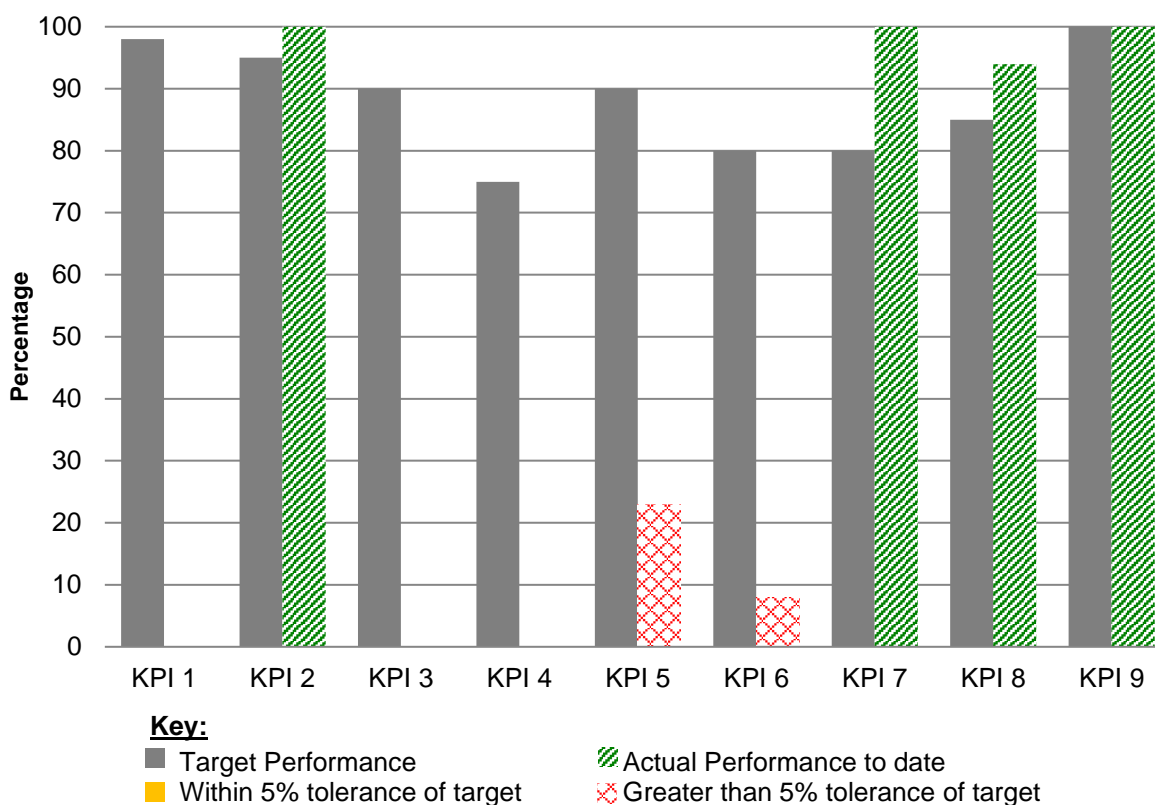
- 3.5.1 We continue to undertake a quarterly approach to IA planning to ensure emerging risks and new areas of concern are captured, particularly following the global pandemic and the risk this still places on the Authority. During Q2 we continued to undertake risk-based planning meetings alongside risk 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 31<sup>st</sup> 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 31<sup>st</sup> 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**

28<sup>th</sup> October 2021



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

<b>IA</b> = Internal Audit	<b>H</b> = High Risk	<b>M</b> = Medium Risk	<b>L</b> = Low Risk
<b>NP</b> = Notable Practice	<b>CFQ</b> = Client Feedback Questionnaire	<b>ToR</b> = Terms of Reference	

**2021/22 IA Assurance Reviews:**

IA Ref.	IA Review Area	Status as at 30 <sup>th</sup> September 2021	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
21-A9	Business Continuity Planning	Final report issued on 3 <sup>rd</sup> Sept 2021	Reasonable	0	3	1	0	✓
21-A2	Planned Works & Contract Management	Draft report issued on 27 <sup>th</sup> Sept 2021						
21-A5	Expenditure Approval Process	Draft report issued on 27 <sup>th</sup> 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	<sup>1</sup> 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 <b>Appendix B</b>						
21-A15	Parking	Internal Audit review deferred at Management's request – refer to <b>Appendix B</b>						
Total Number of IA Recommendations Raised				0	3	1	0	
Total % of IA Recommendations Raised				0%	75%	25%	0%	

<sup>1</sup>New 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 <sup>th</sup> 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					

<sup>+</sup> 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 <sup>th</sup> September 2021	CFQ Received?
21-C1	Civica Casework - Enforcement	Draft memo in progress	-
21-C2	General Ledger	Testing in progress	-
21-C3	<sup>2</sup> External Quality Assessment for LB Camden & LB Islington	Testing in progress	-

<sup>2</sup>New IA Consultancy Review – refer to **Appendix B**

**2021/22 IA Grant Claim Verification Reviews:**

IA Ref.	IA Review Area	Status as at 30 <sup>th</sup> September 2021
21-GC1	Supporting Families Grant - Quarter 1	Certified, memos issued on 29 <sup>th</sup> Apr, 28 <sup>th</sup> May and 25 <sup>th</sup> Jun 2021
21-GC2	Safety at Ports Grant	Certified and memo issued on 12 <sup>th</sup> August 2021
21-GC6	Bus Service Operators Grant	Certified and memo issued on 30 <sup>th</sup> September 2021
21-GC3	Supporting Families Grant - Quarter 2	Certified, memos issued on 30 <sup>th</sup> Jul, 27 <sup>th</sup> Aug and 24 <sup>th</sup> 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	<b>Dan Kennedy</b> 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	<b>Paul Whaymand</b> 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	<b>Tony Zaman</b> 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 MTFF cycle.
21-A15	Parking	Assurance	MEDIUM	<b>Perry Scott</b> 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 1<sup>st</sup> October to 31<sup>st</sup> December 2021 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
21-A19	Council Tax Hardship Discretionary Scheme	Assurance	HIGH	<b>Paul Whaymand</b> 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	<b>Dan Kennedy</b> 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	<b>Perry Scott</b> 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	<b>Mike Talbot</b> 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 1<sup>st</sup> October to 31<sup>st</sup> December 2021 period:**

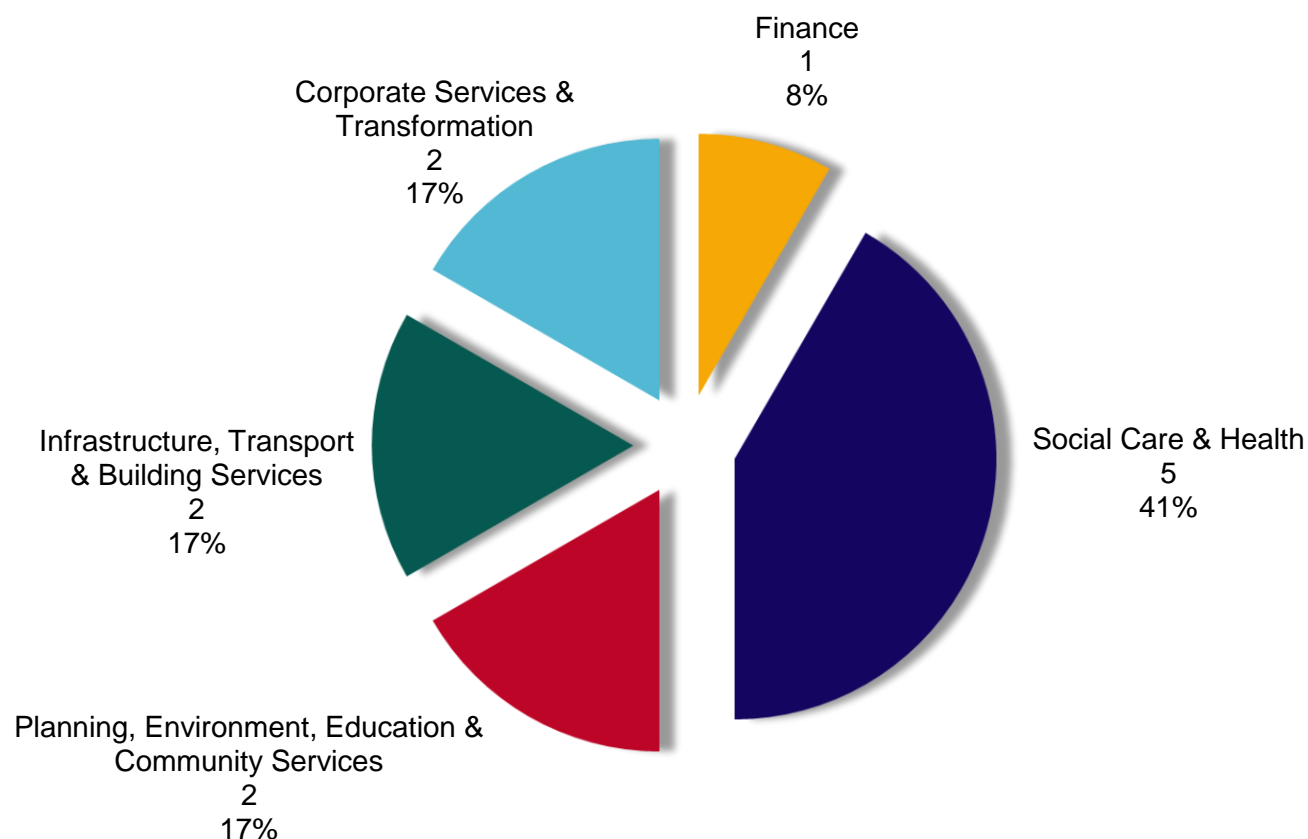
IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
21-A23	Chronology on Protocol	Assurance	MEDIUM	<b>Tony Zaman</b> Corporate Director, Social Care & Health	Protocol is the case management and recording system for Children's Social Care. Chronologies provide a key link in 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	<b>Perry Scott</b> 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	<b>Tony Zaman</b> 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	<b>Dan Kennedy</b> 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 1<sup>st</sup> October to 31<sup>st</sup> December 2021 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
21-A27	Payroll Rent Payments	Assurance	MEDIUM	<b>Mike Talbot</b> 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	<b>Tony Zaman</b> 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	<b>Tony Zaman</b> 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	<b>Tony Zaman</b> 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 1<sup>st</sup> October to 31<sup>st</sup> December 2021 period – Analysis by Corporate Director:**



- 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	<b>None</b>	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. <b>MEDIUM</b>	Managers were reminded of this expectation at the All Managers Meeting held on the 13 <sup>th</sup> 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	<b>None</b>	<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><b>MEDIUM</b></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.

**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	<b>None</b>	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. <b>MEDIUM</b>	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	<b>None</b>	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. <b>MEDIUM</b>	As above.
30/09/2021	<b>None</b>	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. <b>MEDIUM</b>	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. <b>MEDIUM</b>	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 <sup>th</sup> 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. <b>MEDIUM</b>	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. <b>MEDIUM</b>	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)	<b>01/07/2021</b>	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. <b>MEDIUM</b>	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 <sup>th</sup> October 2021, after which the recommendation will be updated and implemented accordingly. New implementation dates to follow.
30/01/2020 (1 extension)	<b>01/07/2021</b>	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. <b>MEDIUM</b>	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	<b>None</b>	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. <b>HIGH</b>	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	<b>None</b>	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. <b>HIGH</b>	As above.
30/09/2021	<b>None</b>	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. <b>HIGH</b>	As above.
30/09/2021	<b>None</b>	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. <b>MEDIUM</b>	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	<b>None</b>	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. <b>MEDIUM</b>	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	<b>None</b>	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. <b>MEDIUM</b>	As above.
01/07/2021	<b>None</b>	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. <b>MEDIUM</b>	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	<b>None</b>	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. <b>HIGH</b>	A verbal update was provided by the risk owner on 29 <sup>th</sup> 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	<b>None</b>	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. <b>HIGH</b>	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	<b>None</b>	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. <b>MEDIUM</b>	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	<b>None</b>	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. <b>MEDIUM</b>	As above.
30/09/2021	<b>None</b>	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. <b>MEDIUM</b>	As above.
30/09/2021	<b>None</b>	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. <b>MEDIUM</b>	As above.



**APPENDIX E****INTERNAL AUDIT KEY PERFORMANCE INDICATORS**

KPI Ref.	Performance Measure	Target Performance	Actual* Performance	RAG Status
KPI 1	2021/22 <b>HIGH</b> risk IA recommendations where positive management action is proposed	98%	-	-
KPI 2	2021/22 <b>MEDIUM</b> risk IA recommendations where positive management action is proposed	95%	100%	GREEN
KPI 3	2021/22 <b>HIGH</b> risk IA recommendations where management action is taken within agreed timescale	90%	-	-
KPI 4	2021/22 <b>MEDIUM</b> risk IA recommendations where management action is taken within agreed timescale	75%	-	-
KPI 5	Percentage of annual (Q1 to Q4) IA Plan delivered to <b>draft report</b> stage by 31 <sup>st</sup> March	90%	23%	RED
KPI 6	Percentage of annual (Q1 to Q4) IA Plan delivered to <b>final report</b> stage by 31 <sup>st</sup> 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 <b>PSIAS</b> and <b>IIA Code of Ethics</b>	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 30<sup>th</sup> September 2021.

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

ASSURANCE LEVEL	DEFINITION
<b>SUBSTANTIAL</b>	There is a <b>good level of assurance</b> 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 <b>positive assurance</b> that objectives will be achieved.
<b>REASONABLE</b>	There is a <b>reasonable level of assurance</b> 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 <b>some risk</b> that objectives will not be achieved.
<b>LIMITED</b>	There is a <b>limited level of assurance</b> 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 <b>significant risk</b> that objectives will not be achieved.
<b>NO</b>	There is <b>no assurance</b> 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 <b>high risk</b> 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
<b>HIGH</b> 	The recommendation relates to a <b>significant threat</b> 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. <b>The risk requires senior management attention.</b>
<b>MEDIUM</b> 	The recommendation relates to a <b>potentially significant threat</b> 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. <b>The risk requires management attention.</b>
<b>LOW</b> 	The recommendation relates to a <b>minor threat or opportunity</b> 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. <b>The risk may be tolerable in the medium term.</b>
<b>NOTABLE PRACTICE</b> 	The activity <b>reflects current best management practice</b> or is an innovative response to the management of risk within the Council. <b>The practice should be shared with others.</b>

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## AUDIT COMMITTEE - Internal Audit Progress Report for 2021/22 Quarter 3 (including the Quarter 4 Internal Audit Plan)

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Sarah Hydrie, Head of Internal Audit & Risk Assurance
<b>Papers with report</b>	Internal Audit Progress Report for 2021/22 Quarter 3 (including the Internal Audit Plan for 2021/22 Quarter 4)
<b>Ward</b>	All

### HEADLINES

The attached report presents the Audit Committee with summary information on all Internal Audit (IA) work covered in 2021/22 Quarter 3, 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 4 which has been produced in consultation with senior managers and outlines the planned programme of IA work due to commence in the 1<sup>st</sup> January to 31<sup>st</sup> March 2022 period.

### RECOMMENDATIONS:

**That the Audit Committee:**

- 1. Notes the IA Progress Report for 2021/22 Quarter 3 and considers the Quarter 4 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 3 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 4 IA Plan.

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# BUSINESS ASSURANCE

## **Internal Audit Progress Report to Audit Committee:**

### **2021/22 Quarter 3**

**(including the 2021/22 Quarter 4 Internal Audit Plan)**

**21<sup>st</sup> January 2022**



**HILLINGDON**  
LONDON

[www.hillingdon.gov.uk](http://www.hillingdon.gov.uk)

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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.

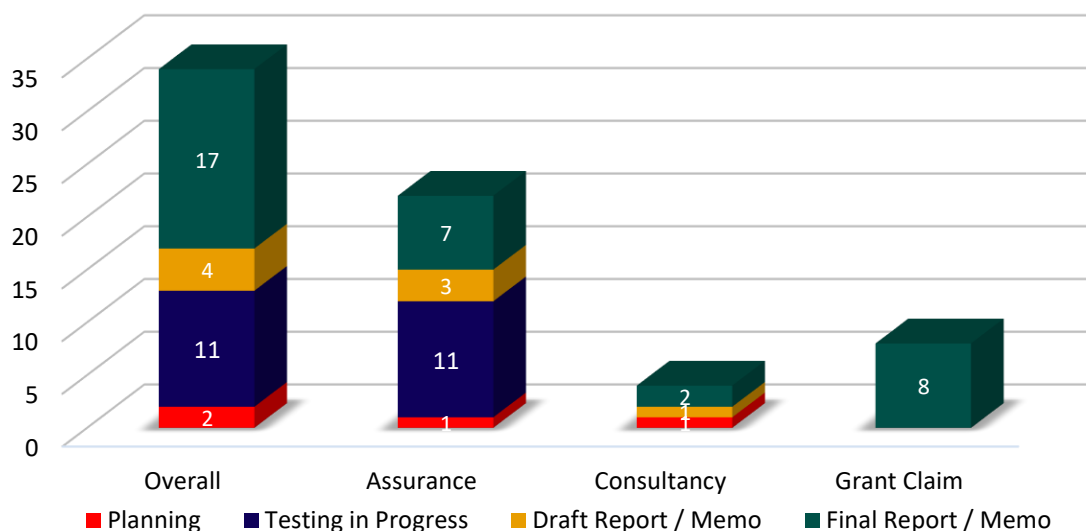
### 1.2 The Purpose of the Internal Audit Progress Report to Audit Committee

- 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 3 (1<sup>st</sup> October to 31<sup>st</sup> December 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 3. It also highlights to CMT, the Audit Committee and other IA stakeholders the revisions to the Quarter 3 (Q3) IA plan since its approval (refer to **Appendix B**).
- 1.2.2 A key feature of this report is the inclusion of the Quarter 4 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 Q4 period (1<sup>st</sup> January to 31<sup>st</sup> March 2022).

## 2. Executive Summary

- 2.1 Since the Q2 IA Progress Report to CMT and the Audit Committee dated 28<sup>th</sup> October 2021, **6 assurance** reviews, **2 consultancy** reviews and **4 grant claims** have concluded and **3 assurance** reviews and **1 consultancy** review are at draft report/memo stage. In addition, **11 assurance** reviews are at advanced testing stage and **1 assurance** review and **1 consultancy** review are 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 IA's work on the 2021/22 Q3 IA Plan commenced on 1<sup>st</sup> October 2021 and the initial planning stage is mostly complete and testing is well underway on almost all Q3 pieces of IA work. Despite further challenges caused by Covid-19 and a vacancy within the IA team, the IA work in Q3 has progressed well with **12** pieces of IA work being finalised this quarter.
- 2.3 Key assurance review finalised in this quarter include **Transport Contract Management** which received a **LIMITED** 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 **HIGH** and **MEDIUM** risk recommendations raised within the review and these recommendations will be followed-up by IA in due course. This quarter IA has also completed a variety of consultancy and grant claim work across the Council. 2 consultancy reviews, **Civica Casework – Enforcement** and **General Ledger** and 4 grant claims, **Supporting Families Grant**, **Disabled Facilities Capital Grant**, **Housing Benefit Subsidy Grant** and the **Green Homes Grant** were all completed in Q3.
- 2.4 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 **26** outstanding **HIGH** and **MEDIUM** risk recommendations. Further details of the work undertaken in this area can be found in section 3.4 and at **Appendix D** of this report.
- 2.5 Following IA undertaking its initial planning stage, **2 assurance reviews** have been **deferred** due to resourcing issues (and in agreement with the HIA). In addition, **1 assurance review** and **1 grant claim** have been **added** to the Q3 IA plan (refer to **Appendix B**).
- 2.6 This quarter has seen several significant changes and announcements affecting the **IA team structure**, which include:
- Following a recent recruitment exercise, the Principal Internal Auditor (PIA) was promoted to an IA Manager position, continuing our strategy of growing our own. The campaign to find the replacement PIA is currently underway with interviews expected soon;
  - In November 2021, the HIA accepted the Director of Internal Audit position at the Isle of Man Government and consequently will be leaving the Council in early February 2022 after eight years at Hillingdon. The recruitment process for the replacement HIA is well progressed with an appointment expected to be announced shortly; and
  - In December 2021 one of the IA Team's Senior Internal Auditors accepted a job with the professional services firm BDO and has now left the Council. The recruitment exercise for their replacement is underway, with interviews expected to be conducted in the middle of February.
- 2.7 The Deputy Director of Exchequer Services & Business Assurance (DDESBA) is working closely with the current HIA to ensure these changes are managed as effectively as possible. The solution may well involve interim arrangements while these vacancies are being permanently filled, which may include utilising temporary cover to provide support during this period of transition to help ensure timely completion of the IA plan.
- 2.8 Further details of all IA activity carried out in this period are summarised in section 3 of this report below.

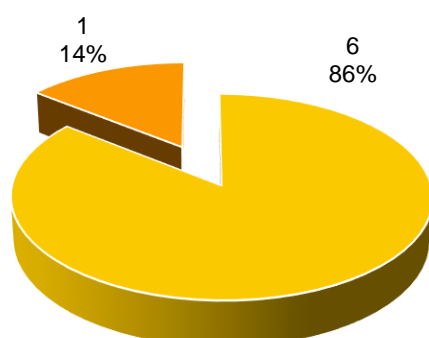
### 3. Analysis of Internal Audit Activity

#### 3.1 Assurance Work in Quarter 3

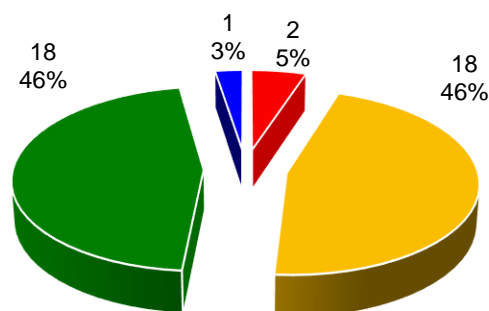
- 3.1.1 During this quarter, **6** assurance reviews have been completed to final report stage with an additional **3** assurance reviews at draft report stage. A further **12** assurance reviews are at advanced testing stage and the remaining **1** Q3 assurance review is at planning stage (where the draft Terms of Reference has been issued but is awaiting management agreement).

- 3.1.2 In Q3 the **Transport Contract Management** review was awarded a **LIMITED** assurance opinion where 1 **HIGH** and 1 **MEDIUM** risk recommendations were raised (as detailed at **Appendix A**). The IA team found that the Service Level Agreement (SLA) was unsigned, sections of the SLA were unclear and KPIs were not Specific, Measurable, Attainable, Relevant and Time-Bound. Positive management action has been proposed by management to address all the **HIGH** and **MEDIUM** risk recommendations raised.
- 3.1.3 Other assurance reviews finalised this quarter are **Planned Works & Contract Management, Fostering Service, Expenditure Approval Process, Road Naming and Numbering** and **Procurement – Contract Compliance** which were all awarded **REASONABLE** assurance opinions respectively. These assurance results are in line with our expectations and the risk-based approach which we deploy. Positive action has been proposed by management to address all of the **HIGH** and **MEDIUM** risk recommendations raised within the reviews and these recommendations (and the underlying risks) will be followed-up by IA in due course.
- 3.1.4 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**).
- 3.1.5 Assurance opinions provided, and the associated IA recommendations raised are further summarised in **Chart 2** and **Chart 3** below:

**Chart 2 ~ Q3 IA Assurance Opinions**



**Chart 3 ~ Q3 IA Assurance Recommendations**



■ Substantial ■ Reasonable ■ Limited ■ No ■ High ■ Medium ■ Low ■ Notable Practice

## 3.2 Consultancy Work in Quarter 3

- 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 Q3 with 2 consultancy reviews **Civica Casework – Enforcement** and **General Ledger** finalised in Q3. We have conducted an External Quality Assessment (EQA) of the Shared IA Service at the **LB of Camden and LB of Islington**. This review was a comprehensive assessment of their IA shared service and has proved to be quite insightful and a useful benchmark in comparison to our own IA processes. The EQA has been resource intensive but our final report will be issued soon.

## 3.3 Grant Claim Verification Work in Quarter 3

- 3.3.1 During this quarter IA has assisted the Council in certifying 4 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 **Disabled Facilities Capital Grant (DFG), Housing Benefit (HB) Subsidy Grant** and the **Green Homes Grant**. The Green Homes Grant is a new grant claim which was added to the Q3 IA plan (refer to **Appendix B**).

- 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 October, November and December 2021. The total number of families claimed for in Q3 was **110**.
- 3.3.3 The **DFG** provides a framework for local authorities to provide mandatory grants for housing adaptations for disabled people to enable them to live independently in their own homes. Our DFG certification work confirmed the expenditure incurred was in compliance with the grant conditions. As a result of our testing, we are pleased to state that the grant claim to the Ministry for Housing, Communities and Local Government (MHCLG) was signed off by the HIA, prior to the 31<sup>st</sup> October 2021 deadline, with an unqualified opinion.
- 3.3.4 This quarter IA assisted the Council's External Auditors (Ernst & Young), with a review of the Council's **HB Subsidy Grant Claim**. This verification work has included:
- Module 2 - Up Rating:
- Testing to help ensure the Council's Revenues and Benefits software is using the correct housing benefit parameters to calculate benefit entitlement; and
- Module 3 – Workbooks:
- Testing calculations and verifying evidence for an initial sample of 60 cases (HRA, Non HRA and Private Tenants).
- 3.3.5 The **HB Subsidy Grant Claim audit** saves considerable taxpayers' money by way of a reduced External Audit fee in relation to this grant claim. As well as helping the Council's finances, this type of approach also demonstrates good collaborative working between External Audit and IA, as well as an effective and efficient use of audit resources. Following the work carried out by the IA Team and the Benefits Team within Exchequer Services, the HB Subsidy Grant Claim is now fully complete and ready to be subject to review by External Audit.
- 3.3.6 In July 2020, the Chancellor announced £2bn of support through the **Green Homes Grant** to save households money, cut carbon and create green jobs. Each local authority is awarded a portion of the grant, which must be used to raise the energy efficiency rating of low income and low Energy Performance Certificate (EPC) rated households. In Q3 the HIA and the CEO were required to verify and certify the current status of the Grant mid-project in accordance with its conditions. During testing, we found the conditions have been complied with and the grant was certified.

### 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 in isolation and instead any requests for implementation date extensions go to the HIA for consideration. The HIA will then, in consultation with the relevant CMT Corporate Director, agree the most appropriate course of action.
- 3.4.3 **Table 1** (overleaf) highlights that there are **28 IA recommendations** for LBH and schools **that have not been actioned within the agreed timescales** in Q3 (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 provides their current status.

**Table 1 ~ 2021/22 Follow-Up Work Undertaken in Q3**

	<b>HIGH risk IA recommendations</b>		<b>MEDIUM risk IA recommendations</b>	
	<b>LBH</b>	<b>Schools</b>	<b>LBH</b>	<b>Schools</b>
1. No. of recommendations that have been marked as implemented on TeamCentral	1	1	10	4
2. *No. of recommendations with new implementation date agreed by HIA and CMT	2	-	9	1
3. **No. of recommendations whose status IA are currently verifying	-	-	-	-
<b>TOTAL (1+2+3) no. of recommendations that have passed their implementation date</b>	<b>3</b>	<b>1</b>	<b>19</b>	<b>5</b>

\* 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 28 recommendations in total** whose implementation date has passed (as at 31<sup>st</sup> December 2021); **4 HIGH** and **24 MEDIUM** risk recommendations. Out of those, **2 HIGH** and **14 MEDIUM** risk recommendations have been marked as implemented. In addition, there are **2 HIGH** and **10 MEDIUM** risk recommendations for which extensions have been requested by the relevant Action Owner/ Corporate Director (refer to **Appendix D** for further details on the status of these **12** recommendations).

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**

	<b>HIGH risk IA recommendations</b>	<b>MEDIUM risk IA recommendations</b>
Finance	-	-
Social Care & Health	-	5
Planning, Env., Education & Community Services	2	<sup>‡</sup> 4
Infrastructure, Transport & Building Services	-	1
Corporate Services & Transformation	-	-

<sup>‡</sup> 1 of 4 of the Medium risk 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 where **2 HIGH** and **4 MEDIUM** risk recommendations have not been implemented in the original timescale agreed by management. Of these, **1 out of 4** of the **MEDIUM** 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.



- 3.4.7 During 2021/22 quarters 1 to 3, IA has verified **140 outstanding recommendations (31 HIGH and 109 MEDIUM risk recommendations)**. Of these, **67% (21 HIGH and 73 MEDIUM)** risk recommendations have been implemented and the remaining **33% (10 HIGH and 36 MEDIUM)** risk recommendations have had their implementation date extended following agreement from the HIA and the appropriate Corporate Director. This work has been resource intensive for the IA Team but also very rewarding.
- 3.4.8 In advance of the 2021/22 Q4 IA Progress Report, CMT and Audit Committee will see a notable difference in the number of recommendations that are followed-up during that period. Due to recent vacancies within the IA team, we will need to temporarily shift resource from this exercise so that officers can focus on completing the final quarter of the IA plan. Once the team vacancies have been filled and staff are in post we anticipate picking up this work again in Q1 of 2022/23, but we will inform CMT and the Audit Committee if there are any delays to this.
- 3.4.9 In the meantime, we are available to support action owners with their recommendations should they need our assistance. Further, TeamCentral continues to issue automatic reminders to Managers whose recommendations are due for implementation and if no update has been provided (on the system) a weekly reminder is sent thereafter. We will also help schools with their recommendations by training them to use TeamCentral to record updates and attach evidence where actions have been marked as implemented.

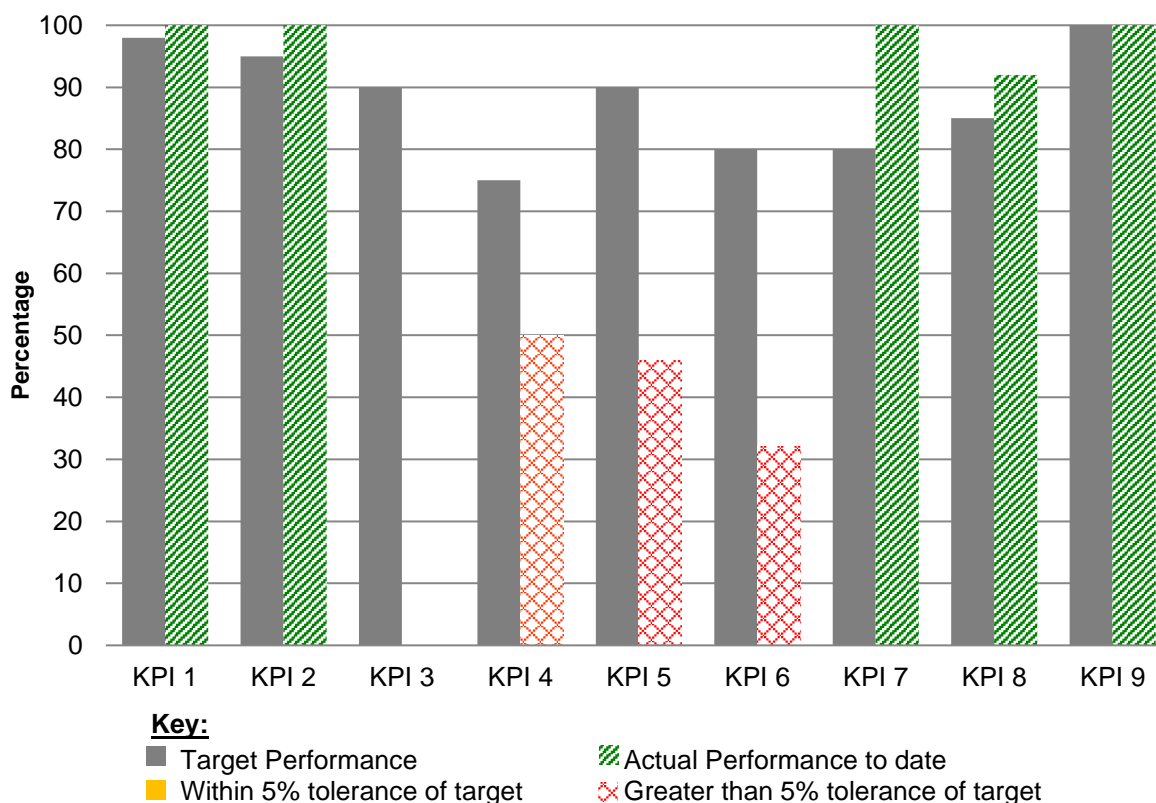
### 3.5 Other Internal Audit Work in Quarter 3

- 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 council. During Q3 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 Q4 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.
- 3.5.3 As part of our **Quality Assurance and Improvement Programme** and in preparation for the **External Quality Assessment**, we carried out an independent external review of our IA assurance work. The exercise involved reviewing a random sample of 10 assurance audits from 2020/21 onwards, checking that the process had been followed correctly, that all evidence supported the findings and that the reporting process was clear and added value. The exercise provided a lot of positive feedback on our work and insight into areas which could be improved, these include:
- Clearer testing schedules;
  - Better cross-referencing between the Terms of Reference and the final report; and
  - More concise reporting.
- The feedback provided by the external review will help improve our work moving forward as we prepare for our own EQA later this year.

## 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 overleaf:

**Chart 4 ~ 2021/22 IA Key Performance Indicators**

4.1.2 **KPI 3** refers to **HIGH** 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 4** shows 1 **MEDIUM** risk recommendation (out of 2) has not been implemented within the agreed timescale. The outstanding recommendation forms part of the **Fostering Service** review which is being discussed with the action owner as part of our follow-up work (refer to **Appendix D**);
- **KPI 5** shows that 10 assurance reviews (out of 22) have reached draft report stage by the 31<sup>st</sup> March 2022 deadline which accounts for **46%** of work undertaken so far between Q1-Q3 compared to the **90% target**; and
- **KPI 6** shows that 7 assurance reviews (out of 22) have reached final report stage by the 31<sup>st</sup> March 2022 which accounts for **32%** of work undertaken so far between Q1-Q3 compared to the **80% target**.

4.1.4 **Appendix A** shows a large portion of IA work is underway and progressing well. The completion of work to draft and final report stage has improved this quarter compared to Q2 (where **KPI 5** was reported at **23%** and **KPI 6** was at **8%**). The HIA remains confident that IA KPI performance will improve as we work through the IA plan.

## 5. Forward Look

5.1 Looking ahead to Q4, **recruitment** is a high priority for the IA Team. We always aim to get the best candidates in each role, either internally as part of the 'growing our own' IA strategy or by external appointment. What is essential is we appoint candidates that are not only highly skilled and proficient but can also deliver change/add value and thrive within the LBH culture. Despite this period of significant change, the DDESBA Director is working closely with the HIA and two IA Managers to ensure IA delivery is not impacted in a negative way.

- 5.2 The appointment of a **new Interim CEO** presents new opportunities for the Council during a particularly challenging time. IA will seek to assist the CEO and the Leader of the Council with the strategic objectives for LBH and its residents. IA will meet with the CEO to discuss areas of risk exposure and assurances that they require to assist them in their role.
- 5.3 The country continues to live with the consequences of **Covid-19**, where restrictions and vaccination programmes are part of our daily lives. IA must continue to work in an agile way and assist stakeholders as much as possible without compromising its objectives and statutory obligations.
- 5.4 The IA team has successfully procured the upgrade to TeamMate called **TeamMate Plus (TM+)** which is being installed over the next couple of months. The system offers better integration with MS Office 365 which prepares reports directly from TM+ into MS Word that will save considerable IA staff time. There are also additional modules which can help the IA Team with risk management and data analytics.
- 5.5 This is the last Hillingdon report for the current HIA, and they would like to take this opportunity to formally thank Council officers, CMT and the Audit Committee for all the support and assistance they have given the HIA and the IA team over the years. The HIA also wishes to place on record their thanks to IA colleagues for all their hard work and commitment and to wish them all the best for the future.
- 5.6 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

21<sup>st</sup> January 2022



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

<b>IA</b> = Internal Audit	<b>H</b> = High Risk	<b>M</b> = Medium Risk	<b>L</b> = Low Risk
<b>NP</b> = Notable Practice	<b>CFQ</b> = Client Feedback Questionnaire	<b>ToR</b> = Terms of Reference	

**2021/22 IA Assurance Reviews:**

IA Ref.	IA Review Area	Status as at 31 <sup>st</sup> December 2021	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
21-A6	Transport Contract Management	Final report issued on 22 <sup>nd</sup> Nov 2021	Limited	1	1	0	0	✓
21-A9	Business Continuity Planning	Final report issued on 3 <sup>rd</sup> Sept 2021	Reasonable	0	3	1	0	✓
21-A2	Planned Works & Contract Management	Final report issued on 14 <sup>th</sup> Oct 2021	Reasonable	0	3	3	0	✓
21-A7	Fostering Service	Final report issued on 15 <sup>th</sup> Oct 2021	Reasonable	0	4	2	0	✓
21-A5	Expenditure Approval Process	Final report issued on 18 <sup>th</sup> Oct 2021	Reasonable	0	2	5	0	✓
21-A17	Road Naming and Numbering	Final report issued on 10 <sup>th</sup> Dec 2021	Reasonable	0	4	4	1	✓
21-A16	Procurement – Contract Compliance	Final report issued on 31 <sup>st</sup> Dec 2021	Reasonable	1	1	3	0	Not yet due
21-A18	S106 and CIL	Draft report issued on 3 <sup>rd</sup> Dec 2021						
21-A3	ICT Service Desk	Draft report issued on 15 <sup>th</sup> Dec 2021						
21-A14	Birth Registration Service	Draft report issued on 31 <sup>st</sup> Dec 2021						
21-A11	Crematorium	Testing in progress						
21-A12	Absence Management	Testing in progress						
21-A13	Allotments	Testing in progress						
21-A20	*Thematic Review of Safeguarding in Schools	Testing in progress						
21-A23	Chronology on Protocol	Testing in progress						
21-A24	Transport Funded Projects	Testing in progress						
21-A25	Hatton Grove	Testing in progress						

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

IA Ref.	IA Review Area	Status as at 31 <sup>st</sup> December 2021	Assurance Level	Risk Rating				CFQ Received?
				H	M	L	NP	
21-A26	Planning Enforcement	Testing in progress						
21-A27	Payroll Rent Payments	Testing in progress						
21-A28	Home to Assess	Testing in progress						
21-A29	**Music Service – Overseas Trip	Testing in progress						
21-A21	IT Application Review: ContrOCC	Planning						
Total Number of IA Recommendations Raised				2	18	18	1	
Total % of IA Recommendations Raised				5%	46%	46%	3%	

Total number of schools in IA sample is 4

\*\*New IA Assurance Review 'Music Service – Overseas Trip' – 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 31 <sup>st</sup> December 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					

<sup>†</sup>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 31 <sup>st</sup> December 2021	CFQ Received?
21-C1	Civica Casework - Enforcement	Final memo issued on 22 <sup>nd</sup> October 2021	✓
21-C2	General Ledger	Final memo issued on 23 <sup>rd</sup> December 2021	✓
21-C3	External Quality Assessment for LB Camden & LB Islington	Draft report issued on 20 <sup>th</sup> December 2021	-
21-C4	Occupational Therapy - Contract Management	Planning	-

**2021/22 IA Grant Claim Verification Reviews:**

IA Ref.	IA Review Area	Status as at 31 <sup>st</sup> December 2021
21-GC1	Supporting Families Grant - Quarter 1	Certified, memos issued on 29 <sup>th</sup> Apr, 28 <sup>th</sup> May and 25 <sup>th</sup> Jun 2021
21-GC2	Safety at Ports Grant	Certified and memo issued on 12 <sup>th</sup> August 2021
21-GC6	Bus Service Operators Grant	Certified and memo issued on 30 <sup>th</sup> September 2021
21-GC3	Supporting Families Grant - Quarter 2	Certified, memos issued on 30 <sup>th</sup> Jul, 27 <sup>th</sup> Aug and 24 <sup>th</sup> Sept 2021
21-GC5	Disabled Facilities Capital Grant	Certified and memo issued on 26 <sup>th</sup> October 2021
21-GC7	Supporting Families Grant - Quarter 3	Certified, memos issued on 29 <sup>th</sup> Oct, 26 <sup>th</sup> Nov and 17 <sup>th</sup> Dec 2021
21-GC4	Housing Benefit Subsidy Grant	Certified and memo issued on 10 <sup>th</sup> December 2021
21-GC8	<sup>†</sup> Green Homes Grant	Certified and memo issued on 15 <sup>th</sup> December 2021

<sup>†</sup>New IA Grant Claim 'Green Homes Grant' – refer to **Appendix B**

**APPENDIX B****REVISIONS TO THE 2021/22 INTERNAL AUDIT PLAN ~ QUARTER 3****AMENDMENTS to the 2021/22 Operational IA Plan for Quarter 3:**

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
21-A29	Music Service – Overseas Trip	Assurance	MEDIUM	<b>Dan Kennedy</b> Corporate Director Planning, Environment, Education & Community Services	The Hillingdon Music Service plans an annual overseas trip for its Year 4 students as part of their musical training. This trip was delayed due to the pandemic but will be start up again this year. The Head of Service would like IA to provide assurance over risks relating to payments, data protection and contingency planning (should further Covid-19 restrictions be introduced).
21-GC8	Green Homes Grant	Grant Claim	-	<b>Perry Scott</b> Corporate Director, Infrastructure, Transport & Building Services	In July 2020, the Chancellor announced £2bn of support through the Green Homes Grant to save households money, cut carbon and create green jobs. LBH was awarded a portion of the grant £3.86m, which must be used to raise the energy efficiency rating of low income and low EPC rated households. In Q3 the HIA and the CEO were required to verify and certify the status of this work mid-project, in accordance with the grant determination conditions.

**IA work DEFERRED from the 2021/22 Operational IA Plan for Quarter 3:**

IA Ref.	Planned IA Review Area	Review Type	IA Risk Rating	Review Sponsor	Scope / Rationale
21-A19	Council Tax Reduction & Hardship Discretionary Scheme	Assurance	HIGH	<b>Paul Whaymand</b> Corporate Director of Finance	The Head of Service and Deputy Director have requested this audit be deferred to 2022/23 Q1 as the 2021/22 Q4 period is very busy for their Service. The Council Tax team are still dealing with government grant claims (with new grants being announced recently) as require their teams to focus on this as a priority to support the boroughs residents and local businesses. The requested for deferral has been agreed with the HIA.
21-A22	Application of Additional Responsibility Allowances and Additional Payments	Assurance	MEDIUM	<b>Mike Talbot</b> Corporate Director, Corporate Services & Transformation	This is a complex area which requires an experienced auditor to complete. This review will be deferred until the IA team recruitment campaign is completed and staffing is at full capacity.

**APPENDIX C****DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2021/22 ~ QUARTER 4****IA work scheduled to commence in the 1<sup>st</sup> January to 31<sup>st</sup> March 2022 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
21-A1	Disabled Facilities Grant (DFG)	Assurance	HIGH	<b>Perry Scott</b> Corporate Director, Infrastructure, Transport & Building Services	Under the Housing Grants, Construction and Regeneration Act 1996 and the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002, a DFG can be used towards the cost of providing adaptations and facilities to enable a disabled person to continue to live in their property.  This review was deferred from 2021/22 Q1, IA will look at the efficiency, economy and effectiveness of the DFG service and the timeliness of works.
21-A30	Dedicated Schools Grant (DSG) – Pupil Places Planning including Special Education Needs (SEN)	Assurance	HIGH	<b>Dan Kennedy</b> Corporate Director Planning, Environment, Education & Community Services	The pressure on the DSG Budget has a cumulative deficit of £25.4m at the end of 2020/21 and budgeted in-year budget gap of £7.3m gap for 2021/22. A Deficit Recovery Plan has been drafted and submitted to the Department for Education and subsequent Safety Valve meetings have taken place to balance the DSG within 5 years. A number of workstreams are being implemented which will produce savings over the next 5 financial years including pupil places and SEN.  This review will seek to provide assurance that controls are in place to successfully implement, monitor and deliver workstreams involving pupil place planning (including SEN) and that these are on track to deliver their intended outcomes.
21-A31	Tenancy Management – Fixed Term Tenancies	Assurance	HIGH	<b>Dan Kennedy</b> Corporate Director Planning, Environment, Education & Community Services	LBH is facing increasing demand for temporary accommodation and tenancies, partly attributed to residents retaining larger properties and partly due to the Covid-19 pandemic. In response, a benchmarking exercise was undertaken which focused on the increase in downsizing incentives and reducing tenancies.  This review will aim to provide assurance over the controls and governance of fixed term tenancies to identify if these are being utilised effectively in accordance with the Council's Tenancy Policy, identify improvements in the application of fixed term tenancies and inform potential changes to the Council's Tenancy Policy.

**APPENDIX C (cont'd)****DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2021/22 ~ QUARTER 4****IA work scheduled to commence in the 1<sup>st</sup> January to 31<sup>st</sup> March 2022 period:**

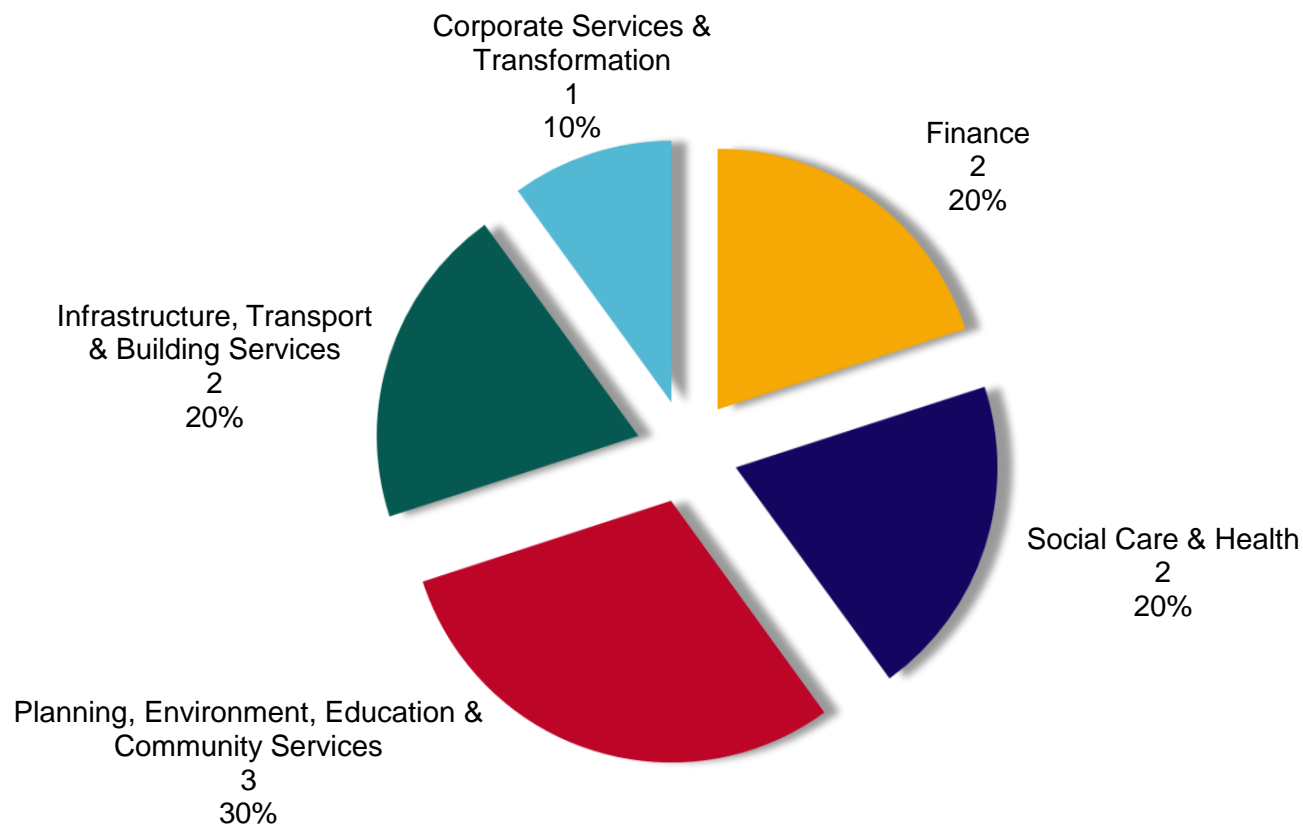
IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
21-A32	IT Governance	Assurance	HIGH	<b>Perry Scott</b> Corporate Director, Infrastructure, Transport & Building Services	ICT is under increasing pressure to deliver systems and support Council services, with requests increasing year-on-year. This can make it difficult for the ICT team to manage, prioritise and deliver work without the risk of losing control over the entire governance process. In response, ICT has implemented a new IT Strategy.  This review was deferred from 2020/21 Q3 and will seek to provide assurance over the governance process, that revised processes detailed in the IT Strategy have been embedded and suggest improvements if weaknesses are identified.
21-A33	Stronger Families Hub	Assurance	MEDIUM	<b>Tony Zaman</b> Interim Chief Executive, Corporate Director, Social Care & Health	The Stronger Families Hub (launched in August 2021) is a 24/7 front door service which ensures local families have fast access to a wide range of support. Stronger Families is a locality based Early Help and Prevention Service supporting children at the earliest possible stage by working closely with partners across Hillingdon. This review will seek to provide assurance that this early help model is embedded, efficient and effectively responding to need.
21-A34	Licencing – Animal Welfare	Assurance	MEDIUM	<b>Dan Kennedy</b> Corporate Director Planning, Environment, Education & Community Services	Licences are required to keep certain animals and also for businesses that deal with animals. The Council has a statutory duty to work with the community to help them prevent the spread of disease and protect animal welfare. Due to the increasing number of licenses, this review will seek to provide assurance over the efficiency of procedures (including complaints), resources, investigations and compliance with legislation frameworks.
21-A35	Pension Fund Data Mapping	Assurance	MEDIUM	<b>Paul Whaymand</b> Corporate Director of Finance	The Council has recently procured a model with the aim of mapping data flows for the Council's pension fund. This will help provide an understanding of the type of data that feeds into the Fund, where it is stored and with whom it is shared. Using this model will assist the Council in improving the quality, availability and security of data in the administration of the Fund.  This review will seek to provide assurance that controls mapping, monitoring and governing the flow of data into and out of the pension fund are appropriate and the data quality is of a high standard.

**APPENDIX C (cont'd)****DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2021/22 ~ QUARTER 4****IA work scheduled to commence in the 1<sup>st</sup> January to 31<sup>st</sup> March 2022 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Assessment	Review Sponsor	Rationale
21-C5	Mayor's Charity Accounts 2021/22	Consultancy	LOW	<b>Paul Whaymand</b> Corporate Director of Finance	The Mayor's Charity has been registered as a charitable trust in November 2015 and therefore is required to comply and operate within Charity Commission guidelines. The Council is currently preparing the accounts for the Mayor's Charity and IA has been asked to assist as part of this process. These accounts do not form part of the Council's finances so there would be no conflict in undertaking this review.
21-C6	Stores Stock Check 2021/22	Consultancy	LOW	<b>Mike Talbot</b> Corporate Director, Corporate Services & Transformation	IA provides independent oversight and verification of the 2020/21 year-end stock check performed at the end of March at Harlington Road Depot (HRD). This work is tentative and is dependent on national lockdown restrictions due to Covid-19. If lockdown is in place this work will be rescheduled.
21-GC9	Supporting Families Grant – Quarter 4	Grant Claim	N/A	<b>Tony Zaman</b> Interim Chief Executive, 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 4 (cont'd)**

**IA work scheduled to commence in the 1<sup>st</sup> January to 31<sup>st</sup> March 2022 period – Analysis by Corporate Director:**



- 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 3.4.4)**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
30/11/2018 (5 extensions)	<b>None</b>  <b>Risk to be Tolerated</b>	Where there is an insufficient IT system or solution in place to document and manage the Imported Food Service, including storage of all documentation relating to inspections conducted; there is an increased likelihood of poor data quality, impacting the backup and retention of key information and accuracy of returns.  <b>HIGH</b>	Following the UK's exit from the European Union, the Department for Environment, Food & Rural Affairs (DEFRA) have reviewed and updated regulatory requirements and continue to refine the revised requirements. This has subsequently changed the team's processes and procedures and requiring further changes to the part-developed electronic system for storing and managing documentation within the service in accordance with current legislative requirements.  As a consequence, this recommendation is to be <b>TOLERATED</b> , with a view for IA to conduct an assurance review in 2022/23 to determine whether new systems and controls are in place to comply with the new legislative requirements.

**APPENDIX D (cont'd)****2019/20 Imported Food Office – Compliance with Regulations 669 & 884    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 (2 extensions)	<b>None</b>  <b>Risk to be Tolerated</b>	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.  <b>MEDIUM</b>	Following the UK's exit from the European Union, DEFRA have reviewed and updated regulatory requirements and continue to refine the revised requirements. This has subsequently changed the team's processes and procedures and requiring further changes to the part-developed electronic system for storing and managing documentation within the service in accordance with current legislative requirements.  As a consequence, this recommendation is to be <b>TOLERATED</b> , with a view for IA to conduct an assurance review in 2022/23 to determine whether new systems and controls are in place to comply with the new legislative requirements in force.
31/01/2020 (2 extensions)	<b>None</b>  <b>Risk to be Tolerated</b>	If KPIs and relevant management information are 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.  <b>MEDIUM</b>	The consignment tracking system is currently still under development due to a number of external factors causing delays (namely Brexit and Covid-19). The new RHE system will be able to record whether the team is meeting its KPI of clearances within statutory time limits, but is delayed while legislation comes into force and a new IT system is developed.  As a consequence, this recommendation is to be <b>TOLERATED</b> , with a view for IA to conduct an assurance review in 2022/23 to determine whether new systems and controls are in place to comply with the new legislative requirements in force.

**APPENDIX D (cont'd)****2019/20 Payment Process in New Year's Green Lane****Action Owner: Helen Revell****Corporate Director: Perry Scott**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
31/12/2021 (3 extensions)	18/02/2022	If adequate systems are not in place to receive and record payments, track income and identify overdue payments in a timely manner, there is a risk that Council services may be exploited leading to financial and operational consequences for the Council. <b>MEDIUM</b>	The New Year's Green Lane Site Manager has been working with the Senior Business Analyst, to meet this agenda item. The Analyst has confirmed that they are working with Info Tech Solutions to implement an integrated Chip & Pin device which will remove the manual entry of card payment amounts. This was planned to be introduced before Christmas 2021, but there were some issues around the connection method and making sure it meets the requirements of PCI DSS. These have now been resolved and will commence week of the 14 <sup>th</sup> February 2022.

**APPENDIX D (cont'd)****2020/21 Music Service – Invoicing and Debt Collection****Action Owner: Paul Richards****Corporate Director: Dan Kennedy**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
30/11/2021	<b>30/06/2022</b>	If charges for tuition or instrument hire are not processed prior to the commencement of a school term, there is a risk that pupils may be in receipt of lessons without having paid for them leading to a loss of income and resulting in financial, operational and reputational consequences for the Council. <b>HIGH</b>	This recommendation is partially completed. The Terms and Conditions for the Music Service have been updated. A new payment system is in the process of being tested, prior to going live, which is intended to fully address the risk identified.

**APPENDIX D (cont'd)****2020/21 Educational Care Plans and Local Offer****Action Owner: Vikram Hansrani****Corporate Director: Tony Zaman**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
31/12/2021	<b>30/04/2022</b>	If the system for administrating the EHCP process is not updated, reviewed, and monitored there is a risk that management information will be inaccurate leading to strategic, operational and financial consequences for the Council. <b>MEDIUM</b>	The service has introduced a new system (Liquid Logic EHM) and the existing data held in the previous system (BSL) and internal drives has been migrated. A data cleanse exercise is underway to ensure the accuracy of the data held. The new system is in the process of being tested, which once fully implemented is intended to address the risk identified.

**APPENDIX D (cont'd)****2020/21 Flooding – Lessons Learned****Action Owner: Ian Thynne****Corporate Director: Dan Kennedy**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
30/11/2021	<b>31/03/2022</b>	<p>If the Council's flood investigation reports are not published in a timely manner, there is a risk of a lack of transparency and accountability over events, actions and areas for improvement, leading to a failure to identify and mitigate potential flood risks, resulting in operational, reputational and financial consequences for the Council.</p> <p><b>MEDIUM</b></p>	<p>Officers are in the process of writing guidance and a procedure note for final sign off by the Cabinet Member for investigating and publishing a report after a flooding incident. Following ratification, this guidance will be disseminated to relevant staff and an exercise undertaken to ensure all applicable flood reports are published.</p>

**APPENDIX D (cont'd)****2020/21 Information Sharing – Adult Social Care****Action Owner: Bukky Junaid****Corporate Director: Tony Zaman**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
30/11/2021	<b>31/03/2022</b>	<p>If there is no clear agreement in place clearly setting out responsibilities and processes for sharing information, there is a risk that sufficient, relevant, accurate and timely information may not be available to support the delivery of Adult Social Care services, leading to a failure to comply with its statutory obligations and potentially causing harm to individuals, resulting in legal, financial and reputational consequences for the Council.</p> <p><b>MEDIUM</b></p>	<p>The majority of this recommendation is complete. The ROPA for Adult Social Care has been completed. Information Sharing Agreements (ISA) have been submitted to CNWL, The Hillingdon Hospital (THH) and CCG for agreement. ISAs are being reviewed by the Information Governance Leads at CNWL and THH, however there is a slight delay in the CCG agreeing to the ISA as they are currently merging from 8 to 1 CCG. Agreement from the CCG is therefore awaited before the ISA can be implemented. As a result, the implementation date for this recommendation has been revised to 31<sup>st</sup> March 2022.</p>

**APPENDIX D (cont'd)****2020/21 Purchasing and Payments in Schools – Harlington School****Action Owner: Elizabeth Horrigan****Corporate Director: Dan Kennedy**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
31/10/2021	<b>31/03/2022</b>	Without obtaining documented comparative quotes there is at risk of non-compliance with their own Finance policy and Council Standing Orders leading to financial mismanagement and resulting in financial, legal, operational and reputational consequences. <b>MEDIUM</b>	There has been no major tendering since the recommendation was raised and therefore no opportunity to demonstrate its implementation. In the meantime, the school has updated its Finance and Procurement policies and implemented a Contract Checklist. Further, the school has engaged with the LA Procurement department with regards to obtaining additional support for future tendering around our new build programme and small value contracts. The school will be tendering for goods and services in early 2022, so the implementation date has been revised to 31 <sup>st</sup> March 2022.



**APPENDIX D (cont'd)****2021/22 Fostering Service****Action Owner: Deanna Neilson****Corporate Director: Tony Zaman**

Original Impl. Date	Revised Impl. Date	Risk and Risk Rating	Reason for Extension and Current Status
30/11/2021	<b>28/02/2022</b>	If statutory reviews of foster carers are not recorded in a timely manner or in a retrievable format on a centralised recording system, there is a risk of lack of management oversight of foster carers and placements, leading to safeguarding, legal and reputational consequences for the Council. <b>MEDIUM</b>	Work has been undertaken to integrate the report template into the LCS Protocol system which will enable centralised recording and reporting. The amendments for creation and upload into LCS are outstanding as a result of local authority priorities regarding SEND reporting deadlines for January.
31/10/2021	<b>31/01/2022</b>	If statutory foster carer visit meeting notes are not uploaded onto Protocol there is a risk that the foster carer may not be getting the support they need in order to care for the child, leading to safeguarding, legal, financial and reputational consequences for the Council. <b>MEDIUM</b>	The visit form is complete and is being tested this week Provided the test is successful the form will be rolled out for use by the team w/c 31 <sup>st</sup> January 2022.
30/11/2021	<b>28/02/2022</b>	If the Fostering Team does not maintain an up to date register of all active foster carers there is a risk of non-compliance with statutory requirements and management may not be able to oversee the allocation of placements, leading to legal, financial and reputational consequences for the Council. <b>MEDIUM</b>	Work has continued on the data cleanse however it is taking longer than expected. We are meeting with the Performance Team to discuss. Completion date to be revised to 28/02/2022 pending the discussion with the Performance Team.

**APPENDIX E****INTERNAL AUDIT KEY PERFORMANCE INDICATORS**

KPI Ref.	Performance Measure	Target Performance	Actual* Performance	RAG Status
KPI 1	2021/22 <b>HIGH</b> risk IA recommendations where positive management action is proposed	98%	100%	GREEN
KPI 2	2021/22 <b>MEDIUM</b> risk IA recommendations where positive management action is proposed	95%	100%	GREEN
KPI 3	2021/22 <b>HIGH</b> risk IA recommendations where management action is taken within agreed timescale	90%	-	-
KPI 4	2021/22 <b>MEDIUM</b> risk IA recommendations where management action is taken within agreed timescale	75%	50%	RED
KPI 5	Percentage of annual (Q1 to Q4) IA Plan delivered to <b>draft report</b> stage by 31 <sup>st</sup> March	90%	+46%	RED
KPI 6	Percentage of annual (Q1 to Q4) IA Plan delivered to <b>final report</b> stage by 31 <sup>st</sup> March	80%	++32%	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%	92%	GREEN
KPI 9	IA work fully compliant with the UK <b>PSIAS</b> and <b>IIA Code of Ethics</b>	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 31<sup>st</sup> December 2021.
- + = **23% improvement** from Quarter 2 actual performance.
- ++ = **24% improvement** from Quarter 2 actual performance.

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

ASSURANCE LEVEL	DEFINITION
<b>SUBSTANTIAL</b>	There is a <b>good level of assurance</b> 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 <b>positive assurance</b> that objectives will be achieved.
<b>REASONABLE</b>	There is a <b>reasonable level of assurance</b> 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 <b>some risk</b> that objectives will not be achieved.
<b>LIMITED</b>	There is a <b>limited level of assurance</b> 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 <b>significant risk</b> that objectives will not be achieved.
<b>NO</b>	There is <b>no assurance</b> 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 <b>high risk</b> 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
<b>HIGH</b> 	The recommendation relates to a <b>significant threat</b> 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. <b>The risk requires senior management attention.</b>
<b>MEDIUM</b> 	The recommendation relates to a <b>potentially significant threat</b> 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. <b>The risk requires management attention.</b>
<b>LOW</b> 	The recommendation relates to a <b>minor threat or opportunity</b> 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. <b>The risk may be tolerable in the medium term.</b>
<b>NOTABLE PRACTICE</b> 	The activity <b>reflects current best management practice</b> or is an innovative response to the management of risk within the Council. <b>The practice should be shared with others.</b>

## AUDIT COMMITTEE - Internal Audit Strategy for 2022-2025

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Sarah Hydrie, Head of Internal Audit & Risk Assurance
<b>Papers with report</b>	Internal Audit Strategy for 2022-2025
<b>Ward</b>	All

### HEADLINES

This document sets out the approach we have taken to develop the Internal Audit Strategy for the next three years. This Internal Audit Strategy is a high level document, which sets out how the service will be delivered and developed over the 2022 to 2025 period.

The quarterly Operational IA Plans provide detail of how this Internal Audit Strategy translates into detailed work plans which are presented to the Audit Committee for approval on a quarterly basis.

The Internal Audit Strategy satisfies requirements of the UK Public Sector Internal Audit Standards (PSIAS).

### RECOMMENDATIONS:

**That the Audit Committee:**

- 1. Notes the Internal Audit Strategy for 2022-2025 and, subject to any further minor amendments, approves it.**

### 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 Internal Audit Strategy (2015-2020 version)  
The Internal Audit Charter (2020 version)  
The Operational Internal Audit Plan (2020/21 version)  
The UK Public Sector Internal Audit Standards

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# BUSINESS ASSURANCE

## Internal Audit Strategy 2022 to 2025

21<sup>st</sup> January 2022



## Contents

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## 1. Introduction

- 1.1 This document sets out the approach we have taken to develop the Internal Audit Strategy (IAS) for the next three years. This IAS is a high level document, which sets out how the IA service will be delivered and developed over the next three year period. The IA Charter (IAC) underpins the IAS and describes the purpose, authority, responsibility and position of the Internal Audit (IA) Service within the London Borough of Hillingdon.
- 1.2 The quarterly Operational IA Plans provides detail of how this IAS translates into detailed workplans which are presented to the Audit Committee quarterly for approval.

## 2. Developing the Internal Audit Strategy

### 2.1 Issues influencing the Internal Audit Strategy

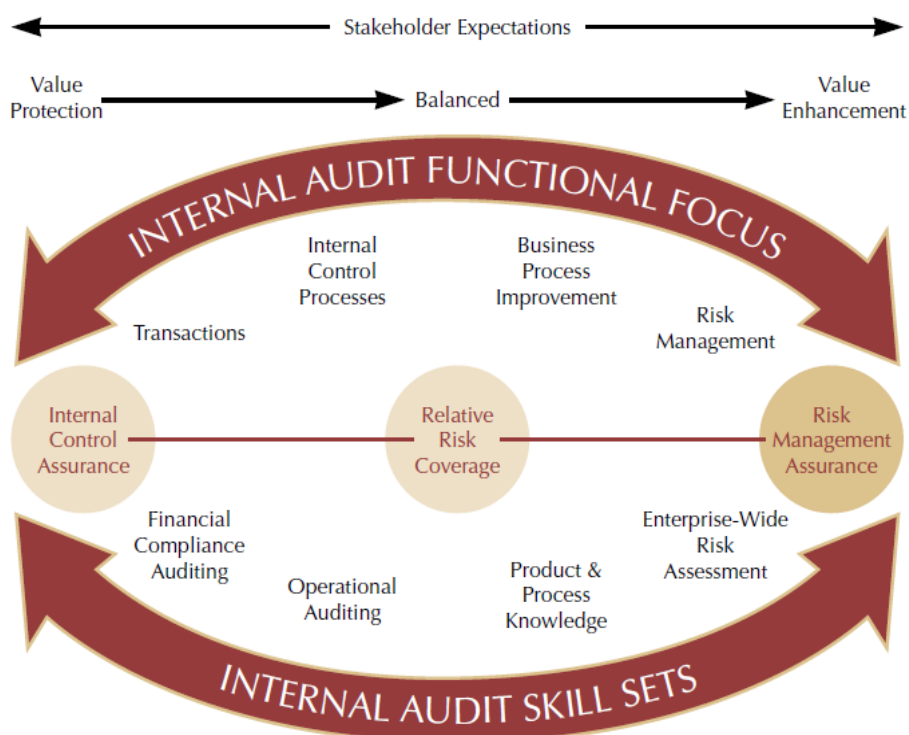
- 2.1.1 The Council's strategic objectives delivered through the Hillingdon Improvement Plan (HIP), are the starting point in the development of our IAS. It is also vital that the risks to the achievement of those objectives are understood.
- 2.1.2 Since 2015/16, quarterly Operational IA Plans have been produced, based upon an independent assessment of key risks facing the Council. This is carried out utilising the existing risk registers, knowledge obtained through discussions with key staff, as well as external sources of assurance such as External Audit, previous IA reviews and our audit universe.
- 2.1.3 To develop this IAS, we have considered the following:
- The core objectives of London Borough of Hillingdon (LBH) and the specific risks that can impact on the achievement of those objectives;
  - Regulatory requirements for IA coverage;
  - The most recent reviews of IA and Audit Committee effectiveness;
  - The content of corporate and directorate risk registers and assurance frameworks to understand the risks faced, and the controls that the Council places reliance on to manage those risks; and
  - An analysis of the risks, strengths, weaknesses, opportunities and threats to the IA Service.

## 3. Key IA Objectives and Priorities

### 3.1 Our Aim / Mission Statement

- 3.1.1 An effective mission statement delineates the IA function's authority and responsibilities and reflects the priorities of Senior Management and the Audit Committee. Our mission statement ought to address the degree to which the IA function will allocate resources towards traditional assurance-focused internal control activities vs. consulting activities perceived to add value to lines of business.
- 3.1.2 A mission statement that does not align clearly and directly with stakeholder expectations is of little value and can be a detriment to achieving strategic objectives. The **IA Continuum** (overleaf) depicts how IA's focus and skill sets must evolve as stakeholder expectations change.

### The Internal Audit Continuum



- 3.1.3 IA helps the Council to achieve its vision and fulfil its strategic objectives by consistently providing a professional, robust and independent IA service that adds value and is highly regarded by key stakeholders.

#### Our Mission

- 3.1.4 ***We aspire to be recognised as a valued business partner to help council services succeed. During a significant period of change we aim to undertake a range of risk based assurance and consultancy services to deliver key improvements to the way the council works and help improve services to our residents in line with the Hillingdon Improvement Plan (HIP).***
- 3.1.5 In delivering this mission, we will:
- Produce and deliver quarterly risk-based IA plans which comply with auditing standards;
  - Provide the statutory Head of IA's annual opinion statement on the Council's internal control, risk management and corporate governance arrangements;
  - Provide progress reports on a quarterly basis which highlight any identified significant deficiencies or potential areas for improvement in the Council's internal control, risk management and corporate governance arrangements; and
  - Support and suitably challenge the key assumptions and judgements taken by management, through IA's assurance and consultancy services, to ensure they are appropriate and in accordance with the relevant policies, guidelines and professional standards.

## **3.2 Measures of Success**

- 3.2.1 Whilst absolute financial or operating performance is often the only "measure of greatness" people look at, our research shows that great services or organisations always produce four key outcomes:

- **Sustained superior performance:** They succeed financially, or operationally, in both the short and long term and not just on an absolute basis, but relative to their market potential or the hand they are dealt;
- **Intensely loyal customers:** They earn not only the "satisfaction" of their customers, but their true loyalty;
- **Highly engaged and loyal employees:** The people who work at great organisations are more than satisfied, they are energised and passionate about what they do; and
- **Distinctive contribution:** They do more than "business as usual"; they fulfil a unique mission that sets them apart from the crowd.

3.2.2 These four outcomes are measurable, unmistakeable and attainable by any organisation or service.

3.2.3 The UK Public Sector IA Standards (PSIAS) are clear that IA should be adding value to an organisation. At a time when all areas of the Council are being urged to deliver better and more efficient services, it is absolutely right that IA can itself demonstrate improvements in its services and is seen to be adding significant value to the Council. This will be achieved through the delivery of the IAS. Modern IA practice suggests that IA success is reliant on and/ or linked to a wide range of factors including:

- **Quality;**
- **Economy;**
- **Efficiency;** and
- **Effectiveness.**

3.2.4 We have set stretching targets in line with the above factors, which are set out in the 2021/22 Annual IA Plan approved by the Corporate Management Team (CMT) and the Audit Committee. These cover all aspects of the IA service and will drive performance of the service with the objective to achieve key stakeholder requirements. The intention is that using the monitoring data maintained on our dedicated IA software system (TeamMate), a summary of actual IA performance against the targeted performance are reported to CMT and the Audit Committee and included in the quarterly IA progress reports. This performance reporting cycle will allow all stakeholders to measure the ongoing performance, robustness and value of the IA Service at Hillingdon and evidence achievement of our aim /mission statement.

3.2.5 Overall success will be shown in the improvement in the Council's internal control environment. This will be displayed through a reduction in the total number of IA recommendations raised, as well as a reduction in the risk rating of those recommendations.

### 3.3 SWOT Analysis

3.3.1 The Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis (overleaf) helps uncover opportunities that we are well placed to exploit whilst recognising the strengths of the service. In addition, by understanding the weaknesses and threats posed to our business we can manage and potentially eliminate these.

3.3.2 We will take advantage of the opportunities identified overleaf, as well as building upon our strengths and taking action to improve weaknesses.

3.3.3 This, as well as our IAS, will help ensure the effective delivery of our aims, objectives and mission statement.

**SWOT Analysis**

	<b>Helpful</b> <b>To achieve our objectives</b>	<b>Harmful</b> <b>To achieve our objectives</b>
	<b>Strengths</b>	<b>Weaknesses</b>
<b>Internal</b> <b>(attributes of the IA Service)</b>	<ul style="list-style-type: none"> <li>- Experienced, qualified, and knowledgeable staff.</li> <li>- Embedded risk based approach to IA, providing assurance on management of key corporate, strategic and operational risks.</li> <li>- Independence and objectivity.</li> <li>- Restructure to ensure continued agility of assurance provision.</li> <li>- Enhanced and targeted reporting to those charged with governance.</li> <li>- Timely delivery of IA fieldwork and reports.</li> <li>- Performance against IA key performance indicators.</li> </ul>	<ul style="list-style-type: none"> <li>- Rebuilding of previous damage to reputation of IA within certain areas of the Council stifling provision of added value assurance and consultancy services.</li> <li>- Lack of specialist ICT and contract audit knowledge.</li> </ul>
	<b>Opportunities</b>	<b>Threats</b>
<b>External</b> <b>(attributes of the environment)</b>	<ul style="list-style-type: none"> <li>- Further utilising IA software to enhance and streamline the IA process whilst improving efficiency.</li> <li>- Possibility to deliver IA Services to other public sector bodies bringing in additional revenue to the Council.</li> <li>- Alignment and closer working with other assurance providers including BID/transformation, quality assurance and counter fraud functions.</li> <li>- Developing in-house IA expertise to deliver ICT &amp; Contract Audit.</li> </ul>	<ul style="list-style-type: none"> <li>- IA Service is outsourced to deliver cost savings.</li> <li>- Public criticism and adverse publicity of IA provision.</li> <li>- Loss of key staff.</li> <li>- Stakeholder value in IA is diminished.</li> <li>- Poor delivery by external partners, impacting effectiveness of IA service.</li> </ul>

## 4. Provision of IA Service

### 4.1 How the Internal Audit Service will be provided

- 4.1.1 In agreement with those charged with governance (CMT and the Audit Committee), the Head of Internal Audit (HIA) will determine the way in which findings will be reported. Standards will be set for reporting and will include arrangements for the review and approval of reports by the HIA before issue. Reports will be balanced, clear, concise and constructive and will be issued within laid-down timescales.

- 4.1.2 The HIA will provide a written annual report to those charged with governance timed to support the Council's Annual Governance Statement. The annual report will provide the statutory opinion on the overall adequacy and effectiveness of the Council's system of internal control, risk management framework and corporate governance arrangements.
- 4.1.3 The report will also include a summary of the work that supports the opinion, a statement on conformance with the PSIAS and the results of the IA quality assurance and improvement work.

## 4.2 Internal Audit Resources

- 4.2.1 The IA team's greatest asset are its staff. The next three years will be a period of significant change as we start 2022 with the recruitment of a new Head of Internal Audit, a Principal Internal Auditor and a Senior Internal Auditor. As a result of the restructure within the service, the resourcing strategy of the IAS is setup in such a way to provide robust business continuity and succession planning by 'growing our own'. As new colleagues join the IA team we will continue to professionally train and develop all our staff. It is our intention that over the life of this strategy we will only need to recruit Trainee Internal Auditors into the service. As such, when a member of staff decides to leave the employment of the Council, an existing member of staff should be in a strong position to obtain promotion. This is subject to satisfactory performance but does provide for a greater career structure within the Service.
- 4.2.2 As such, IA will be appropriately staffed in terms of numbers, professional qualifications and experience having regard to its objectives, the standards set out in the PSIAS, in addition to the assurance requirements of the Council. The skills mix within the in-house IA team will significantly change over the last 12 months to ensure that we are best positioned for the future with every member of the IA team either now professionally qualified or actively studying for a relevant professional qualification.
- 4.2.3 We foresee the next three years as a significant period of change, challenge and risk within Local Government, which has been exacerbated by the Covid-19 global pandemic. Local authorities are facing financial, health and social care pressures that are unprecedented and have never been experienced before at this level. This coupled with lockdown, working from home and other restrictions means that the way the Council conducts its business has also undergone significant change. The IA team will support the Council in any way it can, by working flexibly with services/ teams, focusing on and providing assurance over the areas of highest risk.
- 4.2.4 The in-house IA Service is currently supplemented by partnerships with external providers of IA Services for specialist support i.e. ICT audits on IT applications through to reviews of the Council's cyber security controls. We do however recognise that in order to continually add value to the Council we will need to diversify our skill base to ensure that the continuing and emergency assurance needs are met through the in-house IA Service. As such the IA resource will need to become more agile over the short to medium term of this strategy to address the assurance needs of stakeholders.
- 4.2.5 Over the longer term the IA Service will need to be supported by other effective means of obtaining assurance, such as the continuous monitoring of key systems, using data analytics, computer-assisted audit tools & techniques (CAATs); control risk self assessment (CRSA); and by taking assurance from other bodies that have carried out reviews of the Council's operations and third party partner organisations. This assurance will be in the form of Statement on Auditing Standards (SAS) 70 reports from relevant third party providers and agents to the Council. This may include fund managers, pension providers and School's payroll providers, or audit and inspection reports from regulatory bodies, such as Ofsted and the Information Commissioner's Office.

- 4.2.6 It is the HIA's professional opinion that without the use of these techniques, it will be difficult to ensure that sufficient IA cover of the Council's operations is delivered. This in turn will have an adverse impact on the HIA's ability to issue a positive opinion on the effectiveness of the internal control environment, which forms a key component of the Head of IA's annual assurance statement at the end of the financial year.
- 4.2.7 Assurance mapping (which we have completed in the past) would help assist IA in the identification of key external assurance providers and focus IA resource on the key high risk areas facing the Council. IA are well placed to help facilitate this process.

## 5. Key Roles of Internal Audit

### 5.1 Assurance

- 5.1.1 Internal Auditors deal with issues that are fundamentally important to the survival and prosperity of the Council. Unlike external auditors, they look beyond financial risks and statements to consider wider issues such as the Council's reputation, growth, its impact on the environment and the way it treats its employees.
- 5.1.2 In summary, Internal Auditors aim to help organisations succeed. At Hillingdon we do this through a combination of assurance and consultancy services. The assurance part of our work involves informing Senior Management and elected Members of how well the systems and processes designed to keep the Council on track are working effectively. Then, we also offer a range of consulting services to help improve those systems and processes where necessary.
- 5.1.3 The assurance work performed by IA involves reviewing the audit universe (i.e. a long list of auditable areas for potential IA review) carrying out risk assessments, risk scoring and categorisation. Those areas where the overall risk assessment is 'high' or 'medium' are considered for assurance review by IA.

### 5.2 Advisory / Consulting

- 5.2.1 In line with the PSIAS, IA coverage will include a range of consultancy work. IA is available to offer, where resources and skills allow, independent advice and consultancy to management. Consultancy and advice will usually involve problem solving, and informing process design or internal control issues, to help management enhance services. This may include certification of grant claims, training through to the facilitation or conducting of specific consultancy reviews.
- 5.2.2 Although the responsibility for managing change and maintaining internal control lies with management, early audit advice can help prevent subsequent costly and inconvenient amendments to new or revised systems and developments. Appropriate controls will ensure that the provision of advice and consultancy does not lead to a loss of audit independence.

### 5.3 Core Financial Systems coverage

- 5.3.1 We carry out comprehensive coverage of the core financial systems to enable the Council's Corporate Director of Finance to discharge his responsibilities under Section 151 of the Local Government Act 2000. The in-house IA team has a wide pool of skills and experience to deliver the core financial system types of IA reviews. However, to ensure the continuing professional development, these types of audits will be rotated between IA staff.



## 5.4 Corporate Governance / Annual Governance Statement

- 5.4.1 The definition of IA and the International Auditing Standards for the Professional Practice of IA (Standards) identifies that IA has a role to play in evaluating and helping to improve governance processes. The Standards make specific reference to assessing and making recommendations for:
- Promoting appropriate ethics and values within the organisation;
  - Ensuring effective performance management and accountability;
  - Communicating risk and control information; and
  - Coordinating the activities of the board, management, external and internal auditors, and communicating what they do.
- 5.4.2 An annual IA report is presented to the CMT and the Audit Committee which includes the HIA's statutory opinion statement on the Council's corporate governance arrangements. This role is further defined within the Internal Audit Charter (refer to [Appendix A](#)).

## 5.5 Risk Management

- 5.5.1 While the responsibility for identifying and managing risks belongs to management, one of the key roles of IA is to provide assurance that those risks have been properly managed.
- 5.5.2 We believe that a professional IA activity can best achieve its mission as a cornerstone of governance by positioning its work in the context of the organisation's own risk management framework. Our assessment is that the Council's risk maturity at the time of producing this IAS is **RISK AWARE**, demonstrating the characteristics of a *scattered silo approach to Risk Management*. As such, limited assurance can be placed on the risk management framework to drive the IA Plan. Thus, IA will utilise their cumulative audit knowledge and experience of the London Borough of Hillingdon and wider public sector to undertake their own risk assessment process, as detailed in [Appendix B](#).
- 5.5.3 An annual report is presented to CMT and the Audit Committee which includes the HIA's statutory opinion statement on the Council's risk management arrangements. This role is further defined within the IAC.

## 5.6 Contracts and Procurement

- 5.6.1 With the increasing number of contracts in operation across the Council, IA will continue to have an increased focus on contract related assurance audits. This will include reviews of the procurement process, as well as contract management arrangements for the significant/high value contracts. Ideally, these audits should be performed by specialist contract auditors. Whilst the IA team are proficient at undertaking audits of contracts, no current members of staff are qualified contract auditors and as such the IA team do not currently hold this expertise. With potentially more Council functions being outsourced to reduce costs and increase efficiency this is an area of growth in assurance requirements. As a result, we will look at developing these skills for IA staff over the next three years.

## 5.7 Anti-Fraud and Anti-Corruption

- 5.7.1 Whilst IA has a responsibility to give due regard to the possibility of fraud and corruption as part of its work, the Council's Business Assurance Counter Fraud Team (BACFT) is the lead assurance provider for the Council in this area.

- 5.7.2 The IA Service will continue to work closely with the BACFT and any issues relating to potential fraud or irregularity identified by IA will be referred to the BACFT for investigation. We recognise that greater alignment between both teams will prove beneficial to the Council. As such exposure to this area for IA staff may prove beneficial and will therefore be explored as part of delivering the IAS.
- 5.7.3 The key elements of this approach include:
- A coordinated IA and BACFT annual planning process which is monitored and updated on a quarterly basis;
  - Flexibility of approach on cases of suspected fraud where there are elements falling across both remits;
  - Shared view of fraud risks across the Council and a joined-up approach to risk management where fraud risk exists;
  - IA and BACFT utilisation of each other's work, focussing resource towards the highest risk areas providing a greater level of context for investigations and IA reviews;
  - Shared understanding of the emergence of new fraud risks across the Council and within the public and private sector; and
  - A greater level of assurance to Audit Committee/ all Members and Senior Managers that fraud risks are being managed appropriately.
- 5.7.4 This approach has been proven to be more effective in the management of fraud risks. It also provides an efficient use of resource in dealing with fraud and a greater opportunity to minimise the Council's fraud losses.

## 5.8 Information and Communication Technology (ICT) Audit

- 5.8.1 These are reviews of the ICT infrastructure and associated systems, software applications, and hardware that underpin the Council's operations. These audits will be performed by specialist ICT auditors with some support provided by the in-house Service. The IA team does not currently hold the professional IT Audit Qualification (CISA) but the Internal Audit Manager is actively studying towards the CISA accreditation and has been leading on some IT reviews as part of his Continuous Professional Development (CPD). With the ongoing increase in the automation of processes and controls, this is an area of growth in assurance requirements. As a result, we will ensure that these skills are a key area of development for IA staff over the next three years.

## 5.9 Project Management

- 5.9.1 Given the nature of projects, there are risks concerned with the delivery, timing, cost and quality of projects. Many authorities have projects which struggle to deliver the benefits that are expected of them, often having major knock on effects with other projects and sometimes even conflicting with other projects. IA can provide quality assurance on projects through the entire life cycle of change, from project feasibility through to project closure. We have the appropriate skills and in house expertise to deliver these types of audits, but further improvements to staff skills will be explored as part of delivering the IAS.

**Muir Laurie** FCCA, CMIIA

Deputy Director of Exchequer Services & Business Assurance

**Sarah Hydrie** CMIIA, CIA

Head of Internal Audit & Risk Assurance

21<sup>st</sup> January 2022





## APPENDIX A

# INTERNAL AUDIT

## Internal Audit Charter

### 1. Purpose

- 1.1 In accordance with the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) the purpose, authority and responsibility of the internal audit activity must be formally defined in an Internal Audit (IA) Charter, consistent with the [Mission of Internal Audit](#) and the mandatory elements of the International Professional Practices Framework (the [Core Principles for the Professional Practice of Internal Auditing](#), the [Code of Ethics](#), the [Standards](#) and the [Definition of Internal Auditing](#)).
- 1.2 The London Borough of Hillingdon IA Charter defines the purpose, authority and responsibility of the IA Service within the Council. The Charter establishes the Head of IA's (HIA's) position within the Council including the nature of the HIA's functional reporting relationships. The Charter authorises access to records, personnel and physical properties relevant to the performance of engagement and defines the scope of IA activities.
- 1.3 The HIA is responsible for applying this IA Charter and ensuring it is maintained, up to date and, in line with the [Public Sector Internal Audit Standards](#) (PSIAS). This Charter will be reviewed every 3 years or sooner if significant changes have been made by senior management (Corporate Management Team [CMT]) to ensure that it remains relevant to the needs of the Council. This Charter shall be presented to the Board (which for the purpose of the PSIAS is the Audit Committee) for approval.

### 2. Statutory Requirement and Authority

- 2.1 The Accounts and Audit (Amendment) Regulations 2021 require every local authority to undertake an effective IA to evaluate the effectiveness of its risk management, control and governance processes, taking into account the PSIAS or guidance.
- 2.2 The IA service is responsible for providing assurance to all of its key stakeholders including the Audit Committee, Senior Management and in particular the Chief Financial Officer to help them discharge their statutory responsibilities under Section 151 (S151) of the Local Government Act 2000. An effective IA service will be seen as a catalyst for improvement at the core of the Council and will become recognised across the Council as a value added, trusted advisor and business assurance provider.
- 2.3 Deriving from those regulations, and those authorising this Charter, **the IA service has free unrestricted access** and ability to plan and undertake audit assignments necessary to fulfil its scope. To enable full discharge of its duties, the HIA and **the IA service has authority** to:
  - Have right of direct access to the independent Chairman of the Audit Committee;
  - Have unrestricted access to all Council functions, records, property and personnel; and
  - Obtain assistance, where necessary, from Council officers and contractors involved in the subject of audit engagements.

- 2.4 The HIA has overall accountability for ensuring the IA service safeguards information it has obtained and for maintaining confidentiality of information where applicable.

### 3. Status of Internal Audit within the Council

- 3.1 IA will be independent of all activities that it audits to enable internal auditors to perform their duties in a way that allows them to make professional and impartial judgements and recommendations.
- 3.2 The IA activity will remain free from interference by any element in the Council, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude. Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not engage in any activity that may impair their judgement or objectivity.
- 3.3 IA will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.
- 3.4 The Council's IA service is part of the Finance Directorate (Group) and is led by the Head of Internal Audit & Risk Assurance (HIA), who reports directly to the Deputy Director of Exchequer Services & Business Assurance and indirectly to the Corporate Director of Finance (S151 Officer). The HIA also has unrestricted access to the independent Chairman of the Audit Committee, the Chief Executive, External Audit (Ernst & Young), the Leader of the Council and all other Members and staff.
- 3.5 The HIA will annually confirm to the Board the organisational independence of the IA activity with any impairment disclosed to the appropriate parties.

### 4. Objectives and Mission

- 4.1 IA is defined in the PSIAS as *"an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes"*.
- 4.2 The IA service acknowledges and aspires to achieving the mission of Internal Auditing as provided by the IIA:  
*"To enhance and protect organisational value by providing stakeholders with risk based and objective assurance, advice and insight."*
- 4.3 IA is not responsible for control systems and managing risks. Responsibility for effective internal control and management of risks rests with the management of the Council.

### 5. Scope of Internal Audit

- 5.1 The HIA will provide an annual Opinion Statement to the Council, assisting the S151 Officer, through the Board (Audit Committee) in completing the AGS, which forms part of the statutory Statement of Accounts. The AGS provides public assurances about the effectiveness of the Authority's risk management framework, corporate governance arrangements and the system of internal control. The HIA opinion statement (see 3 core areas overleaf) meets the Authority's statutory requirement under Part 6 of the Accounts and Audit (Amendment) Regulations 2021 and is in line with the UK PSIAS as follows:

- (i) **Risk Management** - Risk Management is the process of identifying, quantifying and managing the risks that the Council faces in attempting to achieve its objectives;
- (ii) **Corporate Governance** - Corporate governance is the system of rules, practices and processes by which the Council is directed and controlled; and
- (iii) **System of Internal Controls** - The system of internal control is a process for assuring achievement of the Council's objectives in operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies which incorporates both financial and non-financial systems.

- 5.2 In addition to the **3 core annual opinion areas**, IA may, subject to specific arrangements, undertake engagements in the areas of counter fraud as detailed within this IA Charter.
- 5.3 IA also has the responsibility to provide consulting and advisory services to management relating to risk management, control and governance as appropriate for the Council. The IA service may evaluate specific operations at the request of the Audit Committee or Senior Management, as appropriate. Before any consultancy work is agreed, the HIA will ensure that IA has the appropriate skills, resources and approval to undertake the review. The HIA will also ensure that appropriate safeguards are in place to preserve objectivity in areas subject to future IA activity.

## 6. Responsibility

### Professional Standards

- 6.1 The HIA and their team have responsibility to undertake their work at all times in accordance with the PSIAS (the 'Standards') and, the IIA's Code of Ethics (the 'Code') and the broader International Professional Practices Framework (IPPF) which applies across the global practice of IA. Those members of the IA team who have membership of professional bodies will comply with the relevant requirements of that organisation.
- 6.2 Deriving from those regulations, and those authorising this Charter, the IA service has free unrestricted ability to plan and undertake IA assignments necessary to fulfil its scope. IA undertakes work in accordance with the Standards as set out below.

### Risk Based IA Strategy and IA Plan

- 6.3 The IA plan is a crucial component of the annual opinion statement provided by the HIA to those charged with governance. In order to deliver this assurance it is vital to have a comprehensive risk-based IA plan to determine the priorities of the IA activity, consistent with the organisation's goals. The overarching IA plan is presented to the Council's Corporate Management Team (CMT) and Audit Committee for approval. This plan is supplemented by quarterly operational risk based IA plans for approval. Any significant deviation from the approved quarterly IA plans will be communicated to senior management and the Audit Committee through quarterly IA progress reports.
- 6.4 The quarterly IA plan is undertaken based on a risk assessment, enabling the HIA to ensure that the most effective IA coverage is achieved, which focuses on the Council's key risks. Managers are required to ensure that key staff are available to IA during the agreed period of a review and for ensuring that information requested is accurate, timely and reliable. The quarterly IA plan, including resource requirements and limitations, is presented to CMT and Audit Committee for approval.

### Management of Engagements

- 6.5 For each IA engagement, a detailed Terms of Reference (ToR) will be prepared and discussed with the relevant managers. The ToR will establish the engagement's service objectives, key risks, scope, timing and resource allocations for the review.

- 6.6 Each IA engagement will be sponsored by a member of CMT and engagements intended to provide an IA assurance opinion will be undertaken using a risk-based approach. IA will promptly communicate its findings and conclusions to management, proposing recommendations to address any identified weaknesses, risks or issues. The HIA will inform the Council (via the Audit Committee) of any remaining material weaknesses.
- 6.7 The HIA will have systems in place to ensure that internal auditors obtain and record sufficient evidence to support their conclusions and engagement results to demonstrate the adequacy of evidence obtained to support professional judgements made. This includes management supervision to ensure objectives are achieved, quality assured, and staff developed.
- 6.8 A report is issued to appropriate parties following the conclusion of each IA engagement and is distributed to the review sponsor and relevant key contact(s). The report includes an executive summary with a particular emphasis on risk management, internal control and governance strengths and weaknesses identified during the review. A management action plan is appended to reports (where applicable) which provides management with the opportunity to respond to the recommendation(s) raised and set out what action (risk response) they propose to address the risk(s) identified.

### **Follow-up**

- 6.9 IA follows-up all 'High' and 'Medium' risk-rated recommendations to establish if management has taken appropriate action to address any weaknesses, risks or issues identified. Escalation procedures are in place for any management responses that are judged to be inadequate in relation to the identified risk. These procedures will ensure that the impact of not taking action (Tolerating the risk) have been understood and accepted at a sufficiently senior management level.

### **Management Responsibilities**

- 6.10 In order to be effective, the IA service requires full co-operation of senior management. IA is not responsible for internal control systems or managing risks. Responsibility for effective internal control and management of risks rests with the management of the Council.
- 6.11 Senior management must also keep the IA service abreast of significant proposed changes in processes, systems, newly identified significant risks and all suspected or detected fraud or corruption. Senior management will also ensure that the IA service has access to sufficient resources in order to deliver the IA plan as approved by CMT and the Audit Committee. Responsibility for the deployment of resources in delivery of the IA plan rests with the HIA.

## **7. Reporting Lines**

### **Reporting Lines**

- 7.1 The HIA has overall responsibility for the day-to-day management of the IA service. In agreement with those charged with governance, the HIA will determine the way in which findings will be reported. Standards will be set for reporting and will include arrangements for the review and approval of reports by the HIA before issue. Reports will be balanced, clear, concise and constructive and will be issued within laid-down timescales.
- 7.2 The IA service will maintain effective relationships with management within the Council, including consultation in the IA planning process at quarterly planning level and with respect to individual reviews. The HIA will share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimise duplication of efforts.

**Staff Training and Development**

- 7.3 IA will be appropriately staffed in terms of numbers, professional qualifications and experience, having regard to the IA objectives and to the standards set out in the PSIAS. The staffing of IA will be kept under review by the HIA and the Audit Committee.
- 7.4 The HIA holds a relevant professional qualification (CMIIA, CCAB, or equivalent) and will be suitably experienced. All IA staff will be properly trained to fulfil their roles and responsibilities and they will each maintain their professional competence through an appropriate on-going professional development programme. When necessary, in-house IA resources will be supplemented by external resources.

**8. Other Internal Audit Work****Wider Remit of Business Assurance**

- 8.1 The IA activity sits within the Council's Business Assurance service. The role of the HIA incorporates wider Risk Assurance responsibilities. Whilst the remit of Business Assurance is wide, we will continue to focus on delivering consistently high quality value added IA reviews to help services to succeed. This will be undertaken through the application of appropriate safeguards to maintain independence and objectivity to ensure an unbiased assessment, having regard to the principles contained within the Code of Ethics.

**Third Parties**

- 8.2 IA may carry out assurance work for third parties (i.e. organisations outside of the Council). Assurances provided to third parties are provided in line with the assurance provided to the Council, as described within this document.

**Consulting and Advisory Services**

- 8.3 IA may perform consulting and advisory services related to governance, risk management and controls as appropriate for the Council. IA may also evaluate specific operations at the request of the Audit Committee or CMT, as appropriate. Based on its activity, IA is responsible for reporting significant risk exposures and control issues identified to the Audit Committee/ CMT.

**Counter Fraud**

- 8.4 IA's role in any fraud or corruption related work will be in accordance with the Council's Counter Fraud Strategy and with resources approved by the Audit Committee in the Quarterly IA Plans (in liaison with the Head of Counter Fraud). However, Internal Auditors will have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organisation. In addition, IA may assist or lead, as needed, in the identification and investigation of suspected fraudulent activities within the Council and notify Management and the Audit Committee of the results.

**Major Projects**

- 8.5 The IA service will be informed of major projects and their progress through continued discussion with Management and attendance at project working groups, where invited to attend. Where a project team seeks advice or further support from the IA service, we will treat the request as one for consultancy support and make appropriate arrangements to ensure future objectivity is not impaired.

**Risk Management**

- 8.6 Business Assurance will be guided by the IIAs position paper on [\*The Role of Internal Auditing in Enterprise-Wide Risk Management\*](#) and therefore Business Assurance will not undertake any roles defined as inappropriate by that guidance.



- 8.7 Inappropriate roles include setting the Council's risk appetite, imposing a risk management process and taking on full accountability for risk management. The position paper lists the following as legitimate roles (with safeguards):
- Co-ordination of risk management activities;
  - Consolidating risk reporting;
  - Developing a risk approach for approval and its subsequent maintenance;
  - Facilitating identification and evaluation of risks; and
  - Coaching management in responding to risks.
- 8.8 The Council's [Risk Management Policy and Guidance](#) defines the role of Business Assurance in relation to risk management, including safeguards put in place, which include:
- Internal separation of duties within the Business Assurance team, managed through the roles of the Head of Internal Audit & Risk Assurance and the Internal Audit Manager(s). Any Internal Audit review of risk management will be undertaken by an external provider to enhance independence and objectivity in this area;
  - The CMT holding responsibility for approving the Authority's Risk Management Policy and Guidance;
  - The Corporate Director of Finance, as Chief Finance Officer, being responsible for preparing the Authority's risk management policy statement and for promoting it throughout the authority; and
  - The Audit Committee will monitor and review, but not direct, the authority's risk management arrangements, including regularly reviewing the corporate risk register (giving reference to the Directorate Risk Registers) and seeking assurances that action is being taken on strategic risk related issues.

## 9. Ethics

### Code of Ethics

- 9.1 IA will abide by the Code of Ethics set out in the PSIAS. IA staff are bound by the two essential components of the Code of Ethics: 1) *Principle*; and 2) *Rules of Conduct*, applicable to the four elements of a) Integrity; b) Objectivity; c) Confidentiality; and d) Competency.
- 9.2 IA will apply the four *Attribute Standards* and the eight *Performance Standards* set out in the PSIAS. Any instances of non-conformance with the Code of Ethics or the PSIAS that impact the scope or operation of IA activity will be reported to CMT and the Audit Committee. Internal auditors will also abide by the Committee on Standards of Public Life's *Seven Principles of Public Life*.

### Due Professional Care and Competency

- 9.3 IA staff will apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

### Independence and Objectivity

- 9.4 The HIA will maintain and regularly review a register of the Internal Auditors' declarations of business and personal interests. If there are occasions where internal auditors undertake non-IA activities including the development, design or implementation of systems, then that individual will not subsequently perform an IA review of those systems.

## 10. Quality Assurance

### Professional Standards

- 10.1. The IA activity will govern itself by adherence to The Chartered Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics and the International Professional Practices Framework (IPPF), incorporating the Mandatory Standards.
- 10.2 This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activities performance to ensure that engagements are performed with proficiency and due professional care. In addition, IA will adhere to the Council's relevant policies and procedures and the internal audit activity's standard operating procedures manual.

### Staff Training and Development

- 10.3 All IA staff will be properly trained (ref para. 7.3) to fulfil their roles and responsibilities and they will each maintain their professional competence through an appropriate on-going professional development programme. When necessary, in-house IA resources will be supplemented by external resources.

### Quality Assurance Improvement Programme

- 10.4 The work of IA will be controlled at each level of operation to ensure that a continuously effective level of performance is being maintained. The HIA maintains a Quality Assurance and Improvement Programme (QAIP) designed to gain assurance that the work of IA is compliant with the PSIAS and achieves its objectives. The QAIP will cover all aspects of the IA activity, including but not limited to:
- Client Feedback Questionnaires (CFQs) that are sent out at the completion of each audit;
  - A self-assessment of the IA service each year and its compliance with the PSIAS; and
  - On-going internal performance monitoring and reporting by the HIA, as well as an external assessment at least once every five years by a suitably qualified, independent assessor.
- 10.5 The results of the QAIP and progress against any improvement plans will be reported to Senior Management and the Board through quarterly IA progress reports, as well as within the Annual IA Report.
- 10.6 To demonstrate conformance with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*, the results of external and periodic internal assessments are communicated upon completion of such assessments and the results of ongoing monitoring are communicated at least annually. The results include the assessor's or assessment team's evaluation with respect to the degree of conformance.

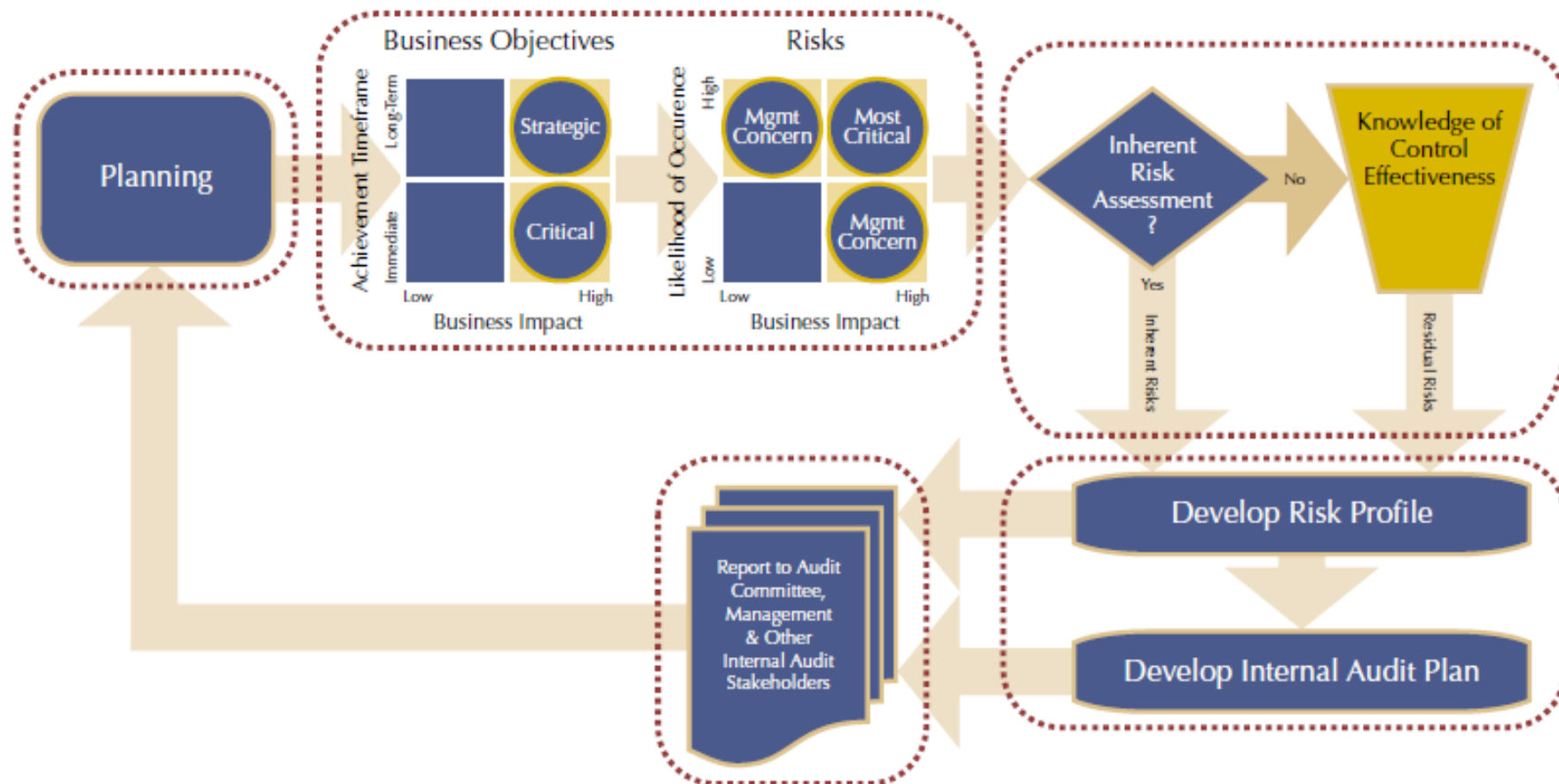
**Muir Laurie** FCCA, CMIIA

Deputy Director of Exchequer Services & Business Assurance

**Sarah Hydrie** CMIIA, CIA

Head of Internal Audit & Risk Assurance

21<sup>st</sup> January 2022

**APPENDIX B****The Internal Audit Risk Assessment Process**



## **APPENDIX C**

### **Major Developments in Internal Audit Practice**

#### **Public Sector Internal Audit Standards**

The PSIAS came into effect on 1<sup>st</sup> April 2013 and are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of IA across the public sector. They stress the importance of robust, independent and objective IA arrangements to provide senior management with the key assurances they need to support them both in managing the organisation and in producing the Annual Governance Statement (AGS).

#### **Implementation of IA Software**

Modernising the processes within IA, through the implementation of TeamMate in April 2014, has created efficiencies within the IA process whilst ensuring that IA operations become paperless. As a result, we have successfully procured its upgrade called **TeamMate Plus** which will continue to add value to the Council and we will need to diversify our skills base to ensure that the continuing and emergency assurance needs are met. Further, the IA resource will need to become more agile to meet the changing assurance needs of stakeholders as highlighted.

#### **Risk Based Internal Auditing**

Over the years, the need to manage risks has become recognised as an essential part of good corporate governance practice. This has put organisations under increasing pressure to identify all the business risks they face and to explain how they manage them. In fact, the activities involved in managing risks have been recognised as playing a central and essential role in maintaining a sound system of internal control.

#### **Agile Auditing**

Agile auditing can help IA teams conduct more efficient audits with the flexibility to respond to current business needs. When an organisation is using an agile approach, it delivers better alignment and provides real-time assurance rather than retrospective assurance. An 'Agile' approach helps the IA team eliminate low risk work and realise efficiencies that allow them to focus more time and effort on higher risk, complex reviews. We have the Agile Auditing approach into our quarterly IA planning process and quarterly risk management facilitation work.

#### **Control Risk Self Assessment**

Control Risk Self Assessment (**CRSA**) provides a framework to review, assess and design optimal control frameworks to manage risks and achieve business and quality objectives. CRSA attracts attention from empowered, team-driven organisations, in both the public and private sectors which are committed to continuous improvement. Organisations rarely have the necessary resources to implement CRSA and our experienced professionals can facilitate the exchange of leading practices and assist the Council to develop and implement cost-effective control and risk management systems.

#### **Data Analytics**

Analytics breaks down vast volumes of data and then rebuilds it to form information clusters that the Internal Auditor can use to analyse the risk landscape. Effective data analytics elevates performance, provides greater value to the organisation, and increases the credibility of an IA with its stakeholders. It is also helping to transform internal audits by significantly automating processes, supporting compliance within existing organisational policies, and providing management with a higher level of operational assurance.

## Assurance Mapping

Assurance mapping can help promote effective risk management, control and governance, because it can enable bodies to better assess whether their assurance arrangements are proportionate and balanced and identify areas where a change in approach may be needed. Assurance mapping can also help support the preparation of, and the evidence base for the AGS.

## Schools Thematic Reviews

From 1<sup>st</sup> April 2014 onwards, we introduced a fully risk-based approach to the IA coverage of Hillingdon schools. Specifically, we will continue to carry out cross-cutting audits of themed areas at a risk-based selection of several schools. The results of this work are made suitably anonymous and then shared with all Hillingdon schools in the shape of an IA report. This approach is already helping facilitate shared learning and good practice across all Hillingdon schools.

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

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

**28<sup>th</sup> 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 (1<sup>st</sup> July to 30<sup>th</sup> 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 30<sup>th</sup> 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	<b>1,267</b>	2,010
% identified by BACFT for rejection	29%	24%	<b>26%</b>	31%
Total number of applications closed	<b>1</b>	<b>3</b>	<b>4</b>	14

\* As at 30<sup>th</sup> 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	<b>2,344</b>	<b>4,231</b>	6,005
Percentage within 10 day target	94%	<b>97%</b>	<b>96%</b>	59%

\* As at 30<sup>th</sup> 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
<b>Loss Prevention Savings</b>	<b>£13,128</b>	<b>£13,128</b>	<b>£26,256</b>	N/A

\* As at 30<sup>th</sup> 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 14<sup>th</sup>–20<sup>th</sup>)** 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**

28<sup>th</sup> 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 30<sup>th</sup> 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*
<b>Housing</b>	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
<b>Social Services</b>	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
<b>Revenues</b>	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
<b>Blue Badge</b>	Simple Caution & Financial Penalty	£500	£100	£600
<b>Immigration Officer</b>	Housing Homelessness Applications**	£0	£9,999	£9,999
	Social Care Savings	£20,303	£0	£20,303
<b>Totals</b>	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
	<b>Total</b>	<b>£308,299</b>	<b>£1,524,650</b>	<b>£1,832,949</b>

\* As at 30<sup>th</sup> 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 - 2021/22 Quarter 3 Counter Fraud Progress Report

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Muir Laurie, Deputy Director of Exchequer Services and Business Assurance
<b>Papers with report</b>	2021/22 Quarter 3 Counter Fraud Progress Report
<b>Ward</b>	All

### HEADLINES

The attached report presents the Audit Committee with summary information on all Counter Fraud work covered in relation to 2021/22 Quarter 3 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 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 3: 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 Plan.

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# BUSINESS ASSURANCE

## **Counter Fraud Progress Report to Audit Committee: 2021/22 Quarter 3**

**21<sup>st</sup> January 2022**



## Contents

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## 1. Introduction

### 1.1 The Role of the Business Assurance Counter Fraud Team

- 1.1.1 The Business Assurance Counter Fraud Team (BACFT) supports the Council in meeting its statutory responsibility under section 151 of the Local Government Act 1972 for the prevention and detection of fraud and corruption. The work of the BACFT underpins the Council's commitment to a zero-tolerance approach to fraud, bribery, corruption, and other irregularities, including any money laundering activity.
- 1.1.2 As well as counter fraud activity, 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 3 period (1<sup>st</sup> October to 31<sup>st</sup> December 2021). In addition, it provides an opportunity for the Head of Counter Fraud (HCF) and the Deputy Director of Exchequer Services & Business Assurance (DDEBSA) to highlight any significant issues arising from the counter fraud work in Quarter 3 (Q3).
- 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 DDEBSA to be held to account in this respect.

## 2. Executive Summary

- 2.1 The BACFT has continued to build upon the success of Q2 delivering a variety of counter fraud workstreams, proactive projects and investigations. This has led to **the BACFT achieving c£639k in loss prevention savings in Q3 alone** across Revenues, Social Care and Housing services, bringing the **total year to date loss prevention financial savings to c£2.47m**. This makes **2021/22 the most successful financial year ever** for the BACFT and that is before Q4 work has been completed. This achievement can be partly attributed to the new innovations the BACFT has introduced to tackle the risk of fraud and loss to the Council.
- 2.2 During Q3 the BACFT has been committed to tackling tenancy fraud through risk based proactive projects and investigative work. The work carried out by the BACFT in this area has generated a significant return during the quarter with **17 Council properties recovered** for sub-letting or non-occupation. This represents the **highest property return in a single quarter on record** for the team, bringing the total number of properties recovered to **34 for the financial year to date**. With an increase in housing referrals received in Q2 and Q3, a large number of housing fraud investigations are ongoing with further positive outcomes in this area due to be reported in Q4.
- 2.3 As part of a new initiative to support the BACFT in combatting tenancy fraud, Hillingdon commenced its first ever **Key Amnesty Campaign** during Q3. The campaign gave the opportunity for those committing tenancy fraud to relinquish their Council accommodation whilst receiving a pardon from any criminal proceedings. To raise awareness of the amnesty, an extensive media campaign was conducted across social media, as well as a press release in Hillingdon people. The Key Amnesty itself has now concluded with the final results due to be reported in Q4 once all keys have been returned following the expiration of notice periods. Early indications are that the campaign has been very successful in relation to similar exercises conducted at other authorities.

- 2.4 In the area of Revenues, the BACFT has primarily focused this quarter on developing workstreams to maximise revenue. A new proactive project working with two external suppliers is now underway where they are identifying businesses that are not listed for rates and are highlighting businesses that have had a significant change to their hereditament/ rateable value. Although this project is in its infancy, the HCF is confident that this project will have a notable impact in increasing the Council's income. The outcomes of this work will be reported in Q4.
- 2.5 In conjunction with Parking Services, the BACFT conducted a **proactive Blue Badge Operation** this quarter. The operation was held in Hayes Town Centre and the surrounding areas, following intelligence received of multiple occurrences of misuse. The operation resulted in **5 badges being seized for misuse** and **3 Parking Charge Notices (PCNs)** being issued, with all 5 investigations ongoing. The close working relationship with Parking Services has led to a more efficient risk-based approach to blue badge misuse, identifying hotspot areas across the borough through intelligence gathering. This methodology will continue to ensure BACFT resources are deployed effectively to combat the risk of blue badge misuse.
- 2.6 Throughout the year the BACFT has dedicated resources to creating a positive counter fraud culture across the organisation, as well as engaging with the public to raise awareness of the importance of reporting fraud. During Q3 the BACFT promoted its **awareness campaign** to coincide with the **International Fraud Awareness Week**. We released daily social media posts across a variety of platforms, as well as several members of the team manning a fraud awareness stand within the Pavilions Shopping Centre, Uxbridge. A further **7 Fraud Awareness presentations** were also delivered across a range of council services including Procurement, Technical Administration, Direct Payments and Libraries.

### 3. Analysis of Counter Fraud Activity in Quarter 3

#### 3.1 Housing Fraud

- 3.1.1 The BACFT has continued in Q3 to deploy its resources effectively to combat tenancy fraud through proactive projects and investigative work within the area of Housing. This has led to the **recovery of 17 Council properties in Q3**, meaning Q3 has seen the highest property return figures on record in a single quarter. As per **Table 1** (over the page), this brings the **year to date property recovery to 34**, which represents an increase in properties of 55% compared to the 22 recovered in all of 2020/21. These achievements, alongside other positive outcomes in housing fraud prevention and detection, has seen the BACFT reach **£418k in loss prevention savings** for Housing fraud in just Q3.
- 3.1.2 The Courts are now showing signs of returning to pre-pandemic levels of operation with tenancy fraud cases being listed in a much timelier manner. This gives the BACFT the ability to recover properties through the legal system where necessary, as well as through means other than court. This development is positive news as the BACFT has now **instigated legal proceedings on 8 cases**, with more cases likely to require legal intervention during Q4.
- 3.1.3 As at the end of Q3, the team had **105 ongoing investigations** into suspected fraud within the area of housing. This consists mainly of a variety of non-occupation, illegal sub-let and wrongful succession cases. This continues the pattern that emerged in Q2 with a substantial increase in the number of live investigations the team is used to conducting within the area of housing. This can be attributed to many factors including the easing of covid restrictions and an increase in the quality and volume of housing referrals received during the last two quarters (which has in part been influenced by the Key Amnesty Campaign).



**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	34	£612k	22	£396k	28	£504k
Total number of ongoing cases	105	£1,890k				

\* As at end of Q3 (31<sup>st</sup> December 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 many 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 **38% of tenancy fraud referrals resulting in property recovery**.
- 3.1.5 The team continues to carry out checks on all **Right to Buy (RTB) applications** submitted to Housing Services. The RTB process is a statutory scheme whereby a tenant 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 if they are to qualify for the discount. During Q3, the BACFT has prevented **1 fraudulent RTB application**, leading to **loss prevention savings** of **c£112k**. A further **8 cases of suspected RTB fraud** are currently being investigated.
- 3.1.6 The team launched the Council's first ever **Key Amnesty Campaign** this quarter which was designed to highlight to residents that **social housing fraud is a crime** and also raise awareness that the council has a responsibility to investigate any suspected cases. The amnesty gave anyone misusing their council property, an opportunity to **surrender their tenancy** within a set period, with a guarantee of no further legal action being taken.
- 3.1.7 The Key Amnesty ran for 6 weeks, with its launch coinciding with **National Fraud Awareness week**. To raise awareness of the amnesty, an extensive communications campaign was run across the Council's social media platforms, Hillingdon People and Council website. Posters were put up in libraries, noticeboards across the borough and in public areas of the Civic Centre. Leaflets were also distributed to identified tenancy fraud 'hot-spot' areas within the borough. In-house training was given to front line services to provide them an overview of the campaign and how to signpost any queries.
- 3.1.8 The campaign was also picked up by other counter fraud professionals on their LinkedIn accounts and other social media platforms. This included LBFIG (London Borough Fraud Investigators Group), tenancy fraud solicitors and an article was published on the Public Finance website regarding the amnesty. The campaign itself has now concluded with full results to be reported in Q4 once all keys have been returned.
- 3.1.9 In Q3 the BACFT completed its proactive housing project involving outstanding **gas safety inspections**. Working collaboratively with internal departments including Housing, Repairs and Legal Services, the BACFT conducted **unannounced visits to 35 properties** that had long overdue gas safety checks. The purpose of the project was 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.

- 3.1.10 In total **31 properties resulted in successful appointments**, which has saved the Council over **£12k in legal costs**. The project has also highlighted **4 cases of suspected housing fraud** which are currently under investigation.
- 3.1.11 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. So far, **3 FTB cases are under investigation for sub-letting** and legal proceedings have been instigated for one investigation. These post sales checks will continue for those already in receipt of the grant.
- 3.1.12 Per **Table 2** below, the BACFT as part of its prevention activity, carry out eligibility checks on applicants who register for social housing. In Q3 the BACFT has **completed 492 verifications**; these checks include gathering information on an applicant's income, savings, assets, as well as their stated current housing situation.

**Table 2 ~ Housing Tenancy Verification Cases**

Housing Tenancy Verification Cases	Q1	Q2	Q3*	2021/22*	2020/21
Total number of cases reviewed	756	511	<b>492</b>	<b>1,759</b>	2,010
% identified by BACFT for rejection	29%	24%	<b>25%</b>	<b>26%</b>	31%
Total number of applications closed	<b>1</b>	<b>3</b>	<b>6</b>	<b>10</b>	14

\* As at end of Q3 (31<sup>st</sup> December 2021)

- 3.1.13 During the quarter a further **6 Social Housing 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.
- 3.1.14 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 Q3 the team has successfully achieved **99% of verifications** being completed within their target date. The BACFT have consistently performed at this level throughout the financial year, this is due to the risk-based changes and efficiencies implemented within the team's verification process.

## **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, NHS organisations and almost 100 private companies to identify potential fraud and error. In the year to date, the BACFT has identified loss prevention **savings of c£48k** in this area. Most of these savings are due to residents continuing to claim Single Person Discount (SPD) when they were no longer entitled to do so.
- 3.2.2 The Cabinet Office has collected further data sets from Local and Central Government in Q3 and will release the next round of NFI annual matches in January 2022. These will be reviewed in Q4 to identify any fraud, loss, or error and outcomes will likely be reported in the new financial year.

### 3.3 Revenues Fraud & Inspections

- 3.3.1 Per **Table 3** below, in Q3 the Revenues Investigation Unit (RIU) has **conducted 2,292 inspections, with 2,242 (98%) completed within the 10-day target**. The BACFT has continued to work hard to consistently meet this KPI target over the course of the year (refer to **Table 6** at **Appendix B**). This has been achieved against the backdrop of two high profile areas of work that have been undertaken during the last two quarters within this area of fraud.

**Table 3 ~ Revenues Inspections Performance 2021/22**

Revenues Inspections	Q1	Q2	Q3	2021/22*	2020/21
Total number of inspections completed	1,981	2,459	<b>2,292</b>	<b>6,732</b>	6,005
Percentage within 10 day target	94%	97%	<b>98%</b>	<b>97%</b>	59%

\* As at end of Q3 (31<sup>st</sup> December 2021).

- 3.3.2 Proactive project work has continued to identify '**Beds in Sheds**' within the borough during Q3. '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). RIU staff have followed up on outstanding inspections covering four roads in a specific part of the borough. A further **43 properties** were visited during this period which resulted in the identification of **1 self-contained annexe/outbuilding**. The details of this property have been shared with the VOA and the financial outcome will be reported in Q4. A total of **21 properties** require further inspection with visits to be conducted in the coming weeks.
- 3.3.3 Outside of the proactive 'beds in sheds' projects a further **7 previously unlisted self-contained annexes/outbuildings** have been added to the Council Tax listings during Q3. This has resulted in over **£12k** of loss prevention savings being identified. A further **5 outbuildings** have also been identified and their financial outcomes will be reported in Q4. 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 The BACFT has continued to develop its efforts to maximise revenue for the Council. New relationships have been developed with data providers to assist with the identification of previously unlisted businesses, and to identify changes that would result in the re-evaluation of the rateable value. The data from these providers was shared and reviewed late in Q3 and the results from this **Revenues Maximisation project** will be shared in Q4 and will continue to be developed over the coming months.
- 3.3.5 During Q3 the BACFT has continued to proactively identify previously unlisted businesses by utilising internal intelligence and open source data. This has resulted in the BACFT identifying **6 businesses** that were previously not listed for NNDR. The investigations on all 6 businesses have been concluded, and all the relevant evidence was sent to the VOA. It was confirmed by the VOA that all 6 businesses should be brought into rates, and this has resulted in **£37k of loss prevention savings**. Although only 15% of this is retained by the council, this highlights the importance of proactive intelligence led investigations in this area of work.
- 3.3.6 The BACFT's RIU will be aiming to further develop revenue inspections work by utilising technology and other internally held data. Meetings have been held with colleagues from Waste Services and Environmental Health to promote the sharing of internally held data. The pre-emptive utilisation of internal data will assist the BACFT to identify unlisted businesses sooner. This is a vital area of work for the council as businesses have no legal obligation to inform the Council Tax Team that they are trading, and every unlisted business is a potential loss of **legitimate revenue** to the council.

### 3.4 Small Business Rates Relief Project

- 3.4.1 The Small Business Rates Relief (SBRR) scheme is designed to reduce the amount of business rates payable by small businesses. This reduction is available to ratepayers who occupy a property with a rateable value of no more than £15k. During Q3 the BACFT have worked with colleagues from Exchequer Services to identify businesses that are still eligible for SBRR. This is an important area of work as it helps to support small local businesses and the Council receives guaranteed income from central government for every eligible business identified.
- 3.4.2 The team conducted **409** checks that involved unannounced visits along with interrogation of internal systems. As a result of these SBRR checks **27** premises required a change of occupier and **38** premises were identified as unoccupied requiring further monitoring. Following this project, **3 commercial** and **1 domestic** premises are due to be merged and **3 commercial premises** require further investigation. Amendments have been shared with the VOA to action and accounts will be updated accordingly once confirmation has been received from the VOA. The outcomes of any changes will be reported in Q4.

### 3.5 New Homes Bonus Empty Property Project

- 3.5.1 The New Homes Bonus (NHB) is a grant that is paid by central government to incentivise local housing growth. Following the conclusion of our NHB project late in Q2, the Local Government Council have given a **provisional settlement figure of £2,765k**. This is a **£380k increase** from the original figure that was included in the Consultation Budget presented to Cabinet in December 2021. The work conducted by the BACFT helped directly increase the grant money that will be received by the Council.

### 3.6 Social Care Counter Fraud Work

- 3.6.1 The BACFT has continued to focus on areas of loss prevention and counter fraud activity within **Financial Assessments (FA)**. The **Financial Assessment verification process** is now in its third quarter and continues to see an increase in verification requests by the FA Team, with the BACFT receiving **124 requests** in Q3. The council is under a financial and legal obligation to carry out this means tested assessment for each service user. The assessment identifies whether the applicant(s) is eligible to receive funding towards their care costs. The verification process also allows the BACFT to provide assurance to key stakeholders that any anomalies such as hidden assets, income or capital are highlighted and investigated prior to any funds being administered.
- 3.6.2 The Team's robust approach to this process has enabled all 124 verifications requests to be carried out, with a total of **8 cases undergoing additional checks** where further information is required and **2 cases currently under investigation**. The BACFT delivered a **bespoke Fraud Awareness session** to staff within the **Direct Payments Team** during the quarter. This has given staff involved a greater understanding of the potential fraud threats within their service area and the process for reporting any suspected cases.
- 3.6.3 A direct payment can only be provided to applicants if they have been assessed as needing care and support services. The payments are made to allow applicants to access care to meet their needs. The financial obligations can be substantial, and it is vital that the council identifies applicants who are able to fund these services via their own means. There are currently **3 Direct Payments cases under investigation**, with outcomes expected to be reported in Q4.
- 3.6.4 The council offers a range of financial support schemes for people with disabilities, such as the **Disabled Facilities Grant (DFG)**. The DFG is a means tested scheme that allows eligible applicants to receive financial support to make adaptations to their home, if they, or someone living at the property is disabled. The BACFT undertakes reactive investigations into suspected cases of fraud within this scheme.

- 3.6.5 Q3 has seen the positive conclusion of **2 DFG cases** that were linked to 2 ongoing tenancy fraud investigations. In both cases it was established that the offenders were not occupying the property that the DFG had been applied for which meant they were ineligible for the grant. Both applications were subsequently closed and **loss prevention savings of c£14K** identified. Both these cases highlight instances where unfortunately attempts are being made to defraud the council across different services areas, with a further **3 cases currently under investigation**. This underlines the importance of the BACFT working across multiple fraud risks whilst operating a proactive risk-based approach.
- 3.6.6 The team provide assurance and mitigate the risk of fraud within **Children's Social Care**, in particular the allocation of emergency accommodation provided under Section 17 of the Children's Act 1989. The verification process seeks to validate a family's reason for approach as well as their financial circumstances, as applicants claim to be destitute and requiring accommodation and or financial support. the BACFT conducts verification checks on all applicants approaching the Council.
- 3.6.7 **Table 4** below, illustrates the outcomes in this area and highlights the importance of these low volume, yet high monetary value cases. The BACFT evidenced in **1 case** that an applicant already had access to public funds, therefore financial support from the council for the family was not required, resulting in **accommodation cost savings of c£13k**.

**Table 4 ~ Section 17 Verification Cases 2021/22**

Cases	Q1	Q2	Q3	2021/22*	2020/21
Total number of cases reviewed	6	7	7	20	N/A
Total number verified as accurate	4	6	6	16	N/A
Total number of cases closed	2	1	1	4	N/A
<b>Loss Prevention Savings</b>	<b>£26,256</b>	<b>£13,128</b>	<b>£13,128</b>	<b>£52,512</b>	N/A

\* As at end of Q3 (31<sup>st</sup> December 2021).

- 3.6.8 Q3 seen the commencement of a project proactive in relation to residency checks of **Unaccompanied Asylum-Seeking Children (UASC)**. UASC are children and young people who are seeking asylum in the UK but have been separated from their parents or carers. Whilst their asylum claim is processed, they are cared for by the council and provided with accommodation and/or financial support. The BACFT's proactive project was designed and orchestrated to provide assurance to key stakeholders within Social Care that all UASC supported in shared accommodation were lawfully occupying their placement. Any instances of non-occupation or sub-letting identified are investigated.
- 3.6.9 This project is nearing completion and a total of **287 visits** have been conducted to **98 properties**. A total of **6 cases are under further investigation** for possible non-occupation or sub-letting. The BACFT will report any outcomes from this project in Q4.

### 3.7 Blue Badge Fraud

- 3.7.1 A Blue Badge provides parking concessions and helps people with **non-visible and visible disabilities or health conditions** park closer to their destination. The Blue Badge enables holders to park in designated disabled person's parking bays either on the public highway or privately owned car parks. In addition, badge holders can park on single or double yellow lines for up to 3 hours.



- 3.7.2 Following the success of the Blue Badge operations in Q2, the **BACFT ran a third operation in Q3**. This intelligence driven proactive project saw BACFT officers deployed in and around Botwell Leisure Centre and Hayes Town Centre. Officers focused on ensuring that disabled residents and visitors to the area were able to access the disabled parking facilities on offer during the busy festive period and where appropriate took enforcement action to address those found to be flouting the scheme. A total of **24 Blue Badges** were inspected by officers, leading to the **seizure of 5 badges** due to potential Blue Badge misuse. All 5 cases remain under investigation with results expected in Q4.
- 3.7.3 Q3 also saw the successful conclusion of **2 Blue Badge cases** that were under investigation following the team's operation at Ruislip Lido in Q2. The result was that both offenders received a **£100 fixed penalty notice and a Simple Caution**. Positive feedback was received from members of the public during the operation and these successful results further emphasise Hillingdon's zero tolerance approach to all types of fraud.

### 3.8 Onsite Immigration Official

- 3.8.1 The BACFT has had a Home Office Onsite Immigration Official (OSIO) working as part of the service 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. The OSIO has continued this quarter to work closely with colleagues from the **Social Care** finance team to identify UASC service users who are eligible to access mainstream benefits. The early identification of eligibility can produce significant savings in social care budgets. Due to the regular additions to the UASC case load, this will be an ongoing piece of work for the OSIO moving forward.
- 3.8.2 Information provided by the OSIO has directly contributed to loss prevention savings of **c£46k** in Q3 (refer to **Table 6** in **Appendix B**). These savings are in relation to clients who had approached Social Care for assistance but were subsequently found to be ineligible due to their immigration status. These savings highlight the continuing benefits of having direct access to Home Office information to assist Council staff with their decision-making process. The advice and information provided by the OSIO has also assisted the BACFT with an ongoing legal case. This has proved invaluable to the Council's Legal team when challenging the counter arguments that have been raised on behalf of the defendant. This is an example of the indirect and not necessarily quantifiable benefits of the information that is directly accessible by the OSIO.

### 3.9 Other Counter Fraud Activities

- 3.9.1 To coincide with **International Fraud Awareness week** the BACFT undertook a significant social media and in-person fraud awareness campaign. The campaign was launched in conjunction with Hillingdon's **Key Amnesty Campaign**. Members of the staff from the BACFT manned a fraud awareness stand for the week in the Pavilions Shopping Centre in Uxbridge. Fraud prevention advice was offered along with information about the services provided by the BACFT to members of the public.
- 3.9.2 The BACFT has continued to support colleagues from the **Community Safety Team** and has taken part in monthly targeted problem-solving days. These targeted days aimed to highlight areas within the borough which have been identified by residents, businesses, and local Councillors as a problem. Senior staff from the BACFT manned awareness stands in local libraries across various locations during these tasking days offering fraud prevention advice to members of the public.
- 3.9.3 As part of the BACFT's continued commitment to creating a strong counter fraud culture within the organisation, the team has continued to deliver fraud awareness training sessions to colleagues in other services. In total, **7 Fraud Awareness sessions** have been delivered this quarter across Technical Admin, Procurement, Direct Payments and Library services.

#### 4. Analysis of the Counter Fraud Team's Performance in Quarter 3

- 4.1 Attached at **Appendix A** is **Table 5** which sets out the Q3 performance by the BACFT against the eight KPIs. Also attached at **Appendix B** is **Table 6** provides an overview of the financial performance of the team in Q3 within each of the main areas of counter fraud activity.
- 4.2 As already mentioned in section 3 of this report, the BACFT has achieved a consistent level of performance across the majority of the KPIs this quarter. The details of this are that **7 of the 8 KPIs are at or above targeted performance**, with **1 at red**. The HCF will continue to prioritise and monitor the team's performance closely to ensure this high level of performance continues.

#### 5. Forward Look

- 5.1 Looking ahead to Q4, the BACFT will undertake a proactive visiting programme to all **emergency accommodation** occupied by applicants that have approached Housing Services as homeless. The aim of the project will be to identify any instances of non-occupation, sub-letting, or misrepresentation of circumstances. The BACFT will then investigate any fraudulent cases with the aim of returning any misused accommodation to housing.
- 5.2 With significant financial success recorded in the last two consecutive quarters, the BACFT focus will be on sustaining this level of performance into the new financial year. Linked to this, in Q4 **the HCF will be reviewing the BACFT resource** to ensure that the structure and skills mix of the team is what is needed to maintain this high performance level moving forward.
- 5.3 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

**Alex Brown** ACFS APCIP

Head of Counter Fraud

21<sup>st</sup> January 2022

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

BACFT KPIs	Target	Q1	Q2	Q3*	21/22*	20/21
1. Percentage of fraud referrals risk assessed within 3 working days	95%	100%	100%	99%	100%	87%
2. Verification work timescales for completion:						
a. Housing Allocations completion within the target date set by Housing	95%	99%	99%	99%	99%	95%
b. First Time Buyer completion within 5 working days	95%	100%	N/A**	N/A**	100%	33%
c. Right to Buy case completion within 28 working days	95%	100%	100%	100%	100%	100%
3. Investigation plan completion within 5 working days of case allocation	95%	100%	95%	98%	97%	90%
4. Tenancy fraud referrals received resulting in property recovery	20%	39%	23%	38%	34%	41%
5. Investigations resulting in sanction (prosecution/penalty/caution)	10%	12%	4%	4%	6%	5%
6. Investigations resulting in loss prevention/financial saving outcome	25%	44%	51%	64%	55%	39%
7. Revenue inspections completed within 10 days of raising	95%	94%	97%	98%	97%	59%

\* As at end of Q3 (31<sup>st</sup> December 2021).

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



**APPENDIX B****Table 6 ~ BACFT Quarter 3 2021/22 ~ Financial Performance**

Work Area	Description	Quarter 1	Quarter 2	Quarter 3	2021/22*
<b>Housing</b>	Right to Buy discounts	£0	£108,000	<b>£112,300</b>	<b>£220,300</b>
	Property Recovery (notional savings)	£180,000	£126,000	<b>£306,000</b>	<b>£612,000</b>
	Other savings/loss prevention	£0	£4,122	<b>£0</b>	<b>£4,122</b>
<b>Social Services</b>	Section 17 and UASC**	£27,775	£13,128	<b>£13,128</b>	<b>£54,031</b>
	Financial Assessments and Direct Payments	£0	£1,754	<b>£0</b>	<b>£1,754</b>
	Disabled Facilities Grants	£30,000	£0	<b>£14,209</b>	<b>£44,209</b>
<b>Revenues</b>	Single Person Discount	£3,247	£37,172	<b>£18,629</b>	<b>£59,048</b>
	Council Tax Reduction	£4,930	£4,081	<b>£4,623</b>	<b>£13,634</b>
	Beds in Sheds	£12,367	£13,202	<b>£12,224</b>	<b>£37,793</b>
	Housing Benefit Overpayments	£23,312	£41,419	<b>£74,718</b>	<b>£139,449</b>
	NNDR***	£5,866	£1,165,672	<b>£37,003</b>	<b>£1,208,541</b>
<b>Blue Badge</b>	Simple Caution & Financial Penalty	£500	£100	<b>£200</b>	<b>£800</b>
<b>Immigration Officer</b>	Housing Homelessness Applications**	£0	£9,999	<b>£0</b>	<b>£9,999</b>
	Social Care Savings	£20,303	£0	<b>£46,592</b>	<b>£66,895</b>
<b>Totals</b>	Loss Prevention Savings	£78,078	£132,882	<b>£186,229</b>	<b>£397,189</b>
	Notional Savings	£203,312	£167,419	<b>£380,718</b>	<b>£751,449</b>
	Cashable Savings	£26,410	£1,223,250	<b>£72,478</b>	<b>£1,322,138</b>
	Costs awarded and penalties	£500	£1,100	<b>£200</b>	<b>£1,800</b>
	<b>Total</b>	<b>£308,299</b>	<b>£1,524,651</b>	<b>£639,625</b>	<b>£2,472,576</b>

\* As at end of Q3 (31<sup>st</sup> December 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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## COUNTER FRAUD STRATEGY 2022 to 2025

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Muir Laurie, Deputy Director of Exchequer Services and Business Assurance
<b>Papers with report</b>	Counter Fraud Strategy 2022 to 2025
<b>Ward</b>	All

### REASON FOR ITEM

The attached report presents the Audit Committee with the Counter Fraud Strategy for 2022 to 2025 which sets out the planned approach for the next three years and seeks to:

- Define the strategic approach that the Business Assurance Counter Fraud Team (BACFT) will take in effectively managing the various risks of fraud faced by the Council by full implementation of a risk-based Counter Fraud Strategy; and
- Demonstrate the Council's commitment to a zero-tolerance approach to fraud.

### RECOMMENDATIONS:

That the Committee:

1. Notes the Counter Fraud Strategy 2022 to 2025; and
2. Suggests any amendments/comments.

### SUPPORTING INFORMATION

The Council's Fraud Universe forms a large part of the counter fraud strategic approach. The overarching aim of the strategy is to embed a risk-based approach to counter fraud activity and ensure that counter fraud is seen as a key part of the Council's risk management processes. The approach is to achieve this by working towards four key objectives:

- Risk Based Strategic Overview;
- Partnership & Engagement;
- Prevent, Detect, Pursue & Deter; and
- Innovation & Modernisation.

### Implications on related Council policies

None

## **How this report benefits our governance arrangements and residents**

The Counter Fraud Strategy 2022 to 2025 reinforces the Council's governance arrangements in relation to the prevention of financial loss, fraud and corruption, and gives confidence to residents over the administration of public funds.

## **BACKGROUND PAPERS**

The Business Assurance service holds various background statistical management documents in relation to the production of the Counter Fraud Strategy 2022 to 2025.

# BUSINESS ASSURANCE

## Counter Fraud Strategy 2022 to 2025:

21<sup>st</sup> January 2022



HILLINGDON  
LONDON

[www.hillingdon.gov.uk](http://www.hillingdon.gov.uk)

# Contents

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## 1. Introduction

### Anti-Fraud and Anti-Corruption - Vision and Priorities

- 1.1 Hillingdon Council is the second largest London Borough and a port authority with the UK's main international travel hub within its boundaries. This means that it is faced with significant challenges in ensuring that public finances are protected from fraud and corruption. Fraud is an ever-evolving pressure on public sector organisations, with those engaged in it always looking for opportunities to exploit system weaknesses to gain access to money, valuable information or benefit. It is the Council's duty to prevent this wherever it can, ensuring that fraud risk is understood, actively prevented and appropriate action taken against those who commit it.
- 1.2 The impact of fraud and corruption threatens the prosperity of the London Borough of Hillingdon (LBH) and its residents, with the potential to erode confidence in the Council as an institution. Fraud removes money from essential Council services and reduces the Council's ability to help those in the borough most in need. The effects of fraud are often compounded by its link to Organised Crime Groups (OCGs) and the negative impact on the community with increased levels of related crime. This makes counter fraud work a crucial activity for the Council.
- 1.3 The Council's vision is '*putting our residents first*'. Combating fraud and corruption within its services fully supports this vision. Our priorities are to fully implement a 'zero-tolerance' approach to fraud and a Council where fraud and corruption is unable to thrive due to an organisational environment that is hostile to fraud and its causes. To ensure that LBH is fully fraud-aware and enabled, the Council will prevent fraud through front line defences, advanced and early detection, as well as appropriate fraud deterrents.

### The Purpose of the Counter Fraud Strategy 2022 to 2025

- 1.4 The Counter Fraud Strategy 2022-25 sets out the Council's approach to effectively manage both the internal and external risk of fraud and corruption against the Council and the services it provides over the next three years. LBH has a statutory responsibility under section 151 of the Local Government Act 1972 for the prevention and detection of fraud and corruption. The Counter Fraud Strategy sets out how LBH will meet this requirement and supports the Council's vision by ensuring there are robust safeguards against the unlawful loss of taxpayer funds.

### The Role of the Business Assurance Counter Fraud Team

- 1.5 The Business Assurance Counter Fraud Team (BACFT) is the service responsible for delivering the Counter Fraud Strategy and ensuring that the Council meets its statutory objectives in relation to fraud and corruption.
- 1.6 As well as a range of counter fraud activities, the BACFT has historically conducted a range of other types of investigative work which do not necessarily have a criminal or fraud element to them i.e. revenue inspections, disciplinary investigations, etc. The work that the BACFT carries out is set out within this Counter Fraud Strategy. It includes preventative work such as fraud awareness training, advising management on fraud risks/fraud prevention controls and ensuring the Council has up-to-date and appropriate investigation policies and procedures.

## 2. Integration of approach with Internal Audit

- 2.1 An element of the overall counter fraud strategic approach since August 2017 has been to achieve integration between the work of Internal Audit (IA) and the work of the BACFT. This remains an important feature of the ongoing counter fraud strategy due to the benefits of an IA service and BACFT that are fully integrated and risk-based, whilst remaining as two distinct functions.

- 2.2 The nature of work of both IA and the BACFT mean a natural alignment can be found in the provision of assurance around risk management. It is intended that through this integration, a counter fraud culture and awareness of fraud will be more easily embedded across the organisation.
- 2.3 The key elements of this approach include:
- A coordinated IA and BACFT annual planning process which is monitored and updated on a quarterly basis;
  - Flexibility of approach on cases of suspected fraud where there are elements falling across both remits;
  - Shared view of fraud risks across the Council and a joined-up approach to risk management where fraud risk exists;
  - IA and BACFT utilisation of each other's work, focussing resource towards the highest risk areas providing a greater level of context for investigations and IA reviews;
  - Shared understanding of the emergence of new fraud risks across the Council and within the public and private sector; and
  - A greater level of assurance to Audit Committee/all Members and Senior Managers that fraud risks are being managed appropriately.
- 2.4 This approach has been proven to be more effective in the management of fraud risks. It also provides an efficient use of resource in dealing with fraud and a greater opportunity to minimise the Council's fraud losses.

### 3. Defining Fraud & Corruption

- 3.1 The term '**fraud**' commonly includes activities such as theft, deception, bribery, forgery, extortion, conspiracy and money laundering. These include, but are not limited to, the specific offences in the Fraud Act 2006. Fraud can be an attempted or actual act committed against the Council and/or its partners.
- 3.2 Fraud was defined in law for the first time ever with the introduction of the Fraud Act 2006. Fraud essentially involves a dishonest misrepresentation, failure to disclose information or abuse of position, with the intent to make a personal gain for oneself and/or create a loss for another.
- 3.3 **Corruption** is 'the offering, giving, soliciting, or acceptance of an inducement or reward, or showing any favour or disfavour, which may influence any person to act improperly'. It is primarily an offence under the Bribery Act 2010, although there are other related offences under the Prevention of Corruption Act 1906.

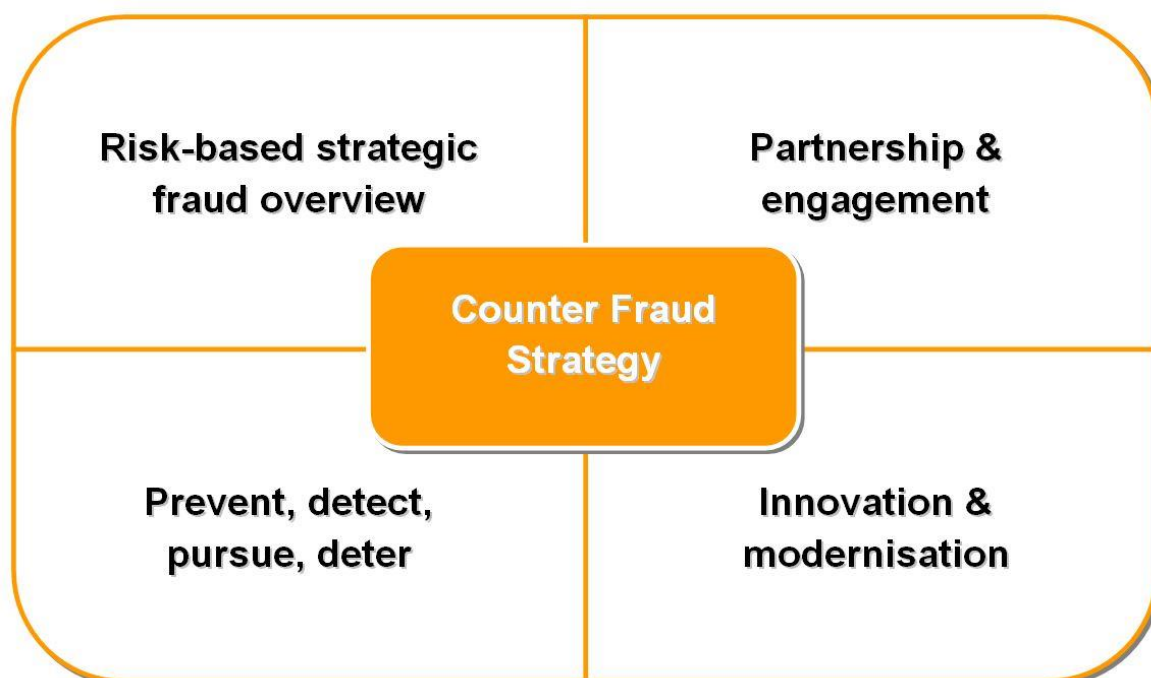
### 4. Strategic Aims & Objectives

- 4.1 The fraud and corruption risks faced by the Council are varied and span across all service areas. Fraud risk is highly sensitive to environmental factors with new challenges in preventing and detecting fraud emerging frequently. Increases in the emergence of new fraud risks is well documented during a local or national crisis or emergency, meaning the ongoing global pandemic continues to create new fraud risks for the Council to consider and respond to.
- 4.2 The aim of our strategic approach is to embed all elements of good practice in counter fraud into the existing governance arrangements for the Council to help achieve LBH's Counter Fraud Strategic Objectives. This will provide assurance to elected Members and Senior Managers that the Council's exposure to fraud risk is minimised.



- 4.3 The **Counter Fraud Strategic Objectives** for LBH are as follows:
1. Maximise loss prevention within Council services through effective counter fraud activity;
  2. Limit the opportunity for instances of fraud and corruption across the Council through effective prevention measures;
  3. Create a strong deterrent effect to fraud and corruption;
  4. Improve the Council's reputation across all stakeholders through the visibility of effective counter fraud activities;
  5. Improve the Council's overall governance arrangements;
  6. Reinforce an organisational culture of zero-tolerance to fraud;
  7. Embed and maintain an organisation-wide fraud risk awareness;
  8. Achieve the BACFT yearly Operational Work Plan; and
  9. Deliver financial savings and loss prevention across Council services in line with the yearly financial target.
- 4.4 To achieve these desired outcomes/strategic objectives, we consider there to be four key elements to this strategy per **Table 1** below.

**Table 1 ~ Strategic Elements**



**Risk-based Strategic Fraud Overview:**

- Developing and maintaining an organisation-wide fraud risk profile (Fraud Universe). Internal and external data and information is used intelligently and effectively to identify and fully define the key areas of fraud risk for the Council. Changes to these risks are continually monitored and the Fraud Universe updated in line with a current analysis of fraud risk.
- Implementation of a robust risk assessment model to grade fraud referrals before the deployment of Counter Fraud resources. The model will assess a variety of risks to the Council including the systemic, operational, reputation and financial risk, alongside intelligence gathering to corroborate allegations. This will ensure the effective use of resources within the investigative process, across a wide range of fraud risks.
- Ensuring the implementation and maintenance of appropriate counter fraud policies, processes and practices as part of a corporate framework to underpin all counter fraud measures and the effective use of deterrents.

**Partnership & Engagement:**

- Building and maintaining strong working relationships with counter fraud stakeholders, obtaining buy-in from residents and colleagues in order to drive a strong counter fraud culture and promote ownership of fraud issues, whilst enhancing the reputation of the BACFT.
- Integration of Counter Fraud and IA functions to inform fraud risk assessment methodology, counter fraud planning and internal control recommendations.
- Collaborating with our enforcement partners, including the police, enforcement officers and agencies to enhance investigation activities, lawfully share intelligence and maximise counter fraud outcomes.
- Work jointly with Council colleagues on the design and implementation of counter fraud projects, investigation activity and counter fraud controls, to embed a collaborative approach and enhance the counter fraud environment within the Council.

**Prevent, Detect, Pursue & Deter:**

- Embed fraud awareness through an ongoing programme of training and fraud risk control review, championing the implementation and maintenance of effective counter fraud controls.
- Deter fraud through fraud awareness campaigns focussing on key stakeholder groups including, staff, residents and partner organisations.
- Ensure regular communication on fraud referral and whistleblowing processes and fraud issues, both internally and externally, to encourage and maintain levels of fraud and corruption reporting.
- Identifying fraud, corruption and financial loss through a programme of targeted proactive counter fraud projects, targeting the highest fraud risk areas within the Council, as informed by the Fraud Universe.
- Robust and lawful intelligence led investigation of suspected cases of fraud and corruption in line with Council policy and professional good practice, and the application of appropriate sanctions and prosecutions where proportionate and necessary.

**Innovation & Modernisation:**

- Utilising existing and new technology to enhance and progressively modernise case management, intelligence gathering and investigative capabilities.
- Streamline operational processes to drive efficiencies, identify smarter ways of working and innovative counter fraud practices aimed at delivering enhanced outcomes.
- Introduce digitally driven processes to reduce the departments carbon footprint, whilst providing an effective and efficient Counter Fraud Service.
- Explore enhancements in Data analytics and Artificial Intelligence to support preventative measures and to identify instances of fraud, loss or error. Analytics will also contribute to the Fraud risk profile of the Council, as well as providing key fraud statistics for proactive Counter Fraud initiatives.
- Implementation of Council-wide data warehousing and data matching, utilising available information sharing, whilst working with internal and external partners, to deliver increased financial savings across all service areas, identify new fraud and error and enhance data management.

**5. Corporate Framework**

- 5.1 This strategy is part of an established corporate framework of interrelated policies and procedures covering the main elements of the Council's approach to countering fraud and corruption. These include:

- Prosecutions & Sanctions Policy;
- Whistleblowing Policy;
- Corporate Investigations Protocol;
- Anti-Bribery Policy;
- Anti-Money Laundering Policy;
- Surveillance Policy; and
- Enforcement policy.

- 5.2 It is the responsibility of the Deputy Director of Exchequer Services & Business Assurance, together with the Head of Counter Fraud and the Borough Solicitor to ensure this framework is reviewed and updated where necessary for compliance with statutory requirements and best practice in counter fraud and anti-corruption.
- 5.3 Clear information on the Council's approach to combating fraud and error and the related procedures will be regularly communicated with all council staff. Clear lines of communication are available for staff and residents to ensure there are no barriers to raising concerns about fraud and corruption. These include:
- Dedicated 'report a fraud' telephone hotline;
  - Fraud reporting form available to members of staff and members of the public via the Council's website and internally via Horizon with clear guidance;
  - Anti-Money Laundering reporting form with clear guidance for staff on when to report; and
  - Fraud Awareness e-Learning package - recommended for all new staff (although it is Management's responsibility to implement/monitor this).
- 5.4 Staff responsibilities in relation to fraud, corruption and money laundering reporting are contained within the staff Code of Conduct and relevant policies. All staff are required to report suspected fraud, corruption and/or money laundering under all circumstances. Failure to do so will be considered a breach of the staff Code of Conduct and may lead to action under the Council's Disciplinary Policy and Procedure.

## 6. The Counter Fraud Team Approach

- 6.1 The BACFT has implemented a risk-based approach to all counter fraud work. This methodology is in line with CIPFA's counter fraud and corruption strategy for local government '*Fighting Fraud & Corruption Locally 2020*'. It helps ensure that the BACFT's resources are consistently deployed in an effective manner to help LBH achieve its overall Counter Fraud Strategic Objective of '*Maximising Loss Prevention*'.
- 6.2 To hold to account the Head of Counter Fraud and the BACFT in relation to its performance, a set of refreshed key performance indicators (KPI's) have been introduced (refer to **Appendix A**). The KPI's not only assess the team's performance against Counter Fraud activity but also against other investigative work such as revenues inspections and financial assessments.
- 6.3 Alongside KPI's the team's success is measured against its financial performance as part of its strategic objectives. Financial performance is reported to key stakeholders including the Audit Committee and CMT on a quarterly basis.
- 6.4 For transparency on how the BACFT calculates its financial outcomes, this strategy includes the methodology set for fraud valuations (refer to **Appendix B**). This list of valuations is not exhaustive, as throughout any financial year the BACFT will adapt to combat any new emerging fraud risks.

## 7. Acknowledgement

- 7.1 The Counter Fraud Strategy 2022-25 was reviewed by Corporate Management Team on 19<sup>th</sup> January 2022 and is due to be considered by Audit Committee at its planned meeting on 1<sup>st</sup> February 2022. It is then scheduled to be approved by Cabinet on 24<sup>th</sup> March 2022 and will then be made available to all key stakeholders.
- 7.2 The BACFT would like to take this opportunity to formally record its thanks for the co-operation and support it has received from the Council's management as part of the risk-based planning process.

**Muir Laurie** FCCA CMIIA

Deputy Director of Exchequer Services & Business Assurance

**Alex Brown** ACFS APCIP

Head of Counter Fraud

21<sup>st</sup> January 2022

**APPENDIX A****COUNTER FRAUD TEAM – KPI's 2022-25**

The updated KPI's for the BACFT are set out in **Table 2** below. The KPI's have been reviewed and updated to ensure team performance can be measured against all key areas of the service delivery.

**Table 2 ~ Updated KPI's**

BACFT KPIs 2022-25	Actual 2020/21 Performance	2022-25 Annual Target
1. Percentage of fraud referrals risk assessed within <b>3</b> working days	87%	<b>95%</b>
2. Verification work timescales for completion:		
a. Housing Allocations completed within the target date set by Housing.	95%	<b>95%</b>
b. Right to Buy case completed within <b>28</b> working days*	100%	<b>95%</b>
c. Financial Assessments completed within <b>7</b> working days*	N/A	<b>95%**</b>
d. Section 17 reviews completed within <b>7</b> working days*	N/A	<b>95%**</b>
3. Investigation plans completed within <b>5</b> working days of case allocation	90%	<b>95%</b>
4. Tenancy fraud referrals received resulting in property recovery	41%	<b>30%***</b>
5. Investigations resulting in loss prevention/financial saving outcome	39%	<b>40%***</b>
6. Revenues Inspections completed within <b>10</b> working days of referral date	59%	<b>95%</b>

\* = BACFT Target is in line with client requirements

\*\* = New KPI wef 2022/23

\*\*\* = An increase in KPI target compared to 2021/22

For clarity the KPIs that have been removed are listed in **Table 3** below.

**Table 3~ Removed KPI's**

BACFT KPIs	Rationale
1. First Time Buyer completion within 5 working days	This scheme is no longer provided by the Council, making this KPI redundant.
2. Investigations resulting in sanction (prosecution/penalty/caution)	This KPI has been removed due to significant delays in criminal court proceedings relating to Covid. The BACFT will continue to prosecute where appropriate and proportionate to do so.

**APPENDIX B****COUNTER FRAUD TEAM – Loss Prevention Valuations**

The latest Fraud valuations are set out below in **Table 4**. All fraud valuations have been reviewed to ensure they are proportionate, justifiable, reasonable, are following a sound methodology and give key stakeholders quantifiable data on the team's performance.

**Table 4 ~ Updated Loss Prevention Valuations**

Service Area	Counter Fraud Activity	Methodology of Loss Prevention Valuation
Housing	Homeless applications and/or emergency accommodation closed	Average cost of accommodation per night x average length of stay*
	Council property or temporary accommodation recovered	<b>New</b> Tenancy Fraud Forum Calculation for 2022-25**
	Right to buy application closed	Value of the discount offered during the Right to Buy process
	First time Buyer Grant recovered	Value of the grant received
Social Care	Section 17 application and/or accommodation closed	Average cost of accommodation per night x average length of stay*
	Financial assessment application closed or amended	Value of the amendment to the financial assessment or the value of the contribution for 1 year for any closed financial assessments
	Disabilities Facilities Grant application closed or amended	Value of the grant received
	Unaccompanied Asylum Seeker accommodation and/or application closed	Cost of accommodation and/or subsistence to the Council for 1 year***
	Direct Payment amended or closed	Value of the amendment or the value of the direct payment for 1 year plus any backdated calculations

*cont'd*

**APPENDIX B (cont'd)****COUNTER FRAUD TEAM – Loss Prevention Valuations (cont'd)**

Service Area	Counter Fraud activity	Methodology of Loss Prevention Valuation
Revenues	Council Tax Reduction amended or closed	Value of the amendment or value of 1 year's benefit plus any backdated calculations
	Council Tax discount or exemption cancelled	Value of 1 year's discount/exemption plus any backdated calculations
	Housing benefit overpayment	Value of overpayment
	Beds in Shed or Annexe identified	1 year's value of additional Council Tax income plus any backdated billing
	Identification of unlisted Business or residential property	1 year's value of additional income plus any backdated billing****

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

\*\* = A new national formula to calculate the value of tenancy fraud which takes into consideration cost of emergency accommodation, court costs, investigator costs, void costs and length of time the fraud has been committed.

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

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

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## AUDIT COMMITTEE - 2021/22 Quarters 2 and 3 Corporate Risk Register

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Muir Laurie, Deputy Director of Exchequer Services & Business Assurance
<b>Items with report</b>	Summary CRR 2021/22 Quarters 2 and 3 Detailed CRR 2021/22 Quarters 2 and 3 Appendix A - Risk Management Scoring Methodology
<b>Ward</b>	All

### HEADLINES

This report presents to the Audit Committee the Corporate Risk Register (CRR) for Quarter 1 (July to December 2021), updated as at 17<sup>th</sup> January 2022. The report provides evidence to the Audit Committee about how identified corporate risks are being managed and the mitigating actions in place. This report follows a review of the CRR by the Corporate Risk Management Group (CRMG) on 17<sup>th</sup> January 2022.

### RECOMMENDATIONS:

**That the Audit Committee:**

- 1. Review the CRR for Quarters 2 and 3 (1<sup>st</sup> July to 31<sup>st</sup> December 2021) as part of its role to independently assure the Council's corporate risk management arrangements; and**
- 2. Suggest any comments/amendments.**

### SUPPORTING INFORMATION

Business Assurance continues to attend senior management team meetings and meet with individual Officer Leads to discuss the status of current risks and any new risks which may have been identified since the last review. Any risks which need to be escalated to the CRR will be discussed with the relevant corporate director and reported to CRMG on a quarterly basis.

The key movements in the CRR since 2021/22 Quarter 1 are as follows:

- Risk 3 - Asylum / Unaccompanied Minors / Trafficked Children & Young People  
The Cause has been updated to reflect that the from December 2021, the National Dispersal Scheme is mandatory.
- Risk 9 – Cyber Security

This risk rating has changed from “D1” to “C1” to reflect the current activity across the sector and horizon scanning.

- Risk 10 – Brexit

This risk has been retired as the previously unknown financial and economic pressures impacting the Council and service demand following the UK's exit from the European Union have materialised with mitigating activity embedded in strategic and operational delivery.

## **BACKGROUND ITEMS**

Summary CRR 2021/22 Quarters 2 and 3 (attached)

Detailed CRR 2021/22 Quarters 2 and 3 (attached)

Appendix A - Risk Management Scoring Methodology (attached)

## CORPORATE RISK REGISTER

### SUMMARY OF CORPORATE RISKS - 2021/22 QUARTERS 2 & 3

Risk No.	Summary Risk Description	(Group)	DoT	Rating
(1)	Heathrow Airport Expansion	(PEECS)	↔	E1
(2)	Meeting Housing Needs	(PEECS)	↔	B2
(3)	Asylum/Trafficked Children & Young People	(Social Care)	↔	B3
(4)	Litigation Claims	(Finance)	↔	B3
(5)	Ability to Deliver a Balanced Budget in the Medium Term	(Finance)	↔	C1
(6)	Financial Resilience of Contracts	(Finance)	↔	C2
(7)	Early Years and School Places	(PEECS)	↔	D2
(8)	The General Data Protection Regulations	(Corp Resources & Srvs)	↔	D1
(9)	Cyber Security	(IT&BS)	↓	C1
(10)	Brexit	(Corp Resources & Srvs)	Retired	D3
(11)	Dedicated Schools Grant (DSG)	(Finance)	↔	E1
(12)	Coronavirus	(Corp Resources & Srvs)	↔	A1

**DoT** = Direction of Travel (Risk Movement over the last 6 months)

### RISK MATRIX SCORING OF CORPORATE RISKS - 2021/22 QUARTERS 2 & 3

LIKELIHOOD	Very High (A)				(12)
	High (B)		(3) (4)	(2)	
	Significant (C)			(6)	(5) (9)
	Medium (D)		(10)	(7)	(8)
	Low (E)				(1) (11)
	Very Low (F)				
		Small (4)	Medium (3)	Large (2)	Very Large (1)
IMPACT					


Refer to **Appendix A** for Risk Scoring Methodology

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# DETAILED CORPORATE RISK REGISTER


Item 3

Corporate Risk Register for:	2021/22 - Quarters 2 and 3 (1 <sup>st</sup> July to 31 <sup>st</sup> Dec)	Previous Review:	17 <sup>th</sup> January 2022
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Risk No.	Risk Description (including Cause & Consequence)			Risk Mitigation	
				Actions Taken to Date	Further Action Required
1	<b>Risk:</b> <b>Heathrow Airport Expansion</b> - The risk of Heathrow Airport (HA) being granted permission to expand.	Officer Lead	Cabinet Lead	1. LBH continues to monitor air quality in the vicinity of Heathrow Airport.  2. Outcome of Judicial Review received 1st May 2019. LBH subsequently applied for Permission to Appeal which was granted permission by the Court of Appeal.  3. Heathrow Airport Limited statutory consultation for a Development Consent Order closed in September 2019.  4. Current activity undertaken in relation to any ongoing or potential legal challenges will not be included in this risk entry.	1. Any further action required in relation to any ongoing or potential legal challenges will not be included in this risk entry.
	<b>Cause:</b>  The Government has now indicated their preference for aviation expansion in the south east to be delivered by a Northwest Runway at Heathrow. This preference has been taken forward via the publication of a National Policy Statement (NPS).  The NPS has now been adopted and puts in place the principle to expand Heathrow.	Dan Kennedy	Cllr. I. Edwards (Leader)		
		Risk Rating	Direction of Travel		
	E1	Static 			
		Risk Appetite Statement			
	1. Deterioration of environmental quality around Heathrow Airport (HA). 2. Negative impact on the quality of life for Hillingdon residents, including the demolition of a substantial number of housing and community facilities. 3. Potential negative impact on the value of Hillingdon residents' homes. 4. Potential impact on businesses in the surrounding area.	The Council vehemently opposes the Heathrow Airport expansion and is committed to supporting the needs of our residents and the protection of our borough. Any initiatives to expand Heathrow will be challenged.			

# DETAILED CORPORATE RISK REGISTER

Item 3

Risk No.	Risk Description (including Cause & Consequence)			Risk Mitigation	
				Actions Taken to Date	Further Action Required
2	<p><b>Risk:</b> <b>Meeting Housing Needs</b> - The risk of not meeting housing needs in LBH.</p> <p><b>Cause:</b> This risk arises from the challenging, buoyant housing market and a decreased supply of affordable housing (temporary/permanent) in the borough. This is coupled with the Welfare Reforms (including Benefits caps, Universal Credit and Homelessness Prevention) along with the need to ensure private sector housing meet requirements which has increased the demand for affordable housing in the borough. In addition, the measures during the Covid-19 pandemic including the requirement to accommodate and support all rough sleepers.</p> <p><b>Consequence:</b> 1. Inadequate housing can lead to a detrimental impact on the health, wellbeing, and educational attainment of residents. It can also increase poverty and have a negative impact on the safety of households. 2. Lack of affordable housing puts significant pressure on the Council's finances. 3. There is a potential reputational risk for the Council in relation to the homelessness of residents and/or of the Council failing to meet its statutory responsibilities in this area.</p>	Officer Lead	Cabinet Lead	<p>1. Delivery of affordable housing using LBH resources continues to be considered.</p> <p>2. The Council is implementing a programme of buying back former 'Right to Buy' (RTB) properties and new developments.</p> <p>3. Housing Association stock is used where possible to generate housing options.</p> <p>4. Management scrutiny for prevention cases, providing social a tenancy for those in high needs places.</p> <p>5. Series of successful bids for grant funding to tackle rough sleeping has been achieved.</p> <p>6. Obtained provision of food, clothing and toiletries for rough sleepers temporarily accommodated.</p> <p>7. Demand, including pandemic related issues are regularly reviewed to ensure quick action is taken to prevent needs escalating.</p> <p>8. Staff are working on a rota basis to ensure resilience of service delivery.</p> <p>9. In response to Covid-19 all rough sleepers in the Borough have been accommodated.</p> <p>10. Undertaking a programme of compliance checks to ensure properties meet required standards.</p> <p>11. Working with Procurement to implement a dynamic purchasing framework for Temporary Accommodation properties which requires landlords to comply with required standards. Cabinet approved (Oct'2021).</p> <p>12. Households in temporary accommodation prioritised for move on have been reviewed.</p> <p>13. As part of the Council's transformation programme we are implementing, additional measures to help reduce demand on services. This includes providing more intensive advice and signposting at an earlier stage.</p>	<p>1. Ongoing development of a range of options for procurement of temporary accommodation and private sector lettings to prevent or discharge homelessness.</p> <p>2. To minimise the loss of properties for use to prevent homelessness, landlords are being contacted to secure their property for use under new temporary accommodation schemes or for conversion to an assured short hold tenancy.</p> <p>3. Continue to proactively identify homelessness cases to identify alternative housing options for households.</p> <p>4. Options to move on rough sleepers to settled accommodation are being progressed.</p>
		Dan Kennedy	Cllr. E. Lavery		
		Risk Rating	Direction of Travel		
		B2	Static 		
		Risk Appetite Statement			
		The Council is committed to being fully compliant with Housing regulations and local Policies. The Council has a zero tolerance risk appetite towards deliberate or accidental violations of regulatory requirements.			


# DETAILED CORPORATE RISK REGISTER

Item 3

Risk No.	Risk Description (including Cause & Consequence)			Risk Mitigation	
				Actions Taken to Date	Further Action Required
3	<p><b>Risk:</b></p> <p><b>Asylum / Unaccompanied Minors / Trafficked Children &amp; Young People</b></p> <p>Meeting the increasing demands in the borough of Asylum / Trafficked Children &amp; Young People on Council services due to financial pressures coupled with changes to primary legislation which places a duty on the Local Authority to support Care leavers until the age of 25.</p> <p><b>Cause:</b></p> <p>The risk arises because as a port authority we are responsible for UASC arriving in the country via Heathrow. This is coupled with the impact of the National Dispersal Scheme that was for a long time not mandatory for the Local Authorities and Government action to accommodate asylum seekers arriving on the South Coast in Hillingdon Hotels due to the lack of housing and provisions created by the Covid-19 pandemic.</p> <p><b>Consequence:</b></p> <p>1. Negative financial impact on the Council's budget due to shortfall in grant funding received.</p> <p>2. Increased challenge with regard to capacity to meet needs of this cohort.</p> <p>3. Increased risk of reputational damage when trying to balance the need to provide statutory services vs. Delivery within a finite budget.</p>	Officer Lead	Cabinet Lead	<p>1. Ongoing monitoring of trends which have been modelled over the MTFF cycle.</p> <p>2. All new unaccompanied asylum-seeking children (UASC) cases are referred timely to the National Dispersal Scheme.</p> <p>3. From 2020, the Home Office dispersed new asylum seekers who they assessed as adults into hotels in the Hillingdon borough. There are currently 1800 people placed across 6 local hotels.</p> <p>4. The Council lost 3 Judicial Reviews (aiming at supporting the young people in hotels until an age assessment was completed).</p> <p>5. Budget monitoring has oversight of additional placements and looks at the application of appropriate grant funding.</p> <p>6. Commissioned additional age assessment resources through Sanctuary, funded by the Covid Grant which has been extended to 31st March 2022.</p> <p>7. Revised NTS went live in July 2021 and became mandatory in December 2021</p> <p>8. Acknowledgement received for additional financial support due to increased cohort placed in hotels at Heathrow and ongoing engagement with the Home Office.</p> <p>9. Escalation to Home Office re impact on services across Hillingdon with a request to prevent any further placements in Hillingdon hotels</p> <p>10. Escalation and support request to NTS and Pan London Rota seeking assistance in ensuring timely transfer.</p>	<p><b>The Cause has been updated to reflect that the from December 2021, the National Dispersal Scheme is mandatory.</b></p> <p>1. Ongoing work with UK Border Agency (UKBA) on issues of safeguarding S20 legislation re Periodical Payment Orders, out of hours social work and contributing to induction programmes for UKBA staff.</p> <p>2. Ongoing lobbying by DCSs, CEOs for additional funding and resource to support the necessity to undertake age assessments.</p> <p>3. Business case (to be submitted in Jan 2022) to create a temporary Asylum team to manage demand and seek exceptional funding from Home Office to cover costs.</p> <p>4. Discussions to be held with the Home Office regarding additional payment and support to conduct age assessments for increased cohort, particularly highlighting the additional 71 UASC who presented in December 2021.</p> <p>5. The National Age Assessment Team to deploy 2 Age Assessors to support Hillingdon with age assessments (Feb 2022).</p> <p>6. Establishment of an exceptional Hillingdon Access to Resources Panel (HARP) panel to review UASC weekly (Jan 2022).</p> <p>7. Allocation of a dedicated legal resource</p> <p>8. Collation and submission of information for Exceptional Funding UASC and Leaving Care 2021/22 Bid (by March 2022).</p> <p>9. Discussion with Home Office regarding the way in which the NTS referrals are submitted and received to ensure all LBH's new arrivals are referred to NTS promptly.</p>
		Tony Zaman	Cllr. J. Palmer		
		Risk Rating	Direction of Travel		
		B3	Static		
	Risk Appetite Statement				
	The Council is committed to helping vulnerable young people, within the confines of our statutory duties and budget responsibilities.				

# DETAILED CORPORATE RISK REGISTER

Item 3

Risk No.	Risk Description (including Cause & Consequence)			Risk Mitigation	
				Actions Taken to Date	Further Action Required
4	<p><b>Risk:</b></p> <p><b>Litigation Claims</b> - The risk of litigation claims against the Council that are handled by Insurers.</p> <p><b>Cause:</b></p> <p>This risk arises from the high number and large value of a broad type of insurance claims.</p> <p><b>Consequence:</b></p> <p>1. Potentially there are significant financial implications, including costs of defending claims and of meeting any awards made against the Council.</p> <p>2. Potential reputational damage arising from negative media/press reports.</p> <p>3. Potential negative impact on Council service delivery.</p>	Officer Lead	Cabinet Lead	<p>1. Strong relationships and agreements are in place with Solicitors to ensure they advise us of sensitive and relevant issues. Where the Council is unable to defend claims the Solicitors will seek to settle claims without an admission of liability.</p> <p>2. Upon receipt of high profile/ high value claims Corporate Directors/ senior managers are notified to immediately. Incidents which have potential to become claims are being raised with the Insurance Team by managers.</p> <p>3. Equal Pay Employment Tribunal claims are monitored by the Head of HR.</p> <p>4. The Earmarked General Insurance Reserve for 2020/21 has an opening balance of £1.1m.</p> <p>5. The Insurance Team are in the process of improving the management info reports from the LACH system and case throughput information from our claims handler.</p> <p>6. Trend analysis has been undertaken and incorporated into the monthly insurance position to strengthen and aid strategic decision making.</p> <p>7. The Insurance Team deals with all complex claims, liaising with relevant services, insurers, and solicitors to provide a robust defence where possible in order to minimise financial loss to the Council.</p> <p>8. The Insurance Team have created Dashboards for Corporate Directors, providing details of current litigation claims. The Insurance Dashboards are circulated on a quarterly basis.</p>	<p>1. Ongoing monitoring by the Insurance Team of the number of claims and their value, to identify and assess any emerging patterns to help prompt appropriate action i.e. preventative action, raise awareness across the Council, etc. The likelihood of historical abuse claims continues to increase slightly in light of the continued publicity of such claims. Continued monitoring of this position by the Insurance team is required.</p> <p>2. The Insurance Team will continue to try and raise awareness with service managers of the importance of adhering to the Council's relevant insurance policies, particularly in relation to Health &amp; Safety.</p> <p>3. Continued development and refinement of the management info reports. This will help inform operational and strategic decision making in relation to the Council's insurance coverage and appetite to risk in this area. This is a significant piece of work which is continuing to be progressed in 2021/22.</p> <p>4. The Insurance Team to continue to create Dashboards for Corporate Directors, providing details of current litigation claims.</p>
		Muir Laurie	Cllr. M. Goddard		
		Risk Rating	Direction of Travel		
		B3	Static 		
		Risk Appetite Statement			
		The Council is committed to keeping litigation claims at a minimum, where it is able to. The regular monitoring, trend analysis reports, training and building relationships across Council services help reduce and manage claims more effectively. This helps minimise the burden of litigation to the Council.			



# DETAILED CORPORATE RISK REGISTER

Item 3

Risk No.	Risk Description (including Cause & Consequence)			Risk Mitigation	
				Actions Taken to Date	Further Action Required
5	<p><b>Risk:</b></p> <p><b>Ability to Deliver a Balanced Budget in the Medium Term</b> - The risk of the Council being unable to deliver a balanced budget in the medium term.</p> <p><b>Cause:</b></p> <p>This risk arises from the significant reductions in funding from Central Government whilst at the same time increasing the burden on LAs. This is against a backdrop of increasing expectations from Residents of the Council and its services and more recently the impact of Covid-19.</p> <p><b>Consequence:</b></p> <p>1. Potential that the Council will be unable to meet its statutory obligation to set and operate within a balanced budget.</p> <p>2. Moving forward more increased transformation savings targets will need to be achieved.</p> <p>3. Further drawdowns from the Council's financial balances/reserves may need to be considered as one offs.</p>	Officer Lead	Cabinet Lead	<p>1. Governance arrangements for the Council's Business Transformation Programme have been agreed by the Leader of the Council. Business Transformation projects are now captured in one place to help ensure they are all closely aligned to the MTFF.</p> <p>2. The month 7 monitoring position shows a £419k underspend and balances at the year end forecast at £26,520k. Covid-19 pressures are £18,710k with all of this covered by government Covid-19 grant.</p> <p>3. £8,054k of savings are included in the budget for 2021/22 and there are £2,362k of savings brought forward from 2020/21 which gives an overall total of £10,416k. £9,430k of this sum is already delivered or on track for deliver. The remainder (£986k) are impacted by Covid and being funded by Covid grant.</p> <p>4. The financial risk in relation to the impacts of Covid-19 is tracked monthly and includes reporting to central government an analysis of costs incurred and loss of revenue.</p> <p>5. MTFF Challenge sessions were undertaken in June/July and Sept/Oct and a balanced draft budget for consultation was taken to Cabinet in December 2021.</p>	<p>1. The Councils Business Transformation Programme is being refreshed for the next 2-3 years. This will be key to helping manage the MTFF position over this period.</p> <p>2. Work is ongoing to deliver a balanced budget for future years as part of the MTFF/rolling programme. Additional savings proposals that are achievable and supported are required in the medium term.</p> <p>3. Covid-19 monitoring ongoing to limit financial impact. Preparedness activities to be undertaken in anticipation of any second wave.</p> <p>4. Programme of BID reviews ongoing across all services within the Council.</p>
		Paul Whaymand	Cllr. M. Goddard		
		Risk Rating	Direction of Travel		
		C1	Static		
		Risk Appetite Statement			
The Council is committed to delivering a balanced budget. We constantly challenge all areas across the Council to find efficiencies, make savings and put forward ideas on how savings targets can be achieved.					

# DETAILED CORPORATE RISK REGISTER

Item 3

Risk No.	Risk Description (including Cause & Consequence)			Risk Mitigation		
				Actions Taken to Date	Further Action Required	
6	<p><b><u>Risk:</u></b></p> <p><b>Financial Resilience of Contracts-</b> The risk of external suppliers and providers, which the Council contracts, failing to deliver the required level of service due to their financial difficulties and/or going out of business.</p> <p><b><u>Cause:</u></b></p> <p>This risk arises from the delicate state of the economy which leaves many of LBH’s external providers having to operate in an increasingly challenging economic climate, with further financial uncertainty created by Covid-19 and Brexit.</p> <p><b><u>Consequence:</u></b></p> <p>1. Potential inability of suppliers to continue contracted levels of service delivery.</p> <p>2. Council could fail to deliver in some of its statutory duties either through a reduction of service by an external provider or complete failure to operate.</p>	Officer Lead	Cabinet Lead	<p>1. Supplier risk protocols are in place with financial evaluation embedded within standard tender documents and Member Reports which ensure due consideration is provided to suppliers’ financial risk.</p> <p>2. The MTFF has allocated significant sums through inflation to deal with pressures experienced by social care providers.</p> <p>3. Procurement service restructure following BID review. Head of Procurement and Commissioning appointed February 2021.</p> <p>4. The Council believes it has sufficient balances and reserves to cover the impact of any significant contract or supplier failure.</p> <p>5. Detailed conversations with specific supplier concerning their financial situation take place where required. There are open book arrangements in place which look at justifying cost changes. A formal process has been implemented for addressing fee uplift requests from providers.</p>	<p>1. Procurement, working with Finance colleagues will update Supplier Financial Health Guidance and Procedure notes to ensure appropriate risk-based checks are undertaken on suppliers during the tender phase. This will be extended to include guidance and procedures for the assessment of financial health over the period of the contract.</p> <p>2. The Council will move from Equifax to D&amp;B for supplier financial health checks. This will include a dynamic database to ensure any changes to supplier health are flagged automatically through the D&amp;B system.</p> <p>3. More training and guidance is required for Contract Managers across the Council, so they understand the role and responsibilities of contract managers in tracking supplier financial resilience. This will also allow clarity on the roles of Procurement and Finance in monitoring suppliers financial health.</p>	
		Paul Whaymand	Cllr. M. Goddard			
		Risk Rating	Direction of Travel			
		C2	Static			
		Risk Appetite Statement				
		This is a significant financial risk which the Council has to manage in order to provide services to our residents. We continue to look at our options in the market and review our operating model, focusing on what we pay and what we have to pay.				

# DETAILED CORPORATE RISK REGISTER

Item 3

Risk No.	Risk Description (including Cause & Consequence)			Risk Mitigation	
				Actions Taken to Date	Further Action Required
7	<p><b><u>Risk:</u></b></p> <p><b><i>Early Years and School Places</i></b> – The risk of not meeting the demands for early years and school places.</p> <p><b><u>Cause:</u></b></p> <p>This risk arises from the Council’s statutory responsibility to ensure that every child in the borough has a school place within a reasonable distance from their home.</p> <p><b><u>Consequence:</u></b></p> <p>1. The Council would be in breach of its statutory duty to ensure sufficient school places are secured.</p> <p>2. Potentially significant financial pressures for the Council, mainly capital expenditure.</p>	Officer Lead	Cabinet Lead	<p>1. Overall, the latest school places analysis indicates demand for primary places is reducing with some pockets of pressure related to new residential development. At this stage officers are keeping under review the position on primary school places</p> <p>2. For the secondary sector officers are reviewing the need for additional school places and all options are being considered.</p> <p>3. Briefings to Members delivered.</p> <p>4. Needs assessment in relation to Special Educational Needs and Disability (SEND) school places is being refreshed.</p> <p>5. Plans are being refreshed for the new School Places Plan for the Borough.</p>	<p>1. Officers are undertaking a review of demand for all types of school places, covering special educational needs, primary and secondary phases, and the need for alternative education provision for children not able to attend mainstream school.</p> <p>2. Present options to members for managing the provision of primary school places.</p> <p>3. Utilise information from the SCAP return to inform the school places planning forecast.</p> <p>4. Reviews of alternative provisions and school exclusions are currently underway.</p>
		Dan Kennedy	Cllr. O’Brien		
		Risk Rating	Direction of Travel		
		D2	Static		
		Risk Appetite Statement			
The Council is committed to being fully compliant with statutory Education regulations as well as local policies. The Council has a zero tolerance risk appetite towards any deliberate or accidental violations of regulatory requirements.					

# DETAILED CORPORATE RISK REGISTER

Item 3

Risk No.	Risk Description (including Cause & Consequence)		Risk Mitigation		
			Actions Taken to Date	Further Action Required	
8	<p><b><u>Risk:</u></b></p> <p><b><i>The General Data Protection Regulations</i></b> - The risk of loss or mishandling of any personal data (including that of residents or staff) held by the Council.</p> <p><b><u>Cause:</u></b></p> <p>This risk arises from a minority of staff not complying with the Council's Data Protection (DP) Policy due to a lack of awareness or lack of due consideration.</p> <p><b><u>Consequence:</u></b></p> <p>1. Significant financial penalty (up to €20m) imposed by the Information Commissioner's Office for a serious breach in data protection.</p> <p>2. Significant negative impact to the Council's reputation.</p> <p>3. Residents and/or staff who are the subject of any potential data loss/mishandling may as a result be vulnerable to crime.</p>	Officer Lead	Cabinet Lead	<p>1. Information Governance Lawyer has reviewed all current privacy notices and continues to review any new privacy notices data protection matters as part of an ongoing programme of work.</p> <p>2. All new contracts are Article 28 (of the GDPR) complaint. A small number of contracts that required updating were addressed via a new tender, with new contractors awarded.</p> <p>3. Completion of the GDPR and DP e-learning training programme is mandatory for all new staff.</p> <p>4. All officers have completed the combined GDPR and DP e-learning training programme and the DPO has provided training to all members.</p> <p>5. Internal Audit review of GDPR arrangements complete and issued an opinion of 'reasonable' assurance.</p> <p>6. Obtained Data Security and Protection Toolkit compliance, which is evidence-based submission which incorporates the GDPR requirements.</p> <p>7. Legal reviewed and confirmed that there are no key actions to be undertaken with regards to data flow with the EU.</p> <p>8. Mandatory GDPR refresher training rolled out to all staff.</p>	<p>1. The Hillingdon Information Assurance Group (HIAG) programme of work which includes actions aimed at strengthening the Council's DP arrangements. These include:</p> <ul style="list-style-type: none"><li>Updated combined GDPR and DP e-learning training programme completion rates will be monitored and reported to CMT via HIAG.</li><li>Rollout of ICT and Data Protection training as part of the migration to Microsoft.</li><li>Regular DP spot checks have been postponed due to the majority of staff working remotely and the reprioritising of resource in response to the impacts of Covid-19.</li><li>Alternative ways of working during the pandemic; and</li><li>HIAG to review and monitor the work programme for the implementation of GDPR and to provide a summary to CMT on a regular basis.</li></ul> <p>2. Continue to promptly report Data Protection incidents and take appropriate management action.</p> <p>3. Continuation of record of processing activity.</p> <p>4. Finalise implementation of Internal Audit recommendations.</p>
		Fran Beasley	Cllr. I. Edwards (Leader)		
		Risk Rating	Direction of Travel		
		D1	Static		
		Risk Appetite Statement			
LBH is committed to full compliance with all DP regulation as well as the relevant internal policies. Identified DP breaches or incidents of non-compliance will be actioned promptly and proportionately. The Council has a zero tolerance risk appetite towards deliberate or accidental violations of the DPA regulatory requirements.					

# DETAILED CORPORATE RISK REGISTER

Item 3

Risk No.	Risk Description (including Cause & Consequence)			Risk Mitigation	
				Actions Taken to Date	Further Action Required
9	<p><b><u>Risk:</u></b></p> <p><b>Cyber Security</b> - The risk to the Council's ICT systems due to ransomware, malware, viruses and a continually adapting external cyber-threat environment.</p> <p><b><u>Cause:</u></b></p> <p>This risk arises from the continual threat and attacks by cyber criminals, gangs, hackers, etc. along with staff not adhering to good email and data protection practices.</p> <p><b><u>Consequence:</u></b></p> <p>1. Potential reputational, operational, and financial damage to the Council if attacks to our network are successful.</p> <p>2. Negative impact on staff and resident service users if an attack is successful and the Council's ICT systems are adversely affected for a significant time-period.</p>	Officer Lead	Cabinet Lead	<p>1. To manage the risk we:</p> <ul style="list-style-type: none"><li>• Ensure ICT health checks are performed on a regular basis and are Public Services Network (PSN) compliant;</li><li>• Carry out testing on our security;</li><li>• Ensure ICT security protection systems and anti-virus measures are in place to protect and to meet new threats; and</li><li>• Monitor all email and internet traffic.</li></ul> <p>2. Cyber policies and procedures updated.</p> <p>3. Team members attend regular Local Information Security for London meetings.</p> <p>4. Email filtering has been moved to Microsoft 365 advanced threat protection.</p> <p>5. Remaining networked data is being moved to Microsoft 365, improving protection, patching, monitoring and rationalise application versions.</p> <p>6. Regular round table cyber incident exercises are carried out by the IT team.</p> <p>7. ICT Security and Cyber Incidents SharePoint sites setup to track incidents, reporting, configuration, and advice.</p> <p>8. Web proxies for restricting web access replacement programme commenced.</p> <p>9. Communications plan is underway with updates to staff directly, Managers Monthly Roundup and briefing to Corporate Finance and Property Select Committee (Sept'2021).</p>	<p><b><i>This risk rating has changed from "D1" to "C1" to reflect the current activity across the sector and horizon scanning.</i></b></p> <p>1. This is the current "general" risk, though risk of such attacks can vary from day to day depending upon the global cyber-attack environment. We remain vigilant.</p> <p>2. Internal Audit Assurance review to be undertaken on ICT Information Security</p> <p>3. Ongoing communications plan is in process with the communications team to include further updates to staff directly via All Staff Email, including in Team Hillingdon.</p> <p>4. The Active security software will continue to be regularly updated.</p>
		Perry Scott	Cllr. D. Mills		
		Risk Rating	Direction of Travel		
		C1	Deteriorating		
		Risk Appetite Statement			
		The Council is committed to protecting all of its ICT assets. Any identified breaches of compliance will be actioned promptly and proportionately. The Council has a zero-tolerance risk appetite towards deliberate or accidental violations of the DPA regulatory requirements.			

# DETAILED CORPORATE RISK REGISTER

Item 3

Risk No.	Risk Description (including Cause & Consequence)			Risk Mitigation	
				Actions Taken to Date	Further Action Required
10	<p><b><u>Risk:</u></b></p> <p><b>Brexit</b> - Unknown financial and economic pressures impacting the Council and service demand.</p> <p><b><u>Cause:</u></b></p> <p>This risk arises from the UK's exit from the European Union on the 31<sup>st</sup> January 2020. Exit terms and economic arrangements have been agreed with consequences for future policy are currently being finalised.</p> <p><b><u>Consequence:</u></b></p> <p>1. Impact on foreign nationals' right to remain (and work) in the UK affecting staffing levels.</p> <p>2. Risk of not meeting demands of our vulnerable services users.</p> <p>3. Reputational damage when trying to balance need to provide stat services vs. delivery within a finite budget.</p> <p>4. Possible consequences on business growth could affect our rateable growth going forward.</p> <p>5. Inability of suppliers to continue levels of service delivery.</p>	Officer Lead	Cabinet Lead	<p>1. Ongoing monitoring and trend analysis of demand pressures.</p> <p>2. Formal arrangements with Met Police &amp; community groups to monitor tensions.</p> <p>3. The Brexit Risk Matrix and Action Plan was populated to map out the risks and potential impacts of Brexit on LBH.</p> <p>4. Undertook a range of activities to raise awareness and signpost residents and businesses in line with guidance, utilising the 'Get Ready for Brexit' campaign and programme of social media posts.</p> <p>5. Promotion of the EU Settlement Scheme (EUSS) to residents at community events and via Hillingdon People and Social media.</p> <p>6. Review and analysis of LBH EUSS application statistics.</p> <p>7. Working with the Roads and Transport Policing Command who are leading on any possible traffic implications.</p> <p>8. Recruitment of Environmental Health Officers underway at Heathrow to support processing of commercial consignments.</p> <p>9. Procurement processes, guidance, notices, and information updated in accordance with Government guidance.</p> <p>10. Submitted bid for funding from Department for Environment, Food, and Rural Affairs (DEFRA) for additional resource regarding demand for the processing of animal consignments.</p>	<p><b><i>This risk has been retired as the previously unknown financial and economic pressures impacting the Council and service demand following the UK's exit from the European Union have materialised with mitigating activity embedded in strategic and operational delivery.</i></b></p> <p>1. Remain abreast of developments to ensure a swift and robust response.</p> <p>2. Continuation of tracking developments, with close working between Finance, Partnerships and Planning teams.</p> <p>3. Complete data and information requests from Government as and when required.</p> <p>4. Ongoing consideration of the impacts of Covid-19 on Brexit.</p> <p>5. Ongoing dialogue and monitoring with local charity groups and Citizens Advice Bureau identify community tensions and how the Council can further assist residents.</p> <p>6. Representatives from Legal Services to attend training for local authorities from the Law Centres Network on EU citizen eligibility changes.</p> <p>7. EU Transition talks with DEFRA, committed to funding shortfall in resources for rest of fiscal year, submitted a funding bid to DEFRA £1.3m.</p>
		Fran Beasley	Cllr. I. Edwards (Leader)		
		Risk Rating	Direction of Travel		
		D3	Retired		
		Risk Appetite Statement			
		The Council is committed to being fully compliant with UK and EU legislation and regulations. This is a significant financial and economical risk which the Council has to manage in order to provide services to our residents. We constantly challenge all areas across the Council to find efficiencies and transformative solutions.			



Risk No.	Risk Description (including Cause & Consequence)			Risk Mitigation		
				Actions Taken to Date	Further Action Required	
11	<p><b><u>Risk:</u></b></p> <p><b><i>Dedicated Schools Grant (DSG)</i></b> - The pressure on the Dedicated Schools Budget which has a cumulative deficit of £25.4m at the end of 2020/21 and budgeted in-year budget gap of £7.3m gap for 2021/22.</p> <p><b><u>Cause:</u></b></p> <p>The implementation of the Children &amp; Families Act 2014 has expanded the number eligible for support and in turn the proportion of the DSG required to fund Special Educational Needs and Disabilities (SEND) within the High Needs Block. Alongside this there is an ongoing increase in the SEN population with complex learning needs.</p> <p><b><u>Consequence:</u></b></p> <p>1. DfE requirement to produce a Deficit Recovery Plan to balance the DSG within 5 years as deficit balance is in excess of 1% of the overall budget.</p> <p>2. Risk of having to meet deficit from Council’s general reserves and the resulting impact on wider financial resilience of the Council.</p> <p>3. Increased risk of reputational damage and challenge when trying to balance the statutory requirement to provide these services within an unsustainable funding envelope.</p> <p>4. Increased demand in the High Needs Block on other elements of the DSG.</p>	Officer Lead	Cabinet Lead	<p>1. Special Education Needs (SEN) is subject to a BID review. Number of work streams are being implemented which will produce savings over the next five financial years:</p> <ul style="list-style-type: none"><li>• High cost placement review;</li><li>• Education Health and Care Plan (EHCP) funding formula for Further Education;</li><li>• Review of SEND Staffing Structure; and</li><li>• Review of provision in Early Years setting.</li></ul> <p>2. Ongoing lobbying of government e.g. recent work by the Society of London Treasurers and London Councils.</p> <p>3. Schools Forum subgroup formed to coordinate and review what schools can contribute to assist with the Deficit Recovery Plan, while being consulted on any emerging proposals.</p> <p>4. Review and modelling of pupil population undertaken.</p> <p>5. Month 7 position shows an overspend of £5.3m on the budgeted deficit and an accumulated deficit of £38m at the year end.</p> <p>6. A deficit recovery plan was submitted to the DfE in April 2021.</p> <p>7. Formal ‘Safety Valve’ negotiations with DfE are in progress.</p>	<p>1. Continue to lobby government to resolve the underlying funding issue that primarily relates to new burdens arising from the 2014 Act.1. Continue to lobby government to resolve the underlying funding issue that primarily relates to the new burdens emerging from the 2014 Act.</p> <p>2. Work is ongoing to develop savings options alongside the Business Improvement Delivery work that has commenced within the MTFF process.</p> <p>3. Work to scope possibilities of an alternative funding regime and band funding rate for further education college placements with local provider.</p> <p>4. Contribute to the formulation of the High Needs Efficiency Plan with specific emphasis into local provision ensuring effective and efficient use of available capital resources.</p> <p>5. Tracking of Deficit Recovery Plan recommendations and actions.</p> <p>6. Further detail to be provided to DfE as part of the ‘Safety Valve’ negotiations including more detailed project recovery plan and resourcing and the associated governance arrangements.</p>	
		Paul Whaymand	Cllr. M. Goddard			
		Risk Rating	Direction of Travel			
		E1	Static			
		Risk Appetite Statement				
		This is a significant financial risk which the Council has to manage within the confines of our statutory duties and budget responsibilities. The Council is committed to ensure the Dedicated Schools Budget is balanced whilst ensuring the SEN population have access to services. We continue to scope possibilities of an alternative funding regime and utilising local provision.				

# DETAILED CORPORATE RISK REGISTER

Item 3

Risk No.	Risk Description (including Cause & Consequence)			Risk Mitigation		
				Actions Taken to Date	Further Action Required	
12	<p><b><u>Risk:</u></b></p> <p><b>Coronavirus</b> - The risk to human health for residents and workers in the borough, financial and economic impacts, central government's lockdown, social distancing, and easement measures impacting residents, businesses, and the Council (service delivery and demands).</p> <p><b><u>Cause:</u></b></p> <p>The constantly developing progress of the Coronavirus pandemic in the UK presents LBH with a unique array of issues to address and respond to within tight timeframes.</p> <p><b><u>Consequence:</u></b></p> <p>The constantly developing progress of the Coronavirus pandemic in the UK presents LBH with a unique array of issues to address and respond to within tight timeframes.</p>	Officer Lead	Cabinet Lead	<p>1. Working with central government, UK Health Security Agency and Office for Health Improvement and Disparities (UK HSAOHID), London /sub-regional resilience arrangements.</p> <p>2. Coronavirus Gold Group co-ordinate activity.</p> <p>3. Monitoring and reporting of key impacts, demand, resource and emerging risk areas to government and London Resilience.</p> <p>4. Processed and issued 35 financial grants, Council Tax and Business Rates adjustments.</p> <p>5. Community Champions Initiative established.</p> <p>6. Managed the vaccinations in line with Joint Committee on Vaccination and Immunisation priorities and operated testing facilities in collaboration with the NHS.</p> <p>7. Undertook surge testing in response to the identification of a variant of concern.</p> <p>8. Readiness activities were undertaken in preparation of the lockdown easements in July 2021 to enable LBH to adapt our local response and demand pressures accordingly.</p> <p>9. Facilitated a task force visit for the Cabinet Office in August 2021.</p> <p>10. Reviewed demand pressures and baseline.</p> <p>11. Acceleration of the booster vaccine rollout in December 2021.</p> <p>12. Step up of the Strategic Coordination group (SCG) in response to the Mayor declaring a major incident in London 19<sup>th</sup> December 2021.</p> <p>13. Managed Quarantine Facilities stood down in response to changes to Red list restrictions.</p> <p>14. Contingency plans in place to redeploy staff if the situation requires it.</p>	<p>1. Continued communication to staff through the All-Staff Email and Intranet to provide regular updates.</p> <p>2. Continued work in partnership with UK HSAOHID and Central Government and ongoing participation at Health Protection Board with partner agencies.</p> <p>3. Conference calls with Local Authority CEOs are convened when required and embedded within North West London Integrated Care System discussions. ongoing.</p> <p>4. Ongoing delivery of NHS agreed messages re vaccine delivery, take up and hesitancy.</p> <p>5. Ongoing accelerated vaccine (and booster) rollout in relation to nationally agreed priorities and on monitoring of vaccine take up.</p> <p>6. Continued monitoring of impacts and community tensions, meetings with communities and utilisation of the Community Champions Initiative fund.</p> <p>7. Continue to keep under review the 2 managed quarantine facilities in the Borough.</p> <p>8. Continue to respond to any variants of concern.</p> <p>9. Continued review of demand pressures and baseline.</p>	
		Fran Beasley	Cllr. I. Edwards (Leader)			
		Risk Rating	Direction of Travel			
		A1	Static			
		Risk Appetite Statement				
		The Council is undertaking all possible measures to limit the impact of a Coronavirus outbreak within the borough. In doing so, the Council is ensuring that the required support will be in place for vulnerable residents and businesses (in line with Government guidance).				



# APPENDIX A - RISK SCORING METHODOLOGY

Item 3

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Attributes:				Risk rating	Risk rating	Risk rating	Risk rating	
Greater than 90%	This week	L I K E L I H O O D	Very High (A)	A4	A3	A2	A1	
70% to 90%	Next week / this month		High (B)	B4	B3	B2	B1	
50% to 70%	This year		Significant (C)	C4	C3	C2	C1	
30% to 50%	Next year		Medium (D)	D4	D3	D2	D1	
10% to 30%	Next year to five years		Low (E)	E4	E3	E2	E1	
Less than 10%	Next ten years		Very Low (F)	F4	F3	F2	F1	
				Small (4)	Medium (3)	Large (2)	Very Large (1)	
				IMPACT				
THREATS:				Financial	up to £250K	£250k - £1million	£1million - £5million	Over £5million
				Service Provision	Slightly reduced	Service suspended short term/ reduced	Service suspended long term/ statutory duties not delivered	
				Health & Safety	Sticking plaster/ first aider	Broken bones/ Illness	Loss of life/ major illness	Major loss of life/ large scale major illness
				Objectives	Objectives of several teams not met	Group objectives not met	Corporate objectives not met	
				Morale	Negative attitude	Some hostility/ minor non co-operation	Industrial action	Mass staff leaving/ unable to attract staff
				Reputation	No media attention/ minor letters	Adverse local media	Adverse national publicity	Remembered for years
				Government Relations		Poor assessment(s)	Service taken over temporarily	Service taken over permanently
OPPORTUNITIES:				Attributes:	Minor (4)	Moderate (3)	Major (2)	Outstanding (1)
				Financial	Some financial gain	High financial gain	Major financial gain	Huge financial gain

Reputation	Minor improvements to image	Some enhancement to reputation	Enhanced reputation	Significantly enhanced reputation
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## AUDIT COMMITTEE FORWARD PROGRAMME 2021/22

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Anisha Teji, Democratic Services
<b>Papers with report</b>	None
<b>Ward</b>	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 1 February 22 will start at 17:10.

Meetings	Room
01 February 2022	CR6
28 April 2022	CR3
27 July 2022 TBC	TBC
29 September 2022 TBC	TBC
15 November 2022 TBC	TBC
31 January 2023 TBC	TBC
27 April 2023 TBC	TBC

Meeting Date	Item	Lead Officer
28 April 2022	**Private meeting with Deputy Director of Exchequer Services & Business Assurance 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	Deputy Director of Exchequer Services & Business Assurance
	Forward Programme	Democratic Services

Meeting Date	Item	Lead Officer
27 July 2022	**Private meeting with Ernst & Young to take place before the meeting	
	Annual Internal Audit Report 2022/23 (including the HIA Opinion Statement)	Head of Internal Audit and Risk Assurance
	Annual Counter Fraud Report 2021/22	Interim Head of Counter Fraud
	Internal Audit Progress Report Quarter 1 2022/23 (incl. the Quarter 2 2022/23 Internal Audit Plan)	Head of Internal Audit and Risk Assurance
	Counter Fraud Progress Report Quarter 1 2022/23	Deputy Director of Exchequer Services & Business Assurance
	2021/22 Q4 Corporate Risk Register -	Deputy Director of Exchequer Services & Business Assurance
	Member training programme/skills matrix	Democratic Services
	Forward Programme	Democratic Services

Meeting Date	Item	Lead Officer
29 September 2022	**Private meeting with Corporate Director of Finance to take place before the meeting	
	Approval of the 2022/23 Statement of Accounts (Including Annual Governance Statement & External Audit Report on the Audit for the Year Ended 31/03/2022) & External Audit Report on the Pension Fund Annual Accounts 2021/22	Ernst & Young
	Annual Report of the Audit Committee 2021/22	Deputy Director of Exchequer Services & Business Assurance
	Internal Audit Progress Report Quarter 2 2022/23 (incl. the Quarter 3 2022/23 Internal Audit Plan)	Head of Internal Audit and Risk Assurance
	2022/23 Q1 Corporate Risk Register -	Deputy Director of Exchequer Services & Business Assurance
	Annual Risk Management Report 2021/22	Deputy Director of Exchequer Services & Business Assurance
	Forward Programme	Democratic Services

Meeting Date	Item	Lead Officer
15 November 2022	**Private meeting with Deputy Director of Exchequer Services & Business Assurance to take place before the meeting	
	EY 2021/22 Annual Audit Letter and Grant Certification	Corporate Director of Finance /Ernst & Young
	Counter Fraud Progress Report Quarter 2 2022/23	Head of Counter Fraud
	Forward Programme	Democratic Services

Meeting Date	Item	Lead Officer
31 January 2023	**Private meeting with Ernst & Young to take place before the meeting	
	Internal Audit Progress Report Quarter 3 2022/23 (incl. the Quarter 4 2022/23 Internal Audit Plan)	Head of Internal Audit and Risk Assurance
	Counter Fraud Progress Report Quarter 3 2022/23	Deputy Director of Exchequer Services & Business Assurance
	Internal Audit Charter	Head of Internal Audit and Risk Assurance
	2022/23 Q2 Corporate Risk Register -	Deputy Director of Exchequer Services & Business Assurance
	Forward Programme	Democratic Services

Meeting Date	Item	Lead Officer
27 April 2023	**Private meeting with Corporate Director of Finance to take place before the meeting	
	2022/23 External Audit Plan.	Corporate Director of Finance / Ernst & Young
	Internal Audit Progress Report Quarter 4 2022/23 (incl. the Quarter 1 2023/24 Internal Audit Plan)	Head of Internal Audit and Risk Assurance
	Counter Fraud Progress Report Quarter 4 2022/23	Deputy Director of Exchequer Services & Business Assurance
	2022/23 Q3 Corporate Risk Register -	Deputy Director of Exchequer Services & Business Assurance
	Forward Programme	Democratic Services