



HILLINGDON  
LONDON



## Audit Committee

### Members of the Committee

John Chesshire (Chairman)  
Councillor Richard Lewis  
Councillor Naser Abby  
Councillor Tony Burles  
Councillor Reeta Chamdal  
Councillor Nick Denys

**Date:** TUESDAY, 15 NOVEMBER  
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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camera and scan the code below:



**Published:** Monday, 7 November 2022

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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

- 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 2022 1 - 4
- 5 External Audit Update Of The 2021/22 Statement Of Accounts 5 - 16
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# Agenda Item 4

## Minutes

### AUDIT COMMITTEE

29 September 2022

Meeting held at Committee Room 5 - Civic Centre



HILLINGDON  
LONDON

	<p><b>Committee Members Present:</b> John Chesshire (Chairman) Councillors Richard Lewis (Vice-Chairman), Tony Burles, Reeta Chamdal and Nick Denys</p> <p><b>Officers Present:</b> Andy Evans – Corporate Director of Finance, James Lake - Head of Pensions, Treasury, Investments &amp; Statutory Accounts, Stephanie Rao - Internal Audit Manager, Alex Brown - Head of Counter Fraud and Anisha Teji - Democratic Services Officer</p> <p><b>Also Present:</b> Helen Thompson, Ernst &amp; Young and Larisa Midoni, Ernst &amp; Young</p>
15.	<p><b>APOLOGIES FOR ABSENCE</b> (<i>Agenda Item 1</i>)</p> <p>Apologies for absence were received from Councillor Naser Mohammed Issa Abby.</p>
16.	<p><b>DECLARATIONS OF INTEREST</b> (<i>Agenda Item 2</i>)</p> <p>None.</p>
17.	<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 all items would be heard in Part I.</p>
18.	<p><b>MINUTES OF THE PREVIOUS MEETING</b> (<i>Agenda Item 4</i>)</p> <p><b>RESOLVED:</b> That the minutes of the meeting held on 27 July 2022 be approved as a correct record subject to amending a typo in the list of attendees.</p>
19.	<p><b>UPDATE ON THE EXTERNAL AUDIT OF 2021/22 STATEMENT OF ACCOUNTS AND UPDATE OF THE EXTERNAL AUDIT ON THE PENSION FUND 2021/22 ACCOUNTS</b> (<i>Agenda Item 5</i>)</p> <p>Councillor Richard Lewis joined the meeting during this item.</p> <p>The Committee considered the progress of 2021/22 annual external audit against the audit plans set out by the Council's external auditors EY.</p> <p>At the July meeting a target of 29 September 2022 was proposed to complete the audit of the accounts. This deadline was two months ahead of the statutory deadline of 30 November 2022, and although the audit had progressed well it had not been possible</p>

to meet the early target date. It was reported that the national issue relating to infrastructure derecognition was still unresolved and there could be an amendment to the accountant standards by Chartered Institute of Public Finance & Accountancy or statutory override by the Department for Levelling Up, Housing & Communities.

In response to Member questions regarding securing value for money for Council resources, it was explained that initial risk assessments were undertaken to identify any risks or weaknesses in the arrangements that were already in place. Commentary was then issued on the arrangements and included in the Auditor's annual report. Under previous codes, value for money conclusions were provided however this did not include details behind that decision. Decisions now included more detailed commentary on the arrangements.

EY were aiming to complete the audit for 30 November 22 however this was dependant on the outcome of the national infrastructure matter. The Committee was assured that both EY and officers were working closely together and there were good communications between the teams.

It was reported that although there were no direct cost implications for missing the deadlines, there were cost of time implications. In terms of valuations and resourcing, the Committee was advised that EY felt less comfortable compared to last year due to challenges caused by staff turnover. However, plans were being put in place to mitigate this.

**RESOLVED: That the Committee noted the report.**

20. **2021/22 ANNUAL RISK MANAGEMENT REPORT** (*Agenda Item 6*)

The Committee received the Annual Risk Management Report 2021/22. The report provided evidence about the movement of individual corporate risks across the year, how they had been managed by the Council and horizon scanning for the future.

Section 4: Embedding Effective Risk Management in 2021/22 was highlighted to the Committee which detailed how effective risk management was embedded into different service areas including Service and Financial planning, Dedicated Schools Grant and Insurance. Members also heard about the work undertaken to mitigate these risks.

During Member discussions, it was noted that Risk Champions were part of the statutory risk management work. Risk Champions had an overview of risks in their directorates and managed challenges and queries. When a significant risk was identified, actions were put in place to mitigate that risk using the risk methodology. It was noted that some organisations had moved from risk management to incorporating scenario planning.

The Committee considered that there had been good progress in some of the areas of effective risk management including the Dedicated Schools Grant.

Members thanked officers for the informative and well-structured report.

**RESOLVED: That the Committee reviewed the 2021/22 report as part of its role to independently assure the Council's corporate risk management arrangements.**



21.	<p><b>2022/23 QUARTER 1 CORPORATE RISK REGISTER</b> (<i>Agenda Item 7</i>)</p> <p>The Corporate Risk Register (CRR) for Quarter 1 (April – June 2022) 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. The report summarised the corporate risks and key movements.</p> <p>It was noted that the Committee’s previous comments relating to flu pandemics and winter pressures had been considered and work was underway in the social work area to scope and address this potential risk. A refreshed update would be provided to Members as part of Quarter 2.</p> <p>Members were pleased to see the matter of inflation included in the report. In response to Member questions regarding the Dedicated Schools Grant, it was explained that the risk was listed correctly on the Corporate Risk Register. There was an ongoing quarterly monitoring process that linked directly to the Department for Education, and this enabled any challenges and issues to be identified. Most of the key conditions of the safety valve were on target and progressing well.</p> <p><b>RESOLVED: That the Committee reviewed the Corporate Risk Register for Quarter 1 (1 April – 30 June 2022) as part of the Committee’s role to independently assure the Council’s corporate risk management arrangements.</b></p>
22.	<p><b>WORK PROGRAMME</b> (<i>Agenda Item 8</i>)</p> <p>Consideration was given to the forward work programme for the Committee. It was noted that Auditor’s Annual Report would most likely be presented to the Committee in January 2023.</p> <p><b>RESOLVED: That the Audit Committee noted the Forward Work Programme for 2022/23 and updates.</b></p>
	<p>The meeting, which commenced at 5.10 pm, closed at 6.07 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 [ateji@hillingdon.gov.uk](mailto:ateji@hillingdon.gov.uk). Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.

**The public part of this meeting was filmed live on the Council's YouTube Channel to increase transparency in decision-making, however these minutes remain the official and definitive record of proceedings.**

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## EXTERNAL AUDIT UPDATE OF THE 2021/22 STATEMENT OF ACCOUNTS

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	James Lake, Head of Pensions, Treasury & Statutory Accounts
<b>Papers with report</b>	EY update London Borough of Hillingdon & London Borough of Hillingdon Pension Fund
<b>Ward</b>	All

### HEADLINES

The attached report summarises EY's current progress on the audit of the 2021/22 Statement of Accounts, including the Pension Fund Accounts.

### RECOMMENDATIONS:

**That the Committee notes the progress of 2021/22 external annual audit.**

### 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.

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. The Corporate Director of Finance will also consider these fees in line with benchmarking information and in consultation with EY.

An allowance for increased fees has been made within the Council's statement of accounts.

### LEGAL IMPLICATIONS

The Secretary of State for Communities and Local Government delegated statutory functions (from the Audit Commission Act 1998) to PSAA on a transitional basis under powers contained in the Local Audit and Accountability Act 2014. In Hillingdon, EY have been appointed by the PSAA to carry out this function. Other legal implications are included in the body of the report.

The Accounts and Audit (Amendment) Regulations 2022:

4B Paragraph (1) applies in relation to the publication of documents relating to the financial year beginning in 2021 as if for "31st July" there were substituted "30th November"

6A Paragraph (2)(b) applies in relation to the audit of accounts relating to the financial year beginning in 2021 as if for “but not later than 31st July” there were substituted “but not later than 30th November”.

## **BACKGROUND PAPERS**

See appendices

A photograph of a meeting table with documents and hands pointing at them. The table is white, and there are several sheets of paper with text on it. A person's hand is pointing at a document on the left, and another person's hand is pointing at a document on the right. A smartphone is visible on the table. The background is slightly blurred, showing a person in a yellow shirt.

# London Borough of Hillingdon and Hillingdon Pension Fund Audit progress update

November 2022



**Audit Committee**  
**London Borough of Hillingdon (the 'Council') and Hillingdon Pension**  
**Fund (the 'Pension Fund')**  
**Uxbridge**  
**UB8 1UW**

November 2022

Dear Audit Committee Members

**Audit Progress Report**

We are pleased to attach our Audit Progress Report.

The purpose of this report is to provide the Audit Committee with an overview of the current status of the Council's and the Pension Fund 2021/22 audits. This report is a key mechanism in ensuring that our audits are aligned with the Committee's service expectations.

Our audits are undertaken in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audits.

Yours faithfully

Helen Thompson  
For and on behalf of Ernst & Young LLP  
Enc

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- 01 Progress Update – Financial Statements of the Council
- 02 Progress Update – Council Value for Money
- 03 Progress Update – Financial Statements of the Pension Fund

Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/> ).The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated April 2018)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of London Borough of Hillingdon in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee, and management of London Borough of Hillingdon those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee, and management of London Borough of Hillingdon for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



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01

Progress Update – Financial Statements of the Council







## Status of the 2021/22 audit

### 2021/22 financial statements

Our Outline Audit Planning Report identified the key areas of focus for our audit of the Council's 2021/22 financial statements, which have not changed as of the date of this progress report. This page sets out our progress and observations on work to date on these areas. We will provide a further verbal update to the 15 November 2022 Audit Committee meeting.

Our audit has been progressing with the support of the Council's accounting team, who have been providing us with timely responses and have been available throughout the audit process to answer our queries. However, we have encountered challenges with the quality of the audit evidence received from the ultimate process holders and delays with supporting evidence for valuation of property, plant and equipment ('PPE') - a key area of the audit.

The audit team has been resourced according to the planned audit timeline, however the issues encountered during the audit process are likely to pose audit resourcing challenges to complete the work.

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Risk / area of focus	Risk identified	Progress to date
Management Override: Misstatement due to fraud or error	<i>Fraud</i>	We are carrying out our audit work in respect of journal entries, estimates and unusual transactions. We have not identified any indications of management overriding controls through our work to date.
Risk of inappropriate capitalisation of revenue expenditure	<i>Fraud</i>	Our work in this area is well progressed and subject to internal reviews. There are no issues that we wish to draw to your attention at the date of this report.
Accounting adjustments made in the 'Movement in Reserves Statement'	<i>Fraud</i>	Our work in this area is subject to internal reviews. There are no issues that we wish to draw to your attention at the date of this report.
Valuation of land and buildings valued under the Depreciated Replacement Cost ('DRC') method and the Existing Use Value ('EUV') method	<i>Significant</i>	<p>We selected a sample for review of PPE valuations, including a sample for EYRE review. We shared the sample with the Council, along with the audit evidence requirements. The Council has prepared the valuation supporting evidence, however the initial evidence indicates that the external valuer used incorrect information for valuing certain assets. We agreed with management that a root cause analysis needs to be undertaken and the overall impact on the portfolio of land and buildings needs to be assessed before we commission our internal valuation experts EY Real Estates (EYRE) to support our work in this area.</p> <p>We are also expecting to receive the Council's assessment of asset values not revalued as of the reporting date 31 March 2022.</p>



# Status of the 2021/22 audit

## 2021/22 financial statements

Risk / area of focus	Risk identified	Progress to date
Derecognition of infrastructure assets upon subsequent expenditure/ replacement	<i>Significant</i>	<p>This is a local government nationwide issue and it is currently under consideration by CIPFA, who intend to make changes to the Local Authority Accounting Code of Practice. A statutory override of some accounting requirements is also being considered by the Department of Levelling Up, Housing and Communities, and we understand that this will be laid before Parliament at the end of November. We will consider the impact of any changes made to the accounting framework on the position at the Council as further details are made available.</p> <p>We have requested details about the accounting treatment adopted by the Council for infrastructure assets, who are in turn waiting for the final views from CIPFA before sharing their own assessment.</p>
Pensions Liability Valuation	<i>Inherent</i>	<p>We have received the draft letter to support our work from the audit of Hillingdon Pension Fund and our work in this area was progressed and reviewed, subject to the Pension Fund letter being finalised (see details under the Pension Fund update section).</p> <p>We engaged EY Pensions to create an auditor's estimate for the pension liability. The estimated liability fell inside the expected range. This scope of work was completed and we have no findings to report in this regard.</p> <p>Similar to prior year, we identified a judgmental understatement of pensions liability due to the Goodwin case by £2.5 million and a factual overstatement by £7.1 million. The latter is due to timing differences in the final valuation of the Pension Fund's assets compared to an earlier submission of preliminary asset values for IAS19 actuarial liability estimation. These audit differences remain uncorrected.</p>
Valuation of Council Dwellings	<i>Inherent</i>	<p>We have started our review of the Council Dwellings valuation. We are challenging the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work. We have no items to report as of the date of this report.</p>
Consideration of Group Boundary	<i>Inherent</i>	<p>We reviewed the Council's assessment of the need to prepare Group Accounts as a result of transactions occurring within the subsidiary during the financial year ending on 31 March 2022. We concurred with the Council's conclusion that the consolidation requirement was not triggered for this financial year.</p>
New central government grants and other Covid-19 funding streams	<i>Inherent</i>	<p>We selected a sample and tested government grant income to ensure that it has been recorded at the correct amount and correctly classified as specific or non-specific in nature. This work has been prepared and is subject to internal review. We established that both grant income and grant expenditure were overstated by £7.5 million. Management proposed to correct this error in the statement of accounts.</p>
Going Concern Disclosure	<i>Inherent</i>	<p>The draft financial statements have been prepared on a going concern basis. Management's assessment of going concern will be provided to us closer to the completion of the audit and we will perform our planned procedures then.</p>



# 02

## Progress Update – Value for Money





# Value for money

## Responding to identified risks

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Audit Committee.

## Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a requirement under the 2020 Code is for us to include the commentary on arrangements in the Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

## Status of our 2021/22 VFM planning

In our Outline Audit Planning Report presented to the July meeting of the Audit Committee, we reported that we were undertaking our VFM Planning work and would update the Committee in due course on whether we identified risks of significant weaknesses in arrangements. We have commenced our VFM work and no such risks have been identified to date.



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Progress Update – Financial Statements of the Pension Fund





## Status of the 2021/22 audit

### 2021/22 financial statements

Our Outline Audit Planning Report identified the key areas of focus for our audit of the Pension Fund's 2021/22 financial statements, which have not changed as of the date of this progress report. This page sets out our progress and observations on work to date on these areas. We will provide a further verbal update to the 15 November 2022 Audit Committee meetings.

The audit is well progressed, subject to final internal reviews. Management is working on establishing accurate membership numbers required to be disclosed in the statement of accounts, which is more challenging in relation to the change of administrator. With regards to our risks and areas of focus, we have the following findings to bring to your attention at the date of this report:

Risk / area of focus	Risk identified	Progress to date
Management Override: Misstatement due to fraud or error	<i>Fraud</i>	Subject to final internal reviews, we have not identified any indications of management overriding controls through our work undertaken as lined up in the Outline Audit Planning Report.
Misstatement of investment income and investment values through fraudulent journal entries	<i>Fraud</i>	Our work in this area is prepared and subject to final internal reviews. There are no issues that we wish to draw to your attention at the date of this report.
Risk of incorrect valuation of unquoted (Level 3) investments	<i>Significant</i>	Our work in this area is prepared and subject to one open item pending with the Pension Fund. We noted that five investments valued at a total of £47 million were classified at level 2 fair value hierarchy, however we were not able to obtain clear observable inputs used in their valuation. Thus, we proposed a re-classification to level 3 fair value hierarchy, which management accepted to correct in the accounts. We have no other findings to report at this date, subject to the final open item being cleared satisfactorily.
IAS 26 disclosure - Actuarial Present Value of Promised Retirement Benefits	<i>Inherent</i>	Our work in this area is prepared and subject to internal reviews. We assessed the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used by relying on the work of PWC - consulting actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team. To meet the requirements set by ISA540, we used the work of our expert EY Pensions to create an auditor's estimate for the pension liability. The liability fell within our expected range as a whole.  We noted a judgmental audit difference due to the Goodwin case of £2.9 million understatement of the total pension fund liability disclosure in the accounts. This audit difference remains uncorrected.
Going Concern Disclosure	<i>Inherent</i>	The draft financial statements have been prepared on a going concern basis. Management's assessment of going concern will be provided to us closer to the completion of the audit and we will perform our planned procedures then.

## AUDIT COMMITTEE - Internal Audit Progress Report for 22/23 Quarter 2 (including the 22/23 Quarter 4 Internal Audit Plan)

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Michael Bradley, Interim Head of Internal Audit
<b>Papers with report</b>	Internal Audit Progress Report for 2022/23 Quarter 2 (including the Internal Audit Plan for 2022/23 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 2022/23 Quarter 2, and assurance in this respect. It also provides an opportunity for the Head of Internal Audit 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 to account on delivery of the IA Plan and facilitates 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 2022/23 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 2023 period.

### RECOMMENDATIONS:

That the Audit Committee:

1. **Notes the IA Progress Report for 2022/23 Quarter 2 and considers the IA Plan for 2022/23 Quarter 4 and, subject to any further minor amendments, approves it; and**
2. **Ensures that the coverage, performance and results of the IA activity in quarter 2 is considered and any additional assurance requirements are communicated to the Head of Internal Audit.**

### 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

None

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## Internal Audit Progress Report to Audit Committee:

### 2022/23 Quarter 2

(including the Internal Audit Plan for 2022/23  
Quarter 4)

15<sup>th</sup> November 2022



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The Internal Audit key contact in connection with this report is:

**Michael Bradley**

Interim Head of Internal Audit

e: [mbradley@hillingdon.gov.uk](mailto:mbradley@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 2 (1<sup>st</sup> July to 30<sup>th</sup> September 2022). In addition, it provides an opportunity for the Council's Head of Internal Audit (HIA), to highlight any significant issues which have arisen from IA work in Quarter 2.
- 1.2.2 A key feature of this report is the inclusion of the IA plan for 2022/23 Quarter 4 (Q4) (refer to **Appendix C**). This has been produced 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 2023).

## 2. Executive Summary

- 2.1 Since the 2022/23 Q1 IA Progress Report to CMT and the Audit Committee dated 14<sup>th</sup> July 2022, **5 assurance** reviews relating to the 2021/22 and 2022/23 IA plans have concluded, and in addition **3 grant claims** have been checked and certified.
- 2.2 IA's work on the 2022/23 Q2 IA Plan commenced in July 2022, with the planning stage of all audits now complete and testing well underway on almost all Q2 pieces of IA work. Despite further challenges caused by staff vacancies within the IA team, the IA work in Q2 has progressed with support from our external partner, Mazars.
- 2.3 Further details of all IA activity carried out in this period are summarised in section 3 below.

## 3. Analysis of Internal Audit Activity

### 3.1 Assurance Work in Quarter 2

- 3.1.1 During this quarter, **5** 2021/22 and 22/23 assurance reviews were completed to final report stage with another **7** assurance reviews at draft report stage.
- 3.1.2 In Q2, there were no assurance reviews that received **NO** or **LIMITED** assurance opinions
- 3.1.3 Assurance reviews finalised this quarter include: **Making Tax Digital**, which was awarded a **SUBSTANTIAL** assurance opinion, **Direct Payments** **SUBSTANTIAL** assurance, **Transport Funded projects** **REASONABLE** assurance, **Pension Fund Data Mapping**

**REASONABLE** assurance and **Licensing – Animal Welfare** was also given a **REASONABLE** assurance opinion.

3.1.4 All IA assurance reviews being carried out from the outstanding 2021/22 plan are individually listed at **Appendix A**. Those relating to 2022/23 are individually listed at **Appendix B**. Where these are completed, this will provide details of 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 D**).

### 3.2 Consultancy Work in Quarter 2

3.2.1 There was no new Consultancy work carried out in Q2

### 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 and in addition has supported the external auditor with a significant amount of verification work on the Housing Benefit Subsidy Claim. Further details can be found at **Appendix B**.

### 3.4 Other Internal Audit Work in Quarter 2

3.5.1 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 Q4 of 2022/23 (refer to **Appendix C**) has been produced in consultation with management.

3.5.3 The IA plan for Q4 2022/23 includes **10** audit reviews; **7** of which are assurance reviews, **2** are consultancy and **1** is a grant claim. In addition, there is some time for supporting the Council's Transformation Programme.

## 4. Current Internal Audit staffing position and resourcing challenges

4.1 From mid 2021/22 and through the first half of 2022/23 the IA team has seen significant resourcing changes and challenges, which have been report to the Audit Committee at previous meetings:

- **Head of Internal Audit and Risk Assurance** – Vacant since February 2022, however being covered on an interim basis. A second recruitment campaign has been successfully concluded with the appointment of a new permanent HoIA. They will take up their post in late January 2023.
- **Other team members** – Of the 8 posts that work with the HoIA, 5 are vacant and a further team member is on sick leave.
- **External Partner (Mazars)** – Fortunately, Hillingdon Council was already signed up to a framework for the provision of internal audit services and this has now been accessed and a number of audits are being undertaken by Mazars. They started work in mid May 2022.

## 5. Forward Look

5.1 Taking account of the very difficult recruitment situation in the internal audit market now, it has been decided to continue with the co-sourced model of delivery. It is also planned to attempt to recruit a further experienced Principal Auditor to support the in-house team. Whether in-house or external partner, what is essential is that any IA resource secured has a high level of skill and proficiency but can also deliver change and add value.

- 5.2 Given the various challenges that COVID presented the Council, it was agreed that internal audit would effectively 'pause' its programme of audit follow up work in Q4 2021/22. Given the resourcing challenges within the IA team this has continued through the first half of this year. Arrangements have now been made to ensure that follow-up work can recommence and this has now started. By the next meeting of this committee the update report will include details of that work.
- 5.4 IA would like to take this opportunity to formally thank all staff throughout the Council with whom IA had contact during Q2. There are no other matters that the HIA needs to bring to the attention of the Council's Audit Committee at this time.

Michael Bradley  
Interim Head of Internal Audit

1<sup>st</sup> November 2022

**APPENDIX A****OUTSTANDING INTERNAL AUDIT WORK FROM 2021/22****2021/22 IA Assurance Reviews (Outstanding at year end):**

IA Ref.	IA Review Area	Status at end of Q2 2022/23	Assurance Level	Risk Rating			
				H	M	L	NP
21-A25	Hatton Grove	Draft report issued 14 <sup>th</sup> September 2022	TBC once final report issued				
21-A27	Service Tenancies & Payroll Rent Payments	Draft report issued 7 <sup>th</sup> October 2022	TBC once final report issued				
21-A11	Crematorium	Draft report issued 5 <sup>th</sup> September 2022	TBC once final report issued				
21-A12	Absence Management	Draft report issued 27 <sup>th</sup> April 2022	TBC once final report issued				
21-A21	IT Application Review: ContrOCC	Testing in progress	TBC once final report issued				
21-A24	Transport Funded Projects	Final report issued 20 <sup>th</sup> September 2022	<b>REASONABLE</b>	0	2	3	0
21-A1	Disabled Facilities Grant	Testing in progress	TBC once final report issued				
21-A31	Tenancy Management – Fixed Term Tenancies	Testing in progress	TBC once final report issued				
21-A35	Pension Fund Data Mapping	Final report issued 26 <sup>th</sup> July 2022	<b>REASONABLE</b>	0	1	1	0
<b>Total <u>number</u> of IA Assurance Recommendations raised</b>							
<b>Total <u>percentage</u> of IA Assurance Recommendations raised</b>							

**APPENDIX B****DETAILED INTERNAL AUDIT WORK UNDERTAKEN IN 2022/23**

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

**2022/23 IA Assurance Reviews:**

IA Ref.	IA Review Area	Status at end of Q2 2022/23	Assurance Level	Risk Rating			
				H	M	L	NP
21-A32	IT Governance	Draft report issued 14 <sup>th</sup> October 2022	TBC once final report issued				
21-A34	Licensing – Animal Welfare	Final report issued 16 <sup>th</sup> September 2022	<b>REASONABLE</b>	0	1	0	0
22-A36	Capital Programme	Testing completed	TBC once final report issued				
22-A37	Direct Payments	Final report issued 20 <sup>th</sup> October 2022	<b>SUBSTANTIAL</b>	0	0	1	0
22 A38	Domestic Violence Homelessness Process	Testing completed	TBC once final report issued				
22-A39	Stronger Families	Draft report issued 20 <sup>th</sup> October 2022	TBC once final report issued				
22-A40	Information Security	Draft report issued 9 <sup>th</sup> August 2022	TBC once final report issued				
22-A41	Making Tax Digital	Final report issued 18 <sup>th</sup> July 2022	<b>SUBSTANTIAL</b>	0	0	1	0
22-A42	Fraud prevention Controls in Contracts	Testing in progress	TBC once final report issued				
22-A43	Registrars Cash Handling	Testing completed	TBC once final report issued				
22-A44	Members' Gifts & Hospitality and Declarations of Interest	TOR issued	TBC once final report issued				

22-A45	Adult Social Care Referrals and assessments	Testing completed	TBC once final report issued				
22-A46	Colham Road Care Home	Testing completed	TBC once final report issued				
22-A47	High Cost panel and Risk profile	Testing completed	TBC once final report issued				
22-A48	Quality of Practice	Testing completed	TBC once final report issued				
22-A49	Housing Benefits - Council Tax Reduction Scheme	Testing completed	TBC once final report issued				
22-A50	Purchasing Cards	Testing in progress	TBC once final report issued				
<b>Total Number of IA Recommendations Raised</b>							
<b>Total % of IA Recommendations Raised</b>							

**2022/23 IA Consultancy Reviews:**

IA Ref.	IA Review Area	Status at end of Q2 2022/23
22-C9	Transformation	Planning
22-C11	A Domiciliary Care provider	ToR issued

**2022/23 IA Grant Claim Verification Reviews:**

IA Ref.	IA Review Area	Status at end of Q2 2022/23
22-G1	Supporting Families Grant – Quarter 1	Memos issued 30 <sup>th</sup> May and 22 <sup>nd</sup> June 2022
22-G2	Contain Outbreak Management Fund	Memo issued 30 <sup>th</sup> June 2022
22-G3	Rough Sleepers Initiative	Memo issued 27 <sup>th</sup> June 2022
22-G4	Test and Trace	Memo issued 30 <sup>th</sup> June 2022
22-G5	Supporting Families Grant – Quarter 2	Memos issued 1 <sup>st</sup> August 31 <sup>st</sup> August and 28 <sup>th</sup> September 2022
22-G6	Universal Drug Treatment (Crime and Harm Reduction)	Memo issued 15 <sup>th</sup> July 2022
22-G7	Trading Standards Grant	Memo issued 15 <sup>th</sup> September 2022
22-G9	Housing Benefit Subsidy Grant	A significant amount of testing has been done



**APPENDIX C****DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2022/23 ~ QUARTER 4****IA work scheduled to commence in the 1<sup>st</sup> January to 31<sup>st</sup> March 2023 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Rating	Review Sponsor	Rationale
22-A64	Mental Health Pathway	Assurance	<b>HIGH</b>	<b>Sandra Taylor</b> Executive Director Adult Social Care & Health	This review will assess the end-to-end case management arrangements of the mental health pathway to ensure that appropriate support is provided for residents in a timely manner, whilst ensuring that records are accurately kept. In addition, will provide assurance regarding the quality of mental health assessments (undertaken by an Approved Mental Health Practitioner and two doctors), that there is appropriate documentation held in support of all individuals assessed, the decision making and escalation (ie application of orders under the Mental Health Act).
22-A65	Neglect	Assurance	<b>HIGH</b>	<b>Julie Kelly</b> Executive Director Children and Young Peoples Services	Following the implementation of the new Neglect Strategy, this review will provide assurance that the strategy has embedded in practice. This will be assessed through the review of Child Protection plans following allegations of neglect, ensuring there is clear evidence and an audit trail of actions throughout the case, and also include the utilisation of Graded Care Profile 2.
22-A66	Parking Income	Assurance	<b>HIGH</b>	<b>Andy Evans</b> Corporate Director of Finance	This service is responsible for all parking maintenance, income collection and enforcement across the borough. A specialist enforcement contractor processes PCNs that are issued and any outstanding PCN debts, considering and responding to any challenges, representations or appeals submitted by motorists against PCNs. The service also processes and issues all on-street and car park parking permits, resident visitor vouchers, manages the public car parks and on-street Pay & Display parking facilities.  This review will provide assurance over the adequacy and application of the control and governance framework in place in relation to parking income collection and processing payments, further that these processes are robust, secure and working effectively.
22-A67	Uninspected B&Bs	Assurance	<b>HIGH</b>	<b>Perry Scott</b> Corporate Director of Place	A Dynamic Purchasing System was introduced, with providers of Bed and Breakfast provision encouraged to sign up to. This review will provide assurance over the adequacy, governance, processes and control framework of this procurement vehicle for Housing Services to source and procure Bed and Breakfast provision and the quality assurance, inspection and reinspection programme and controls.

**APPENDIX C (cont'd)****DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2022/23 ~ QUARTER 4****IA work scheduled to commence in the 1<sup>st</sup> January to 31<sup>st</sup> March 2023 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Rating	Review Sponsor	Rationale
22-A69	Capital Projects	Assurance	<b>HIGH</b>	<b>Perry Scott</b> Corporate Director of Place	This review will provide assurance over the adequacy and application of the control and governance framework and risk management arrangements in place for individual Capital Projects. In addition this review will assess the recently automated forms to ensure they are embedded in practice, further that these processes are robust, secure and working effectively.
22-A70	Risk Management	Assurance	<b>MEDIUM</b>	<b>Andy Evans</b> Corporate Director of Finance	The management of risk is a key process which underpins successful achievement of the Council's objectives and priorities. As part of the Public Sector Internal Audit Standards (PSIAS 2120), Internal Audit is required to evaluate the effectiveness, and contribute to the improvement, of the risk management process and statutory programme of work.
22-C12	Covid Additional Measures	Consultancy	<b>MEDIUM</b>	<b>Sandra Taylor</b> Executive Director Adult Social Care & Health	This consultancy piece of work is to identify the extra measures put in place and alternative ways of working during the Covid-19 pandemic and to ensure that they have been removed or there is justification for those measures still in place. Some responsibilities in residential homes remain in place, with the Government continuing to provide PPE and tests via a portal. This will also support the Council's response (which is currently being prepared) for the public enquiry where Local Authorities have to detail what they did to support residents and how they responded to needs, risk and demands resulting from the pandemic.
22-C13	Mayor's Charity Accounts	Consultancy	<b>LOW</b>	<b>Andy Evans</b> <b>Corporate Director of Finance</b>	The Mayor's Charity was 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.

**APPENDIX C (cont'd)****DETAILED OPERATIONAL INTERNAL AUDIT PLAN 2022/23 ~ QUARTER 4****IA work scheduled to commence in the 1<sup>st</sup> January to 31<sup>st</sup> March 2023 period:**

IA Ref.	Planned Audit Area	Audit Type	Risk Rating	Review Sponsor	Rationale
22-G10	Supporting Families Grant – Quarter 4	Grant Claim	N/A	<b>Julie Kelly</b> Executive Director, Children and Young People Services	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 D****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 D (cont'd)****INTERNAL AUDIT RECOMMENDATION RISK RATINGS AND DEFINITIONS**

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

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## AUDIT COMMITTEE - 2022/23 Quarter 2 Counter Fraud Progress Report

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Alex Brown, Head of Counter Fraud
<b>Papers with report</b>	2022/23 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 2022/23 Quarter 2 and assurance in this respect. It also provides an opportunity for the Head of Counter Fraud 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 Head of Counter Fraud 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 Counter Fraud Team activity.

### RECOMMENDATIONS:

**That the Audit Committee:**

- 1. Notes the Counter Fraud Progress Report for 2022/23 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 Counter Fraud Team holds various background research documents in relation to the Counter Fraud Plan.

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**Counter Fraud Progress  
Report to Audit Committee:  
2022/23 Quarter 2**

**26<sup>th</sup> October 2022**



**HILLINGDON**  
LONDON

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

# Contents

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## 1. Introduction

### 1.1 The Role of the Counter Fraud Team

- 1.1.1 The Counter Fraud Team (CFT) 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 CFT 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 (Q2) period (1<sup>st</sup> July to 30<sup>th</sup> September 2022). In addition, it provides an opportunity for the Head of Counter Fraud (HCF) to highlight any significant issues arising from the counter fraud work in Q2.
- 1.2.2 The progress report also highlights to CMT, the Audit Committee and other key stakeholders, the performance of the CFT in meeting its strategic and operational objectives (as set out in the Counter Fraud Strategy 2022 to 2025), which provides an opportunity for the HCF to be held to account in this respect.

## 2. Executive Summary

- 2.1 In Q2 the CFT has focused its efforts in the areas of high risk by deploying resources effectively to identify fraud, loss and error. **This has led to the team achieving c£4.6m in loss prevention savings, making Q2 the most successful quarter recorded.** This increase in outcomes can be attributed to the counter fraud activity carried out across Housing, Revenues and Social Care. **This brings the year to date financial savings to c£6.9m, meaning the CFT has already surpassed its £3.5m target.**
- 2.2 The increased risk relating to Tenancy Fraud post Covid is ever present, with the **CFT currently investigating 131 cases.** This significant increase in investigations has been sustained for a year and means the **CFT has seen a 57% increase in workload compared to pre-covid levels.** To support property recovery and the investigative process a Counter Fraud Investigator from another sub team will be moving into the Housing Investigations Unit. With heightened counter fraud activity in this area of work, **the CFT has recovered 22 properties in Q2.** This represents a 32% increase on Q1 and **brings the year to date property recovery to 37.** The team are currently on track to exceed 2021/22 property recovery outcomes (42) during 2022/23.
- 2.3 **The Revenue Maximisation project** has continued to be an important feature of the team's activity during Q2. The CFT has been working closely with its external suppliers to highlight unknown businesses and alterations to businesses that the Council are unaware of within the ratings list. The suppliers have successfully identified a variety of unlisted or amended businesses which have been investigated by the CFT. **This partnership working has led to c£2.6m in NNDR billings being issued in Q2.** In total the Revenues Maximisation project **has identified NNDR to the value of c£4m in this financial year.** This work has a direct impact in increasing the Council's income with 15% of NNDR retained.

- 2.4 The New Homes Bonus (NHB) is a grant that is paid by central government to incentivise local housing growth. The CFT has undertaken a proactive project to reduce the number of empty properties known to Revenues to maximise income from the grant. Following the conclusion of our NHB project in Q2, **the CFT reduced the number of empty properties known to the Council by 130**. A provisional settlement figure for the NHB will be available in the Q3 progress report.
- 2.5 **In Q2 the CFT has recruited to all vacancies** with two Counter Fraud Analysts now in post. **The current Counter Fraud Manager vacancy has been subject to a robust recruitment process with the successful applicant starting in Q3**. Some of the challenges around capacity faced by the CFT will be relieved with the team fully resourced in Q3.

### 3. Analysis of Counter Fraud Activity in Quarter 2

#### 3.1 Housing Fraud

- 3.1.1 Q2 has seen another successful quarter for the CFT in relation to tenancy fraud. This quarter has resulted in the **recovery of 22 council properties** and **£1.6m** in financial savings. Due to the high standard and volume of referrals being received by the CFT, both internally and externally, Q2 has seen a significant increase in the number of properties recovered in contrast to the 7 properties recovered in Q2 of the 2021/2022 financial year. **Table 1** below, illustrates the reasons for property recovery by quarter, with non-occupation the primary factor for recovery.

**Table 1 ~ Housing Tenancy Fraud Cases**

Case Type	Q1	Q2*	2022/23*	£k/value**
Abandonment	0	0	0	£0
Deceased	3	6	9	£504k
NFI Fraud Hub	0	0	0	£0
Non-Occupation	6	10	16	£896k
Sub-Let	4	3	7	£392k
Wrongful Succession	2	3	5	£280k
<b>Total Properties Recovered</b>	<b>15</b>	<b>22</b>	<b>37</b>	<b>£2,072k</b>

\* As at end of Q2 (30<sup>th</sup> September 2022).

\*\* Tenancy Fraud Forum valuation.

- 3.1.2 The CFT currently hold **131** open investigations surrounding suspected cases of tenancy fraud including non-occupation, subletting, wrongful succession claims and the abandonment of properties. Q2 has seen an increase in the number of wrongful succession applications being made by individuals who are suspected of not reaching the required succession conditions. The CFT currently have **12** active investigations for wrongful succession applications. The purpose of these investigations is to ensure that tenancies are being succeeded by those who qualify and not by those who are attempting to obtain tenancies under false pretences.

- 3.1.3 Of the **131** open investigations, **10** cases have resulted in notices being served, which once expired, will likely be referred to our in-house legal team to begin possession proceedings. An additional **11** cases are with our legal team where possession proceedings have been instigated and are awaiting court hearing dates.
- 3.1.4 The Key Performance Indicator (KPI) 4 (refer to Table 5 in Appendix A) requires the CFT to recover 30% of properties associated with tenancy fraud referrals. **The CFT has successfully recovered properties from 37% of tenancy fraud referrals received this quarter.**
- 3.1.5 Q2 has resulted in the completion and closure of the **2** outstanding cases that were established during the Q1 **Bed & Breakfast (B&B) emergency accommodation project.** In total, the B&B emergency accommodation project discovered **3** properties that were unoccupied. The CFT's findings resulted in the successful discharge of duty in relation to all 3 applications, **reducing costs by c£24k.**
- 3.1.6 As previously reported in Q1, the CFT had commenced the **Annual Temporary Accommodation housing project.** The CFT completed **residency checks to 225 properties.** The project has generated **1 investigation for suspected subletting and 14 investigations for suspected non-occupation.** The outcome of these 15 identified cases will be provided in the Q3 report.
- 3.1.7 Right to Buy applications are continuing to be verified by the CFT to ensure that all applications received by the Council are legitimate. For Q2 the CFT have successfully cancelled **3 RTB applications** resulting in **savings of c£336k.** There are **a further 4 cases under investigation.**
- 3.1.8 Due to current challenges and staff shortages within Housing Services, the CFT have undertaken a new line of work to support and assist Tenancy Management in the recovery of properties in relation to deceased tenants. The CFT now proactively identify deceased tenants with the assistance of the **NFI Fraud Hub.** This is to prevent delays in property recovery and the associated costs, such as escalating debt.
- 3.1.9 As outlined in **Table 2** below, as part of the CFT's loss prevention activity the team are responsible for undertaking checks on eligible applicants who register for social housing. **During Q2 the CFT has successfully completed 304 verifications.** These checks include gathering information on applicants' income, assets and their current living arrangements.

**Table 2 ~ Housing Tenancy Verification Cases**

Housing Tenancy Verification Cases	Q1	Q2*	2022/23
Total number of cases reviewed	424	304	<b>728</b>
% Identified by CFT for rejection	17%	20%	<b>19%</b>
Total number of applications closed	3	4	<b>7</b>

\* As at end of Q2 (30<sup>th</sup> September 2022).

- 3.1.10 In Q2 the CFT **closed a further 4 Social Housing applications.** These included cases in which applicants were found to be adequately housed from unannounced residency visits carried out by Counter Fraud Officers. These risk-based checks demonstrate the value of the CFT's verification work ensuring that much needed housing is allocated to those in genuine need.

3.1.11 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. The CFT has once again overachieved this target by **completing 99% of Housing Allocations** within the set target date during this quarter. This is a great achievement for the team, as this area of work has been under resourced due to vacancies.

### 3.2 Revenues Fraud & Inspections

3.2.1 In the area of Revenues, the CFT has continued to maintain a high level of performance and again exceeded their KPI target (refer to **Table 5** at **Appendix A**). In Q2, as detailed in **Table 3** below, the CFT has **conducted 2,741 inspections, with 2,725 (99%) visited within the 10-day KPI target**.

**Table 3 ~ Revenues Inspections Performance 2022/23**

Revenues Inspections	Q1	Q2*	2022/23
Total number of inspections completed	2,149	2,741	<b>4,890</b>
Percentage within 10 day target	99%	99%	<b>99%</b>

\* As at end of Q2 (30<sup>th</sup> September 2022).

3.2.2 In Q2 the CFT conducted its **annual NHB proactive project**. The CFT carried out intelligence checks on all listed long term empty properties. The purpose of this exercise is to reduce the number of empty properties known to the Council to maximise the grant allocation from Central Government. **This has resulted in the CFT identifying 130 properties that are no longer classed as empty**. The financial results and details of grant funding awarded from this project will be reported in Q3.

3.2.3 During Q2 the CFT have identified a further **12 previously unlisted properties** which includes **11 'Beds in Sheds'** and one residential property that has been modified into multiple self-contained units. As a result, an additional **c£17k of loss prevention savings** have been identified following the issuance of revised Council Tax bills to the liable person(s). In addition, **12** properties are pending a decision from the Valuation Office Agency (VOA), with these savings to be reported in Q3.

3.2.4 The CFT has continued to focus its efforts on **maximising revenue** in Q2, identifying unlisted or amended businesses which are not in the ratings list. The team's work in collaboration with our external suppliers has led to **billings issued to business in excess of £2.6m**. This work has a direct impact on the Council's income with 15% retained by the authority. This work will remain a focus into Q3 with further outcomes expected. The HCF notes that there have been some exceptional items found in this area of work, leading to significant one-off savings. Although this is positive, it is unlikely that the CFT will continue to find savings of this level, as the project goes on. However, the CFT will look to sustain performance outcomes in this area.

### 3.3 Energy Rebate Scheme

3.3.1 The Energy Rebate Scheme has been introduced by the Government to assist households with the rising energy costs. A £150 non-repayable council tax rebate will be issued to all qualifying households in council tax bands A to D.

3.3.2 The CFT have been assisting Exchequer Services (ES) by conducting **Spotlight bank account verification checks** for residents who have been asked to supply their bank account information to receive the payment. **Over 20,000 bank accounts** have been checked and the findings shared with ES colleagues to ensure only verified applicants will receive the much-needed funds. With the scheme now established and most payments issued, the CFT has completed its work in this area.

### 3.4 Social Care

- 3.4.1 With counter fraud activity fully embedded across multiple fraud risk areas within Social Care, **Q2 marks the teams most successful quarter to date, with savings of c£160k.** This considerable increase is attributed to the preventive controls and reactive processes implemented by the team. In particular verification checks undertaken by the CFT for all financial assessments where clients are seeking financial assistance from the Council to meet their care costs.
- 3.4.2 During Q2 the CFT received 140 Financial Assessment verification requests, with checks undertaken to identify instances of fraud, loss and error. These checks highlight any anomalies such as hidden assets, income or capital prior to any funds being administered. From the requests received, **3 verifications resulted in financial savings of c£23k** whereby applicants were found to be in receipt of council tax discounts/reductions that they were ineligible for. **10 further cases are undergoing additional checks.**
- 3.4.3 With a sizeable financial cost to the Council in providing financial assistance in meeting clients care costs, the CFT is strategically placed to investigate any suspected cases of fraud. Q2 saw the **conclusion of the teams largest Financial Assessment Fraud investigation.** This lengthy investigation by the team resulted in **savings of c£106k** after a client's relative mis-represented their circumstances in a deliberate attempt for the client's property to be disregarded from the financial assessment. With the cost of care rising and reforms to be implemented in 2023, the risk of fraud in this area is expected to increase.
- 3.4.4 Section 17 of the Children's Act 1989 places a duty on the Council to safeguard and promote the welfare of children in need. Section 17 support offers a range of services that includes providing accommodation and/or financial assistance to eligible applicants. The CFT undertake verification checks for all Section 17 applicants who approach Social Services. **Table 4** below, illustrates the outcomes derived from the preventive measures in place that ensure services provided are only accessed by those who meet the eligibility criteria.

**Table 4 ~ Section 17 Verification Cases 2022/23**

Section 17 Cases	Q1	Q2*	2022/23
Total number of cases reviewed	5	2	7
Total number verified as accurate	1	0	1
Total number of cases closed	1	0	1
Total number of cases under further investigation	3	2	5
<b>Loss Prevention Savings</b>	<b>£13,128</b>	<b>£0</b>	<b>£13,128</b>

\* As at end of Q2 (30th September 2022).

- 3.4.5 Q2 sees the launch of the team's **Section 17 proactive project**, with counter fraud officers conducting unannounced visits to all 34 clients placed in emergency accommodation provided by Social Care. The purpose of these visits is to identify and investigate instances of non-occupation or abandonment of placements and hold those to account where cases of fraud are proven. The project is underway with outcomes expected to be reported in Q3.

3.4.6 As part of the team's reactive work, the CFT carries out investigations into suspected fraud within the **Disabled Facilities Grant scheme (DFG)**. The DFG scheme operates within rigorous eligibility criteria which must be met if applicants are to receive a grant. Due to financial discrepancies identified, the team has **prevented one DFG** from being paid out during Q2, resulting in **loss prevention savings of £30k**. The team have a further two cases under investigation.

### 3.5 Blue Badge Fraud

3.5.1 Following concerns raised by residents to local Councillors of Blue Badge misuse in and around Ruislip Lido, Q2 saw the commencement of this year's second proactive Blue Badge operation. With the assistance of Parking Services, Counter Fraud Officers were deployed at Ruislip Lido and residential streets, with the chosen locations informed directly by internal and external sources.

3.5.2 With a number of resources deployed the Council's zero-tolerance approach to fraud was demonstrated by the visible presence of officers and interactions with both residents and visitors to the area. **In total 14 badges were inspected with one badge seized due to suspected misuse**. The case remains under investigation, with the outcome expected to be reported in Q3.

3.5.3 Q2 marked the conclusion of an ongoing Blue Badge misuse referral with the offender receiving a **Simple Caution and a £100 fixed penalty notice**. **A further four cases remain under investigation** as a result of the CFT's participation in the London Wide Blue Badge Day of Action and the teams' reactive activities as reported in Q1.

### 3.6 Onsite Immigration Official

3.6.1 Following on from the significant increase in financial savings reported in Q1, the Onsite Immigration Official (OSIO) has continued to contribute towards the team's counter fraud and loss prevention activities. This has led to **loss prevention savings of c£27k during this quarter**. These savings are in relation to Social Care NRPF cases whereby the immigration status of the service user had changed, resulting in the user no longer requiring financial assistance from the Council and from fraudulent activity identified across Housing.

### 3.7 London Counter Fraud Hub

3.7.1 The CFT onboarded to the London Counter Fraud Hub (LCFH) at the start of the financial year. The hub is designed to bring London Boroughs together, sharing data to identify fraud, loss or error. This innovative approach will also use the power of data to uncover cross borough frauds.

3.7.2 Not all Boroughs have onboarded to the fraud hub, which has slowed down the progress of utilising all of its functionality. The London Borough Fraud Investigators Group (LBFIG) has established a working group to steer the hub operationally across all Boroughs. Members of the CFT have joined this group to influence the direction of travel, in particular the design of cross borough data matching in areas of high fraud risk.

3.7.3 During Q2 the CFT has undertaken its **first in house data matching exercise using the LCFH**. Tenancy data provided by Housing Services was matched against the death register. This match identifies tenants that have sadly passed away and no notification has been received by the Council. Though this work is not tenancy fraud, it does fall within loss prevention, recovering properties that were unknown to be vacant. The first match has **identified 5 properties** where the Council was unaware that the tenant had passed away. This match is now embedded within the hub and is refreshed automatically. This data match will provide ongoing outcomes for the CFT.



### 3.8 Other Counter Fraud Activities

- 3.8.1 As part of the CFT's strategic objectives, the team has been embedding and promoting a counter fraud culture throughout the Council, by regularly undertaking fraud awareness sessions to service areas. These sessions give team's the tools to identify, and report suspected fraud or loss. During Q2 the CFT conducted **6 fraud awareness sessions** across Housing Services and Registrars, with over **50 staff members attending**. Further sessions are planned for Q3.
- 3.8.2 Throughout Q2 the CFT has continued to work in conjunction with colleagues from other Council services to conduct desk-based checks on households that have applied to join the Homes for Ukraine scheme. These checks provide assurance to CMT that the applicants are in a suitable position to accept Ukrainian families fleeing from their country.
- 3.8.3 The CFT has carried a number of vacancies throughout this financial year. This has presented challenges when resourcing all aspects of counter fraud activity. During Q2 the team completed its recruitment with two Counter Fraud Analysts now in post. The HCF also undertook a robust recruitment process to hire a new Counter Fraud Manager. With many experienced and qualified candidates applying for the role, an intense interview process was conducted. One candidate stood out from the rest with vast Local Authority fraud knowledge and experience. The new Counter Fraud Manager will be starting with the CFT in late October.
- 3.8.4 The CFT has been working with Internal Audit collaboratively throughout the financial year to support risk and governance arrangements within the Council. With the Internal Audit team facing significant resourcing challenges, the CFT has undertaken some consultancy work in service areas relating to fraud controls. These reviews help strengthen controls within processes minimising the risk of fraud.

## 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 Q2 performance by the CFT against the nine KPIs. 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. The CFT's financial performance should be considered against a target of £3.5m for 2022/23.
- 4.2 The CFT has achieved a consistent level of performance across all KPI's this quarter. The details of this are that **all 9 KPI's are above targeted performance**. 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 As we look forward into Q3 of 2022/23, the CFT will undertake a proactive project within **housing emergency accommodation**. The project will verify the circumstances of all homeless applicants to ensure only those that are entitled to assistance are in receipt of support. As part of the project residency checks will also be conducted to identify instances of non-occupation or sub-letting.
- 5.2 The **Cabinet Office NFI Bi-Annual exercise** is due to be released in Q4. As part of the kick off process the CFT in Q3 will collate all relevant data sets from across the Council. The new data matching sets will provide opportunities to highlight instances of fraud, loss or error.

- 5.3 As part of its transformation programme the counter fraud management team are **reviewing the team's scope and capacity**. This includes updating the fraud risk register to understand how best to effectively deploy resources. This review intends to focus the CFT on localised risks and align its priorities with the financial pressures currently experienced by the Council.
- 5.4 In Q3 the CFT will **go live with a new case management system**. The system has increased functionality compared to the existing system which will provide efficiencies within the investigative process.
- 5.5 The CFT 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 HCF needs to bring to the attention of CMT or the Audit Committee at this time.

**Alex Brown** APCIP  
Head of Counter Fraud

26<sup>th</sup> October 2022

**Table 5 ~ CFT KPIs and Actual Performance**

CFT KPIs	Target	Q1	Q2*	22/23*	21/22
1. Percentage of fraud referrals risk assessed within 3 working days	<b>95%</b>	99%	99%	<b>99%</b>	99%
2. Verification work timescales for completion:					
a. Housing Allocations completion within the target date set by Housing	<b>95%</b>	99%	99%	<b>99%</b>	99%
b. Right to Buy case completion within 28 working days	<b>95%</b>	100%	100%	<b>100%</b>	100%
c. Financial Assessments completion within 7 working days	<b>95%</b>	100%	100%	<b>100%</b>	<b>N/A**</b>
d. Section 17 reviews completion within 7 working days	<b>95%</b>	100%	100%	<b>100%</b>	<b>N/A**</b>
3. Investigation plan completion within 5 working days of case allocation	<b>95%</b>	98%	100%	<b>99%</b>	99%
4. Tenancy fraud referrals received resulting in property recovery	<b>30%</b>	37%	37%	<b>37%</b>	33%
5. Investigations resulting in loss prevention/financial saving outcome	<b>40%</b>	43%	42%	<b>42%</b>	55%
6. Revenue inspections completed within 10 working days of referral date	<b>95%</b>	99%	99%	<b>99%</b>	97%

\* As at end of Q2 (30<sup>th</sup> September 2022).

N/A\*\* = New KPI that has been introduced in the Counter Fraud Strategy for 2022 – 2025.

**APPENDIX B****Table 6 ~ CFT Quarter 2 2022/23 ~ Financial Performance**

Work Area	Description	Quarter 1	Quarter 2*	Quarter 3	Quarter 4	2022/23*
<b>Housing</b>	Right to Buy discounts	£0	£336,900	£0	£0	<b>£336,900</b>
	Property Recovery (notional savings)	£840,000	£1,232,000	£0	£0	<b>£2,072,000</b>
	Other savings/loss prevention	£22,491	£40,267	£0	£0	<b>£62,758</b>
<b>Social Services</b>	Section 17 and UASC**	£13,128	£0	£0	£0	<b>£13,128</b>
	Financial Assessments and Direct Payments	£4,758	£129,749	£0	£0	<b>£134,507</b>
	Disabled Facilities Grants	£0	£30,000	£0	£0	<b>£30,000</b>
	Direct Payments	£4,369	£300	£0	£0	<b>£4,669</b>
<b>Revenues</b>	Single Person Discount	£5,697	£5,847	£0	£0	<b>£11,544</b>
	Council Tax Reduction & arrears	£6,910	£18,105	£0	£0	<b>£25,015</b>
	Unlisted Buildings	£35,995	£17,239	£0	£0	<b>£53,234</b>
	Housing Benefit Overpayments	£5,456	£82,224	£0	£0	<b>£87,680</b>
	NNDR***	£1,391,666	£2,680,774	£0	£0	<b>£4,072,440</b>
<b>Blue Badge</b>	Simple Caution & Financial Penalty	£100	£100	£0	£0	<b>£200</b>
<b>Immigration Officer</b>	Housing Homelessness Applications**	£0	£16,107	£0	£0	<b>£16,107</b>
	Social Care Savings	£42,335	£11,760	£0	£0	<b>£54,095</b>
<b>Totals</b>	Loss Prevention Savings	£72,644	£565,084	£0	£0	<b>£637,728</b>
	Notional Savings	£2,028,372	£3,592,883	£0	£0	<b>£5,621,255</b>
	Cashable Savings	£271,789	£445,407	£0	£0	<b>£717,196</b>
	Costs awarded and penalties	£100	£100	£0	£0	<b>£200</b>
	<b>Total</b>	<b>£2,372,905</b>	<b>£4,603,474</b>	<b>£0</b>	<b>£0</b>	<b>£6,976,379</b>

\* As at end of Q2 (30<sup>th</sup> September 2022).

\*\* 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.

**Glossary of Terms**

**Beds in Sheds**

'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).

**Blue Badge**

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.

**Direct Payments**

The Council are responsible for administering direct payments to service users who have been assessed as needing care and support services. The payments are made to allow applicants to access care to meet their social care needs, such as support with living tasks and social activities.

**Disabled Facility Grants**

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.

**Financial Assessments**

The Council is under a financial and legal obligation to carry out this means tested assessment for each service user. The Financial Assessment (FA) identifies whether the applicant(s) is eligible to receive funding towards their care costs.

**Fraud Hub**

Utilising the existing Cabinet Office infrastructure and systems, most London based local authorities have agreed to upload internally held data sets for proactive data matching exercises. These regularly agreed upon exercises will lead to the identification of possible fraud, loss or error.

**National Fraud Initiative**

The National Fraud Initiative (NFI) is a data matching exercise co-ordinated by the Government Cabinet Office and conducted every 2 years. There is also an annual review of claimants in receipt of Single Persons discount data that is matched against the Electoral Roll data. 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.

**New Homes Bonus**

The New Homes Bonus (NHB) is a grant that is paid by central government to incentivise local housing growth.

**Onsite Immigration Enforcement Official**

The Onsite Immigration Enforcement Official (OSIO) provides 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.

**Right to Buy**

The Right to Buy (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.

### **Revenue Maximisation**

The use of internally held data and the utilisation of external data partners to identify previously unlisted commercial and domestic properties, along with identifying commercial properties that have undertaken modifications or improvements that would result in the revaluation of its Rateable Value (RV). Commercial entities are under no obligation to inform Council Tax as to when they have started trading or if their RV needs to be recalculated. The Council will only retain 15% of the identified rates.

### **Section 17**

The CFT provides 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 CFT conducts verification checks on all applicants approaching the Council.

### **Small business Rates Relief**

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 £15,000.

### **Tenancy Fraud Forum Valuation**

As of the 2022/23 financial year, the CFT will be using the new Tenancy Fraud Forum valuation for property recovery. Working in conjunction with the London Boroughs' Fraud Investigators' Group (LBFIG) a new formula has been created to determine how much tenancy fraud costs. The formula considers the annual average temporary accommodation cost per family, the average duration for tenancy fraud, as well as the average investigation, legal and void costs. The agreed calculation for tenancy fraud within the borough is now valued at £56k per property (Previously £18k). The new calculation allows Hillingdon Council to accurately calculate financial savings by factoring in local figures.

### **Unaccompanied Asylum-Seeking Children**

Unaccompanied Asylum-Seeking Children (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.

## AUDIT COMMITTEE WORK PROGRAMME 2022/23

<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 15 November 2022 will start at 17:10.

Meetings	Room
31 January 2023	CR 5
27 April 2023	CR 5

<b>Meeting Date</b>	<b>Item</b>	<b>Lead Officer</b>
31 January 2023	**Private meeting with EY to take place before the meeting	
	EY 2021/22 Auditor's Annual Report and Grant Certification	Corporate Director of Finance / Ernst & Young
	Audit Results Report	Corporate Director of Finance / Ernst & Young
	Internal Audit Progress Report Quarter 3 2022/23 (incl. the Quarter 1 2023/24 Internal Audit Plan)	Head of Internal Audit
	CIPFA's 2022 position statement on Audit Committees	Head of Internal Audit
	2022/23 Q2 Corporate Risk Register	Internal Audit Manager
	Counter Fraud Progress Report Quarter 3 2022/23	Head of Counter Fraud
	Forward Programme	Democratic Services

<b>Meeting Date</b>	<b>Item</b>	<b>Lead Officer</b>
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 2 2023/24 Internal Audit Plan)	Head of Internal Audit
	Internal Audit Plan 2023/24	Head of Internal Audit
	Internal Audit Charter	Head of Internal Audit
	2022/23 Q3 Corporate Risk Register	Internal Audit Manager
	Counter Fraud Progress Report Quarter 4 2022/23	Head of Counter Fraud
	Counter Fraud Plan 2023/24	Head of Counter Fraud
	Forward Programme	Democratic Services