



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:** THURSDAY, 27 APRIL 2023

**Time:** 5.10 PM

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

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

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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 31 January 2023 1 - 4
- 5 External Audit 2020/21 EY Audit Update **(REPORT TO FOLLOW)** 5 - 6
- 6 Internal Audit Progress Report (Quarter 4 2022/23) 7 - 16
- 7 Internal Audit Plan 2023/2024 & Internal Audit Charter 17 - 40
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- 9 Counter Fraud Plan 2023/2024 57 - 70
- 10 Work Programme 71 - 74

# Agenda Item 4

## Minutes

### AUDIT COMMITTEE

31 January 2023

Meeting held at Committee Room 6 - Civic Centre,  
High Street, Uxbridge UB8 1UW



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	<p><b>Committee Members Present:</b> John Chesshire (Chairman), Councillors Richard Lewis, Naser Abby, 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, Michael Bradley – Interim Head of Internal Audit, Claire Baker – Head of Internal Audit, 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>
31.	<p><b>APOLOGIES FOR ABSENCE</b> (<i>Agenda Item 1</i>)</p> <p>There were no apologies for absence.</p>
32.	<p><b>DECLARATIONS OF INTEREST</b> (<i>Agenda Item 2</i>)</p> <p>None.</p>
33.	<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>
34.	<p><b>MINUTES OF THE MEETING HELD ON 15 NOVEMBER 2022</b> (<i>Agenda Item 4</i>)</p> <p><b>RESOLVED:</b> That the minutes of the meeting held on 15 November 2022 be approved as a correct record.</p>
35.	<p><b>EXTERNAL AUDIT UPDATE OF THE 2021/22 STATEMENT OF ACCOUNTS</b> (<i>Agenda Item 5</i>)</p> <p>The Committee considered the progress of the 2021/22 annual external audit against the audit plans set out by the Council’s external auditors EY.</p> <p>It was reported that the audit of the 2021/22 Statement of Accounts had progressed since the Audit Committee meeting in November 2022 and would be finalised by the end of February or beginning of March 2023.</p>

	<p>The Committee was informed that the audit was progressing with the support of the Council's accounting team who had been providing a timely response to queries. There were some challenges with the quality of the audit evidence received and delays with supporting evidence for valuation of property, plant and equipment. An update on infrastructure was also provided and it was noted that the CIPFA code had also been updated.</p> <p>The complete papers would be circulated to the full Committee for comment and to allow an opportunity to ask any questions.</p> <p><b>RESOLVED: That the Audit Committee note the position regarding the 2021/22 Statement of Accounts and Audit Results report and delegate authority to the Corporate Director of Finance (in consultation with the Chairman and incorporating any views from other Members of the Audit Committee) to approve these on behalf of the Committee and to report back to the next Audit Committee meeting on these matters for ratification.</b></p>
36.	<p><b>INTERNAL AUDIT PROGRESS REPORT QUARTER 3 2022/23 (INCL. THE QUARTER 1 2023/24 INTERNAL AUDIT PLAN) (Agenda Item 6)</b></p> <p>The Committee received the Internal Audit (IA) Progress Report for 2022/23 Quarter 3 and IA Plan for Quarter 1 which provided summary information on all IA work covered in relation to 2023/24, together with assurance levels in this respect.</p> <p>The report outlined that eight assurance reviews relating to the 2021/22 and 2022/23 IA plans had concluded in addition to four grant claims having been checked and certified. Five assurance reviews were at the draft stage. It was reported that one assurance review was awarded a substantial assurance opinion, six received reasonable assurance and the Crematorium audit had received a limited assurance opinion. An update on staffing and resourcing was also provided, with Members noting that the permanent Head of Internal Audit was now in post. Further recruitment for other vacancies in the team was ongoing.</p> <p>In response to Member questions regarding the limited assurance provided to the Crematorium audit, it was confirmed that there has been one high priority and two medium priority recommendations that needed to be met. A response from management was being provided and this would be followed up by IA.</p> <p>It was noted that officers from the tri-borough Internal Audit team were undertaking an independent external quality assessment of the IA team.</p> <p>During Member questions around outstanding assurance reviews, it was explained that the delay in the report being issued in 21A27 Service Tenancies and Payroll Rent Payments was due to management making improvements before a response being provided. The draft report had been issued for 22 A36 Capital Programmes and the delay in the final report being issued in 22A38 Domestic Violence Homelessness Process was due to quality assurance steps being undertaken. The topics for forthcoming audits had been based on the highest and priority risk areas.</p> <p>The Committee welcomed the return of IA Key Performance Indicators in future reporting.</p> <p><b>RESOLVED:</b></p>



	<ol style="list-style-type: none"> <li>1. That the Audit Committee noted the IA Progress Report for 2022/23 Quarter 3 and approval be given to the 2023/24 Quarter 1 Internal Audit Plan.</li> <li>2. That the Committee noted the coverage, performance and results of Business Assurance Internal Audit activity within this quarter.</li> </ol>
37.	<p><b>CIPFA POSITION STATEMENT ON AUDIT COMMITTEES</b> (<i>Agenda Item 7</i>)</p> <p>The Committee received an update on CIPFA's recent position statement: Audit Committee in Local Authorities and Police 2022.</p> <p>It was reported that there was general compliance with CIPFA's position statement: Audit Committee in Local Authorities and Police 2022 however two areas could be improved namely the attendance of the Chief Executive at Audit Committee meetings and the Committee having two co-opted Members.</p> <p>In response to Member question around the benefits of Co-Opted Members, it was explained that Co-Opted Members could bring specialist skills and knowledge from across the sector. This would provide independent assessment and review of documentation and deliver better results. This would also help with the succession of the Audit Committee Chairman if they were to step down.</p> <p><b>RESOLVED: That the Audit Committee noted the contents of the report and asked officers to explore the matter of Co-Opted Members further.</b></p>
38.	<p><b>2022/23 QUARTERS 2 AND 3 CORPORATE RISK REGISTER</b> (<i>Agenda Item 8</i>)</p> <p>The Corporate Risk Register (CRR) for Quarters 2 and 3 (July – December 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 there had been key movements in Risk 2 - Meeting Housing Needs, Risk 4 - Litigation Claims, Risk 7 - School Places, Risk 8 - The General Data Protection Regulations and Risk 11 - Corona Virus. All risks had been reviewed and updated in accordance with the risk methodology.</p> <p>During Member discussions, it was noted that housing was a high risk and actions were being undertaken including collaborative working and heavy scrutiny at management meetings. Some concerns were raised with regards to the risk of cyber security attacks and it was noted that discussions were undertaken on a quarterly basis and controls and checks were already embedded. The outcome of the IT security audit was also due. It was clarified that the risk entry in relation to Risk 7 – School Places mainly recognised the additional complexity of this area and the increase in SEN cohort was being managed through the work undertaken by the DSG and the safety valve arrangements that the Council had secured.</p> <p>Further information was requested on the Council's IT security measures in particular the easy access to Wi-Fi and whether the system had been tested by professional hackers.</p> <p><b>RESOLVED: That the Committee reviewed the Corporate Risk Register for</b></p>

	<b>Quarters 2 and 3 (July – December 2022) as part of the Committee’s role to independently assure the Council’s corporate risk management arrangements.</b>
39.	<p><b>2022/23 QUARTER 3 COUNTER FRAUD PROGRESS REPORT</b> (<i>Agenda Item 9</i>)</p> <p>The Committee considered the report detailing the work undertaken by the Counter Fraud Team (CFT) in relation to 2022/23 Quarter 3 and assurances in this respect.</p> <p>It was reported that the CFT had achieved a loss prevention saving of c£3.75m bringing the year-to-date total to c£10.7m. During Quarter 3 the CFT had successfully recovered 25 properties, and this brought the year-to-date properties recovered as 62 (exceeding 2021/22 recovery figure of 42). Through work undertaken in bed and breakfast accommodation, six had closed due to non-occupation and 11 were currently open for investigation. There were 129 live investigations for tenancy fraud, five ongoing investigations in social care and 1782 inspections had been undertaken in the area of revenues.</p> <p>During Member questions, it was noted that there would be a focus on sustaining performance going forward. It was also noted that originally housing tenancy verification work was undertaken by the Housing team, but this was now undertaken by the CFT to align the process more with fraud risks. The verification process took place at the point when properties were offered.</p> <p>The Committee commended the CFT for the figures and sustained level of work. Members had full confidence that key performance indicators would be delivered.</p> <p><b>RESOLVED: That the Audit Committee noted the Counter Fraud Progress Report for 2022/23 Quarter 3.</b></p>
40.	<p><b>AUDIT COMMITTEE FORWARD PROGRAMME</b> (<i>Agenda Item 10</i>)</p> <p>Consideration was given to the forward work programme for the Committee.</p> <p><b>RESOLVED: That the Audit Committee noted the Forward Work Programme for 2022/23.</b></p>
	The meeting, which commenced at 5.10 pm, closed at 6.06 pm.

These are the minutes of the above meeting. For more information on any of the resolutions please contact Democratic Services on 01895 250636 or email: democratic@hillington.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.**

# Agenda Item 5

## 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>	TO FOLLOW - EY audit update for London Borough of Hillingdon and London Borough of Hillingdon Pension Fund
<b>Ward</b>	All

### HEADLINES

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

### RECOMMENDATIONS:

**That the Committee:**

- 1. Note the progress of 2021/22 annual external audit; and**
- 2. Delegate authority to the Corporate Director of Finance, in conjunction with the Chairman of the Audit Committee and other Audit Committee Members, to approve the 2021/22 Statement of Accounts and Audit Results Report, and to report the outcome back to a subsequent Audit Committee meeting.**

### Information

Audit of the 2021/22 Statement of Accounts has progressed since the Audit Committee meeting in January 2023. EY will comment on their paper and provide a verbal update.

An interim measure has been agreed and put in place to allow a solution on the national issue relating to the presentation of infrastructure assets. Following this directive, the Council has been working with EY to provide assurance on the underlying methodology and valuation. A new disclosure to comply with the revised guidance has been prepared and has been signed off by EY.

Following the infrastructure resolution, a further national issue has been raised by audit firms regarding the presentation of IAS19 (Council) and IAS26 (Pension Fund) pensions disclosures. As Pension Funds have now completed their 2022 triennial valuation, better information, in form of actual results rather than estimates, is now available. Consideration is being given on potentially recalculating the pension disclosures to ascertain if there is a material difference.

Contingent on the above and subject to the procedures listed below, which are to be updated closer to our auditor's report date, the Pension Fund audit opinion has been substantially completed.

- Agreement of final amendments to the accounts;
- Updated going concern procedures;
- Subsequent events update;

- Management representations letter.

EY expect to issue an unmodified audit opinion for the pension fund.

At the time of writing, it is unclear if the Council audit will be completed by the next Audit Committee on 08 August 2023, however should the national issue and other outstanding items be resolved, officers again request that the final 2021/22 Statement of Accounts and Audit Results Report be distributed for consideration, questions, and approval by email, which will in turn, authorise the Chair and S151 Officer to sign relevant documentation as required. The outcome would then be reported at the next Committee meeting.

## **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. Extra scale and variation fees will be discussed with the PSAA.

For the London Borough Pension Fund agreed scale fees are £16,170. Extra scale and variation fees will be discussed with the PSAA.

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**

To follow.

## INTERNAL AUDIT PROGRESS REPORT FOR 2022/23 QUARTER 4

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Claire Baker, Head of Internal Audit
<b>Papers with report</b>	Internal Audit Progress Report for 2022/23 Quarter 4
<b>Ward</b>	All

### HEADLINES

The attached Progress Report presents the Audit Committee with a summary of the Internal Audit (IA) work covered in 2022/23 Quarter 4. 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.

### RECOMMENDATIONS:

**That the Audit Committee notes the IA Progress Report for 2022/23 Quarter 4**

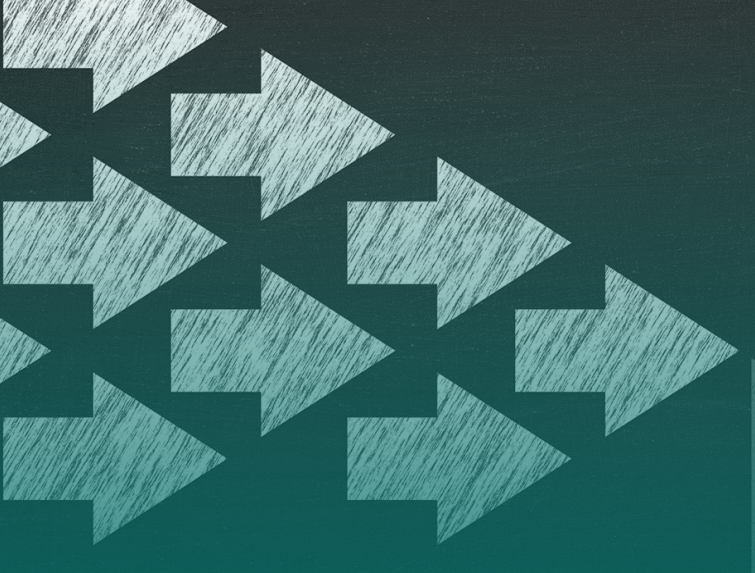
### SUPPORTING INFORMATION

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

2022/23 QUARTER 4

17 April 2023



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The key contacts in connection with this document are:		Page
<b>Claire Baker</b> Head of Internal Audit cbaker@hillingdon.gov.uk	<b>1. INTRODUCTION</b>	<b>3</b>
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## 1. INTRODUCTION

### The Role of Internal Audit

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.

### The Purpose of the Internal Audit Progress Report

This progress report presents the Council's Corporate Management Team (CMT) and Audit Committee with summary information on all IA work for Quarter 4. 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.

## 2. SUMMARY OF INTERNAL AUDIT ACTIVITY

### Assurance Work in Quarter 4

During this quarter, **fourteen** assurance reviews were completed to final report stage, including **six** awarded a **SUBSTANTIAL** assurance opinion, **six** which received **REASONABLE** assurance, **one LIMITED** assurance and **one NO** assurance. A further **five** assurance reviews were at a draft report stage. For details of the reviews and assurance levels achieved please see *Appendix A*.

Two reviews were removed from the plan at the draft report stage following discussions with the relevant audit sponsor; IT Application Review: ContrOCC and the Disabled Facilities Grant. Due to the high turnover in the Internal Audit team the fieldwork for these reviews had been undertaken earlier in the year, and the findings identified had already been superseded by changes in the service. Rather than finalising outdated information, these reviews have been incorporated into the 2023/24 annual plan. This change also enabled Internal Audit to complete the urgent Domiciliary Care Provider Consultancy review when requested.

### Consultancy and Grant Claim Verification Work in Quarter 4

During this quarter, IA has completed two consultancy reviews into a Domiciliary Care Provider and the Mayors Charity Account. We have also assisted the Council in certifying the Supporting Families Grant claim. Further details can be found at *Appendix B*.

### Other Internal Audit Work in Quarter 4

The new Head of Internal Audit (HIA) has undertaken a number of actions to raise awareness of the Internal Audit service across the Council's Senior Management Team (SMT), including presenting at the monthly SMT meeting alongside Counter Fraud, and attending individual Directorate SMT meetings throughout March. This increased engagement has supported the development of the 2023/24 Internal Audit Plan which is presented separately.

Since the last Audit Committee meeting the Internal Audit team have established a new follow-up process, to confirm Internal Audit recommendations raised in prior years have been implemented effectively. As the previous follow up process was put on due to Covid and staff shortages in the team, there are a large number of recommendations due to have been implemented to be followed up. A summary of the status of recommendations will be presented to the July CMT and August Audit Committee, along with the 2022/23 Annual Report.

Officers from another London Borough Internal Audit team have undertaken an independent External Quality Assessment on the Internal Audit team during February 2023. A detailed self-assessment was completed in January and passed to the inspecting officers along with a pack of evidence. We are still waiting for the final outcome of this work, and this will be reported to the CMT and Audit Committee once it is received.

### **Current Internal Audit staffing position and resourcing challenges**

Throughout 2022/23 the IA team has seen significant resourcing challenges and a high number of vacancies, as report to the Audit Committee at previous meetings. Following the appointment of the new permanent HIA at the end of January 2023, we have also now appointed a Principal Auditor (due to start in May) and currently interviewing for a Senior Internal Auditor and an Internal Auditor. We are also developing apprenticeship roles to improve our internal development opportunities.

Although this recruitment process is going well so far, we acknowledge it will take time to get new starters embedded and have therefore reduced the number of days in the 2023/24 annual plan to reflect this. We are also intending to continue using our external partner (Mazars) throughout 2023/24 and will keep the plan in review throughout the year if we are not able to appoint into the open roles.

## **3. FORWARD LOOK**

The Internal Audit Annual Plan for 2023/24 is presented separately. This has been developed for the full year to ensure the plan covers the key risks facing the Council and maximises the limited available resources. Following the Audit Committee the individual audits will be scoped with the relevant responsible officers, and start dates agreed. The plan will continue to be reviewed at least quarterly to ensure it is adapted if new risks emerge.

As noted above, the HIA has reviewed the team structure and is currently focusing on recruitment to ensure we have the best mix of resources to deliver a high-quality assurance service going forward. In addition, they have started to develop and implement a new Quality Assurance and Improvement Programme, including refreshing the Terms of Reference and Report templates, establishing new key performance indicators for 2023/24, and drafting new procedures and guidance documents.

The follow up process will also be extended during the next quarter to ensure all recommendations due to be implemented are followed up. A summary of the progress will be presented in the next Progress report.

IA would like to take this opportunity to formally thank all staff throughout the Council with whom IA had contact during Q4. There are no other matters that the HIA needs to bring to the attention of the CMT and Audit Committee at this time.

**APPENDIX A: IA ASSURANCE REVIEWS**

IA Ref.	IA Review Area	Current Status at end of Q4 2022/23	Assurance Level	Risk Rating			
				H	M	L	NP
21-A25	Hatton Grove	Final report issued: 20 Dec 2022	REASONABLE	0	2	1	0
21-A27	Service Tenancies & Payroll Rent Payments	Final report issued: 17 April 2023	NO	2	0	1	0
21-A11	Crematorium	Final report issued 22 November 2022	LIMITED	1	2	5	0
21-A12	Absence Management	Final report issued 15 November 2022	REASONABLE	0	5	1	0
21-A24	Transport Funded Projects	Final report issued 20 September 2022	REASONABLE	0	2	3	0
21-A31	Tenancy Management – Fixed Term Tenancies	Final report issued 29 March 2023	REASONABLE	0	3	2	0
21-A35	Pension Fund Data Mapping	Final report issued 26 July 2022	REASONABLE	0	1	1	0
21-A32	IT Governance	Final report issued 15 November 2022	REASONABLE	0	2	0	0
21-A34	Licensing – Animal Welfare	Final report issued 16 September 2022	REASONABLE	0	1	0	0
22-A36	Capital Programmes	Draft report issued 26 January 2023	TBC once final report issued				
22-A37	Direct Payments	Final report issued 20 October 2022	SUBSTANTIAL	0	0	1	0
22-A38	Domestic Violence Homelessness Process	Draft report issued 3 April 2023	TBC once final report issued				
22-A39	Stronger Families	Final report issued 16 November 2022	REASONABLE	1	1	3	0
22-A40	Information Security	Final report issued 21 February 2023	REASONABLE	0	4	4	0
22-A41	Making Tax Digital	Final report issued 18 July 2022	SUBSTANTIAL	0	0	1	0
22-A42	Fraud prevention Controls in Contracts	Final report issued: 17 April 2023	REASONABLE	0	4	1	0
22-A43	Registrars Cash Handling	Final report issued 16 November 2022	REASONABLE	0	1	2	0
22-A44	Members' Gifts, Hospitality & Declarations of Interest	Final report issued 17 January 2023	SUBSTANTIAL	0	0	1	0
22-A45	Adult Social Care Referrals and assessments	Final report issued 17 March 2023	REASONABLE	0	2	2	0
22-A46	Colham Road Care Home	Final report issued 13 March 2023	REASONABLE	0	2	2	0
22-A47	High Cost panel and Risk profile	Draft report issued 29 March 2023	TBC once final report issued				
22-A48	Quality of Practice	Final report issued 16 March 2023	REASONABLE	0	3	1	0

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**Key:**

IA = Internal Audit	ToR = Terms of Reference	H = High Risk	M = Medium Risk	L = Low Risk	NP = Notable Practice	CFQ = Client Feedback Questionnaire
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IA Ref.	IA Review Area	Current Status at end of Q4 2022/23	Assurance Level	Risk Rating			
				H	M	L	NP
22-A49	Housing Benefits - Council Tax Reduction Scheme	Final report issued 02 February 2023	<b>SUBSTANTIAL</b>	0	0	2	0
22-A50	Purchasing Cards	Final report issued 13 April 2023	<b>LIMITED</b>	0	4	3	0
22-A51	Voids Management and Housing Repairs	Final report issued 17 April 2023	<b>SUBSTANTIAL</b>	0	0	3	0
22-A52	Trading Standards POCA	Draft report issued 3 April 2023	<b>TBC once final report issued</b>				
22-A53	Local Land Charges	Final report issued 19 December 2022	<b>REASONABLE</b>	0	0	2	0
22-A54	Rent Collection and Arrears Recovery	Final report issued 07 March 2023	<b>SUBSTANTIAL</b>	0	0	1	0
22-A56	IR35	Draft report issued 21 March 2023	<b>TBC once final report issued</b>				
22-A58	Merrimans Respite Care Unit	Final report issued 20 February 2023	<b>SUBSTANTIAL</b>	0	1	1	0
22-A59	Care Leavers Allowances	Testing in progress	<b>TBC once final report issued</b>				
22-A61	Thematic Review: Pupil Premium Funding in Schools	Testing in progress	<b>TBC once final report issued</b>				
22-A62	Revenues Council Tax and NNDR	Final report issued 30 March 2023	<b>SUBSTANTIAL</b>	0	0	2	0
22-A63	Robotic Process Automation	Testing completed	<b>TBC once final report issued</b>				
<b>Total Number of IA Recommendations Raised</b>				<b>4</b>	<b>40</b>	<b>45</b>	<b>0</b>

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## Key:

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**APPENDIX B: IA CONSULTANCY & GRANT CLAIM VERIFICATION REVIEWS**

IA Ref.	IA Review Area	Current Status at end of Q4 2022/23
22-C11	A Domiciliary Care provider	Memo issued 21 March 2023
22-C1	Mayors Charity Accounts	Memo issued 24 March 2023
22-G1	Supporting Families Grant – Quarter 1	Memos issued 30 May and 22 June 2022
22-G2	Contain Outbreak Management Fund	Memo issued 30 June 2022
22-G3	Rough Sleepers Initiative	Memo issued 27 June 2022
22-G4	Test and Trace	Memo issued 30 June 2022
22-G5	Supporting Families Grant – Quarter 2	Memos issued 1 August 31 August and 28 September 2022
22-G6	Universal Drug Treatment (Crime and Harm Reduction)	Memo issued 15 July 2022
22-G7	Trading Standards Grant	Memo issued 15 September 2022
22-G9	Housing Benefit Subsidy Grant	Memo issued 9 November 2022
22-G10	Supporting Families Grant – Quarter 3	Memos issued 28 October, 24 November and 23 December 2022
22-G11	Supporting Families Grant – Quarter 4	Memos issued 27 January, 24 February and 31 March 2023

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**Key:**

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## APPENDIX C: ASSURANCE LEVELS AND RECOMMENDATION RISK RATINGS

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.

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>

## INTERNAL AUDIT ANNUAL PLAN 2023/24 AND INTERNAL AUDIT CHARTER

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Claire Baker, Head of Internal Audit
<b>Papers with report</b>	Internal Audit Annual Plan 2023/24 & Internal Audit Charter
<b>Ward</b>	All

### HEADLINES

The attached Annual Plan presents the Audit Committee with the proposed Internal Audit (IA) approach and activity for the 2023/24 financial year.

The annual plan has been developed taking into consideration the key risks facing the Council and any alternative sources of assurance available in relation to these risks. It has been presented to the Senior Management Team and Corporate Management Team prior to the Audit Committee and updated to reflect any potential emerging risks or future changes highlighted. The plan has also been developed to maximise the available resources within the IA team and will be kept under review throughout the year as new risks emerge or new resources become available.

Also attached is the Internal Audit Charter, which has been updated following the appointment of the Head of Internal Audit. This is a requirement under the Public Sector Internal Audit Standards and defines the purpose, authority, and responsibilities of the Internal Audit team.

### RECOMMENDATIONS:

**That the Audit Committee:**

- 1. Approves the Internal Audit Annual Plan for 2023/24; and**
- 2. Notes the purpose and responsibilities of Internal Audit as outlined in the Charter.**

### 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 ANNUAL PLAN

2023/24

March 2023



**HILLINGDON**  
LONDON

## Contents

The key contacts in connection with this document are:

**Claire Baker**

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## 1. INTRODUCTION

### 1.1 The Role of Internal Audit

- 1.1.1 The Local Government Accounts and Audit Regulations 2021 require every local authority to undertake effective Internal Audit (IA) to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Auditing Standards (PSIAS) or guidance.
- 1.1.2 IA provides an objective opinion to the Council on whether the control environment, corporate governance arrangements and risk management framework are operating effectively, which is essential in helping the Council achieve its corporate objectives and realise its vision for the borough of Hillingdon.
- 1.1.3 In 2023/24 the IA service at Hillingdon will apply a risk-based approach to determine the priorities of the IA activity, in accordance with PSIAS. This means that IA gives greater assurance to the Council because it is based on the key risks to the organisation's objectives. As a result, we will not just be commenting on whether the controls operate, but whether they are the right controls to achieve the overall aims of the service.

### 1.2 The Purpose of the Internal Audit Plan

- 1.2.1 The IA Plan is a crucial component of the annual assurance opinion statement provided by the Council's Head of Internal Audit & Risk Assurance (HIA), to those charged with governance. In order to deliver this assurance, it is vital for the organisation to have a comprehensive IA Plan which gives sufficient risk-based coverage and support to management.
- 1.2.2 To help meet this need, the risk-based IA Plan for 2023/24 has been linked to the organisational objectives and strategic priorities, whilst also taking account of the Council's wider assurance framework. In addition, the IA Plan for 2023/24 has been developed in accordance with the IA Charter and IA Strategy 2022-25.
- 1.2.3 Responsibility for the Council's internal control arrangements remains fully with management, who should recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud.

## 2. THE INTERNAL AUDIT PLANNING PROCESS

### 2.1 The Approach to IA Planning in 2023/24

- 2.1.1 The IA Plan for the year is determined by the number of days available, and therefore prioritises reviews to ensure the key risks facing the Council are given sufficient IA attention. In developing the risk-based annual IA Plan the IA has considered a variety of planning sources including:
- **Risk Registers** – A review of the Council's Corporate and Directorate Risk Registers to establish the key risks facing each service and the Council overall. Where reviews align to the corporate risks this is noted in the detailed plan below;
  - **Senior Management** – Senior managers from across the Council have been engaged in the development of the plan, including members of Corporate Management Team (CMT), to identify any emerging risks or changes facing their services.

- **Audit Committee** – Any comments from members of the Audit Committee will be reflected in the IA plan after it is presented at the Audit Committee meeting on the 27<sup>th</sup> April 2023.
- **Council Strategy** – The IA Plan was reviewed against the Council Strategy for 2022-2026, to ensure the plan is aligned to the Council's key priorities for the period.
- **External Audit** – Ernst and Young (EY) have been invited to discuss any matters of concern and the plan has been shared with them to identify any areas where they may consider IA work to inform their own risk assessment.
- **Counter Fraud** – Whilst the Council's Counter Fraud Team (CFT) lead on fraud and corruption risks, the PSIAS require IA to evaluate the possibility of fraud and corruption as part of our coverage. Regular meetings between IA and the CFT are in place and provide critical risk intelligence to help focus IA resources.
- **Transformation Programme** – The IA Plan has been shared with the Council's Transformation lead to ensure there is a dovetailed approach to any transformation of services.
- **Wider IA Knowledge** – The IA Plan also reflects the cumulative knowledge of the IA team in relation to emerging risks facing the Council, including the wider strategic issues and regulatory changes emerging elsewhere, effecting local government.
- **IA Risk Universe** - Since 2020/21, IA has profiled each service in the Council to identify any service areas that have not been subject to an IA review in the last four years, any new functions that have been created, and significant process changes that have occurred within the last 12 months.

### 3. THE 2023/24 INTERNAL AUDIT PLAN OVERVIEW

#### 3.1 Key Elements of the IA Plan

3.1.1 The Internal Audit Plan for 2023/24 is outlined over the next few pages. This includes the following key elements:

- **Assurance Reviews** - Risk-based reviews that provide assurance to CMT and the Audit Committee that key risks to the achievement of objectives (including transformation projects) are being effectively mitigated, and arrangements are operating as expected.
- **Core Financial Systems** – The allocation of IA days for coverage of the core financial systems, complementing and not duplicating the work of External Audit. Financial controls are always at risk during periods of operational change and the IA resource has been adjusted to reflect this.
- **Risk Management** – An external provider will be appointed to undertake an independent review of the Council's Risk Management processes.
- **ICT Audit** – This assurance work will assess the adequacy of the key ICT controls present within major Council systems and ICT processes, and will be completed by specialised outsourced computer auditors.
- **Grant Claims** – Several grant certifications and sign offs are required by IA during the year on behalf of the Council, including the Housing Subsidy and Troubled Families claims.

- **Consultancy** – In line with the PSIAS, the IA coverage will include some consultancy work, in particular supporting transformation projects. A further allocation for unprogrammed consultancy has been included to allow the team to respond to urgent requests for advice. Where requests for work are not urgent, they will form part of the future operational IA Plan.
- **Follow up** – Throughout 2023/24 the IA team will continue to follow up on recommendations raised in prior year reports to ensure they are implemented and embedded effectively.

### **3.2 Variations to the Plan**

- 3.2.1 IA will keep the programme under continuous review during the year to ensure the coverage has the flexibility to respond to the dynamic environment in which the Council operates. This approach helps make sure IA resources are directed in a more flexible and targeted manner to maximise the benefit to our stakeholders.
- 3.2.2 Where changes to the planned audits are required during the year, these will be agreed with the relevant Director and CMT, and reported to the Audit Committee. Any areas that are delayed or cannot be incorporated into the IA Plan will be recorded by IA and considered for inclusion in the future year plan.

### **3.3 Staffing and Resources**

- 3.3.1 The calculated total available IA chargeable time for a full audit year will be 870 IA Days. This is a reduction against the prior year plan but consistent with the prior year actuals due to the significant vacancies within the team. A recruitment programme is in place to improve capacity throughout the year to ensure we can deliver on the plan.
- 3.3.2 The 2023/24 plan is likely to include approximately 100 days of external IA resource bought in to supplement the in-house provision.

## 4. THE DETAILED 2023/24 INTERNAL AUDIT PLAN

REF.	AUDIT TITLE	CRR	RIS K	DESCRIPTION	TIMING
<b>Directorate: Place</b>					
23.P1	Private Sector Housing	CR2	High	This review will provide assurance over the management of private sector housing to ensure properties are safe, maintained to the required standards, hold the relevant licences and are compliant with legislation. This will include the review of processes and procedures for managing and responding to complaints and enquiries concerning private sector housing.	Q1
23.P2	Capital Programme	CR2	High	This review will supplement the 2022/23 review of Capital Projects to provide assurance over the overall governance arrangements in place for the Capital Programme. Including how projects are prioritised, and how the overall programme is approved and monitored.	Q1
23.P3	Parking Income	CR5	High	This review has been postponed from 2022/23 plan due to changes within the service. It 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	Q1
23.P4	DFG and Adaptations		High	This extension to a 2022/23 review will reflect the changes made in the service and increase the sample testing to confirm there is sufficient evidence available to provide assurance over the use of Disability Facilities Grants.	Q2
23.P5	Climate Action		High	This forward-looking review will consider the governance arrangements in place around the Council's climate action plan, and how climate performance is calculated and reported. This will include a review of the quality of the data used to support the action plan to ensure it is timely and accurate.	Q2
23.P6	Facilities Management	CR2	Med	A review of the adequacy and effectiveness of the monitoring and oversight of the Council's Facilities Management services, including any managed contracts, with regards to its offices and other serviced buildings.	Q2
23.P7	Social Housing Applications	CR2	High	The Council is responsible for carrying out a series of checks on each housing applicant prior to them being allocated emergency housing or placed on the housing register.	Q2
23.P8	Homeless Housing Applications	CR2	High	These reviews will provide assurance over the management of homeless and social housing applications to ensure the qualifying criteria is applied consistently and any applicants who meet the criteria are processed efficiently. They will also look to share best practice, where appropriate, between the two services.	Q3
23.P9	Uninspected B&Bs	CR2	High	This review has been postponed from the 2022/23 plan due to the new system being implemented. This review will provide assurance over the governance and control framework of the Dynamic Purchasing System that Housing Services use to source and procure Bed and Breakfast provision. It will also review the quality assurance, inspection and reinspection programme.	Q3
23.P10	Maintenance & Replacement Service Contracts	CR6	High	A review of the governance arrangements and management of service contracts in relation to the equipment in the housing stock, such as boilers, hoists, water tanks, stair lifts etc. Including a review of the resilience arrangements for these contracts.	Q3
23.P11	Building Control		High	To provide assurance over the adequacy and effectiveness of the building control management processes, taking into consideration the Independent Review of Building Regulations and Fire Safety from May 2018.	Q3
23.P12	Building Safety Standards		High	To provide assurance the Council has embedded the new Building Safety Standards within the wider Building Strategy, including how compliance is monitored. Covering planning, repairs, and social housing inspections.	Q4



Directorate: Adult Social Care					
23.A1	Brokerage Outputs	CR5	High	The Council uses a Dynamic Purchasing System to broker and commission care packages for children and adults services users, include all care home placements (residential or nursing), supported living placements and rapid response. This review will assess the effectiveness of this system.	Q1
23.A2	Payments to Early Years Providers (Administration of Dedicated Schools Grant in Nurseries)	CR10	High	All 3&4-year-olds, and eligible 2-year-olds, have access to 15-30 hours per week of Free Early Years Childcare Entitlement. The funds required are administered by the Council who distribute to the relevant early years providers. This review will provide assurance over the management, application and administration of this process, and in turn support the programme of work to meet the requirements of the wider Dedicated Schools Grant Recovery Plan.	Q1
23.A3	Merrifields, Goshawk Gardens & Chapel Lane		High	This review will provide assurance that financial governance, quality, and risk management arrangements are in place and operating effectively within Merrifields, Goshawk Gardens, and Chapel Lane.	Q2
23.A4	Contract Management	CR6	High	To provide assurance over the contract management arrangements in place for non-regulated areas. This will include reviewing the overall contract management arrangements, as well as a sample of contracts to ensure they include appropriate details in relation to the service provision and resilience.	Q2
23.A5	Partnership Working - Health	CR5	High	This review will consider how Adult Social Care services engage with health organisations to improve outcomes for service users. This includes the effectiveness of the Council's engagement in the Integrated Care System.	Q3
23.A6	Neglect (Adults)		Med	Following the implementation of the new Neglect Strategy, this joint review with Children's will provide assurance that the strategy has embedded in practice. This will be assessed through the review of Protection plans following allegations of neglect, ensuring there is clear evidence of actions throughout the case.	Q3
23.A7	Telecare		Med	The Council uses the Telecare to support more people to live at home or in extra care housing schemes. This review will examine the implementation of the Telecare strategy and the associated financial and operational management arrangements	Q4
23.A8	ARCH Social Work Outputs	CR6	High	To provide assurance over the contract and performance management arrangements in place in relation to the ARCH Social Work agreement, to ensure the Council is maximising the effectiveness of the service and achieving value for money.	Q4
23.A9	Supported Living: Void Management	CR2	High	This review will assess the turn around timescales for supported living accommodation to provide assurance the service is proactively identifying and re-allocating void properties to maximise the effectiveness of the available accommodation.	Q4
Directorate: Children & Young People, Education & SEND					
23.C1	No Recourse to Public Funds	CR3	High	This audit will provide assurance that sufficient joint working practices are in place across the council to promote resource and cost-efficient operations regarding individuals and families who present to the Council with NRPF.	Q1
23.C2	Safety Valve Plan	CR7	High	This review will provide assurance over the governance arrangements in place to monitor the Safety Valve Plan. Confirming whether actions have been put in place and proactively monitored to address any variances against the plan.	Q1
23.C3	SEND Data Quality	CR7	High	This audit will involve the Service and the Business Performance team to review the accuracy of the data required for the SEND annual statutory return. This will include assessing how effectively the service is inputting data onto their system to facilitate the annual data collection process.	Q2

23.C4	Neglect (Children's)		Med	Following the implementation of the new Neglect Strategy, this joint review with adults 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 of actions throughout the case, and also include the utilisation of Graded Care Profile 2.	Q3
23.C5	Safety Valve Plan (2)	CR7	High	This time has been allocated to review any key areas that emerge from the Safety Valve Plan review above. These will be confirmed with the Executive Lead.	Q3
23.C6	Thematic Schools Audit		Med	Internal Audit undertake a thematic review across a number of schools each year. The results are used to share learning across all schools. The key topic for 2023/24 will be agreed with the Executive Lead.	Q3
<b>Directorate: Central Services</b>					
23.S1	IT Application Review	CR9	Med	External specialists are used to conduct IT application assurance reviews each year. These cover various aspects including the processes in place to support, control and manage internal digital systems, contract management arrangements where IT services are outsourced, management arrangements for users and usage, and change management arrangements for version updates, problem fixing and emergency changes.	Q1
23.S2	Workforce Planning, Establishment & Recruitment		High	Review looking how workforce needs are forecast and reflected in the establishment. Including how recruitment needs are identified early to minimise any long-term vacancies, and how new recruitment practices are developed to attract applicants in specialist areas.	Q2
23.S3	Contact Centre		High	This review will provide assurance in relation to the management and development of the Contact Centre. In particular, the actions in place to encourage residents to use alternative channels such as online services, whilst maintaining good service delivery.	Q2
23.S4	Organisation Culture		High	A cross cutting review looking at a number of aspects influencing the culture of the organisation. Including the tone from the top, policies and training, rewards and recognition, EDI and communications. This will include engaging with different staff groups using a range of methods to understand their perception of the organisation.	Q3
23.S5	Overtime Payments	CR5	Med	This compliance based review will test a sample of overtime payments from across the council to provide assurance they have been approved and processed consistently, and in line with the Council's policy.	Q4
23.S6	Mortuary		High	This review will consider how compliance with the Human Tissue Authority requirements is monitored and maintained, to reduce the risk of any legal and reputational damage if Uxbridge Mortuary is subject to licencing and site inspections.	Q4
23.S7	Legal		Med	This review will provide assurance in relation to the management and development of the Legal service, including the management of external providers to maximise the effectiveness of the service.	Q4
23.S8	Performance Information		High	This audit will review how Directorates are monitoring their operational performance, including how they set key performance indicators in line with their objectives and how they ensure there is accurate performance data to evidence these KPIs.	Q3
23.S9	Personal Appraisal		High	This review will follow the Performance Information audit listed above and cover how individuals' performance is monitored within the Directorates. Including how Directorate and Service performance data is used to set individual objectives and used to support the appraisal process.	Q3
<b>Directorate: Corporate Finance</b>					
23.F1	Risk Management		High	The management of risk is a key process which underpins successful achievement of the Council's objectives and priorities. This review will be completed by an external provider to provide independent assurance over the arrangements in place.	Q1



23.F2	Payment Card Industry Data Security Standard		Med	This review will test compliance against the Payment Card Industry Data Security Standard, and confirm arrangements are in place to monitor ongoing compliance and address any changes to the Standards.	Q2
23.F3	Effectiveness of Pension Committee		Low	This review was added to the plan at the request of the Pension Committee. It will consider how the Committee's roles of responsibilities are defined, the training and support provided to members, and how the effectiveness of the committee is measured and monitored.	Q2
23.F4	Oracle Programme		High	This review will provide assurance over the governance of the Oracle programme, including reviewing the project management arrangements and staff engagement to ensure the system is designed and implemented effectively.	Q3
23.F5	Fraud Risk Assessment - Procurement	CR5	High	This joint review with Counter Fraud will focus on the key fraud risks in relation to procurement and walkthrough the controls in place to mitigate against these risks.	Q3
23.F6	Savings Programme	CR5	High	This Council wide review will consider how individual directorates are engaging in the savings programme. Including how they are identifying and developing their savings plans and monitoring savings to ensure they are achieved in practice.	Q3
<b>Other Internal Audit Work</b>					
23.G	Grant Claims	-	-	Several grant certifications and sign offs are required by IA during the year on behalf of the Council, including the Housing Subsidy and Troubled Families claims.	Q1 - Q4
-	Ad Hoc Consultancy	-	-	Work where the primary purpose is to advise and support management to improve systems and processes, mitigate risk and enable the achievement of objectives.	Q1 - Q4
-	Recommendation Follow up	-	-	All High and Medium recommendations raised by Internal Audit will be followed up as they become due to ensure they have been implemented effectively.	Q1 - Q4

## AVAILABLE CHARGEABLE TIME

Based on the current workforce and recruitment programme, the calculated total available IA chargeable time for 2023/24 is 870 IA days. This includes 100 days of external support in relation to specialist reviews.

Type of IA Work	2023/24 Days	2022/23 Days	2021/22 Days	2020/21 Days
<b>Assurance &amp; Advisory Audits</b>	725	942	942	713
<b>Grant Claims</b>	75	43	43	43
<b>Ad-Hoc Consultancy</b>	20	66	66	60
<b>Recommendation Follow-Up</b>	40	40	40	25
<b>Facilitation</b>	10	9	9	9
	<b>870 Days</b>	<b>1,100 Days*</b>	<b>1,100 Days</b>	<b>850 Days</b>

\* Planned dates from the 2022/23 IA Plan. Due to the reduction in capacity during the period the actual IA days are estimated to be lower, however there is insufficient data available to provide precise figures. Monitoring of actual days against planned days will be implemented for 2023/24.

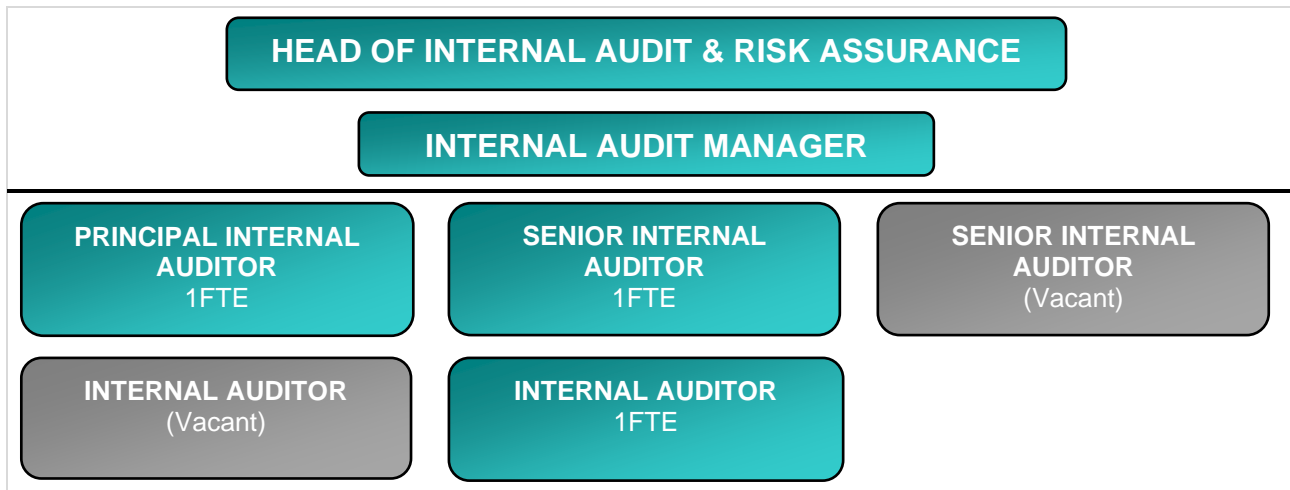
## ALIGNING TO THE STRATEGIC OBJECTIVES

As part of the Internal Audit planning process the proposed reviews have been aligned to the Councils Strategic Objectives for 2022-2026. This summary is intended to provide assurance the plan will support the Council to achieve these core objectives.

<b>(1) Safe and Strong Communities</b>	Private Sector Housing, Capital Programme, Homeless Housing Applications, Social Housing Applications, Uninspected B&Bs
<b>(2) A Thriving Economy</b>	Contract Management, Partnership Working (Health), ARCH Social Work Outputs, Workforce Planning, Establishment & Recruitment,
<b>(3) A Digital-enabled, modern well-run council</b>	IT Application Review, Telecare, Workforce Planning, Establishment & Recruitment, Contact Centre, Organisation Culture, Risk Management, Oracle Programme, Savings Programme
<b>(4) Thriving, healthy households</b>	Safety Valve Plan, Neglect, Thematic Schools Audit
<b>(5) A green and sustainable borough</b>	Maintenance & Replacement Service Contracts, Climate Action

## 5. INTERNAL AUDIT SKILLS AND RESOURCES

- 5.1 In line with the PSIA Standards, the Head of Internal Audit appointed in January 2023 is professionally qualified and suitably experienced, whilst the IA team collectively possess the knowledge, skills and other competencies required to perform their responsibilities.
- 5.2 The capacity within the in-house IA team reduced significantly over the last twelve months due to many new vacancies. We have recently appointed a new Principal Auditor, due to join the Council in May, and recruitment is ongoing for a Senior Internal Auditor and Internal Auditor.
- 5.3 After deducting an appropriate amount of allocated time for recruitment and staff training, the calculated total available IA chargeable time for 2023/24 is 870 IA Days. This is likely to include approximately 100 days of external IA resource bought in to supplement the in-house provision.
- 5.4 With the current focus on recruitment we are confident that there will be sufficient IA resources available to meet the skills and resource requirements needed to deliver the 2023/24 risk-based IA Plan. If there is a further reduction in the available resources the IA Plan will be revised to ensure reviews are prioritised appropriately, and additional external resources will be commissioned where required.
- 5.4 We continue to invest in the training and development of all our staff, including identifying opportunities for further development in associated areas of assurance. The new structure of the team is designed to enable internal promotion in the future, as well as further training and development opportunities.



## APPENDIX A - INTERNAL AUDIT 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 is in need of some improvement in either design or operation. There is a misalignment of the level of residual risk to the objectives and the designated risk appetite. There remains <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.

FINDING RATING	DEFINITION
<b>HIGH</b>	The recommendation relates to a <b>significant threat</b> that impacts the Council's corporate objectives. i.e. a high number of key business risks remain unidentified and/or unmanaged as control systems do not exist and/or do not operate effectively. <b>The risk requires senior management attention as soon as possible</b> as it may result in the breakdown of part/whole of the service.
<b>MEDIUM</b>	The recommendation relates to a <b>potentially significant threat</b> that impacts on either corporate or operational objectives. This includes weaknesses in the control systems that are not considered serious but may have some impact on the service. <b>The risk requires management attention</b> and should be addressed within six months to ensure full compliance with expected controls.
<b>LOW</b>	The recommendation relates to a <b>minor threat</b> that impacts on operational objectives, this includes non-compliance with best practice or local procedures, and minimal impacts on the Service's reputation or budget. <b>The risk may be tolerable in the medium term</b> but management should take action within the next year to improve the control framework to ensure full compliance with expected controls.
<b>OBSERVATION</b>	This includes any items Internal Audit would like to highlight that may not directly relate to a finding. This includes notable performance and innovative controls that <b>should be shared with others</b> , potential concerns raised during the audit that are outside the scope of the review and will be considered separately, and any areas of improvement that had already been addressed by management at the time of the review.

**Control Environment:** The systems of governance, risk management and internal control. Key elements include establishing and monitoring the authority's objectives, facilitating policy and decision-making, ensuring compliance with established policies and procedures, financial management, and performance management.

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

**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 B - INTERNAL AUDIT KEY PERFORMANCE INDICATORS

The Key Performance Indicators (KPIs) for IA quarterly reporting to CMT and the Audit Committee in 2023/24 are set out below:

KPI	Category	Performance Measure	2023/24 Target
KPI 1	Timeliness: IA	Planning Meetings to be arranged at least six weeks before planned fieldwork start date to allow the relevant service to prepare documents and ensure staff availability.	80%
KPI 2	Timeliness: IA	Draft Reports to be issued three weeks after the end of fieldwork meeting with the key contact	80%
KPI 3	Timeliness: IA	Final Reports to be issued one week after the final approval received from the Audit Sponsor.	80%
KPI 4	Timeliness: IA	Annual IA Plan delivered to draft report stage by 31st March	90%
KPI 5	Timeliness: IA	Annual IA Plan delivered to final report stage by 31st March	80%
KPI 6	Timeliness: Management	Initial documentation requests outlined at the planning meeting to be received by the audit fieldwork start date.	80%
KPI 7	Timeliness: Management	Final approval of the management responses to be received two weeks after the updated report is issued	80%
KPI 8	Timeliness: Management	HIGH and MEDIUM risk IA recommendations completed within the original agreed timescale	80%
KPI 9	Quality	HIGH and MEDIUM risk IA recommendations where positive management action is proposed	95%
KPI 10	Quality	Client Satisfaction Rating from Feedback Questionnaires	85%

### Key for future reporting on actual KPI performance:

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

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# INTERNAL AUDIT CHARTER

## 1. Purpose of this Charter

- 1.1 The Local Government Accounts and Audit 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 Public Sector Internal Auditing Standards (PSIAS) or guidance.
- 1.2 In accordance with the PSIAS and 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.
- 1.3 The Hillingdon Council 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.
- 1.4 The HIA is responsible for applying this IA Charter and ensuring it is maintained in line with the PSIAS. This IA Charter shall be reviewed and presented to the Board (which for the purpose of the PSIAS is the Audit Committee) for approval. The Charter will be reviewed every three years, or sooner if significant changes have been made by the Corporate Management Team (CMT) to ensure that it remains relevant to the needs of the Council.

## 2. Internal Audit Objectives and Mission

- 2.1. 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".
- 2.2. Internal audit acts primarily to provide the Audit Committee and Senior Management with the information necessary for them to fulfil their own responsibilities and duties. 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.

## 3. Scope of Internal Audit

- 3.1. The scope of internal audit activities includes all activities conducted by the Council. The IA Plan identifies those activities that have been identified as the subject of specific internal audit engagements.
- 3.2. The HIA will provide an Annual HIA Opinion Statement for the Council through the Audit Committee. The HIA opinion statement will cover the three core areas below and be in line with the UK PSIAS:
  - Risk Management - Risk Management is the process of identifying, quantifying and managing the risks that the Council faces in attempting to achieve its objectives.
  - Corporate Governance - Corporate governance is the system of rules, practices and processes by which the Council is directed and controlled.
  - 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. It incorporates both financial and nonfinancial systems.
- 3.3. To enable full discharge of its duties, the HIA and the IA service has authority to:
  - Have right of direct access to the Chair of the Audit Committee, the Chief Executive, External Audit, the Leader of the Council and all other Members;
  - Have unrestricted access to all Council functions, records, property and personnel required to plan and undertake audit assignments necessary to fulfil its scope; and
  - Obtain assistance, where necessary, from Council officers and contractors involved in the subject of audit engagements.
- 3.4. 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.
- 3.5. 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.
- 3.6. When the auditors receive confidential information, it shall be kept confidential at all times, except as required by law or as provided for in regulatory, ethical or other professional declarations.

#### **Wider Remit of Business Assurance**

- 3.7. Consulting and Advisory Services - 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. 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.

- 3.8. Third Parties - 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.
- 3.9. Anti-Fraud & Anti-Corruption - IA's role in any fraud or corruption related work will be in accordance with the Council's Counter Fraud Strategy. However, Internal Auditors will have sufficient knowledge to evaluate the risk of fraud and the controls in place to manage these risks during their audit work. Audit procedures alone cannot guarantee that fraud and corruption will be detected. In the event that internal audit suspect fraud is occurring, this will be referred to management in line with the Counter Fraud Strategy.
- 3.10. Major Projects - The IA service will be informed of major projects which may impact on the control environment. 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.
- 3.11. Risk Management - IA will be guided by the IIAs position paper on The Role of Internal Auditing in Enterprise-Wide Risk Management and therefore will not undertake any roles defined as inappropriate by that guidance. Inappropriate roles include setting the Council's risk appetite, imposing a risk management process and taking on full accountability for risk management. Safeguards put in place, include :
  - Any Internal Audit review of risk management will be undertaken by an external provider to enhance independence and objectivity in this area
  - The Corporate Director of Finance, as Chief Finance Officer, being responsible for preparing and promoting the Authority's risk management policy statement 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 and seeking assurances that action is being taken on risk related issues.

## 4. Responsibilities

### Professional Standards

- 4.1. The HIA and IA team have responsibility to undertake their work at all times in accordance with the PSIAS, the IIA's Code of Ethics, 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.
- 4.2. 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.

### **Risk Based IA Strategy and Plan**

- 4.3. In order to deliver the annual IA opinion statement it is vital to have a comprehensive risk-based IA plan to determine the priorities of the IA activity, consistent with the wider IA Strategy and organisation objectives.
- 4.4. The overarching IA plan is presented to the Council's Corporate Management Team (CMT) and Audit Committee for approval. Any significant deviation from the approved IA plan will be communicated to senior management and the Audit Committee through quarterly IA progress reports.
- 4.5. IA will also consider the scope of the work of other assurance providers when developing the IA Plan, to avoid any duplication and ensure optimal audit coverage. Where any reliance is placed upon the work of others, IA is still responsible for ensuring there is adequate evidence to support conclusions and opinions reached by the internal audit activity.

### **Management of Engagements**

- 4.6. For each individual IA engagement, a detailed Terms of Reference (ToR) will be prepared and discussed with the relevant managers. The ToR will establish the engagement's objective, key risks, scope, timing and resource allocations for the review. Each IA engagement will be sponsored by a member of CMT.
- 4.7. 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.
- 4.8. IA will promptly communicate its findings and conclusions to management, proposing recommendations to address any identified weaknesses. The HIA will inform the Council (via the Audit Committee) of any material weaknesses.
- 4.9. The HIA will have systems in place to ensure that internal auditors obtain and record sufficient evidence to support their conclusions and engagement results. This includes management supervision to ensure objectives are achieved, quality assured and staff developed.
- 4.10. A summary report will be issued to appropriate parties following the conclusion of each IA engagement, including the review sponsor and relevant key contact(s). The report includes an executive summary highlighting the 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 they propose to address the risk(s) identified.

### **Reporting**

- 4.11. The Head of Internal Audit & Risk Assurance has overall responsibility for the day-to-day management of the IA service. The HIA reports administratively to the Corporate Director of Finance (and S151 Officer).
- 4.12. Organisationally, the HIA reports to the Audit Committee. The HIA also has direct right of access to the Chief Executive, Chair of Audit Committee and Leader of the Council as and when required.

- 4.13. In agreement with those charged with governance, the HIA will determine the way in which findings will be reported. Findings will be discussed with key officers at the conclusion of each piece of work, however Corporate Directors will be immediately informed of any significant weaknesses identified.
- 4.14. 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. All IA assurance reports issued include an assurance opinion and recommendations based on the IA Assurance Levels and Recommendation Risk Rating definitions outlined in the IA Manual.
- 4.15. The IA service will maintain effective relationships with management within the Council, including consultation in the IA planning process and with respect to individual reviews.
- 4.16. 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.
- 4.17. A quarterly IA progress report is submitted to CMT and the Audit Committee summarising IA performance and work carried out in the period. These reports will provide an update on the progress made against the delivery of the IA Plan and provide details of IA work completed to date, the assurance opinions given, and the number and type of recommendations made.
- 4.18. At the end of the audit year an annual IA report is presented to CMT and the Audit Committee. This provides the statutory HIA opinion statement on the Council's internal control, risk management and corporate governance arrangements. The individual assurance ratings help determine the overall audit opinion at the end of the financial year, although other factors such as implementation of IA recommendations will have a bearing too. The annual IA report contributes to the assurances underpinning the Council's Annual Governance Statement (AGS).

### **Follow-up**

- 4.19. IA follows-up all 'High' and 'Medium' risk-rated recommendations to establish if management has taken appropriate action to address any weaknesses identified. Escalation procedures are in place for any recommendations that have passed their implementation date. These procedures will ensure that the impact of not taking action have been understood and accepted at a sufficiently senior management level.
- 4.20. A summary of progress towards implementing IA recommendations will be included in the quarterly IA progress reports to CMT and the Audit Committee. This includes highlighting the number of recommendations that have not been actioned in the agreed timescales and the extension that has been agreed.
- 4.21. This approach provides greater accountability to senior managers to manage their actions, and provides greater transparency and assurance to CMT, the Audit Committee and other key stakeholders over the timely implementation of recommendations.

### **Staff Training and Development**

- 4.22. 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.
- 4.23. The HIA holds a professional qualification (CMAA, CCAB, or equivalent) and 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.

### **Management Responsibilities**

- 4.24. In order to be effective, the IA service requires the full co-operation of senior management. 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.
- 4.25. Senior management will 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 information and resources in order to deliver the IA plan as directed by the Audit Committee.

## **5. Quality Assurance**

### **Professional Standards**

- 5.1. The IA activity will govern itself by adherence to IIA's mandatory guidance and PSIAS, including the Definition of Internal Auditing, the Code of Ethics and the IPPF.
- 5.2. 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. IA staff will apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.
- 5.3. 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.
- 5.4. 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.

### **Staff Training and Development**

- 5.5. 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.

### **Quality Assurance Improvement Programme (QAIP)**

- 5.6. The internal audit function will develop and maintain a QAIP designed to gain assurance that the work of IA is compliant with the PSIAS and achieves its objectives. The QAIP will include client feedback questionnaires issued at the completion of each audit, internal performance monitoring arrangements and key performance indicators.
- 5.7. As required by PSIAS an external assessment of the service will also be performed at least every five years. The programme will include an evaluation of the internal audit activity's conformance with The Standards and an evaluation of whether the internal auditors apply The IIA's Code of Ethics. The plan will assess the efficiency and effectiveness of internal audit and identify opportunities for improvement.
- 5.8. The results of the QAIP and progress against any improvement plans will be reported to CMT and the Audit Committee through quarterly IA progress reports, as well as within the Annual IA Report.

### **Reporting Internal Audit Performance**

- 5.9. A summary of actual IA performance against targeted performance will be reported to CMT and the Audit Committee as part of the quarterly IA progress reports. These results will allow all stakeholders to measure the performance and robustness of the IA team and also provide an indicator on how effectively the Council is at managing its risks.
- 5.10. Key performance Indicators (KPIs) will be agreed with the CMT and Audit Committee. Any IA KPIs set will need management co-operation to enable them to be achieved, IA can influence the results, but they cannot completely control them. It is therefore important that interpretation of the IA KPIs is not taken in isolation, as other factors should be taken into account.

### **Individual Internal Audit Staff Performance**

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

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## 2022/23 QUARTER 4 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 4 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 4 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 4; 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

## Report to Audit Committee: 2022/23 Quarter 4

31 March 2023



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The Counter Fraud key contacts in connection with this report are:	
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## 1. INTRODUCTION

### The Role of the Counter Fraud Team

- 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.
- 1.2 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.

### The Purpose of the Counter Fraud progress report

- 1.3 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 4 (Q4) period (1<sup>st</sup> January to 31<sup>st</sup> March 2023). 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 Q4.
- 1.4 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 The cost of living crisis is ever present with fraud risk remaining at a high level across the public sector. The focus of the CFT has remained in areas of high risk to the Council in particular those that are of high value. During Q4 the CFT have undertaken a significant number of investigations as well as proactive projects. This risk based approach to counter fraud activity has led the team **to achieving c£1.6m in savings during the quarter bringing the year to date figure to c£12.3m**, making 2022/23 the most successful year to date.
- 2.2 Housing fraud has remained a priority during Q4 with the CFT conducting investigations and proactive projects in this area. As previously reported throughout 2022/23 the cost of living crisis has presented a surge in demand for housing support and therefore created opportunity for fraud to thrive. **Currently the CFT has 119 open investigations into tenancy fraud** across social housing and temporary accommodation. The work carried out by the CFT has led to the **recovery of 22 properties in Q4, bringing the year to date total to 84**. This is the most successful year the CFT has had in property recovery and is double (42) the achievements of 2021/22.
- 2.3 The CFT has undertaken two proactive projects within Housing relating to Gas safety checks and Bed & Breakfast accommodation. Both projects saw the CFT conduct residency checks to verify the occupancy of the accommodation. The gas safety project has concluded with **79 properties visited of which 2 properties** have been recovered for tenancy fraud with **13 cases still under investigation**. 54 tenants have now engaged with the repairs department from our visits saving the **Council c£32k in gas injunction legal costs**. The B&B project is ongoing and now forms part of a rolling program of visits due to the financial risks in this area. In total **14 cases have been closed** and the B&B accommodation cancelled **saving c£112k in costs**. This brings the year to date total closures to 24 with savings over £193k.

- 2.4 In January 2023 NFI co-ordinated by the cabinet office **released the latest bi-annual data matches**. These matches involved data sets from 1,300 different organisations including Local Authorities and will provide positive outcomes relating to fraud, loss, and error. The Counter Fraud Management Team have assigned most of these data matches to service areas to review and action. Those matches that require detailed analysis or investigation will be assessed by the CFT which includes Single Persons Discount. Work has begun on these data matches with outcomes likely to be reported from Q1 23/24 onwards.
- 2.5 Q4 saw the CFT embark on an ambitious transformation project to drive efficiencies in processes and improve the investigative function through the introduction of technology and case disposal options. The transformation project is in its infancy and will require at least 12 months of management input before all elements are considered. The CFT have started by **reviewing all verification processes** with officers. Changes have now been implemented to processes which support a risk based approach. This has reduced the amount of resourcing required to undertake verification workstreams and released much needed capacity to review data matching through the NFI and fraud hub.

### 3. COUNTER FRAUD ACTIVITY IN QUARTER 4

#### 3.1 Housing Fraud

- 3.1.1 The CFT has had yet another successful quarter within Housing and tenancy fraud, **recovering a further 22 properties** of which two were results from evictions following on from legal proceedings. This has resulted in **£1.2million of notional savings**. The team has returned 84 properties in total this year which is the highest recovery figure achieved by CFT. As per **Table 1** below, non-occupation has continued to be the key area of tenancy fraud risk.

**Table 1 ~ Housing Tenancy Fraud Cases**

Case Type	Q1	Q2	Q3	Q4*	2022/23*	£k/value*
Abandonment	0	0	0	0	0	£0
Deceased	3	6	4	6	19	£1,064k
NFI Fraud Hub	0	0	6	3	9	£504k
Non-Occupation	6	10	11	12	39	£2,184k
Sub-Let	4	3	2	0	9	£504k
Wrongful Succession	2	3	2	1	8	£448k
<b>Total Properties Recovered</b>	<b>15</b>	<b>22</b>	<b>25</b>	<b>22</b>	<b>84</b>	<b>£4,704k</b>

\* As at end of Q4 (31<sup>st</sup> March 2023).

\*\* Tenancy Fraud Forum valuation.

- 3.1.2 In Q4 the continuation of proactive projects and the receipt of high-quality referrals has meant that the number of ongoing investigations into tenancy fraud has remained consistent. The CFT currently have **119 active cases relating to tenancy fraud**. Notices to end tenancies have been served on 15 of those cases and a further **13 cases are currently with our legal team**. The team have also obtained 2 possession orders following legal proceedings, which are awaiting enforcement action.
- 3.1.3 The CFT have also continued with proactively identifying cases of unknown deceased tenants with the assistance of the **NFI Fraud Hub**. The details of this work can be found in subsection 3.6 of this report. This work, though not classed as fraud, has continued to contribute to the number of properties recovered.

- 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 had another successful quarter with 41% of tenancy fraud referrals resulting in property recovery.**
- 3.1.5 The ongoing pressures in the current economic climate has caused an increase in demand for housing and **Bed and Breakfast (B&B) emergency accommodation** in 2023/24. Therefore, in Q4 the CFT has continued with its proactive project conducting residency checks to all emergency accommodation placements, to highlight any instances of non-occupation or subletting.
- 3.1.6 In Q4 a further 223 B&B properties have been highlighted for visits alongside the outstanding properties reported in Q3. To date the CFT have conducted residency checks to 190 of these properties and **closed 14 emergency accommodation units due to non-occupation, resulting in savings of c£112k.** There are 62 properties which still require visits to confirm residency, and **6 cases have been opened** highlighting concerns of suspected non-occupation. This brings the total number of B&B's closed since the start of the project to 24.
- 3.1.7 In Q4 the CFT completed its proactive housing project involving **outstanding gas safety inspections.** Working collaboratively with internal departments including Housing, Repairs and Legal Services, the CFT conducted **unannounced visits to 79 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.
- 3.1.8 In total **54 properties resulted in successful appointments**, which has saved the Council over **c£32k in legal costs.** The CFT has also **recovered 2 properties** and a further **13 cases are under investigation for potential housing fraud or error.** Further outcomes from this project are expected to be available for the 2023/24 Q1 report. Following the success of these projects in housing during Q4, the CFT are in discussions with the Repairs Service to undertake a collaborative project using data to identify non engagement of tenants. This data would highlight potential cases of non-occupation that the CFT would then visit as part of a residency check project.
- 3.1.9 The CFT has continued to carry out verification checks on all Right to Buy applications submitted to the Council, to provide assurance that those who apply are eligible for the significant discount and that the funds used for the purchase abide by money laundering regulations. In Q4 the CFT have received 21 RTB applications, of which **3 cases have been opened for suspicion of sub-letting and non-occupation.** A further 4 applications have not been verified as the applicant(s) has failed to provide required financial documentation.
- 3.1.10 Even though the First Time buyer (FTB) Scheme has disbanded, post-sale checks are required to ensure those that have received the grant are adhering to the strict conditions. The conditions include not subletting your property. To date the team has **1 case currently under investigation.**
- 3.1.11 In Q4 the CFT completed **358** verification checks on applicants who have registered for social housing. Outlined in **Table 2** over the page, the team successfully **closed 7 housing register applications** due to reasons including non-occupation, or they have been found to already be adequately housed. Without the CFT's enhanced verification checks, these applicants may have been successful in obtaining a council property that they were not entitled to.

**Table 2 ~ Housing Tenancy Verification Cases**

Housing Tenancy Verification Cases	Q1	Q2	Q3	Q4*	2022/23
Total number of cases reviewed	424	304	291	<b>358</b>	<b>1377</b>
% Identified by CFT for rejection	17%	20%	20%	<b>10%</b>	<b>17%</b>
Total number of applications closed	3	4	0	<b>7</b>	<b>14</b>

\* As at end of Q4 (31<sup>st</sup> March 2023).

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 Q4 the team has successfully achieved **100% of verifications** being completed within their target date.

### 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 Q3, as detailed in **Table 3** below, the CFT has **conducted 2,020 inspections, with 2,003 (99%) visited within the 10-day KPI target**.

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

Revenues Inspections	Q1	Q2	Q3	Q4*	2022/23
Total number of inspections completed	2,149	2,741	1,728	<b>2,020</b>	<b>8,638</b>
Percentage within 10 day target	99%	99%	99%	<b>99%</b>	<b>99%</b>

As at end of Q4 (31<sup>st</sup> March 2023).

3.2.2 During Q4 the CFT has identified a further **9 previously unlisted properties** made up of **'Beds in Sheds'**. As a result, an additional **c£5k of loss prevention savings** has been identified following the issue of revised Council Tax bills to the liable parties. In addition, **nine** properties are pending a decision from the Valuation Office Agency (VOA), with these savings to be reported in Q1.

3.2.3 The CFT has continued to focus its efforts on **maximising revenue** in Q4, 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 of c£120k**. This work has a direct impact on the Councils income with 15% retained by the authority.

3.2.4 During Q4 the CFT have carried out an additional day of action focusing resources on a high-risk area of the borough to identify unlisted buildings and changes to the use of land. This has **identified five previously unknown residential buildings and four new business premises**. These properties are being submitted to the VOA for a decision and will be reported in Q1.

3.2.5 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 have additional project work planned in 2023/24 targeting sustained performance in this area.

### 3.3 Social Care

3.3.1 During Q4 the CFT has seen an increase in the number of Social Care referrals. In addition to the 5 investigations highlighted in Q3, the team have a **further 6 cases where fraud is suspected**. These investigations continue to span a wide area of Social Care and have enabled the team to strengthen their coverage across previously unexplored areas.



- 3.3.2 With the CFT strategically placed to limit the opportunity for instances of fraud across the Council through effective prevention measures, the team have conducted **153 financial assessment verifications during Q3**. Working collaboratively with the Financial Assessment team, the verification process is designed to identify anomalies, such as hidden capital or assets prior to financial support being offered. **As a result, 20 cases are undergoing additional checks.**
- 3.3.3 The CFT has continued its loss prevention work within Social Care by conducting tracing enquiries to assist the Corporate Collections team in recovering Adult Social Care debt from clients for both residential and non-residential charges. Using investigative and analytical skills CFT officers look to trace debtors, next of kins and/or the executors managing the deceased's estate. In Q4, the team successfully concluded **2 tracing enquiries recovering over c£12k**. Whilst this work does not have a criminal element, the teams tracing capabilities has a positive impact on reducing the Councils Adult Social Care aged debt.
- 3.3.4 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	Q3	Q4	2022/23
Total number of cases reviewed	5	2	5	6	18
Total number verified as accurate	1	0	3	2	6
Total number of cases closed	1	0	0	2	3
Total number of cases under further investigation	3	2	2	2	9
<b>Loss Prevention Savings</b>	<b>£13,128</b>	<b>£0</b>	<b>£0</b>	<b>£26,256</b>	<b>£39,384</b>

\* As at end of Q4 (31<sup>st</sup> March 2023).

- 3.3.5 As demonstrated in **Table 4**, there are a total of nine Section 17 verifications that are undergoing additional checks. These verifications account for 50% of all verification's requests over the 2022/2023 period and provide an increased level of assurance that only eligible approaches for assistance are supported by Social Care.
- 3.3.6 In addition to the team's verification process, investigative actives carried out in Q4 identified a change immigration status for two service users. The change in status found both services users not to be eligible for Section 17 support. **This resulted in loss prevention savings of c£26,000**. There are a further 3 cases under investigation on suspicion of non-occupation and undisclosed finances.
- 3.3.7 The Council offers a wide range of financial support for people with disabilities, such as the **Disabled Facilities Grants** scheme. This means tested scheme is subject to strict eligibility criteria being met. The scheme allows for necessary and appropriate adaptations to be made to meet resident's needs. As part of the counter fraud work within Social Care, the CFT carries out investigations into suspected cases of fraud within the scheme. There are currently **5 cases under investigation**, with outcomes expected to be reported in Q1 of 2023/2024.
- 3.3.8 The HCF notes there is further work to be done in this area to increase the fraud risk coverage for Social Care which will lead to further positive outcomes. Plans are underway to increase activity though data matching but are currently stalled due to the legalities of matching social care data which is a national issue.

### 3.4 Blue Badge Fraud

3.4.1 During the course of Q4 the CFT have concluded two investigations into Blue Badge misuse. Disposals decisions have been made and **both cases have now been referred to Legal Services**. With each case highlighted by Council colleagues, the team's ability to build strong working relationships and promote ownership of raising fraud issues has further demonstrated the benefits of this collaborative approach to tackling fraud in this area. To date the team has a further **8 cases under investigation**.

### 3.5 Onsite Immigration Official

3.5.1 In Q4 the CFT welcomed the teams new Onsite Immigration Official (OSIO). With the OSIO seconded from the Home Office, a key focus for the team has been ensuring service provision remain uninterrupted whilst the OSIO is integrated within the service.

3.5.2 Q4 marked the conclusion of the team's proactive exercise into reviewing all young person's immigration status's who were residing in Social Care accommodation and were subject to immigration control. The proactive exercise **identified 8 cases** where a change in the service user's immigration status enabled the service user to access public funds and be supported to move on from Council shared accommodation.

3.5.3 **With significant savings over c£106,000** the success of the project highlighted the value of the information that can be provided by the OSIO at relieving the Council of its financial commitments towards accommodation and support within Social Care. **A further 3 cases remain under review**, with savings on the remaining cases expected to be reported in the first quarter of 2023/2024.

### 3.6 London Counter Fraud Hub

3.6.1 The CFT joined 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.

3.6.2 The unique capabilities of the LCFH are now embedded in the CFT and this is producing referrals automatically every two weeks identifying cases where the Council may not be aware of tenants passing away. This has maximised loss prevention by ensuring that cases are identified at an early stage. In Q4 the LCFH has identified a further four properties where the Council was unaware that the tenant had passed away.

3.6.3 A total of **nine council properties** have now been recovered and returned to use as a result of information provided by the LCFH.

3.6.4 Members of the CFT have joined a working group set up by The London Boroughs' Fraud Investigators' Group (LBFIG) which is developing innovative bespoke data matching reports to identify cross border fraud in identified high risk areas. The group is currently working towards a pan London data match regarding internal fraud which will be potentially released in Q1.

### 3.7 National Fraud Initiative

3.7.1 The National Fraud Initiative (NFI) is a data matching exercise co-ordinated by the Cabinet Office and conducted every 2 years. The NFI matches data from over 1,300 organisations, including councils, the Police, hospitals and almost 100 private companies to identify potential fraud and error.



3.7.2 During Q4 matches for the main NFI exercise for 2022/20233 have been received and the CFT are working with service areas to maximise coverage in reviewing and actioning the matches. The CFT have allocated significant resource to reviewing and investigating matches, particularly in the areas of Council Tax Single Person Discount and Tenancy Fraud. Results will be reported to committee through the coming periods.

### 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 teams the tools to identify, and report suspected fraud or loss. During Q4 the CFT conducted **fraud awareness sessions** with the Risk Management and Tenancy Management Teams along with the Financial Assessment Team.

3.8.2 Throughout Q4 the CFT has continued to work in collaboration 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 been working with Internal Audit collaboratively throughout the financial year to support risk and governance arrangements within the Council. During Q4 the HCF and Head of Internal Audit provided a joint presentation to the Council's Senior Management Team providing an overview of Risk Management and Counter Fraud controls as well as joint approach to operational planning for 23/24.

3.8.4 The CFT structure remains under review by the HCF and an interim structure is in place to support the team, the CFT also look forward to the return of a Lead Investigator from maternity leave during Q1 which will supplement the resources available to the CFT.

3.8.5 With the new OSIO having joined the team, CF have worked closely with Corporate Communications to raise the profile of the OSIO. Communications have seen a dedicated news article feature on the intranet and publication in the All Staff Email. These announcements have provided an opportunity for the OSIO to meet with key stakeholders within Social Care, and a new approach to maximise the use of Home Office data to assess applicants' eligibility to access vital Council services.

## 4. COUNTER FRAUD PERFORMANCE IN Q4

4.1 Attached at **Appendix A** is **Table 5** which sets out the Q4 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 Q3 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 KPI's throughout the financial year. The details of this are that **8 out of 9 KPI's are above targeted performance**. However, during Q4 **KPI 5 performance has dipped below the required target**, meaning the year to date performance is below target by 1%. This is due to the CFT cleansing the current investigative case load to ensure that only the cases that have evidence to suggest fraud, loss or error are resourced. The Counter Fraud Management Team will review the risk assessment process in Q1 and look at thresholds for investigation to make sure resources are deployed effectively and improve the team's performance against KPI 5.

## 5. FORWARD LOOK

- 5.1 Looking forward into the new financial year, the CFT will continue to prioritise its counter fraud activity in areas of high risk. With a large volume of housing investigations underway the CFT will deploy a majority of its resources into this area to bring cases to their natural conclusion. The HCF expects to see a positive return from CFT activity in this area, including the recovery of properties.
- 5.2 The team's successes in identifying fraud within B&B accommodation in the last 6 months, has highlighted the fraud risks in this area. Usually, the CFT would undertake a proactive project each year to mitigate the risk of fraud, however the outcomes have proven that more counter fraud activity is required. In Q1 the CFT will implement a rolling residency check program of all emergency accommodation provided by Housing to identify non-occupation or sublet. Updates on this work will be available in following progress reports.
- 5.3 With the NFI bi-annual data matches in progress, the CFT will continue to focus its efforts in concluding matches, in particular the Single Person Discount data. The CFT are working closely with the Revenues and Benefits Team, with outcomes to be provided in Q1 23/24 onwards.
- 5.4 The Counter Fraud Management will prepare a communications plan for 23/24 with the Corporate Communications Team. This will include articles, press releases, social media posts and face to face engagement with residents. The plan will be focused on the Counter Fraud strategy and current operational work plan to deliver messages on the success of the service as well as a variety of fraud risks.
- 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  
31<sup>st</sup> March 2023

**APPENDIX A: Table 5 - CFT KPIs and Actual Performance**

CFT KPIs	Target	Q1	Q2	Q3	Q4*	22/23*	21/22
1. Percentage of fraud referrals risk assessed within 3 working days	<b>95%</b>	99%	99%	95%	100%	99%	99%
2. Verification work timescales for completion:							
a. Housing Allocations completion within the target date set by Housing	<b>95%</b>	99%	99%	99%	100%	<b>99%</b>	99%
b. Right to Buy case completion within 28 working days	<b>95%</b>	100%	100%	100%	100%	<b>100%</b>	100%
c. Financial Assessments completion within 7 working days	<b>95%</b>	100%	100%	100%	100%	<b>100%</b>	<b>N/A**</b>
d. Section 17 reviews completion within 7 working days	<b>95%</b>	100%	100%	100%	100%	<b>100%</b>	<b>N/A**</b>
3. Investigation plan completion within 5 working days of case allocation	<b>95%</b>	100%	100%	99%	100%	<b>99%</b>	99%
4. Tenancy fraud referrals received resulting in property recovery	<b>30%</b>	35%	36%	51%	41%	<b>40%</b>	33%
5. Investigations resulting in loss prevention/financial saving outcome	<b>40%</b>	41%	41%	46%	29%	<b>39%</b>	55%
6. Revenue inspections completed within 10 working days of referral date	<b>95%</b>	99%	99%	99%	<b>99%</b>	<b>99%</b>	97%

\* As at end of Q4 (31st March 2023).

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

**APPENDIX B: Table 6 - CFT Quarter 4 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	£335,100	£0	<b>£672,000</b>
	Property Recovery (notional savings)	£840,000	£1,232,000	£1,400,000	£1,232,000	<b>£4,704,000</b>
	Other savings/loss prevention	£22,491	£40,267	£72,481	£128,856	<b>£264,095</b>
<b>Social Care</b>	Section 17 and UASC**	£13,128	£0	£0	£26,256	<b>£39,384</b>
	Financial Assessments	£4,758	£129,749	£14,232	£0	<b>£148,739</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	£8,410	£3,382	<b>£23,336</b>
	Council Tax Reduction & arrears	£6,910	£20,203	£15,830	£532	<b>£43,475</b>
	Unlisted Buildings	£35,995	£17,239	£10,988	£5,401	<b>£69,623</b>
	Housing Benefit Overpayments	£5,456	£82,224	£428	£1,397	<b>£89,505</b>
	NNDR	£1,391,666	£2,680,774	£1,844,320	£121,162	<b>£6,037,922</b>
<b>Blue Badge</b>	Simple Caution & Financial Penalty	£100	£200	£300	£0	<b>£600</b>
<b>Immigration Officer</b>	Housing Homelessness Applications**	£0	£16,107	£8,053	£0	<b>£24,160</b>
	Social Care Savings	£42,335	£11,760	£48,367	£106,983	<b>£209,445</b>
<b>Totals</b>	Loss Prevention Savings	£72,644	£565,084	£478,235	£262,095	<b>£1,378,058</b>
	Notional Savings	£2,028,372	£3,592,883	£2,968,100	£1,335,355	<b>£9,924,710</b>
	Cashable Savings	£271,789	£445,407	£311,877	£25,473	<b>£1,054,546</b>
	Costs awarded and penalties	£100	£200	£300	£0	<b>£600</b>
	<b>Total</b>	<b>£2,372,905</b>	<b>£4,603,574</b>	<b>£3,758,512</b>	<b>£1,622,923</b>	<b>£12,357,914</b>

\* As at end of Q4 (31<sup>st</sup> March 2023).

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

## APPENDIX C - 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 - Counter Fraud Annual Operational Plan for 2023/24

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Alex Brown, Head of Counter Fraud
<b>Papers with report</b>	Counter Fraud Annual Operational Plan for 2023/24
<b>Ward</b>	All

### REASON FOR ITEM

The attached report presents the Audit Committee with the planned Counter Fraud approach and activity for the forthcoming financial year and seeks to:

- Provide assurance to all key stakeholders that the risk of fraud is being managed effectively;
- Demonstrate the Council's commitment to good governance through minimising the risk of fraud; and
- Set out the Counter Fraud Teams resources to meet its strategic objectives.

### RECOMMENDATIONS:

That the Audit Committee:

1. Notes the Counter Fraud Annual Operational Plan for 2023/24; and
2. Suggests any amendments/ comments.

### SUPPORTING INFORMATION

The Counter Fraud Team supports the Councils risk and governance arrangements by taking a zero-tolerance approach to fraud and corruption. In order to deliver this assurance, the Counter Fraud team produce an Annual Operation Plan detailing activity across high-risk areas of fraud. The plan is formulated based on the Counter fraud Strategy, Fraud Universe and takes into consideration, both, the IA Plan and strategy.

### BACKGROUND PAPERS

The Counter Fraud Teams holds various background statistical management documents in relation to the production of the Counter Fraud Annual Operational Plan 2023/24.

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# COUNTER FRAUD ANNUAL OPERATIONAL PLAN

2023/24

31<sup>st</sup> March 2023



HILLINGDON  
LONDON

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e: abrown@hillington.gov.uk	<b>4. THE COUNTER FRAUD PLAN 2023/24</b>	<b>4</b>
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## 1. INTRODUCTION

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

- 1.1 The Counter Fraud Team (CFT) is responsible for delivering the Counter Fraud Strategy and Annual Operational Plan to ensure that the Council meets its statutory objectives in relation to fraud and corruption. The Annual Operational Plan gives key stakeholders an overview of the CFT operational activity for the coming financial year, as well as a summary of the key fraud risks the Council faces.
- 1.2 As well as a range of counter fraud activities, the CFT 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, other loss prevention work, etc. It also includes preventative work such as fraud awareness training, advising management on fraud risks and counter fraud controls as well as ensuring the Council has up-to-date and appropriate investigation policies and procedures.

### The Purpose of the Counter Fraud Annual Operational Plan 2023/24

- 1.3 The Annual Operational Plan 2023/24 outlines the Council's approach to effectively tackle both the internal and external risk of fraud through its planned counter fraud activity. This planned approach is produced based upon the fraud landscape set out within the 'Fraud Universe', to ensure that BACFT resources are effectively deployed into areas of the highest fraud risk. The Annual Operational Plan also features a variety of proactive and reactive activity including investigative, project and verification work.

## 2. THE COUNTER FRAUD STRATEGIC APPROACH

- 2.1 The published Counter Fraud Strategy for 2022-25 details the approach and core principles of how the CFT will tackle and combat fraud and corruption over the next 3 years. It also highlights the CFT's strategic objectives and provides assurance to key stakeholders by setting out how the Council's exposure to fraud is minimised.
- 2.2 The main principles of the Counter Fraud Strategy are:
  - **Risk Based Approach** – The deployment of resources into the highest areas of fraud risk based upon the fraud universe and the risk assessment process.
  - **Partnership & Engagement** – Communicating with service areas and key stakeholders to understand the risks the Council faces whilst creating a counter fraud culture. Offer support to stakeholders by undertaking work streams to identify fraud.
  - **Prevent, Detect, Pursue & Deter** – The cornerstone of the counter fraud approach, with a focus on prevention, as preventative measures are more effective than cure.
  - **Innovation & Modernisation** – A focus on delivering an efficient and effective counter fraud service through greater use of technology.
- 2.3 To ensure the CFT can operate effectively in preventing, detecting, and pursuing fraud, a wide range of policies are in place providing a corporate framework to support staff. These corporate policies outline the Council's approach to countering fraud and corruption. Further details on these policies are included in the Counter Fraud Strategy 2022-25.

### 3. THE FRAUD UNIVERSE

- 3.1 In line with the Counter Fraud Strategy, the CFT deploys a risk-based approach which is embedded into all forms of counter fraud activity, including the triaging of referrals. Specifically, a risk assessment is carried out assessing the available evidence to ensure resources are allocated effectively.
- 3.2 During the risk assessment process, the CFT will score the assessment based on the following categories:
- **Financial risk** – What is the potential value of the fraud? What impact does it have on the Council and its residents?
  - **Reputational risk** – How does this damage the Councils reputation? How would residents and the wider public perceive the referral if the Council took no action?
  - **Operational risk** – How does this allegation, if true effect the day to day running of the Council? Is there a need to strengthen processes to mitigate fraud?
  - **Systemic risk** – Is this a new or emerging risk based on environmental, Social or economic factors? Is this a fraud risk we will likely continue to be exposed to? Do we need to change working practices to combat the risk?
- 3.3 The Fraud Universe for the Council and the Counter Fraud Team's risk assessment of those risks are set out in **Appendix A**. These highlights environmental pressures faced by the Council which includes national and local influences. Some Council Services are still facing challenges and financial pressure post pandemic. The combined impact of the pandemic, as well as the significant rise in the cost of living, has created a perfect storm for opportunistic fraud to increase for the 2<sup>nd</sup> year running.
- 3.4 As the fraud landscape within the public sector is ever changing, it is important that the CFT keeps up to date with industry news and communicates with key stakeholders to recognise the pressures and risks the Council will encounter. This will give the CFT the ability to adapt and combat the changing fraud risk landscape.

### 4. THE COUNTER FRAUD PLAN 2023/24

- 4.1 Set out in **Appendix B**, is the draft Counter Fraud Annual Operational Plan for 2023/24. The plan has been devised in liaison with key stakeholders and takes into consideration the Risk Assessment/Fraud Universe as set out at in **Appendix A**. The planned operational activity covers proactive and reactive work across a wide range of fraud risks, whilst also retaining the flexibility for the CFT to tackle any emerging risks.
- 4.2 The plan explains the work the CFT will carry out by fraud risk and includes outcomes achieved previously in these areas, as well as the overall risk assessment rating. The plan for 2022/23 includes a variety of activity, which is listed below by type:
- **Criminal Investigations** – Investigations that have a criminal element undertaken by qualified investigators. These investigations normally fall within services areas, where a fraud is alleged to have taken place by a person or business accessing services or funds. Typically, the BACFT will investigate offences relating to fraud, theft, bribery and forgery but may where it is in the interest of the Council and its residents, investigate other offences.
  - **Civil Investigations** – These investigations are often where the burden of proof for criminal proceedings cannot be met, or it is not in the public interest to prosecute. These matters are dealt with by way of compliance and may require civil proceedings to bring the case to a resolution.

- **Disciplinary Investigations** – At times key stakeholders in conjunction with HR may require the assistance of the CFT in disciplinary matters, as per the corporate investigations protocol. The Special Investigations Unit is well equipped to pursue these cases where required to do so.
- **Verifications** – A workstream conducted by the CFT to verify the eligibility of service users before accessing a particular scheme. These verification workstreams are embedded into processes within Housing and Social Care. This type of work is the core function behind the CFT's preventative measures.
- **Proactive Projects** – A series of one-off projects conducted throughout the financial year, targeting the highest risk areas within the Council to drive down fraud, loss and error.
- **Data Matching** – Exercises designed to identify fraud, loss or error by matching internal and external data sets. Returned matches are analysed to verify the veracity of the potential outcomes identified.
- **Consultancy Work** – Upon request the CFT can carry out a review of service processes highlighting recommendations to improve fraud controls.

4.3 Another key feature of the 23/24 plan is a closer collaborative approach to risk and governance between Internal Audit (IA) and the CFT. The CFT will provide greater support to IA in identifying and mitigating fraud risks as part of undertaking IA assurance and consultancy reviews. This will lead to the CFT being alerted to fraud risks at the earliest opportunity and supporting IA in developing measures to prevent fraud.

## 5. COUNTER FRAUD SKILLS & RESOURCES

- 5.1 Every member of staff in the Counter Fraud Team is either professionally qualified in counter fraud or is actively studying for a relevant professional qualification supported by the Council. This helps to ensure that the CFT provides a fully professional and effective service. A skills matrix approach is also used as part of monthly one to one meeting as well as at 6 monthly performance reviews.
- 5.2 The CFT's current substantive structure is available in **Appendix C** which was implemented in March 2022. Though in more recent times the CFT has operated under interim arrangements due to vacancies. These arrangements are still in place, so that the CFT has the required management oversight and operational capabilities to achieve positive financial outcomes. Currently the structure is under review to ensure that the CFT is resourced to combat the increased risk of fraud as we move into 2023/24. Further updates on this review will be available in future progress reports.

## 6. COUNTER FRAUD REPORTING

- 6.1 The CFT reports its progress to Corporate Management Team (CMT) and the Audit Committee (AC) on all matters of counter fraud activity on a quarterly basis. These reports provide an update on performance against KPIs, strategic and operational objectives and delivery against the financial loss prevention target for the year. In addition to this, an annual report is presented to CMT and AC providing a summary overview of counter fraud activity for the financial year including a detailed analysis on team performance and outcomes. This enables CMT and the AC to hold the Head of Counter Fraud to account.
- 6.2 The CFT also liaises with services managers on an ongoing basis to ensure regular dialogue in relation to counter fraud activities (where appropriate) as well as delivery of service level agreements. This high level of engagement plays a significant part in the CFT meeting its core principles set out in the Counter Fraud Strategy 2022-25.

## 7. MEASURING COUNTER FRAUD PERFORMANCE

- 7.1 As the CFT is a support function that works closely with the majority of service areas across the Council, there are a wide range of stakeholders to satisfy, as well as key stakeholders such as CMT and the AC.
- 7.2 To monitor counter fraud performance across service areas, outcomes and objectives a suite of KPIs were refreshed and agreed in the Counter Fraud Strategy 2022-25. Regular updates on performance against these KPIs will be provided in each quarterly progress report.
- 7.3 The Counter Fraud Strategy 2022-25 sets out nine strategic objectives for the BACFT to pursue, which includes the **financial loss prevention target for the year**. Taking into consideration the change in fraud landscape and the team's performance in 2022/23, **the financial loss prevention target for 2023/24 has been set at £5m**.

## 8. ACKNOWLEDGEMENT

- 8.1 The CFT 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.

Alex Brown APCIP

**Head of Counter Fraud**

31<sup>st</sup> March 2023

## APPENDIX A - FRAUD RISK ASSESSMENT

The fraud risks specific to LBH are set out below, which is a summary of the organisational Fraud Risk Assessment (the Fraud Universe) for the Council.

Fraud Risk Area	Fraud Risk Assessment
<p><b>General Fraud Risks</b></p>	<ul style="list-style-type: none"> <li>Increased financial pressure associated with the rise in the cost of living on individuals and concerns over money and fear of redundancy due to economic climate leading to higher likelihood and pressure to commit fraud.</li> <li>Increased demand within services leading to reduced due diligence over operational matters and overriding of controls creating a greater opportunity for fraud.</li> <li>An increase in vacancies due to a challenging recruitment market and changes to flexible working practices impacts the operation of preventative controls, decreased monitoring activity and increasing risk of fraud going undetected.</li> <li>Decreased face-to-face meetings with service users, less verification of original documentation with reliance on scanned or copies of documentation. More provision of services remotely leading to higher likelihood of fraud not being detected.</li> <li>An inflated recruitment market, leading to a higher number of vacancies with a heavy reliance on agency. A lack of due diligence with a priority of meeting resourcing demands, leaving the organisation exposed to recruiting unsuitable candidates.</li> <li>The negative impact of the rise in the cost of living and inflation on residents and businesses, leads to a greater risk of non-payment for services, increasing the Council's debt and reduces the opportunity for recovery.</li> </ul>
<p><b>IT &amp; Procurement of Goods and Services</b></p>	<ul style="list-style-type: none"> <li>An increased need to win government contracts because of financial pressures on businesses due to the cost of living leading to the fraudulent manipulation of procurement processes.</li> <li>Higher financial pressure on Council contractors creating increased desire to maximise profit from contracts leading to higher likelihood of misrepresentation of services, goods and materials supplied.</li> <li>Increased cyber-crime activity nationally and globally and the higher likelihood of a cyber-attack against the Council such as ransomware, malware, viruses and a continually adapting external cyber-threat environment.</li> <li>Demand to shift more of Council activities onto online platforms to access services can expose the organisation to programmed bots that break into user accounts to redirect payments/refunds, steal contact information and other harmful activities that could also lead to negative GDPR and reputational ramifications.</li> </ul>
<p><b>Port Authority</b></p>	<ul style="list-style-type: none"> <li>Higher numbers of Unaccompanied Asylum Seekers (UAS) approaching the Council compared to non-port authorities, leading to greater levels of fraudulent approaches to the Council for services.</li> <li>Increases in services used by individuals where service provision is subject to immigration status, leading to more likelihood of misrepresentation of circumstances to access services where there is No Recourse to Public Funds (NRPF).</li> </ul>



Fraud Risk Area	Fraud Risk Assessment
<p><b>Statutory Duty to Provide Social Housing</b></p>	<ul style="list-style-type: none"> <li>• Higher levels of housing need and homelessness claims in the borough linked to ongoing cost of living pressures, leading to increased levels of fraud within housing.</li> <li>• Availability of low-cost social housing leads to greater numbers of individuals seeking housing from the Council and the opportunity to misrepresent circumstances within the process to obtain housing fraudulently.</li> <li>• Increased pressure on housing services requiring greater use by the Council of temporary accommodation. With the likelihood of the accommodation used being outside of the borough which in turn reduces the ability to monitor use and occupation and increases likelihood of misuse going undetected.</li> </ul>
<p><b>Social Care Provider</b></p>	<ul style="list-style-type: none"> <li>• High costs of social care provisions lead to greater pressure to misrepresent circumstances in relation to assets and income in the financial assessment process.</li> <li>• Inability of vulnerable individuals to properly manage Direct Payments meaning greater involvement of family members and third parties to manage payments, leading to increased risk of opportunistic misappropriation of funding by a third party.</li> <li>• Absence of appropriate financial controls or appropriate monitoring, leading to the increased risk of unwarranted Direct Payments expenditure and misappropriation of funding.</li> <li>• Access to Council services by individuals subject to immigration status checks leads to risk of misrepresentation of status to access services where there is NRPF.</li> </ul>
<p><b>Revenue Collection Authority</b></p>	<ul style="list-style-type: none"> <li>• High cost of rateable value of business premises leads to the risk of fraudulent misrepresentation of circumstances to take advantage of reliefs.</li> <li>• Pressure to reduce individual costs against the cost of Council Tax leads to the wrongful claiming of single person discount and/or other exemptions and discounts, leading to lost revenue across a large number of residential addresses.</li> <li>• Increases in the cost of living leads to residents misrepresenting their circumstances in order to qualify for the Council Tax Reduction scheme.</li> <li>• Council Tax and Business Rates costs leads to the risk of deliberate avoidance of completion of new build properties and lost revenues for the Council.</li> </ul>



**Appendix B - Counter Fraud Annual Operational Work Plan 2023/24**

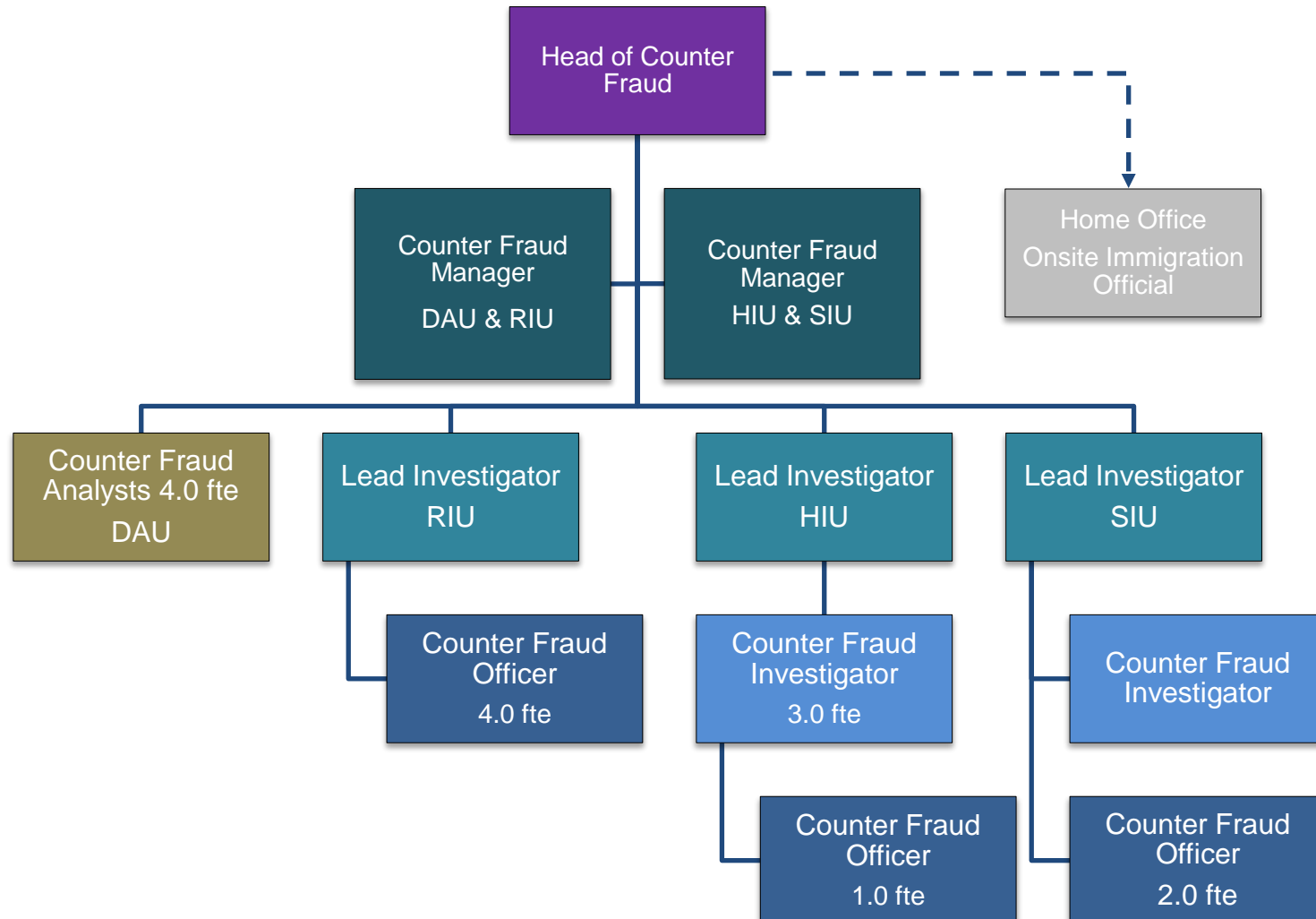
Set out below is the draft Counter Fraud Annual Operational Work Plan for the key proactive projects and investigative work due to be conducted in 2023/24.

Counter Fraud Activity	Planned Work	Outcomes 2022/23	Risk
<b>Tenancy Fraud &amp; Housing Investigations</b>	The CFT will continue to detect illegal sub-letting and non-occupation of Council properties as referred by colleagues and residents. This also includes false applications for housing, assignment and succession. The CFT will also recover properties in cases where Housing Services have faced challenges in their investigations to gain lawful possession of Council properties.	84 properties recovered, £4,704k notional savings	<b>HIGH</b>
<b>Social Housing &amp; Temporary Accommodation Residency Checks</b>	A risk-based approach to tenancy residency checks working with the Housing team and using tenancy fraud data to identify hotspots. This will be delivered as part of proactive projects work.		
<b>Housing Fraud Data Review</b>	An initiative to analyse data held by the Council to identify fraud. The CFT will review a variety of Council held data sets, particularly that are already available in Housing and Repairs, to identify sub-letting and non-occupation.	New for 2023/24	<b>HIGH</b>
<b>Housing Right to Buy (RTB)</b>	The CFT will continue to provide a risk-based verifications service of all RTB applications to identify fraud and where appropriate actively investigate applications found to contain suspected misrepresentation.	6 applications closed, £672k in loss prevention savings	<b>HIGH</b>
<b>B&amp;B Residency Checks</b>	The CFT will continue with proactive residency checks on all emergency B&B accommodation. The checks will identify suspected non-occupation and subletting of emergency housing, and false applications.	24 cases closed, £161k in loss prevention savings	<b>HIGH</b>
<b>Social Care S.17 Emergency Funding</b>	Desk based checks to confirm eligibility of applicants requiring emergency accommodation and support from Social Care. An annual proactive project identifying suspected subletting or non-occupation of accommodation provided by the Council.	£39k in loss prevention savings	<b>HIGH</b>
<b>Unaccompanied Asylum Seeking Children (UASC) Status Checks</b>	The embedded Onsite Immigration Official will periodically check the status of all UASC clients, this helps identify those who's status allows them to access national scheme funding and no longer require funding by the Council.	£54k loss prevention savings identified	<b>HIGH</b>
<b>UASC Project</b>	An annual proactive project identifying suspected subletting or non-occupation of accommodation provided by the Council. A referral process is in place for cases of misrepresentation to be passed to the CFT for investigation.	1 case under investigation	<b>HIGH</b>

Counter Fraud Activity	Planned Work	Outcomes 2022/23	Risk
<b>Disabled Facilities Grant</b>	Cases of hidden assets, income or fictitious residency will be referred to the CFT via the referrals process.	£30k loss prevention identified	<b>HIGH</b>
<b>Direct Payments</b>	Cases of funds not being used appropriately, and or misrepresentation of circumstances to access funding towards care costs will be referred to the CFT for investigation.	£5k actual savings	<b>HIGH</b>
<b>NFI Bi-annual Exercise</b>	Continuous work on statutory data matches from the Cabinet Office, which will be investigated as an ongoing project throughout 23/24. The matches provide a significant contribution to savings areas such as Housing and Revenues.	Bi-annual exercise not available for 2022/23	<b>HIGH</b>
<b>Revenues Inspections and Investigations</b>	In 2023/24 the CFT will continue to deliver all inspections for Business Rates and Council Tax and develop an investigative approach to Business Rates and Council Tax avoidance and illegal evasion.	8638 inspections conducted in 2022/23 21 active investigations	<b>HIGH</b>
<b>Revenue Maximisation</b>	Proactive project work utilising data to identify previously unlisted or modified domestic or commercial properties that are not paying the correct amount of tax or rates.	£6m of previously uncollected NNDR identified	<b>HIGH</b>
<b>Council Tax Discounts &amp; Exemptions</b>	A proactive desk top data review of discounts and exemptions utilising data matching and in-house data. All discounts found to be fraudulent will be referred to the Revenues Team for removal of discounts/exemptions and investigated for fraud where appropriate by the CFT.	£152k in loss prevention savings	<b>HIGH</b>
<b>London Counter Fraud Hub</b>	Working in conjunction with other London based local authorities to create proactive data matching exercises to identify fraud and error in known risk areas leading to loss prevention outcomes.	9 properties recovered, (included in the property recovery total above)	<b>MEDIUM</b>
<b>Social Care Financial Assessments</b>	The CFT will continue to verify all applicants who apply for Social Care funding via Financial Assessments to ensure eligibility. The CFT will conduct a proactive project with the Financial Assessment Team to identify loss prevention savings during the annual review process and review all NRPf service users' immigration status to assess eligibility to access public funds.	£149k of loss prevention identified	<b>MEDIUM</b>
<b>Housing Verifications</b>	The BACFT will continue to verify applicants who apply for social housing or succession/assignment. This assurance work is a preventative measure to ensure fraud or loss does not enter workstreams with Housing.	14 applications closed and 2 cases referred for investigation	<b>MEDIUM</b>

Counter Fraud Activity	Planned Work	Outcomes 2022/23	Risk
<b>'Beds in Sheds' - Unregistered Residential Dwellings</b>	The Revenues Investigations Unit will identify unlawful and unregistered residential dwellings in order that properties are brought within Council Tax banding and evasion pursued as investigations. Any enforcement action on planning issues will be referred to Planning Enforcement and Housing Standards.	49 cases identified, revenue of £69k	<b>MEDIUM</b>
<b>First Time Buyers Residency Checks</b>	Post purchase residency checks to verify occupation, as continued residency for a set period is a mandatory scheme condition. Any properties where subletting or non-occupation is identified will be further investigated and the grant will be sought for recovery.	1 grant recovered, resulting in £14k saving	<b>MEDIUM</b>
<b>Debt Tracing Enquires</b>	A relatively new initiative that will see the CFT trace debtors that are uncontactable, or identify hidden assets and capital, to support debt recovery.	£14k recovered through tracing enquiries	<b>MEDIUM</b>
<b>Blue Badge Operations</b>	Annual Blue Badge enforcement projects to confirm lawful use of badges in identified misuse hotspots. A visual presence to provide assurance to residents that the Council takes this fraud seriously and deter misuse across the borough.	6 financial penalties issued	<b>LOW</b>
<b>Fraud Awareness &amp; Engagement</b>	The CFT will continue to provide a program of fraud awareness internally to champion a counter-fraud culture and encourage service provider engagement over fraud risks. This will also include periodic social media communications released to the public to promote awareness and raise the profile of counter fraud activity within the borough.	Delivered 10 awareness sessions	<b>LOW</b>

**Appendix C - COUNTER FRAUD TEAM SUBSTANTIVE STRUCTURE AS AT MARCH 2023**



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**Key:** DAU = Data Analytics Unit, RIU = Revenue Investigations Unit, HIU = Housing Investigations Unit, SIU = Special Investigations Unit.

## AUDIT COMMITTEE WORK PROGRAMME 2023/24

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Ryan Dell, 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 08 August 2023 will start at 17:10.

<b>Meetings</b>	<b>Room</b>
08 August 2023	TBC
22 November 2023	TBC
12 February 2024	TBC
30 April 2024	TBC

Meeting Date	Item	Lead Officer
8 August 2023	**Private meeting with Ernst & Young to take place before the meeting	
	Approval of Accounts? EY update on Accounts?	Ernst & Young
	2022/23 Q4 Corporate Risk Register <i>(deferred from 27 April 2023)</i>	Internal Audit Manager
	2023/24 Q1 Corporate Risk Register	Internal Audit Manager
	Internal Audit Progress Report Quarter 1 2023/24 (incl. the Quarter 2 2023/24 Internal Audit Plan)	Head of Internal Audit
	Annual Risk Management Report 2022/23	Head of Internal Audit
	Internal Audit Annual Report	Head of Internal Audit
	Counter Fraud Progress Report Quarter 1 2023/24	Head of Counter Fraud
	Counter Fraud Annual Report	Head of Counter Fraud
	Forward Programme	Democratic Services

Meeting Date	Item	Lead Officer
22 November 2023	**Private meeting with Head of Internal Audit to take place before the meeting	
	EY 2020/21 Auditor's Annual Report (to include VFM commentary) and Completion Certificate	Corporate Director of Finance/ Ernst & Young
	Internal Audit Progress Report Quarter 2 2023/24 (incl. the Quarter 3 2023/24 Internal Audit Plan)	Head of Internal Audit
	2023/24 Q2 Corporate Risk Register	Internal Audit Manager
	Counter Fraud Progress Report Quarter 2 2023/24	Head of Counter Fraud
	Forward Programme	Democratic Services

<b>Meeting Date</b>	<b>Item</b>	<b>Lead Officer</b>
12 February 2024	**Private meeting with Corporate Director of Finance	
	EY Grant Certification	Corporate Director of Finance/ Ernst & Young
	Internal Audit Progress Report Quarter 3 2023/24 (incl. the Quarter 4 2024/25 Internal Audit Plan)	Head of Internal Audit and Risk Assurance
	Counter Fraud Progress Report Quarter 3 2023/24	Head of Counter Fraud
	Internal Audit Charter	Head of Internal Audit
	2023/24 Q3 Corporate Risk Register	Internal Audit Manager
	Forward Programme	Democratic Services

<b>Meeting Date</b>	<b>Item</b>	<b>Lead Officer</b>
30 April 2024	**Private meeting with Ernst & Young to take place before the meeting	
	2022/23 External Audit Plan.	Corporate Director of Finance/ Ernst & Young
	EY 2021/22 Auditor's Annual Report and Grant Certification	Corporate Director of Finance/ Ernst & Young
	Internal Audit Progress Report Quarter 4 2023/24 (incl. the Quarter 1 2024/25 Internal Audit Plan)	Head of Internal Audit
	Internal Audit Plan 2023/24	Head of Internal Audit
	Internal Audit Charter	Head of Internal Audit
	2023/24 Q4 Corporate Risk Register	Internal Audit Manager
	Counter Fraud Progress Report Quarter 4 2023/24	Head of Counter Fraud
	Forward Programme	Democratic Services

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