

HARROW COUNCIL
Final 2019/20 INTERNAL AUDIT & CORPORATE ANTI-FRAUD PLAN

Internal Audit Plan

Review Area	Risk Assessment ¹	Reason for inclusion – link to Corporate Risk Register/Corporate Priorities/Governance Framework/Legislation	Proposed Audit Coverage	Audit Days	Q
Core Financial Systems					
Payroll	H	Core Financial System	Key Control Review, Walkthrough Test	15	Q1
Council Tax	H	Core Financial System	Key Control Review, Walkthrough Test	15	Q1
Treasury	M	Core Financial System	Due a full Key Control Review but Medium risk therefore will undertake an Evidence Based Self –Assessment	1.5	Q1
Housing Benefit	H	Core Financial System	Evidence Based Control Self- Assessment	1.5	Q1
Corporate Accounts Receivable	M	Core Financial System	Evidence Based Control Self- Assessment	1.5	Q1
Corporate Accounts Payable	M	Core Financial System	Evidence Based Control Self- Assessment	1.5	Q1
Housing Rents	M	Core Financial System	Due a full Key Control Review but Medium risk therefore will undertake an Evidence Based Control Self- Assessment	3	Q1
Business Rates	H	Core Financial System	Evidence Based Control Self- Assessment	1.5	Q1
Capital Expenditure	H	Core Financial System	Evidence Based Control Self- Assessment	1.5	Q1
IT					
IT System Security (to cover Mosaic and PAWS)	H	Following on from work undertaken in 2018/19 and to continue to provide assurance on IT System Security across the Council	Review of access controls across a sample of devolved systems	15	Q3
Devolved Application Teams c/f 18/19	H	To provide assurance on devolved IT processes to feed into any future decision centralisation/devolution	Audit of the Governance process to ensure that the same procedures are followed as main IT Team when devolved	20	Q2
SAP Replacement Project	H	Links to Corporate Priority: Modernise Harrow Council. New system being developed/procured	Advice and Support on internal control to be built into the new system	5	Q1-4

¹ Wherever possible risk ratings are taken from the Corporate (prefix CR), an audit risk assessment is undertaken for all other reviews.

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Corporate Compliance Checks					
Financial Regulations c/f 18/19	H	To obtain assurance following the updating of Financial Regulations during 18/19	Sample checks across the council to ensure that Financial Regulations are understood and being adhered to	15	Q3/4
Contract Procedure Rules	H	To obtain assurance and to feed into future updating of Contract Procedure Rules	Sample checks across the council to ensure that Contract Procedure Rules are understood and being adhered to	15	Q2
IR35	M	Requested by the Chief Executive to provide assurance that IR35 is being correctly applied and the risk of HMRC penalties minimised	Sample checks across the council to ensure that IR35 is understood and being adhered to	7	Q1
Corporate Project Management	H	To obtain assurance following refresh/relaunch of the Corporate Project Management process	Sample testing across the council to ensure that the refreshed process is understood and being implemented	15	Q3/4
Corporate Risk Based/Governance Reviews					
Corporate Governance	Statutory Requirement	Requirement under the Accounts & Audit Regulations 2015: <i>A relevant authority must, each year conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement</i>	Co-ordination of the annual review of governance against the new CIPFA/Solace Delivering Good Governance in Local Government Framework 2016, including Management assurance, plus drafting of the Annual Governance Statement	30	Q1/4
Risk Management	Statutory Requirement	Requirement under the Accounts & Audit Regulations 2015: <i>A relevant authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk</i>	Update of the Corporate Risk Register/Risk Appetite Statement and Risk Management Policy/Procedures	65	Q1-4
Information Governance	M	Proactive approach to ensure that the Council has effective policies & management of information governance risks.	Quarterly Board meetings plus review of security breaches and policies	5	Q1-4
Budget Process	CR1 - H	Mitigation of corporate risk of inability to provide services within budget – proactive audit input	Providing support and advice to the S151 Officer in formulating and progressing the budget for 2020/21	5	Q1-4

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Build a Better Harrow Governance	CR3 - H	Mitigation of corporate risk of inability to deliver a regeneration programme -to complete the development of governance arrangements	Organisation of the Build a Better Harrow Governance Working Group, on- going input to the development of governance arrangements	6	Q1
Corporate Health & Safety – Schools	CR6 - H	Mitigation of corporate risk of failure to fulfil the Council’s Health & Safety duties	To provide assurance on H&S arrangements in schools that do not have an SLA with the Council	15	Q3
Social Value	M	Links to Corporate Priority: A Strong Local Economy for All – Use Social Value to make sure that our contractors invest in Harrow. Social value is a requirement of the Public Services (Social Value) Act 2012 and the council has a social value policy that commits the council to ‘going beyond’ the Act’s requirements	To obtain assurance that social value is being delivered as per contract specifications across the Council and adequately monitored and reported	20	Q4
Resources Risk Based Reviews					
Emergency planning	CR8 - M	Mitigation of corporate risk of lack of robust BC and EP arrangements	Review of EP (BC reviewed 16/17)	20	Q3
Debt Collection c/f 18/19	H	To obtain assurance on the implementation of new corporate debt collection arrangements	Review of the robustness of processes in place to collect debt across the different debt streams	20	Q2

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Cashiers c/f 18/19	H	To provide assurance on the resilience of the cashiers function	Review of robustness, resilience and application of income collection/ allocation / banking procedures + contract management for cash collections	10	Q2
Community Risk Based Reviews					
Empty Property Grant Process	Housing Risk Register 1 – H	Following on from the VFM review undertaken 18/19 (Amber Assurance) a review of the process for completeness	A review of the adequacy, application and effectiveness of controls within the system	10	Q2
Major Projects - Grange Farm/Depot	H	To provide assurance on major projects being undertaken	Project Management Reviews	30	Q2-3
Housing Service Charges	H	To obtain assurance that costs of service charges are fully recovered	To ensure that all tenant, leaseholder and freehold properties have been correctly identified for service charges, that the charges have been correctly apportioned and that the Council is fully recovering its costs	10	Q3/4
Property Acquisition	H	Links to Corporate Priority: Supporting those Most in Need – <i>Reduce levels of homelessness in the borough.</i> To provide assurance on the Property Acquisition Process before/early in the next tranche of acquisitions	A review of the adequacy, application and effectiveness of controls in place to prevent fraud and ensure that legal and financial risks are mitigated	10	Q2
Domestic Waste Collection	M	Links to Corporate Priority: Build a Better Harrow – <i>Keep Harrow clean</i> + GARMS Member suggestion + last reviewed 2002/03 (new processes currently being introduced)	Review to cover bin collection, miss bin escalation, bin deliveries, complaints and queries	15	Q2/3
HMO management & Enforcement	H	Links to Corporate Priority: Supporting those Most in Need – <i>Reduce levels of homelessness in the borough</i> – current review to strengthen enforcement to be implemented April 19	Review of control, risk management and governance processes in place to effectively manage HMOs in the borough and to identify/prevent unlicensed HMOs	15	Q3/4

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Parking Operations	H	Following on from whistleblowing allegations investigation in the Parking Services (TPO) 2018/19 that highlighted potential issues in Parking Operations + last review 2013/14	Review of parking enforcement to ensure that tickets are issue in-line with legislation	15	Q3
People Risk Based Reviews					
Schools	H	Links to Corporate Priority: <i>Preserving Vital Public Services – Everyone has access to high quality education</i> The Council has 34 maintained schools with delegated budgets most of which are in excess of £1m however schools are facing ever increasing financial pressures	Reviews to be undertaken to provide assurance on Budget Management or Governance & Financial Control	100	Q1-4
SFVS Assurance Statement	Funding Requirement	To provide assurance to S151 Officer responsible for signing off statutory return	Review of the statutory return to the Department Education to be signed by the s151 Officer confirming the number of Schools to complete the Schools Financial Value Standard (SFVS) self-assessment	5	Q1
Together with Families Programme (Troubled Families Grant)	Grant Requirement	Links to Corporate Priority: <i>Supporting those Most in Need – Children & young people are given the opportunities to have the best start in life and families can thrive –</i> testing by internal audit is a grant condition	Sample testing of claim prior to grant submission	5	Q1-4
School Admissions	M	Links to Corporate Priority: Build a Better Harrow – <i>Ensure every Harrow child has a school place</i>	Review of robustness of process to prevent fraud to ensure that all school places are available for Harrow children	15	Q3
First Response Team	CR5 - H	Mitigation of corporate risk of failure to adequately deliver a service/duty for vulnerable children. Follow on from the MASH review undertaken in 2017/18	Review of assessment process and development of appropriate plan	15	Q4

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Youth Offending Team	CR5 -H	Mitigation of corporate risk of failure to adequately deliver a service/duty for vulnerable children.	To provide assurance on processes in place to address the national agenda and local objective to reduce knife crime	15	Q4
Learning Disability Focus Group/Partnership	M	Links to Corporate Priority: <i>Supporting those Most in Need – Empower residents to maintain their well-being and independence.</i> To provide assurance that the Group/Partnership is full-fulfilling its remit – management request	Governance review	5	Q4
Adult Social Care – Personal Budgets	H	Links to Corporate Priority: <i>Supporting those Most in Need – Empower residents to maintain their well-being and independence.</i> To continue to provide assurance on the robustness of process for financial assessments and monitoring of personal budgets	Sample testing of personal budgets for social care to ensure they are accurate, up to date and monitored	20	Q3
Personal Budgets – Pre-paid cards	H	Links to Corporate Priority: <i>Supporting those Most in Need – Empower residents to maintain their well-being and independence.</i> To feed into the consideration of the use of pre-paid cards for those on personal budgets	To provide advice and support on control, risk management and governance over the use of pre-paid cards – possibly a workshop	5	Q1/2
Support, Advice & Follow-up					
Transformation - Advice on control, risk mitigation & governance	CR1 – H CR5 - H	Mitigation of corporate risks of inability to provide services within budget and failure to adequately deliver a service/duty	To provide proactive audit advice on control, risk and governance of service reduction/change to help prevent a weakening of the overall control and governance environment	15	Q1-4
Emerging Risk Reviews	H	To provide some flexibility in the plan to undertake reviews of risks that emerge in year	Control, risk management or governance advice/reviews on emerging risks	60	Q1-4

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Suspected Irregularities	H	To provide time in plan to support managers/undertake investigations into suspected irregularities as they arise	Support and guidance to managers/undertaking investigations	30	Q1-4
Professional Advice	H/M/L	To provide a pro-active response to management requests for support and guidance on control, risk management and guidance	Advice on control, risk management and governance	25	Q1-4
Follow-up	H/M	To provide assurance on the implementation of audit recommendations by management in accordance with the agreed strategy	Follow-up of Red, Red/Amber & Amber reports	45	Q1-4
TOTAL DAYS IN 2018/19 PLAN				795	

Internal Audit Performance Indicator 2019/20		Target
1	Recommendations agreed for implementation	95%
2	Follow up undertaken	100%
3	Plan achieved for key control reviews	100%
4	Plan achieved overall (key indicator)	90%
Corporate Performance Indicator		Target
1	Implementation of recommendations	90%

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Corporate Anti-Fraud Plan

	Fraud work stream	Reasoning for inclusion/risks	Proposed counter fraud activity	QTR
	Objective: Acknowledge fraud and corruption risks, reaffirm the responsibility of the leadership team in managing these risks and assess the risk of fraud and corruption across all parts of the organisation.			
1.	Corporate fraud risk assessment	Following self-assessment against the CIPFA Code of Managing the Risk of Fraud & Corruption framework and best practice	Identify and assess Harrow's fraud risk exposure affecting the principle activities in order to fully understand changing patterns in fraud and corruption threats and the potential harmful consequences to the authority and our customers.	Q4
2.	CIPFA Fraud Code self-assessment	Best Practice	Undertake an annual self-assessment against the CIPFA Code of Managing the Risk of Fraud & Corruption	Q4
3.	Corporate fraud risk register	Following self-assessment against the CIPFA Code of Managing the Risk of Fraud & Corruption framework and best practice	Review and facilitate the updating of the fraud risk register annually where significant fraud and corruption risks are identified, mitigated and monitored.	Q3
4.	Corporate Anti-Fraud & Corruption Strategy	Following self-assessment against the CIPFA Code of Managing the Risk of Fraud & Corruption framework and best practice	Review the Corporate Anti-Fraud & Corruption Strategy 2016-19 that links to Harrow's corporate priorities, the overall goal of improving resilience to fraud and corruption and fully reflecting the fraud and corruption risks faced by the authority. Timing of the review will depend on the completed review/refresh of the Fighting Fraud and Corruption Locally Strategy that is being undertaken in 2019/20 by the FFCL Board	Q1-4
5.	Establish a fraud loss value methodology	Following self-assessment against the CIPFA Code of Managing the Risk of Fraud & Corruption framework and best practice	Develop and implement a fraud loss value methodology to apply consistently to significant fraud risk exposures enabling fraud losses to be measured accurately	Q1

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Objective: Prevent, detect and deter fraud and corruption impacting the organisation by raising awareness of fraud and corruption.				
6.	National Fraud Initiative co-ordination role	Cabinet Office mandatory function	<p>Co-ordination of the 2018/19 National Fraud Initiative (NFI) match processing including:-</p> <ul style="list-style-type: none"> • Supporting service areas to ensure matches are processed in a timely manner and that suspected fraud is referred for investigation • Processing matches which are the responsibility of the CAFT (Housing matches) • Investigate potential fraud cases referred and recommend sanction and/or corrective action on cases as appropriate 	Q1-4
7.	London Counter Fraud Hub	Best practice	Explore the membership of the London Counter Fraud Hub (LCFH) which may result in the authority participating in a pan London data matching exercise focusing on Council Tax Single Person Discount, Business rates and Housing Tenancy fraud.	Q1-4
8.	Participate in a Cifas 6 month pilot membership	Best practice	Join a 6 month pilot membership of Cifas which is the UK's leading fraud prevention service that facilitates the sharing of fraud data for the prevention and detection of crime across the public, private and third sectors.	Q1-2

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9.	Corporate anti-fraud awareness	Following self-assessment against the CIPFA Code of Managing the Risk of Fraud & Corruption framework and best practice	<p>Raise awareness of fraud and corruption risks both within the authority and in the community through the publication of fraud successes and awareness internally and in local and national media, including the use of all forms of social media including the following actions:-</p> <ul style="list-style-type: none"> • Embed fraud E-learning to existing employees • Chief Executive Newsletters and general internal communications bulletins in relation to articles on fraud and corruption • Issuing management reports detailing investigation outcomes and recommendations for improving fraud risk controls are implemented if agreed according to risk (KPI5) • Deliver fraud workshops/CAFT attendance at team meetings for high fraud risk areas as appropriate • Publicity through all forms of media on successful fraud cases, fraud initiatives and related prosecution outcomes 	<p>Q1-4</p> <p>Q1-4</p> <p>Q1-4</p> <p>Q1-4</p> <p>Q1-4</p>
10.	Fraud liaison	Best practice	Explore, develop and maintain effective liaison with investigation teams in other boroughs and external agencies and ensure that membership and interest continues in the London Borough of Fraud Investigators Group (LBFIG), The National Anti-Fraud Network (NAFN), The Chartered	Q1-4

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			Institute of Public Finance and Accountancy (CIPFA), Cifas and the proposed London Counter Fraud Hub (LCFH)	
11.	Data Matching	Best practice	Explore a proactive anti-fraud data matching exercise with the Home Office using authority data	Q2-3
Objective: Ensure the investigation of allegations of fraud and corruption are effective, criminal conduct is punished with appropriate sanctions, established losses are pursued robustly and fraud loss avoidance is measured effectively where possible.				
12.	Housing fraud	Following fraud risk assessment and fraud risk register review	<p>Assess and investigate allegations of fraud and abuse in the housing system working in partnership with Housing Resident Services, Housing Needs and Harrow's RSL's including:</p> <ul style="list-style-type: none"> • Seek to recover 10 social housing units subject to fraud & misuse (KPI1) • Prevent housing application fraud through a proactive fraud risk based review of those customers in emergency accommodation (placed outside of the borough) • Prevent fraudulent Right to Buy (RTB) applications through targeted application validation with a fraud check on at least 90% applications referred to the CAFT at offer stage and before completion (KPI2) • Maximise the use of powers contained within the Prevention of Social Housing Fraud Act 2013 (PoSHFA) in terms of gathering evidence, investigation and prosecution of offenders and recovery of unlawful profit 	<p>Q1-4</p> <p>Q2</p> <p>Q1-4</p> <p>Q1-4</p>

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13.	Internal fraud & corruption	Following fraud risk assessment and fraud risk register review	Risk assess at least 80% of allegations of internal fraud and corruption as a priority and deploy resources on those cases where there is corroborative evidence within an average of 5 working days of receipt of the information (KPI3)	Q1-4
14.	Revenues/Business Rates/Council Tax Support fraud	Following fraud risk assessment and fraud risk register review	Work in partnership with Revenues and Benefits to investigate allegations of fraud and abuse on a risk basis of the Council Tax, Council Tax Support and Non Domestic Rates Systems, including exemptions, discounts and reliefs, apply appropriate sanctions where fraud is proven and assist in the recovery of fraud related losses	Q1-4
15.	Social care fraud	Following fraud risk assessment and fraud risk register review	<p>Work in partnership with the People Directorate to investigate allegations of fraud and abuse of the social care system including but not limited to:-</p> <ul style="list-style-type: none"> • Personal budgets applications, assessment and monitoring of spend • A proactive fraud risk based exercise in relation to those individuals being financially supported in long term residential care 	<p>Q1-4</p> <p>Q1-4</p>
16.	Partnership working	Best practice	Responding to requests for information in a timely manner from our law enforcement partners e.g Police, HMRC, Other LA's etc	Q1-4

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17.	Risk assess allegations of fraud and corruption	Best practice	Risk assess 80% of allegations of fraud and corruption and deploy resources on those cases deemed sufficiently high enough fraud risk within an average of 10 working days of receipt of the information. (KPI4)	Q1-4
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No.	CAFT Key Performance Indicators 2019/20	Target
1.	Recovery of 10 social housing units subject to fraud and misuse ²	100%
2.	Fraud validation checks undertaken on Right to Buy applications referred to the CAFT at offer stage and before completion	90%
3.	Internal fraud and corruption referrals risk assessed and resources deployed in 5 working days	80%
4.	Fraud and corruption referrals risk assessed and resources deployed in 10 working days	80%
5.	Fraud risk recommendations agreed for implementation	70%

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April 2019

² Target reduced from 12 units in 18/19 due to a diversion of resources to other proactive areas in the fraud plan