

Audit Committee

Agenda

Tuesday 21 June 2022 at 7.00 pm

Meeting Room 1 (2nd Floor) - 3 Shortlands, Hammersmith, W6 8DA

MEMBERSHIP

Administration	Opposition
Councillor Patrick Walsh (Chair) Councillor Paul Alexander Councillor Florian Chevoppe-Verdier Councillor Ashok Patel	Councillor Adrian Pascu-Tulbure

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Members of the public are welcome to attend and the building has disabled access.

Date Issued: 13 June 2022

Audit Committee Agenda

<u>Item</u>	<u>Pages</u>
1. APPOINTMENT OF VICE CHAIR	
2. APOLOGIES FOR ABSENCE	
3. DECLARATIONS OF INTEREST If a Councillor has a disclosable pecuniary interest in a particular item, whether or not it is entered in the Authority's register of interests, or any other significant interest which they consider should be declared in the public interest, they should declare the existence and, unless it is a sensitive interest as defined in the Member Code of Conduct, the nature of the interest at the commencement of the consideration of that item or as soon as it becomes apparent. At meetings where members of the public are allowed to be in attendance and speak, any Councillor with a disclosable pecuniary interest or other significant interest may also make representations, give evidence or answer questions about the matter. The Councillor must then withdraw immediately from the meeting before the matter is discussed and any vote taken. Where Members of the public are not allowed to be in attendance and speak, then the Councillor with a disclosable pecuniary interest should withdraw from the meeting whilst the matter is under consideration. Councillors who have declared other significant interests should also withdraw from the meeting if they consider their continued participation in the matter would not be reasonable in the circumstances and may give rise to a perception of a conflict of interest. Councillors are not obliged to withdraw from the meeting where a dispensation to that effect has been obtained from the Standards Committee.	
4. MINUTES OF THE PREVIOUS MEETING To approve the minutes of the previous meeting and to note any outstanding actions.	4 - 9
5. CORPORATE ANTI-FRAUD SERVICE ANNUAL REPORT - 1 APRIL 2021 TO 31 MARCH 2022	10 - 27
6. HEAD OF INTERNAL AUDIT ANNUAL REPORT 2021/22	28 - 44
7. RISK MANAGEMENT HIGHLIGHT REPORT	45 - 58

8. DIGITAL SERVICES - SIX MONTHLY UPDATE

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This item includes an appendix which contains information exempt within the meaning of Schedule 12A to the Local Government Act 1972 and is not for publication. The appendix has been circulated to the Committee members only.

Any discussion on the contents of an exempt appendix will require the Committee to pass the proposed resolution at the end of the agenda to exclude members of the public and press from the proceedings for that discussion.

9. DATES OF FUTURE MEETINGS

The following meeting dates have been scheduled:

- 13 September 2022
- 23 November 2022
- 13 March 2023

10. EXCLUSION OF THE PUBLIC AND PRESS (IF REQUIRED)

Proposed resolution:

The Committee is invited to resolve, under Section 100A (4) of the Local Government Act 1972, that the public and press be excluded from the meeting during the consideration of the following items of business, on the grounds that they contain the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A of the said Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

Agenda Item 4

London Borough of Hammersmith & Fulham

Audit Committee Minutes



Tuesday 15 March 2022

PRESENT

Committee members: Councillors Iain Cassidy (Chair), Jonathan Caleb-Landy, Alex Karmel and Rowan Ree

Officers:

Sharon Lea, Interim Chief Executive
Emily Hill, Director of Finance
Lisa Redfern, Strategic Director of Social Care
Jacqui McShannon, Director of Children's Services
David Hughes, Director of Audit, Fraud, Risk and Insurance
Moir Mackie, Head of Internal Audit
Glendine Shepherd, Assistant Director of Housing Services
David Abbott, Head of Governance

Guests

Paul Dossett, Partner at Grant Thornton

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Alexandra Sanderson and Matt Thorley.

Apologies for lateness were received from Councillor Jonathan Caleb-Landy who entered the meeting at 7.13pm.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING

Matters arising

Councillor Alex Karmel noted that a report on cyber-security was due to be considered but had not appeared on the agenda. David Hughes apologised and said it would come to the following meeting.

ACTION: David Hughes / Veronica Barella

RESOLVED

The minutes of the previous meeting held on 14 December 2021 were agreed as an accurate record.

4. STATEMENT OF ACCOUNTS 2020/21, INCLUDING PENSION FUND ACCOUNTS AND ANNUAL GOVERNANCE STATEMENT

Emily Hill, Director of Finance, presented the report on the Council's Statement of Accounts for 2020/21, including the Pension Fund Accounts and Annual Governance Statement. She noted that it was an unusual year due to the Covid pandemic which had led to a large number of variances.

Paul Dossett, Partner at Grant Thornton, talked members through the detail of the accounts. He noted the significant amount of additional work that had to be done because of the pandemic and the complicated grants regime.

The Chair asked if the delays obtaining information from the Council was an issue specific to H&F or if it was due to Covid and working from home arrangements. Paul Dossett said it was an issue Grant Thornton had found everywhere. It was partly due to working arrangements. Auditing remotely had been a challenge for both auditors and council officers, but the delays at H&F were relatively minor when compared with other authorities.

The Chair asked if the issue raised on page 149 regarding access to the pension administration system hosted by Surrey County Council has been resolved. Paul Dossett said there had been challenges but they had been resolved.

Councillor Alex Karmel noted the discussion about the difficulties of doing an audit remotely and asked if there were any assurance tests that couldn't be done remotely. Paul Dossett said doing an entire audit remotely was not ideal. The intention for the 2021/22 audit was to have a mix of on site and remote work. But he said he was confident the remote audits had been robust in the previous 2 years.

Councillor Rowan Ree asked if there was anything the auditor hadn't been able to check or verify due to the remote nature of the audit. Paul Dossett said there hadn't been any restrictions on their audit procedures.

Councillor Karmel asked about the impact of the potentially huge capital liabilities related to Hammersmith Bridge on the accounts. Emily Hill explained that any future repair costs associated with the bridge were not liabilities in accounting terms. As money was spent on the bridge it would be added to the historic cost of the asset.

Councillor Jonathan Caleb-Landy asked for updates on the following issues raised in the action plan:

- Issues with the employee leaver process leading to employees getting paid more than they should because the leaving date hadn't been properly communicated.
- Issues with debtors and creditors due to a new system.

Emily Hill said regarding debtors and creditors, there was a difference in the way IBC (the Council's HR and finance system) reported control account debtor and creditor balances. Officers and the auditors have discussed taking a different approach to take this into account and give greater audit assurance. The new process will be in

place for the 2021/22 audit. Regarding employer leaver forms – officers were working with IBC on retrospective pay actions, and with managers to ensure correct information is provided in a timely manner.

Councillor Caleb-Landy noted there were five recommendations in the accounts and felt that was a testament to the great job that the finance team had been doing. He asked how many recommendations there would be in the average council audit report, and if there were any of particular concern. Paul Dossett said five recommendations was low for a complicated authority and was a positive reflection on the control environment. There was also only a small number of adjustments to the accounts. Regarding the issues raised – the issue with the leaver form was very common.

Councillor Karmel noted the headline figure on legacy balances showed a high volume and asked if those were small or large sums, and their rough value. Paul Dossett said they were largely small transactions. Emily Hill added that officers had reviewed a lot of them and many of them were current and didn't need writing off.

Councillor Ree asked for clarification on the process around the outstanding value for money letter. Paul Dossett said the National Audit Office had effectively decoupled the value for money work from the opinion on the accounts. The procedure is that the value for money work had to be issued within three months of the accounts being signed off. The substantive value for money work will come back to Audit Committee and to Full Council.

The Chair thanked to Emily Hill and her team and Paul Dossett and the auditors for their hard work.

RESOLVED

1. The Committee noted the content of the external auditor's 'Audit Findings Report' (ISA260), including the auditor's findings, recommendations, and the Council's response to those recommendations (Appendix 2).
2. The Committee approved the 2020/21 Annual Governance Statement, included in the Statement of Accounts (Appendix 1).
3. The Committee approved the 2020/21 management representation letters (Appendices 3 and 4).
4. The Committee approved the Statement of Accounts for 2020/21, including the Pension Fund Accounts (Appendix 1).
5. The Committee approved the Pension Fund Annual Report 2020/21 (Appendix 5).
6. The Committee noted that the accounts remain 'unaudited' until final sign-off by the external auditor.

7. The Committee delegated authority to the Chair of the Audit Committee, in consultation with the Director of Finance to approve any further adjustments to Appendices 1,3, 4 and 5 which may be required as part of the completion of the audit work.

5. INTERNAL AUDIT PROGRESS REPORT (DECEMBER 2021 TO JANUARY 2022)

Moira Mackie, Head of Internal Audit, introduced the report that summarised the status of work in the 2021/22 Internal Audit Plan as at the end of January 2022. She noted that fourteen audits had been finalised, one of which received a substantial assurance opinion, ten receiving satisfactory assurance and three receiving limited assurance.

The Chair asked why parts of appendix six had been redacted. Moira Mackie said some references to specific companies, sites and shift patterns had been removed to avoid being able to identify individuals.

The Chair noted that the percentage of decanted tenants returned to their property within the projected work time scale (page 414) was very low compared to the target and asked how it would be managed going forward. Glendine Shepherd, Assistant Director of Housing Services, said the decant team would continue to monitor the process and try to minimise the stay in decant accommodation. Performance was reported monthly, and any issues were escalated to Mark Meehan (Chief Housing Officer) and Jon Pickstone (Strategic Director of Economy).

The Chair asked who was responsible for the performance indicator. Glendine Shepherd said it fell under the repairs service who were responsible for carrying out the works. She added that this work was being managed as part of the repairs improvement plan.

Councillor Alex Karmel asked if the emergency decant of Hartopp and Lannoy Points fell under the performance indicator. Glendine Shepherd said they were permanent decants and weren't included in those numbers.

Councillor Rowan Ree asked if the review into ransomware in part two of the internal audit plan had started – and if it would consider the heightened security risks due to the Russian invasion of Ukraine. Moira Mackie said the review was mid-way through. David Hughes said national guidance had been circulated to IT teams across the Country to make them aware of the increased risks. Councillor Ree asked for an update to be provided to members.

ACTION: Moira Mackie / David Hughes

Councillor Ree asked why the planned audit of Transformation, Talent and Inclusion was no longer taking place. Moira Mackie said the plan was a rolling plan and that area no longer had significant risk attached to it, so it was being removed to prioritise a higher risk area. After discussions with services, officers were confident they had robust monitoring in place.

Councillor Ree asked if officers were confident there were no issues with sickness absence and performance monitoring. Moira Mackie said she was confident in their reporting, monitoring, and communication to departments.

The Chair thanked officers for the report.

RESOLVED

The Committee noted the report.

6. INTERNAL AUDIT PLAN 2022/23

Moira Mackie, Head of Internal Audit, introduced the report on the proposed draft audit plan for 2022/23.

The Chair asked if Covid grant fraud would be included in the plan. David Hughes said Covid grant fraud work would be covered in upcoming Corporate Anti-Fraud reports coming to Committee. Audit officers had done a lot of work with the officers administering the grants, providing pre and post payment assurance around payments. And the National Fraud Initiative were verifying that work through a data matching process across the Country. He noted that Hammersmith and Fulham had relatively low instances of Covid grant fraud to date.

RESOLVED

1. That the Committee review the draft Strategic Audit Plan, as set out in Appendix 1, and consider whether it covers the persistent risks that the Council faces and outlines the business areas or themes that need to be considered as part of a five-year plan.
2. That the Committee review the draft of the Annual Audit Plan, as set out in Appendix 2, and comment on the audit work due to undertaken in the first quarter of 2022/23 and identify any specific audits to be considered during the coming year.

7. RISK MANAGEMENT HIGHLIGHT REPORT

David Hughes, Director of Audit, Fraud, Risk and Insurance, introduced the report that provided an update on risk management across the Council.

Councillor Alex Karmel asked if risk 28 (potential delay to the Civic Campus energy centre) would delay the Council's return to the Town Hall. David McNulty said the plan was to return to the Town Hall by April 2023, but it was right that the risk was flagged.

The Chair asked for reassurance on the Council's investment exposure to Russia following the invasion of Ukraine. Emily Hill said the Council had no direct holdings in Russian stocks. There was a global bonds fund held through the London CIV with some Russian bonds but it was only £1.4m or 0.4% of the fund. There had already been discussions with the London CIV about selling it.

Councillor Jonathan Caleb-Landy asked about the risks of inflation and disruptions to the supply chain. Emily Hill said inflation had been planned for and there was provision in the budget for it.

Councillor Caleb-Landy asked if officers were confident officers were managing information securely (referring to risks three and four). David Hughes said there were robust processes in place.

Members asked if staff had been impacted by the Russian invasion of Ukraine and how the Council was supporting them. David Hughes said support was available through HR for all colleagues who needed it. Sharon Lea, Interim Chief Executive, said it was on every Strategic Leadership Team agenda – looking after staff was a top priority.

RESOLVED

The Committee noted the report.

8. DATE OF NEXT MEETING

The date of the next meeting was noted as 21 June 2022.

Meeting started: 7.00 pm
Meeting ended: 8.30 pm

Chair

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Agenda Item 5

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 21/06/2022

Subject: Corporate Anti-Fraud Service Annual Report – 1 April 2021 to 31 March 2022

Report of: David Hughes, Shared Services Director for Audit, Fraud, Risk and Insurance

Responsible Director: Director for Audit, Fraud, Risk and Insurance

Summary

The Council takes its responsibilities to protect the public purse very seriously and is committed to protecting the public funds that it administers. This report provides an account of fraud-related activity carried out during the past year to minimise the risk of fraud, bribery and corruption occurring within and against the Council.

Work is undertaken by the Corporate Anti-Fraud Service (CAFS), providing a complete, professional counter fraud and investigation service for fraud attempted or committed against the Council and reinforces the Council's commitment to preventing, detecting and deterring fraud and corruption.

For the period 1 April 2021 to 31 March 2022, CAFS identified 131 positive outcomes. The fraud identified has a notional value of over £670,000.

Recommendation

1. For the Committee to note and comment on the report.

Wards Affected: None

H&F Values

Please state how the subject of the report relates to our values – delete those values which are not appropriate.

Our Values	Summary of how this report aligns to the H&F Priorities
Being ruthlessly financially efficient	CAFS supports the Council in its statutory obligation under Section 151 of the Local Government Act 1972 to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption. Where financial loss

	has been identified as a result of fraud, we will always seek to recover this loss either through the civil or criminal process.
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Contact Officer(s):

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Background Papers Used in Preparing This Report

None

INTRODUCTION

- 1.1. This report provides an account of fraud-related activity undertaken by the Corporate Anti-Fraud Service (CAFS) from 1 April 2021 to 31 March 2022 to minimise the risk of fraud, bribery and corruption occurring within and against the Council.
- 1.2. CAFS remains a shared service providing the Council with a complete, professional counter fraud and investigation service for fraud attempted or committed against the authority.
- 1.3. All CAFS work is conducted within the appropriate legislation and through the powers and responsibilities as set out within the financial regulations section of the Council's constitution. CAFS ensures the Council fulfils its statutory obligation under the Local Government Act 1972 to protect public funds and to have an effective system of prevention and detection of fraud and corruption.
- 1.4. The report also details activity and performance against the Council's Anti-Fraud and Corruption Strategy to assess its effectiveness, highlights some of the current and emerging areas of fraud risk, and provides an overview of the effectiveness of the Council's arrangements to minimise the risk of fraud.
- 1.5. During the financial year 2021/2022, CAFS investigated 426 cases, including 289 new referrals, and concluded 165 investigations. A conclusion ranges from a successful prosecution, through prevention activity, to action that deters fraud or no further action where there is no case to answer.
- 1.6. The table below shows this activity and details the fraud types.

Activity	Cases	Fraud types	Closed	Live
Live cases as at 01/04/21	261	Tenancy & Housing cases	96	218
New referrals received	222	Internal Staff	7	1
Closed investigations (Positive outcome 131)	187	High/Medium risk fraud	46	25
		Low-risk fraud	32	32
Live cases as at 01/04/22	296	POCA	6	20

- 1.7. For the period 1 April 2021 to 31 March 2022, CAFS identified 131 positive outcomes. The fraud identified has a notional value of over £670,000 and is detailed in the following table.

Activity	Year-end 2019/20		Year-end 2020/21		Year-end 2021/22	
	Fraud proved	Notional Values (£'s)	Fraud proved	Notional Values (£'s)	Fraud proved	Notional Values (£'s)
Housing application fraud (<i>incl. tenancy correction</i>)	6	3,000	4	6,560	19	47,480
Right to Buy	6	12,000	1	3,500	4	11,700
Advisory Reports (pro-active)	9	23,500	7	27,000	8	20,000
Prevention subtotal	21	38,500	12	37,060	31	79,180
Tenancy Fraud (Council and Registered Providers)	34	430,600	6	100,500	22	257,000
Internal Staff	10	64,000	11	38,500	3	9,000
Business Grants and Business Interruption Fund (COVID support)	n/a	n/a	46	460,000	42	184,367
High/Medium risk fraud (e.g. NNDR, Blue Badge/Resident Permits)	8	6,000	9	86,040	15	6,560
Low-risk fraud (e.g. Freedom passes, Council Tax, SPD)	20	22,992	8	5,267	12	25,454
Detection subtotal	72	523,592	80	690,307	94	482,381
Proceeds of Crime (POCA)	10	197,695	1	25,000	6	109,116
Press releases and publicity	1	15,000	-	-		
Deterrence subtotal	11	212,695	1	25,000	6	109,116
Total	104	774,787	93	752,367	131	670,677

- 1.8 Details of noteworthy cases are reported in Appendix 2.

WHISTLEBLOWING

- 2.1 The Council's whistleblowing policy continues to be the primary support route for staff wishing to report a concern.
- 2.2 Since April 2021, CAFS has received no new referrals via the Council's whistleblowing policy.

ANTI-FRAUD AND CORRUPTION STRATEGY

- 3.1 The Council's Anti-Fraud & Corruption Strategy covering 2020/23 is based on five key themes: GOVERN, ACKNOWLEDGE, PREVENT, PURSUE and PROTECT.
- 3.2 The Strategy is designed to heighten the Council's fraud resilience and demonstrate its protection and stewardship of public funds. It contains an action plan to provide management with a tool to ensure progress and transparency concerning counter-fraud activities.

i) GOVERN

A robust framework of procedures and policies

- 4.1 Minimising any losses to fraud and corruption is essential to ensuring that all of the Council's resources are used for their intended purposes and ensuring we remain ruthlessly financially efficient.
- 4.2 Staff are often the first to spot possible cases of wrongdoing at an early stage and are therefore encouraged and expected to raise any concern they may have without fear of recrimination. Any concerns raised will be treated in the strictest confidence and appropriately investigated.
- 4.3 A well-publicised anti-fraud and corruption strategy and framework of policies help build and develop a robust anti-fraud culture. This culture encourages staff and service users to participate in fraud prevention and report any suspicions.
- 4.4 Therefore, anti-fraud policies must be kept up to date to support and guide Council staff, ensure compliance with laws and regulations, guide decision-making, and streamline internal processes. The key anti-fraud policies are regularly reviewed, revised and presented to the Audit and Pension Committee for review and approval.

ii) ACKNOWLEDGE

Committing support and resource to tackle fraud

- 4.5 A vital element of a counter-fraud strategy is the ability of an organisation to call upon competent, professionally trained officers to investigate suspected fraud.
- 4.6 All CAFS investigators are members of the Government Counter Fraud Profession (GCFP), which provides a professional structure with common professional standards and competencies for those working in counter fraud roles.
- 4.7 The GCFP enables organisations like the Council to strengthen counter-fraud capabilities through cross-organisational skills mapping, knowledge sharing and coordinated learning and development programmes based on lessons learnt across the public sector and a structure to develop counter fraud capability.
- 4.8 Since April 2021, officers from CAFS have continued to enhance personal development by utilising the Council's Learning Zone to improve and maintain core skillsets and competencies, blended with specialist training to ensure investigators maintain Continuing Professional Development (CPD) per their membership of GCFP.

Demonstrating that it has a robust anti-fraud response

- 4.9 Counter-fraud activity is reported to the Audit and Pension Committee twice per year, detailing performance and action in line with the Anti-Fraud and Corruption Strategy. The annual performance report also describes the activity, achievements and outcomes against the strategic objectives. See Appendix 1.

- 4.10 CAFS report on investigation outcomes, including successful prosecutions, prevention activity, actions that deter fraud, or no further action where assurance is obtained that there is no case to answer.

iii) PREVENT

- 4.11 In addition to the specialist investigative role, CAFS continue to provide advice and support across the organisation, including the Council's partners and contractors.
- 4.12 This type of advice and support is essential during emergencies such as a pandemic when the fraud threat is higher than at other times for some services. For example, the Business Rates Team and the Business and Enterprise Team processing Discretionary Business Grants.

COVID-19 Counter Fraud Work

- 4.13 Throughout the financial year 2021/2022, CAFS has continued to provide investigative support to check the eligibility of applications for the Local Authority Discretionary Grants Fund. The fund aimed to support small and micro businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund.
- 4.14 Investigators worked closely with the Business and Enterprise Team to conduct preliminary checks where the processing team raised concerns regarding applications and asked CAFS to check and verify the details provided by the businesses applying.
- 4.15 In total, CAFS stopped 42 grant applications. The checks and verification undertaken by CAFS showed the businesses were not entitled to or eligible for the grant, ensuring funds were made available to those who genuinely needed help and assistance.
- 4.16 For reporting purposes, CAFS has valued a notional saving of £184,000 where their investigations and checks identified the applicant as being ineligible.

Corporate Investigations

- 4.17 Corporate investigations cover a wide range of different counter-fraud activities, including, but not limited to, financial investigations, complex third-party fraud investigations, contractor or employee fraud, or actions and activities that contribute towards a practical assurance framework.
- 4.18 Since 1 April 2021, corporate investigation work has included:
- School mandate fraud: Over the Christmas period, a local school became the victim of a scam totalling £36,000. On three separate occasions, the school received fake emails from a contractor asking for their bank account details to be changed and attached invoices which the school were duped into paying. CAFS was alerted, and action is ongoing to trace the money and the

perpetrators. CAFS also sent an alert to all LBHF schools reminding them to remain vigilant and provided advice and guidance on preventing this type of fraud, commonly known as "mandate fraud".

- **Sickness claim:** A referral from a Head of Service raised concerns that an agency staff member may have falsely submitted timesheets while on sick leave. LBHF no longer employed the authorising manager, so CAFS was asked to investigate retrospectively. Subsequent enquiries by an investigator revealed the former manager appropriately approved the timesheets. While the individual had been on sick leave, they legitimately claimed pay via their agency because they had Covid.
- **School admissions:** CAFS continue to assist School Admissions in fulfilling their statutory responsibilities, helping to check and verify prospective pupil's eligibility for school placements in Hammersmith & Fulham. CAFS provided additional assurance by validating 64 applications for secondary schools across the borough and will provide similar support for the intake of primary school pupils.
- **Parking fraud:** CAFS received a concern regarding a "parking free" housing development where it appeared residents had falsely obtained permits. The investigation revealed that the Planning Inspectorate for England and Wales had overturned the parking clause in the planning permission, and residents' permits were now allowed at the address.
- **Housing allocations:** An allegation was received that claimed insider fraud and the unlawful allocation of council properties. CAFS undertook an extensive review, including data analytics of all housing allocations, but found no anomalies or issues concerning property offers.

Housing/Tenancy Fraud

- 4.19 CAFS provides an investigative service to all aspects of housing, including requests for the succession or assignment of tenancies, allegations of subletting or other forms of tenancy breaches, and right to buy applications.
- 4.20 Between 1 April 2021 to 31 March 2022, CAFS successfully recovered 22 properties which were being misused. These have now been allocated or made available to those in genuine need of housing support.
- 4.21 Properties recovered include five three-bedroom properties, which are in high demand by families needing support and assistance. Full details of the successful investigation activity regarding social housing are detailed below.

Landlord	Location	Postcode	Size (bedrooms)	Reason for recovery	Outcome
Council	Verulam House	W6	1	Subletting	Property surrendered
Peabody	Beatrice House	W6	3	Subletting	Property surrendered
Council	Gibbs Green	W14	3	Subletting	Property surrendered
Council	Phipps House	W12	2	False statement	Court possession

Council	Ormiston Grove	W12	1	Subletting	Court possession
Council	Matheson Road	W14	1	Subletting	Property surrendered
Council	Wandsworth Bridge Road	SW6	3	Abandonment	Property surrendered
Council	William Banfield House	SW6	1	Abandonment	Property surrendered
Council	White City Road	W12	1	Abandonment	Property surrendered
Council	Browning Court	W14	1	Abandonment	Property surrendered
Council	Browning Court	W14	1	Abandonment	Property surrendered
Council	Star Road	W14	1	Abandonment	Court possession
Council	Bathurst House	W12	Studio	False statement	Court possession
Council	Sullivan Court	SW6	3	Abandonment	Court possession
Council	Lickey House	W14	1	Abandonment	Property surrendered
Council	William Morris House	W6	2	False statement	Property surrendered
Council	Swan Court	SW6	3	Abandonment	Property surrendered
Council	Sullivan Court	SW6	2	False statement	Property surrendered
Council	Sullivan Court	SW6	2	False statement	Court possession
Council	Hammersmith Grove	W6	1	Subletting	Property surrendered
Council	Roseford Court	W12	2	False statement	Property surrendered
Council	Lillie Road	SW6	2	Subletting	Court possession

National Fraud Initiative (NFI) 2020/21

- 4.22 A vital component of the anti-fraud and corruption Strategy is making better use of information and technology. Therefore, the Council participates in the biennial National Fraud Initiative (NFI), an electronic data matching exercise coordinated by the Cabinet Office.
- 4.23 The exercise aims to identify possible fraud, error and overpayments within public bodies, e.g. local authorities, central government, and the NHS. The Council has routinely participated in this initiative from its inception in 1996/97.
- 4.24 Over 1,200 public and private sector organisations participate in the NFI, including councils, the Police, hospitals, and nearly 100 private companies, all helping to identify potentially fraudulent claims and errors. The outcomes for the 2020/2021 NFI matching exercise are detailed below.

Matches	Fraud/Error	Amounts
Housing Benefits – overpayments recorded by DWP	28	£141,448
Blue Badge Parking Permits – cancelled by Parking Dept	269	£13,450
Resident Parking Permit – revoked following CAFS investigation	10	£156
Common Housing Register – removed following CAFS investigation	11	£36,080
	318	£191,134

- 4.25 The next NFI matching exercise 2022/23 will commence in September this year with the extraction of council data, with initial matching results available for review in Spring 2023.

iv) PURSUE

- 4.26 Stopping fraud and corruption from happening in the first place must be our primary aim. However, those who keep on trying may still succeed. It is, therefore, essential that a robust enforcement response is available to pursue fraudsters and deter others.

- 4.27 CAFS have an Accredited Financial Investigator within the service to ensure that fraud recoveries are a crucial objective of all investigations.
- 4.28 In October last year, CAFS undertook an investigation on behalf of Shepherds Bush Housing Group. Following a successful conviction for unlawful subletting, the financial investigator obtained a confiscation order for £98,008 under the proceeds of crime. In addition, the officer got a further demand for the defendant to pay costs of £44,876.

V) PROTECT

- 4.29 This aspect of the Strategy covers counter-fraud activity to protect public funds, protect the Council from fraud, and protect itself from future scams.
- 4.30 CAFS remains an active member of the National Anti-Fraud Network (NAFN). NAFN disseminate national fraud alerts, which are circulated by CAFS, to the appropriate departments. CAFS also offers support and advice to ensure proper action is taken in response to the warnings and to protect the Council from fraud.

List of Appendices:

Appendix 1 – Strategic objectives and counter-fraud activity, including notable cases.

CONSULTATION

- 5.1 The report has been subject to consultation with the Strategic Leadership Team.

EQUALITY IMPLICATIONS

- 6.1 There are no equality implications arising from this report.

LEGAL IMPLICATIONS

- 7.1 A range of legislation governs the work of CAFS, including the Police and Criminal Evidence Act, the Criminal Procedures Investigation Act, the Regulation of Investigatory Powers Act, the Fraud Act, the Prevention of Social Housing Fraud Act, the Proceeds of Crime Act, and Data Protect Act.

FINANCIAL AND RESOURCES IMPLICATIONS

- 8.1 Resources required to deliver on the Council's counter-fraud Strategy come from the budget allocated to the Corporate Anti-fraud Service. There are no additional resource implications arising from this report. Successful investigations and prosecutions can lead to the recovery of Council assets and money which are required to protect front line services.

RISK MANAGEMENT

- 9.1 The delivery of the counter-fraud strategy and associated policies contributes to the management of fraud risks faced by the Council, with proactive exercises supporting managers to put effective counter fraud and corruption controls in place in their systems and processes.

STRATEGIC OBJECTIVES	ACTIVITY AND ACHIEVEMENTS
GOVERN	
<p>Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.</p>	<p>CAFS has established and communicated the framework of anti-fraud procedures and policies throughout the year, which demonstrate a commitment to integrity and ethical values and combine to act as an effective fraud deterrent.</p> <p>Details of counter-fraud activity continue to be reported to the Audit and Pensions Committee twice-yearly detailing performance and activity in line with the Anti-Fraud and Corruption Strategy. Reports contained details of assurance work, significant cases and the level of fraud loss.</p> <p>CAFS has continued to review and promote the Council's anti-fraud-related policies and procedures. This ensures they remain "fit for purpose" and incorporate any legislative or regulatory changes. These policies are presented annually to the Audit Committee for review and approval.</p>
ACKNOWLEDGE	
<p>Accessing and understanding fraud risks: identify and assess the Council's fraud risk exposure, the changing patterns in fraud and corruption threats and the potential harmful consequences to the authority.</p>	<p>All counter-fraud activity undertaken during the year is used to inform fraud risk levels. While this includes individual cases and outcomes, the data obtained from proactive operations, service reviews and risk assessments are invaluable.</p> <p>CAFS have demonstrated significant flexibility and innovation to respond to changing fraud risks and has provided considerable support to the Council's response to the Covid pandemic. Most notably, in providing robust pre-assurance checks for the various streams of government grant funding provided for distribution to local businesses and the various discretionary schemes where businesses had to apply and submit evidence of hardship to obtain a grant.</p> <p>CAFS have well-established measurement criteria to calculate the value of preventative measures and the benefits of action and activities designed to deter potential fraud. In addition, CAFS has a detailed set of notional fraud values underpinned by a comprehensive handbook showing how CAFS has calculated the economic loss due to fraud in many different and diverse areas of the Council. The handbook is currently being used as the starting point for the work undertaken by a national working group trying to agree on a countrywide set of fraud values.</p>
<p>Committing the right support and tackling fraud and corruption.</p>	<p>The Council maintains a dedicated resource, the Corporate Anti-Fraud Service (CAFS), responsible for tackling fraud across the organisation and ensuring these counter-fraud specialists have the right skills</p>

	<p>commensurate with the full range of counter fraud and corruption activity.</p> <p>CAFS has ensured that LBHF is one of the first local authorities to become a full member of the Government's Counter Fraud Profession (GCFP), bringing together individual and organisational counter-fraud learning from across the public sector. As a result, all CAFS investigators are members of the GCFP, which provides a professional structure with common professional standards and competencies for those working in counter fraud roles.</p> <p>The collective membership process included evidencing competencies, suitable processes to review and assess staff training, and a commitment to personal development. A peer review from colleagues at the London Borough of Brent gave CAFS a top score.</p> <p>Since April 2021, officers from CAFS have continued to enhance personal development by utilising the Council's Learning Zone to improve and maintain core skillsets and competencies, blended with specialist training to ensure investigators maintain Continuing Professional Development (CPD) per their membership of GCFP.</p>
Demonstrating that it has a robust anti-fraud response	CAFS investigate allegations of fraud thoroughly and to the highest professional standards, where appropriate, seek the full range of civil, criminal and disciplinary sanctions and seek redress where possible.
Communicating the risks to those charged with Governance	<p>CAFS reports on counter-fraud activity to the Audit and Pension Committee twice a year, detailing performance against the Anti-Fraud and Corruption Strategy and its effectiveness. The report should include details of assurance work, significant cases and the level of fraud loss.</p> <p>During the financial year 2021/2022, CAFS investigated 426 cases, including 289 new referrals, and concluded 165 investigations. During this period, they identified 131 positive outcomes. The fraud identified has a notational value of over £670,000.</p>
PREVENT	
Making the best use of information and technology	<p>CAFS continue to use and participate in existing technological fraud prevention/detection methods.</p> <p>CAFS participates in the biennial National Fraud Initiative (NFI), an electronic data matching exercise coordinated by the Cabinet Office. The exercise aims to identify possible cases of fraud, error, and overpayments within public bodies. The most recent activity concluded this year and identified 318 instances of fraud or error, amounting to a value of over £190,000</p>

Enhancing fraud controls and processes	<p>CAFS review existing controls and process connected with individual fraud investigations. Where weak controls processes are identified, take action to improve them and reduce the risk of further fraud.</p> <p>CAFS regularly assesses new and emerging fraud risks, ensuring the fraud controls cover many possible fraud schemes and risk exposure.</p> <p>During this year, CAFS has worked closely with the Business and Enterprise Team to understand the risks associated with COVID Business Grants and devise a series of pre-payment checks to verify the details the businesses are applying. These checking controls ensured that 42 who were not eligible were refused.</p>
Developing a more effective anti-fraud culture	<p>Through requests for advice and assistance, CAFS constantly ensures that staff and management are aware of their responsibilities to prevent fraud and corruption.</p> <p>CAFS will continually refresh and promote the Council's anti-fraud-related policies and procedures, using internal publicity and training to enhance understanding and communicate them across the organisation.</p> <p>CAFS will maintain and refine a corporate anti-fraud training cycle, including regular refresher courses and e-learning modules, which should be mandatory for relevant groups of staff</p> <p>Design and deliver classroom-based training courses on fraud and fraud recognition that complement existing eLearning courses. Activity raises awareness of fraud and highlights the risks and consequences of fraud against the Council and its impact on the wider community.</p>
Communicating its' activity and successes	<p>CAFS continue to build its intranet presence with a new Sharepoint site providing details about the service and showcasing anti-fraud policies.</p> <p>Where fraud reviews identify areas for improvement, CAFS produces outcome reports and service reviews for management that highlight the action taken to enhance or improve fraud controls.</p>
PURSUE	
Prioritising fraud recovery and use of civil sanctions	<p>CAFS continues to ensure that the counter-fraud specialists have the right skills commensurate with the full range of counter fraud and corruption activity and apply a full range of sanctions. This has now been evidenced through the GCFP, where the membership process included evidencing competencies, suitable processes to review and assess staff training, and a commitment to personal development.</p> <p>Within the Service, CAFS have an accredited financial investigator who can use the powers of the Proceeds</p>
Developing capability and capacity to punish offenders	

	of Crime Act to seize and confiscate cash and assets obtained through fraudulent and unlawful means. The Act was established "to provide for confiscation orders concerning persons who benefit from criminal conduct". In 2021/22, CAFS obtained confiscation orders for £109,000.
Collaborating across departmental, geographical and sectoral boundaries	<p>CAFS has a memorandum of understanding (MoU) and protocols to facilitate joint working and liaise proactively with organisations and agencies to assist in countering fraud, sharing resources, skills and learning, good practice and innovation, and information. In addition to the Council's data-sharing agreements with agencies such as the Police or DWP, CAFS also have MoUs with UK Border Agency, HMRC and local Housing Associations.</p> <p>CAFS continue to actively maintain the authorities' membership in the National Anti-Fraud Network (NAFN) and the London Borough of Fraud Investigators Group (LBFIG).</p> <p>The Head of Service is an Executive Board Member of both NAFN and LBFIG and an Executive Board member of the Fighting Fraud and Corruption Locally Board, the responsible body for designing and implementing the national counter-fraud strategy for local authorities.</p>
PROTECT	
Recognising the harm that fraud can cause in the community.	<p>CAFS continues to work closely with housing associations operating across LBHF and similar stakeholders to help prevent and detect fraud at the earliest opportunity. Working with housing associations has helped prevent and detect fraud in social housing, protecting affordable housing units for the community.</p> <p>CAFS also provides support and guidance as requested across the community to help residents and stakeholders protect themselves against fraud and advice on referring their concerns to appropriate bodies when fraud occurs.</p>

APPENDIX 2

	Case Description

1.	<p>SCHOOL STAFF: The Police notified the Council that a staff member from one of the borough schools had been linked to a potential crime involving the transport of contraband to an inmate of an HM Prison. A person unknown had sent those contraband items via Royal Mail using the school's franking machine labels.</p> <p>CAFS investigation revealed that staff took school franking labels home during the pandemic lockdown so that urgent mail could continue to be sent out. Hence in this instance, the employee in question had them in their home.</p> <p>The investigation found no evidence that the employee had sent the items themselves. Instead, other family members had access to the labels.</p> <p>It was found that there was no requirement for the employee to take the franking labels home once they had returned to working in the school. Additionally, CAFS identified further issues regarding the security of the items, which resulted in the school's franking labels being used to send suspicious packages to prison and place the school and the Council at significant reputational risk.</p> <p>CAFS provided a full report of their findings to the school's governors, who dealt with the matter following their disciplinary policy.</p>
2.	<p>TENANCY: CAFS received an anonymous letter alleging that the tenant was subletting her council flat in William Banfield House, SW6, while living with her husband in Putney.</p> <p>Initial checks showed that the tenant had no financial footprint other than the tenanted address. However, the investigation uncovered a possible subtenant with several financial links to the William Banfield House address.</p> <p>The investigators carried out several unsuccessful home visits to the property. Eventually, in October 2021, CAFS investigators received a response when they visited. They found the subtenant in situ. The subtenant provided a written statement admitting they paid rent to the council tenant via cash transactions.</p> <p>In December 2021, the tenant was interviewed and agreed to sign a vacation notice and admitted to subletting the property. She was advised to ensure that the subtenant was out of the property by 2022 and the keys returned.</p> <p>Consideration to criminal prosecution was given, but due to health issues and the subtenant's reluctance to attend Court, along with all rental payments being made in cash, removing any audit trail, it was not deemed in the public interest to pursue.</p>
3.	<p>SUCCESSION AND RTB: When a tenant dies, a joint tenant, husband, wife or civil partner will usually be entitled to take over the tenancy. In certain situations, other family members who have been living with the tenant for a year up till the date they died may also have a right to take over the tenancy. They must provide documentary evidence to prove this.</p>

	<p>Following the death of a tenant in William Morris House, W6, the late tenant's son applied to succeed in the tenancy and make inquiries about the Right to Buy scheme.</p> <p>CAFS was asked to review the information provided to check eligibility and found the son linked to an address in Surrey and W12 rather than the William Morris House property.</p> <p>Enquiries with five independent organisations advised that the applicant had changed his address to the tenancy address in October 2020, the month and year of the tenant's death. One of these organisations provided sight of two driving licences. The first licence was issued at the Surrey address, and the second was issued in October 2020 at his late father's address in William Morris House.</p> <p>Furthermore, the bank statement provided as supporting evidence showed regular transfers to a female along with transfers narrated "girls' savings". The investigation traced the female to an address in W12 where she lived with two girls, both of whom had the same surname as the applicant, and checks of the birth certificates confirmed this.</p> <p>The investigator obtained the applicant's mobile phone data to check their location three months before the tenant's death. It captured 125 areas which were as follows;</p> <p>No postcode was recorded – five occasions. Postcode SW6 – five occasions Postcode W12 – 115 occasions Postcode W6 – no hits</p> <p>Given this information, Housing was instructed to serve a Notice to Quit (NTQ) on the William Morris House address. However, the applicant vacated the flat a week before the NTQ expired.</p>
4.	<p>TENANCY: At the start of the pandemic, intelligence received from the Police suggested that the tenant of a property in Matheson Road, W14 was not in the country and had emigrated to the Caribbean over two years ago.</p>

	<p>Investigators commenced enquiries and soon discovered that the tenant had travelled to Trinidad and Tobago several years ago. However, there were no travel records to show she had ever returned to the UK.</p> <p>Initial visits to the property were unsuccessful, although an evening visit enabled officers to enter the communal hallway. Here they heard the sound of a child in the flat. They knocked on the door, and a white female eventually answered. She said she was unwell and would speak with the officers at another time. She gave her name as that of the tenant. However, Council records show the tenant to be a black female.</p> <p>An agreed appointment took place at the property with the female and her child. She openly admitted living at the address and said the tenant was also there until about 2017, but she left to live overseas. However, she continued to pay rent to the tenant. Investigators took a statement from the sub-tenant. Housing was informed of CAFS findings and immediately served a Notice to Quit on the property.</p> <p>The investigator made further enquiries and obtained financial information, which indicated payments from the sub-tenant to the tenant. However, the bank statements showed only transactions overseas and money transfers. Her residency overseas prevented the Council from taking further action against her.</p> <p>In May 2021, the Court heard the repossession case, where the tenant did not attend or defend her case. As a result, the Court granted the Council an outright possession order.</p>
5.	<p>SUCCESSION: Neighbourhood Services referred a case to CAFS for background checks because the subject applied to succeed his later father's council property in Roseford Court, W12.</p> <p>Suspicion arose when a credit check indicated that the subject had no links to the tenanted address.</p> <p>CAFS carried out further credit checks and uncovered that the applicant had a mortgage with Barclays. Subsequently, CAFS enquired with HM Land Registry, which confirmed that he was a property proprietor in Camden.</p> <p>The application was rejected due to CAFS's findings, and shortly after, the subject vacated the property and handed in the keys, providing the Council with vacant possession, unchallenged.</p>
6.	<p>TENANCY and POCA (Shepherds Bush Housing Group): A case was initially referred by Shepherd's Bush Housing Group (SBHG) for investigation back in 2017 when a housing officer raised concerns about the non-residency of their female tenant in St Hilda's Close, W14.</p>

	<p>The investigation undertaken by CAFS failed to trace the legitimate female tenant but found a male suspect who claimed to be the tenant's partner. It transpired that he had been subletting the flat for £1,200 PCM.</p> <p>The defendant was subsequently charged under the Fraud Act 2006, and a restraint order enforced a freeze of all his assets. Ahead of his first court appearance, he returned the keys to the property, enabling SBHG to obtain vacant possession. He then attended Court and pleaded not guilty to the fraud charge claiming that he had not sublet the property, claiming the regular month receipts were for work he had undertaken for the subtenant, not rent. A trial date was set where the jury returned a unanimous guilty verdict.</p> <p>In December 2018, at Isleworth Crown Court, Her Honour Judge Paneth sentenced the individual to 12 months imprisonment, suspended for 18months, and ordered him to perform 200 hours of unpaid work. He had also broken his financial restraint order, and he was sentenced to custody for three months and suspended for 18 months.</p> <p>After significant and lengthy delays, due partly to the pandemic and the requests for adjournment made by the defence, the proceeds of crime hearing took place at Isleworth Crown Court in Oct 2021 before HHJ Paneth.</p> <p>HHJ Paneth declared that the defendant was assessed as holding available assets of £1.4m and ordered a confiscation against him for £98,008, which is the amount the judge believes he benefited from his crime and a further order for him to pay costs of £44,876.</p> <p>The defendant was given three months to pay. However, the matter remains adjourned due to bankruptcy applications and consideration for the Council to place charges on the defendant's property, where sufficient equity will secure the Council's confiscation order and costs.</p>
7.	<p>TENANCY SUCCESSION: When the tenant of a property in Gibbs Green, W14, died, the Council received a succession application from the tenant's son claiming to have lived continuously at the tenancy address since 1997. However, to support the application, he had submitted bank statements addressed to him at an address in Reading.</p>

	<p>Open-source research indicated that subject had been working in Reading since 2019, and subsequent checks with Reading Council revealed he was jointly liable for council tax at an address in Reading.</p> <p>The investigator initially spoke with the applicant to clarify the information provided to support his succession. He said he had not moved out of his father's property and set his wife up with a property in Reading but did not live there. At the end of the conversation, the investigator requested further documentary evidence from him. He again provided bank statements, but these merely showed additional transactions in and around the Reading area.</p> <p>The investigator then began to collate further evidence to show the applicant had been living in Reading at the time of his father's death and 12 months prior. This included the signed tenancy agreement for the Reading address in his name and confirmation from his ex-employers and current employers that his registered address was in Reading. Finally, proof from the Home Office that his wife's visa for entry to the UK was based upon their residency at the Reading address and his employment at his employer's Reading office.</p> <p>The subject was confronted with the evidence but refused to admit he was not eligible to succeed in his late father's tenancy. However, shortly after this encounter, he returned the keys to the housing officer. On 25/10/21, Housing confirmed that they had vacant possession of this three-bedroom property, which could now be allocated to someone in genuine need of support.</p>
8.	<p>TENANCY: Immigration Officers attended a flat in Lickey House, W14, and reported a possible non-residency to the Council. They believed that the named tenant, who they were looking for, may have moved from the address a decade ago.</p> <p>CAFS investigators visited the tenancy address with Neighbourhood Services colleagues and found a man in situ. He explained he was living in the flat with his brother and family. The genuine tenant was a resident when his brother came to live with him. However, the tenant moved out about eight years ago, leaving his brother in the flat. The brother was interviewed later and was very open and transparent. There was no evidence to suggest he had deliberately colluded with the tenant to take over the flat or obtain residency fraudulently. However, he was not the legal tenant.</p> <p>CAFS took no action against any of those living at the address. Still, repossession action commenced immediately, and following court action, the Council were granted possession of the one-bedroom property.</p>

Agenda Item 6

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 21/06/2022

Subject: Head of Internal Audit Annual Report 2021/22

Report of: David Hughes, Director for Audit, Fraud, Risk and Insurance

Responsible Director: Director for Audit, Fraud, Risk and Insurance

Summary

This report summarises the work of Internal Audit in 2021/22 and provides the opinion of the Director of Audit, Fraud, Risk and Insurance on the adequacy and effectiveness of the Council's framework of governance, risk management and control. This opinion is provided for the use of the London Borough of Hammersmith and Fulham and is used to support its Annual Governance Statement.

The report sets out a consistent level of assurance being obtained and provided for 2021/22 through the work of internal audit. This reflects the commitment to a robust assurance framework being led by the Chief Executive, through monthly SLT Assurance meetings, and through the delivery of the Ruthlessly Financially Efficient programme led by the Director of Finance.

Recommendation

1. For the Committee to note and comment on the report.

Wards Affected: None

H&F Values

Please state how the subject of the report relates to our values – delete those values which are not appropriate

Our Values	Summary of how this report aligns to the H&F Priorities
Being ruthlessly financially efficient	The work undertaken by Internal Audit helps to ensure that management have robust controls and practices in place to safeguard the Council's assets, controlling expenditure and maximising potential income to protect and invest in essential frontline services which are in place to meet the Council's priorities.

Contact Officers:

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Background Papers Used in Preparing This Report

None.

DETAILED ANALYSIS

1. From the Internal Audit work undertaken in the financial year 2021/22, reasonable assurance can be provided that the systems of internal control are effective with 91% of the audits undertaken receiving a positive assurance opinion (85% in 2020/21), with no Nil Assurance audits being reported for the sixth consecutive year (Appendix 1). There has also been an increase in Substantial Assurance audits issued, with seven issued in 2021/22 (five in 2020/21). Given the way in which the Audit Plan is constructed, it is not unusual for some reviews to be given a Limited Assurance rating and this does not indicate that there are pervasive issues with the Council's control environment but that there are actions required in specific areas to improve controls.
2. There are some areas where control improvements are required and compliance with agreed systems could be improved. In each case, action plans are either in place, or have already been implemented, to remedy the weaknesses identified. These will be followed up by the internal audit team until they are completed.
3. The Council was found to be effective, in most areas, at implementing recommendations where concerns in respect of controls were identified.
4. The report is a key element of the evidence supporting the Annual Governance Statement (AGS), which will be presented separately to the Committee with the Annual Accounts.

Internal Audit Work 2021-22

5. The Audit and Accounts Regulations 2015 require the Council to conduct a review of effectiveness of the system of internal control. This contributes to the Council priority of being Ruthlessly Financially Efficient. Detailed reports on the performance and outcomes of the internal audit work undertaken, have

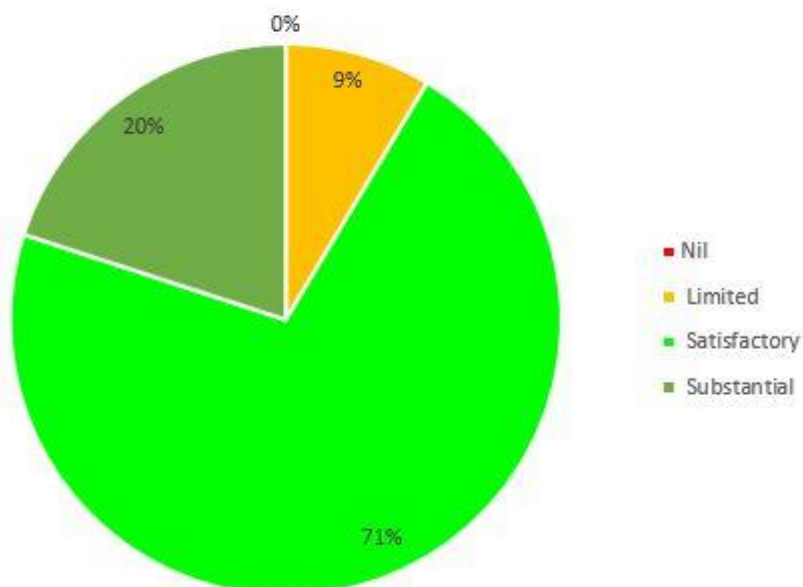
been presented regularly to the Council's Section 151 Officer and at each meeting of the Audit Committee.

6. Wherever possible, when planned audits are postponed, alternative work is identified or alternative sources of assurance are sought. Some of the audits could not be started until late in the final quarter of the year and are shown as in progress in Appendix 1 and a small number of audits were deferred until 2022/23, by agreement with the service, which are detailed in Appendix 2. The Internal Audit service has also liaised closely with the Council's senior managers to prioritise the audit work undertaken and to assist them in identifying other sources of assurance including the Director's Assurance Statements which were completed at the end of the financial year.
7. The internal audit service has been provided in accordance with the UK Public Sector Internal Audit Standards (PSIAS). During 2021/22, the Internal Audit Service undertook a self-assessment to verify PSIAS compliance which has identified general compliance with the Standards. Some improvements in reporting and planning have been identified and implemented in 2021/22.

Internal Audit Opinion

8. As the provider of the internal audit service to the London Borough of Hammersmith and Fulham, the Director of Audit, Fraud, Risk and Insurance is required to provide the Section 151 Officer and the Audit Committee with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements. In giving this opinion it should be noted that assurance can never be absolute. Even sound systems of internal control can only provide reasonable and not absolute assurance.
9. The opinion is that, at the time of preparing this report and based upon the work completed this year, the Council's governance, risk management and internal control systems in the areas audited were adequate with the exception of those areas detailed as Limited Assurance (see paragraph 20 below and Appendix 1). This is a positive opinion which means that the Council generally has effective internal control systems with 91% of audits receiving a positive assurance opinion. No Nil Assurance reports have been issued again this year.
10. In the above context it should be noted that:
 - This opinion is based solely upon the areas reviewed and the progress made by the Council to action internal audit recommendations.
 - Assurance can never be absolute neither can internal audit work be designed to identify or address all weaknesses that might exist.
 - Responsibility for maintaining adequate and appropriate systems of internal control resides with Council management, not internal audit.
11. Issues arising from Internal Audit work which have significant implications for the Council's assurance framework, will be included in the Annual Governance Statement which is reported separately to this Committee. The Annual Governance Statement also ensures that follow up action is taken to remedy the key control weaknesses found.

Assurance Levels for the year to 31 March 2022



Managed Services – Finance, HR and Payroll Systems

12. The Council's Finance, HR and Payroll systems are provided by the Integrated Business Centre (IBC) within Hampshire County Council (HCC). During 2021/22, HCC commissioned a Type 2 Report on the suitability of the design and operating effectiveness of service organisation controls which was prepared in accordance with the International Standard on Assurance Engagements (ISAE) 3402. The report was provided to the Director of Finance and provided reasonable assurance that the control objectives would be achieved.
13. In addition to the assurances provided by HCC, the Council is required to apply complementary controls and a sample of these controls are tested during the year.

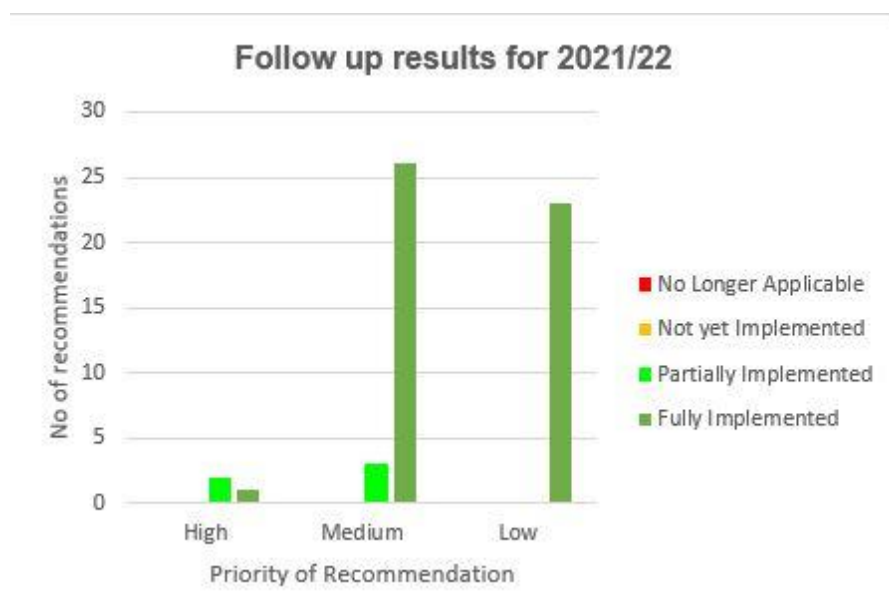
Ruthlessly Financially Efficient (RFE)

14. Outcomes from the RFE testing for the year are contained within Appendix 4. Exceptions and actions required are identified at the time of the testing and no significant issues were identified from the testing undertaken.

Follow ups

15. The implementation of audit recommendations is reported regularly to SLT Assurance and to the Audit Committee.

16. Follow up work is undertaken when the majority of the recommendations made are expected to have been implemented as indicated in an agreed management action plan. Sometimes recommendations cannot be fully implemented in the anticipated timescales. In these cases, where appropriate progress is being made to implement the recommendations, these are identified as partly implemented. Recommendations will be followed up until all high and medium priority recommendations are implemented or good progress in implementing them can be demonstrated. Where appropriate, the follow up is included in the next full audit of the area
17. Fifty-five recommendations were followed up in 2021/22 and the implementation of medium and high priority recommendations had been consistently effective with 89% of recommendations fully implemented and the remaining 11% partly implemented.



Additional Sources of Assurance

18. In addition to assurance audits undertaken during the year, the service has provided support and guidance in a number of areas including:
- Updating the Information Asset Register
 - Digital Accessibility
 - Programme Risk management
 - Housing Repairs improvement programme

This type of engagement with the services is taken into account when considering the overall opinion of the Council's governance, risk management and internal control systems together with outcomes provided from internal compliance and quality assurance checks and assessments from external bodies such as Ofsted and the Care Quality Commission.

19. Each year, the Council's Directors complete an Assurance Statement which is an opportunity for them to assess the governance arrangements and sources of assurance within their department. Any significant issues should be

identified and would feed into the Council's Annual Governance Statement. Internal Audit periodically test the content of Directors Assurance Statements, both to confirm their accuracy and to build upon our own picture of assurance across the Council.

Limited Assurance Reviews

20. There were a few areas where improvements in compliance with controls were needed with a total of three audits being designated as limited assurance as set out in the table below:

Service Area	Audited Area	Reported to Audit Committee
Schools	Vanessa Nursery	March 2022
Economy	Housing Decants	March 2022
Economy	Security Resources Management	March 2022

Substantial Assurance Reviews

21. As identified earlier in the report, seven Substantial Assurance reviews were issued in 2021/22 (two more than 2020/21) and are set out in the table below:

Service Area	Audited Area	Reported to Audit Committee
Finance	Treasury Management	March 2022
Resources: Democratic Services	Elections Readiness	September 2021
Schools	St Augustine's RC Primary	December 2021
Schools	Wendell Park Primary	December 2021
Schools	Brackenbury Primary	June 2022
Social Care	PFI Programme	June 2022
Environment	NNDR	September 2021

Consultation

22. The Director of Audit, Fraud, Risk and Insurance is required to provide an annual report and opinion on the Council's system of internal control under the Public Sector Internal Audit Standards. To enable this, an Internal Audit Plan covering the Council's key risks is devised in consultation with the Strategic Leadership Team and the work performed through this plan forms the basis of the annual opinion.

Legal Implications

23. Regulation 3 of the Accounts and Audit Regulations 2015 sets out the Council's responsibility for ensuring that it has a sound system of internal control which:
- Facilitates the effective exercise of its functions and the achievement of its aims and objectives.

- b. Ensures that the financial and operational management of the authority is effective, and
 - c. Includes effective arrangements for the management of risk.
- 24. Regulation 5 requires the Council to ensure that it undertakes an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
- 25. There are no particular legal implications arising from this report.

Implications verified by Grant Deg, Chief Solicitor (litigation and employment), 07798 588 766.

Financial Implications

- 26. The internal audit plan is delivered within the revenue budget for the service. Actions required as a result of audit work, and any associated costs, are the responsibility of the service managers and directors responsible for the areas which are reviewed.
- 27. The proposals contained in this paper have no additional resource implications for the audit service.

Implications completed by Andre Mark, Finance Business Partner, 020 8753 6729 and verified by Emily Hill, Director of Finance, 020 8753 3145.

Risk Management

- 28. The internal audit plan is developed and delivered to cover the key risks faced by the Council, to provide assurance on the key controls in operation and the effective management of key risks.

Implications verified by Moira Mackie, Head of Internal Audit, 07800 513 192.

List of Appendices:

- Appendix 1 Audits completed in 2021/22 and work in progress
- Appendix 2 Changes to the 2021/22 Audit Plan
- Appendix 3 RFE Testing Summary for 2021/22

Audit work completed in 2021/22

Plan Area	Auditable Area	Issued	Assurance level given	High Priority Recs	Medium Priority Recs	Low Priority Recs	Reported to Committee
Cross-cutting	Information Asset Register	n/a	Advisory	n/a	n/a	n/a	Jun-2022
Finance	Housing Rents (2020/21)	Sep-2021	Satisfactory	1	4	1	Dec-2021
Finance	Treasury Management (2020/21)	Nov-2021	Substantial	0	0	1	Mar-2022
Finance	Purchasing Cards	Jan-2022	Satisfactory	0	9	2	Mar-2022
Resources: Transformation Talent & Inclusion	Agency Spend	Feb-2022	Satisfactory	2	0	1	Mar-2022
Resources: Transformation Talent & Inclusion	Overtime	May-2022	Advisory	1	5	0	Jun-2022
Resources: Digital Services	Post Implementation Review (Techtonic) (2020/21)	Aug-2021	Satisfactory	0	2	2	Sep-2021
Resources: Democratic Services	Elections Readiness (2020/21)	Aug-2021	Substantial	0	0	0	Sep-2021
Resources	Employment Tribunals	Mar-2022	Satisfactory	0	4	0	Jun-2022
Resources	Accessibility Requirements	On-going	n/a	n/a	n/a	n/a	Jun-2022
Children's Services	Youth Endowment Fund Grant	Jul-2021	Advisory	1	1	0	Sep-2021

Plan Area	Auditable Area	Issued	Assurance level given	High Priority Recs	Medium Priority Recs	Low Priority Recs	Reported to Committee
Children's Services	SEN Recoupment (2020/21)	Jul-2021	Satisfactory	0	2	0	Dec-2021
Children's Services	School Bursarial Services (2020/21)	Dec-2021	Satisfactory	1	1	0	Mar-2022
Children's Services	Spot Contracts (2020/21)	Jan-2022	Advisory	0	4	0	Mar-2022
Children's Services	Placements (2020/21)	Jan-2022	Advisory	2	2	0	Mar-2022
Children's Services	Supporting People Claims	On-going	n/a	0	0	0	Jun-2022
Schools	John Betts Primary	Jun-2021	Satisfactory	0	1	4	Sep-2021
Schools	Avonmore Primary (2020/21)	Jul-2021	Satisfactory	0	5	2	Sep-2021
Schools	Miles Coverdale Primary	Sep-2021	Satisfactory	0	3	1	Dec-2021
Schools	St Augustine's RC Primary	Sep-2021	Substantial	0	0	2	Dec-2021
Schools	Wendell Park Primary	Sep-2021	Substantial	0	0	2	Dec-2021
Schools	Sir John Lillie Primary	Oct-2021	Satisfactory	0	3	2	Dec 2021
Schools	St John's XXIII Primary (2020/21)	Dec-2021	Satisfactory	0	6	2	Mar-2022
Schools	Flora Gardens Primary (2020/21)	Dec-2021	Satisfactory	0	3	2	Mar-2022
Schools	St Paul's CE Primary	Dec-2021	Satisfactory	0	2	2	Mar-2022
Schools	Vanessa Nursery	Feb-2022	Limited	1	4	5	Mar-2022
Schools	Brackenbury Primary	Mar-2022	Substantial	0	1	2	Jun-2022

Plan Area	Auditable Area	Issued	Assurance level given	High Priority Recs	Medium Priority Recs	Low Priority Recs	Reported to Committee
Social Care	Supervision – Compliance (2020/21)	Aug-2021	Satisfactory	0	2	7	Sep-2021
Social Care	Mosaic Financial Controls (2020/21)	Nov-2021	Satisfactory	0	4	3	Dec-2021
Social Care	PFI Programme	Apr-2022	Substantial	0	0	0	Jun-2022
Economy	Integrated Housing Management - Programme Management	Jun-2021	Satisfactory	0	3	6	Sep-2021
Economy	Service Charges (2020/21)	Oct-2021	Advisory	0	0	1	Dec-2021
Economy	Housing Decants (2020/21)	Oct-2021	Limited	3	5	4	Mar-2022
Economy	Security Resources Management (2020/21)	Dec-2021	Limited	1	9	0	Mar-2022
Economy	Corporate Health & Safety (2020/21)	Jan-2022	Satisfactory	1	4	0	Mar-2022
Economy	Homelessness (2020/21)	Jan-2022	Satisfactory	0	5	0	Mar-2022
Economy	Maintenance of Play Equipment	Mar-2022	Advisory	0	4	2	Jun-2022
Economy	Housing: Gas Safety	Apr-2022	Satisfactory	0	2	1	Jun-2022
Economy	WorkZone	May-2022	Satisfactory	0	6	2	Jun-2022
Environment	NNDR (2020/21)	Jun-2021	Substantial	0	0	1	Sep-2021
Environment	Grounds Maintenance – Contract Monitoring (2020/21)	Aug-2021	Satisfactory	0	3	1	Sep-2021
Environment	Property Management (Techforge)System	Oct-2021	Satisfactory	0	2	4	Dec-2021

Plan Area	Auditable Area	Issued	Assurance level given	High Priority Recs	Medium Priority Recs	Low Priority Recs	Reported to Committee
Environment	Parking PRP Admin (2020/21)	Dec-2021	Satisfactory	1	2	5	Mar-2022
Environment	CCTV Contract Management (2020/21)	Dec-2021	Satisfactory	0	3	0	Mar-2022

Audit work in progress

Plan Area	Auditable Area	Status
Cross-cutting	Debt Management	Draft report issued May 2022.
Resources	Equalities Impact Assessments	Fieldwork in progress.
Digital Services	Asset Management	Fieldwork in progress.
	Ransomware	Fieldwork in progress.
Children's Services	SEN (Advisory)	Fieldwork complete and draft report being prepared.
	No Recourse to Public Funds (Advisory)	Draft report issued February 2022.
Schools:	Old Oak Primary	Draft report issued May 2022.
	William Morris 6 th Form	Fieldwork complete and draft report being prepared.
	Bayonne Nursery	Draft report issued May 2022.
	Thematic Review: VAT	Fieldwork complete and draft report being prepared.
Social Care & Public Health	Hospital Discharges	Fieldwork in progress.
Economy	Disrepair Legal Claims	Draft report issued February 2022.
	DLO: Communal & Programmed Remedial Works	Fieldwork complete and draft report being prepared.
	Fire Safety	Fieldwork complete and draft report being prepared.
	Tenant Service Charges	Fieldwork complete and draft report being prepared.
	Lift Maintenance	Fieldwork complete and draft report being prepared.
	Housing Repairs - Operations	Fieldwork complete and draft report being prepared.
	Housing Repairs – Contact Centre	Fieldwork in progress.

Plan Area	Auditable Area	Status
	Capital Projects – Post Completion Records	Fieldwork in progress.
	HRA Cost Apportionment	Fieldwork in progress.
Environment	Leisure Centres (GLL)	Draft report issued February 2022.
	NNDR	Fieldwork in progress.
	Council Tax	Fieldwork in progress.
	Housing Benefits	Fieldwork in progress.

Changes to the 2021/22 Internal Audit Plan

The table below shows any audits removed from the 2021/22 plan, following discussions with management, or deferred to a future year.

Plan Area	Auditable Area	Reason Audit not Undertaken
Cross-cutting	VAT	Agreed to defer to 2022/23 due to priorities.
	Contract Monitoring Framework	Agreed to include in 2022/23.
	Business Continuity	Deferred to 2022/23 to allow for implementation of system.
	Programmes & Project Management	Completed IHMS advisory in year – consider in future years as appropriate.
Finance	Capitalisation of Works	Agreed to include in 2022/23.
Resources: Transformation Talent & Inclusion	<ul style="list-style-type: none"> Sickness Absence Performance Management Annual Leave 	Agreed, no longer required as higher priority audits identified.
Resources: Digital Services	IT Audit Needs Assessment	Agreed to include in 2022/23.
	IT Remote Working Resilience	Agreed to include in 2022/23.
	IT Service Continuity Plans	Agreed to include in 2022/23.
Schools	Larmenier Sacred Heart Primary	Deferred to 2022/23 as requested by the school.
Social Care & Public Health	Integrated Care Partnerships	To be considered for a future year due to other priorities.
	S75 Agreement (West London HHS Trust)	No longer required.
	Commissioning & Procurement	Deferred to 2022/23 as agreed with the service.
Economy	Leaseholder Debt	Agreed to include in 2022/23.
	FOI/ SARs	Agreed to defer to 2022/23.

Ruthlessly Financially Efficient Summary of Findings: April 2021 to March 2022

No	Key Control Objectives	Process	Assessment	Findings
1.	Manual Payments			
	To ensure that manual payments could not have been paid earlier through the standard payment process.	A "Non-System Payment Request" form is completed and authorised by a manager in accordance with the Scheme of Delegation before being sent to the Corporate Finance team for processing. The request is reviewed by Corporate Finance to ensure that it is valid and accurate prior to the payment being made via Bankline.	Green	Over the course of the year, a total of 65 manual Payments were selected for testing. In all cases it was confirmed that: <ul style="list-style-type: none"> All payments had a corresponding completed Non-System Payment Request form. All evidenced as having been submitted to the Corporate Finance team with the required approval provided by an authorised manager. All payments had evidence of being previewed by the Corporate Finance team prior to being issued to Hampshire Council for payment.
2.	Refunds			
	To ensure that evidence is available to support the refund.	A spreadsheet is completed by Service areas with details of the refund together with the recipient's bank details and the reason for the refund. Refund requests are authorised by a manager in accordance with the Scheme of Delegation before being sent to the Corporate Finance team for submitting to credit control in Hampshire Council for processing the refund. Once the refund has been processed, Hampshire Council sends a confirmation email to Corporate Finance.	Green	A total of 75 refunds made during the year were selected for testing. Evidence of approval was provided in all but 3 cases (4%). It was noted that each of the refunds in our sample was issued to Hampshire Council, with confirmation received that the refund had been processed.
3.	Waivers			
	To ensure that waiver applications are on bona fide forms with relevant justification, approved according to Contract Standing Orders (CSO) and uploaded to the Capital eSourcing System.	<p>In the event that any requirement of the Contract Standing Orders (CSO) cannot be complied with the Senior Leadership Team member may apply for a waiver of the relevant CSO.</p> <p>A waiver can only be granted where one of the grounds specified in Section E of the CSO is applicable.</p> <p>It should be noted a waiver cannot be sought in relation to any legal requirements contained in the Regulations or other legislation.</p> <p>Waivers are to be approved in accordance with</p>	Green	<p>A total of 42 waivers were reviewed, 22 submitted during Q1 and 20 from Q4. Q1 findings:</p> <ul style="list-style-type: none"> each waiver form completed outlined the justification for particular waiver in accordance with the grounds in the CSO. One of the sample was not signed by the approving officer. Approval by CAB for six of the sample could not be evidenced. Of the 19 applicable waivers, only five had been uploaded to the eSourcing system. <p>Subsequent to this testing, it was noted that the SLT has recently agreed a new function to address weaknesses in the waiver process. A quarterly test is in place to ensure waiver request forms are completed, signed by the decision maker following a submission to the Contracts Assurance Board (CAB) to make a recommendation and be uploaded onto the eSourcing system.</p>

No	Key Control Objectives	Process	Assessment	Findings
		23.1 (Authorising a Waiver) of the CSO.		<p>Testing of approvals of 20 waivers made in Q4 found that:</p> <ul style="list-style-type: none"> All had waiver request forms in place and had been submitted to CAB for recommendation (in accordance with 23.1 of the CSO). All CAB recommendations with relevant CSO references were documented as part of the justification on waiver request forms. High value contracts over the EU service threshold (£213,477) require comments from Legal Services. For the five high value contracts identified, we confirmed legal implications were provided by Senior Solicitors or the Chief Solicitor. According to 23.3 of the CSO, retrospective waivers cannot be granted but will be noted. For the five retrospective waivers identified, we confirmed they were all noted by the Head of Procurement or Director of Resources. For the remaining 15 waivers, we found that one waiver had not been signed. The Assistant Director of Procurement and Commercial has only been granted the ability to sign waivers following the update of the CSO on 28 March 2022 and is currently in the process of signing all waivers. Of the 18 applicable waivers, 4 had been correctly uploaded onto the Capital eSourcing System, one was noted as incompletely uploaded, nine had yet to be uploaded and the status of the other four waivers was unknown. <p>The testing indicated an improvement in the process for documenting and approving waivers to Contract Standing Orders between quarters 1 and 4. Further testing for compliance will be undertaken in 2022/23 with a focus on accurate recording in Capital eSourcing (see also test 7).</p>
4.	Credit Notes			
	To ensure that evidence is available to support the credit and that credits are cleared in a timely manner.	<p>Requests for credit notes are only processed where there is evidence of credit due and where approval for the request has been provided.</p> <p>Credit notes should be cleared from accounts in a timely manner.</p>	Green	<p>Discussion with the Finance Systems Manager confirmed that credit notes are raised through the relevant service line. A workflow system is in place that only allows for a credit note to be issued by the Finance team after it has been approved by the relevant manager. Where a credit note is not approved within one month of being raised, it is automatically rejected.</p> <p>The Finance Team are only responsible for ensuring that the credit note has been issued and are not involved in the approval process. For a sample of 51 credit notes, we confirmed that credit notes were processed in a timely manner.</p> <p>The IBC process requires credit notes to be approved by the requestor's line manager. This is based on pre-set authorisation limits and an individual cannot approve their own credit note. This is an automatic workflow.</p>

No	Key Control Objectives	Process	Assessment	Findings
5.	Expense Claims			
	To ensure that supporting receipts are available for all expense claims.	<p>Up to £999 of expenses can be claimed by a member of staff in a single claim. Staff are required to confirm that they have a receipt of purchase, as there is no facility for uploading receipts.</p> <p>From August 2019 IBC have undertaken monthly monitoring of a sample of expense claims and request managers to confirm that the claims are valid. Where a response is not received from the managers sampled tested, a report is provided to Strategic Director of Finance and Governance for investigation and action.</p>	Amber	<p>A sample of 25 expenses claims was selected. Evidence of expenditure was requested from claimants with 18 responses received (72%). From the responses received, five claims were identified as potential exceptions.</p> <p>Access to the expenses report in a timely manner will be discussed with the Head of People Operations as well as the potential exceptions identified in the Q4 testing. It should be noted that none of the potential exceptions are considered to be significant items.</p> <p>Further compliance testing will be undertaken in 2022/23.</p>
6.	Additional Allowances			
	To ensure that there is evidence of a supporting rationale for the payment.	<p>Employees may temporarily be required to 'act-up' into the full or majority of the duties of a job role evaluated at a higher grade than that of their substantive position. In addition, secondments may be set up leading to the temporary transfer or loan of an employee to another part of the Council.</p> <p>The line manager adds the additional allowance to an employee's pay through the self-service function in IBC.</p> <p>An honorarium or acting up payment will normally be paid for activities for between 4-26 weeks.</p> <p>Authorisation at Assistant Director or Director level is required. The agreement of the Director will be necessary for any honorarium or acting up payment that is intended to or is likely to exceed 26 weeks.</p> <p>Whilst an allowances report can be obtained from HR, individual managers hold information such as:</p> <ul style="list-style-type: none"> •The reason for the honoraria payment •Evidence of management authorisation •The start and end date of the payment 	Green	<p>Walkthrough testing with the Head of People Operations confirmed that honoraria payments are authorised by the line manager of the recipient by adding an additional allowance to an employee's pay for up to 26 weeks through the manager's self-service area on IBC.</p> <p>We selected a sample of ten honoraria payments from Quarter 4 for testing and confirmed that the reasons for all payments were appropriate and authorised by line managers of recipients who were Assistant Director/Director level.</p> <p>Six of the seven payments made that had exceeded, intended to or likely to exceed 26 weeks, were agreed by Director level. One payment was intended to be paid for 30 weeks which was approved by the Strategic Lead who had authorised Assistant Director responsibilities.</p>

No	Key Control Objectives	Process	Assessment	Findings
7.	Contract Spend Analysis			
	<p>To ensure that the contracts register contains all relevant details of procurement activity at the Council.</p>	<p>For all high value Contracts or contracts which are considered high risk, a Contract Manager must be identified during the tender period, with their details added to the corporate Contract Register under the entry for the relevant contract.</p> <p>Budget holders must check that services, goods and works have been delivered to the required standard before goods are 'receipted' and invoices approved. Officers checking and approving invoices must ensure invoices are in line with agreed contracts, should challenge suppliers and contractors where necessary before any payments are made and should ensure that any penalties or rebates are claimed.</p>	<p>Amber</p>	<p>A spreadsheet is in place listing the top suppliers by department, which shows the total contract value of each contract. Of 60 suppliers listed across ten departments, we were only able to identify 20 suppliers with contracts uploaded onto Capital eSourcing.</p> <p>In addition, we were unable to verify whether there are Contract Managers for high-risk contracts and whether their details were added to the corporate Contract Register.</p> <p>We reviewed the 2022 Contract Register for Quarters 1 to 3 and noted that there is also no expenditure report in place. Due to a lack of system integration, expenditure has been manually matched from the finance system to existing contracts by the Assistant Director of Procurement and Commercial. Since an expenditure report is not currently in place, we were unable to test whether invoices had been checked and approved in line with agreed contracts.</p> <p>A review in Q4 confirmed that the Council's Contract Register is incomplete and we were advised that the Council is currently in the process of uploading all contracts above £5,000 onto Capital eSourcing.</p>

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 21/06/2022

Subject: Risk Management Highlight Report

Report of: Director of Audit, Risk, Fraud and Insurance

SUMMARY

The purpose of this report is to provide members of the Audit Committee with an update on risk management across the Council.

RECOMMENDATION

1. For the Committee to review, note and comment on the report.
-

Wards Affected: None

H&F Values	Summary of how this report aligns to the H&F Values
<ul style="list-style-type: none">• Building shared prosperity	<i>Good risk management helps to: maintain and promote the Council's reputation;</i>
<ul style="list-style-type: none">• Creating a compassionate council	<i>Is an enabling tool to help protect residents and staff including some of the most vulnerable in society;</i>
<ul style="list-style-type: none">• Doing things with local residents, not to them	<i>Place people, businesses and the wider community at the heart of everything we do;</i>
<ul style="list-style-type: none">• Being ruthlessly financially efficient	<i>Ensure robust financial and information management and supports internal control, opportunity and innovation;</i>
<ul style="list-style-type: none">• Taking pride in H&F	<i>Protect valuable assets and the built and natural environment.</i>
<ul style="list-style-type: none">• Rising to the challenge of the climate and ecological emergency	<i>Enabling an approach to climate-sensitive decision making</i>

Financial Impact

The current and future context for local government represents a significant risk to the council with the ongoing challenge of delivering services and increased demand with reduced funding levels. This is further impacted by the coronavirus pandemic and wider economic factors leading to rising costs and inflation. This has seen the council incur additional expenditure whilst at the same time seeing reductions in the level of resources available through a combination of lower income levels and inherent pressures that existed prior to Covid-19 which must also be managed.

There are no specific financial implications arising from this report. Services are expected to manage their risks within current budgets. Where additional funds are required to mitigate or manage risks, separate decisions reports will be required for the approval of unbudgeted expenditure. The council holds a corporate contingency budget and adequate levels of reserves to enable it to manage unforeseen costs.

A standing corporate risk, Financial Management of in-year budget and Medium-Term Planning, identifies the risks to balancing the budget in response to continued government funding and demand pressures faced by the Council and the sector more generally and is assessed as high risk. The in-year position is reported in the Corporate Revenue Monitor to Cabinet and includes financial risks. Other corporate risks also identify financial pressures arising from demand and complexity of service provision which need to be managed.

Comments verified by Emily Hill, Director of Finance, 13 June 2022

Legal implications

There are no particular legal implications arising from this report.

Comments verified by Adesuwa Omoregie, Assistant Director of Legal Services, 13 June 2022

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Background

1. To achieve the ambitions, outcomes and priorities set out in our Business Plan, it is essential that we continue to understand, manage and communicate the diverse range of risks and challenges that could threaten the organisation and vital services. Risks originate from a variety of sources, many of which are out of our direct control for example global events such as the coronavirus pandemic, the Russian invasion of Ukraine, Brexit, economic or market shocks, austerity or from climate change. More localised incidents can impact on residents, individuals, services and infrastructure.

2. It is paramount that all risks are clearly identified, managed and reported through the relevant channel. Risks can never be eliminated entirely but proportionate and targeted action can be taken to reduce risks to an acceptable level. Furthermore, the work of the Council's Policy and Accountability Committees is acknowledged as a source of robust and additional assurance for the management of risk across its services.
3. Effective governance and management of risks are particularly significant as funding for local government has diminished authorities' objectives and are becoming increasingly fundamental and relate, for instance, to continuing to meet statutory service obligations. Arrangements must therefore be effective in a riskier, more time-pressured and less well-resourced context.
4. Local authorities are required to maintain a sound system of internal control, including risk management, internal audit, and whistleblowing arrangements. Risk management is the application of Council strategies, governance, policies and processes to identify and manage risks that are unacceptable to the Council. Managing risk processes effectively enables the Council to safeguard against potential threats and take advantage of potential opportunities to improve services whilst continuing to provide better value for money for residents, visitors, local businesses and service users.
5. The Council is accountable to the public for its performance and financial management. This means that the Council naturally has a low appetite for risk, however as financial challenges continue the Council will need to take carefully considered risks to develop new and innovative ways to deliver services, support communities and ensure the long-term wellbeing of communities is not impaired by decisions made in the short term. This makes good risk management essential.
6. As part of its governance arrangements, the Council's approach to risk management requires Directors, managers and staff, through their departmental Senior Management Teams, to:
 - identify risks;
 - assess the risk;
 - agree and take action to manage the risk; and
 - monitor, review and escalate risks.
7. The Council has robust risk management arrangements in place which feed into the Corporate Risk Register, which is set out in Appendix 1. This register contains the most significant cross-cutting risks that could impact on the outcomes that are set out in the Council's priorities. These risks can be internal or external facing.
8. Internal risks relate to the organisation itself and cover areas such as programmes, workforce, business continuity, safety or technology. External risks are those that can affect the local area, its people, communities, businesses and infrastructure where the Council often has a role, in partnership, to mitigate them.

9. Risks relating to the coronavirus pandemic remain under close review and the ongoing efforts to increase vaccination rates as well as promoting and encouraging uptake of the vaccine booster.
10. Officers continue to review and assess the impact of and implications for residents and the Council from the events in Ukraine. This includes ensuring that risks relating to the supply chain/contracts and cyber security are being appropriately and robustly mitigated and where support is needed for those residents with families in Ukraine and neighbouring countries.
11. This report provides the Committee with an updated Corporate Risk Register, presenting a suite of risks as reviewed by the Council's Strategic Leadership Team (SLT).

Changes since March

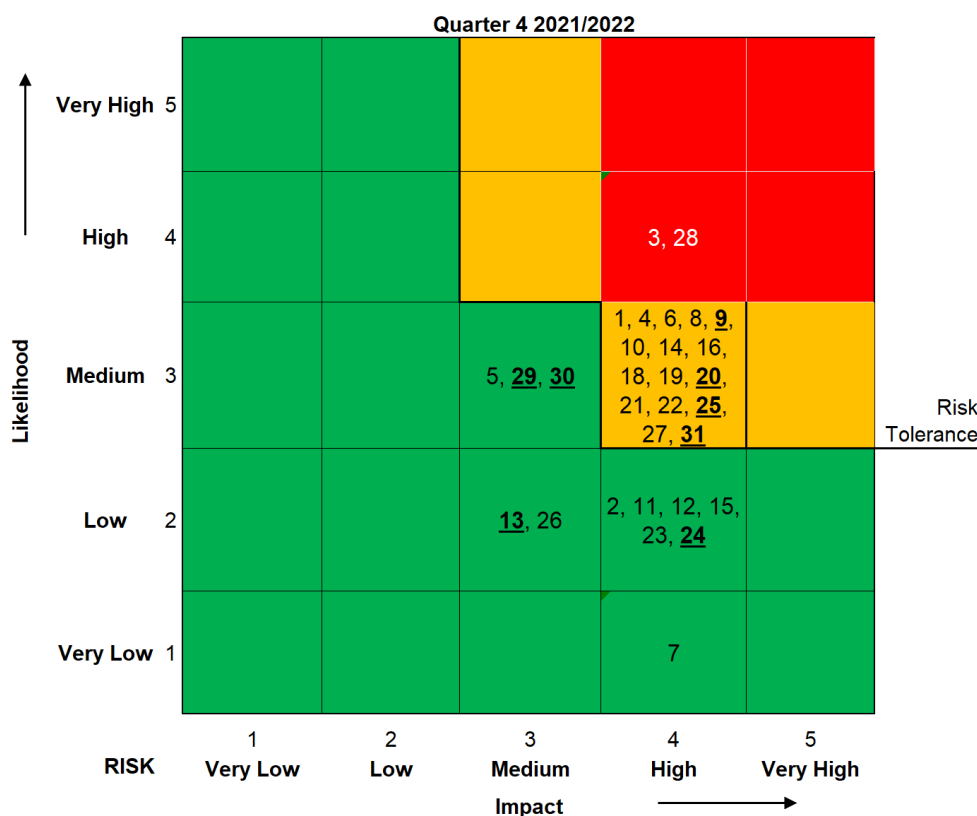
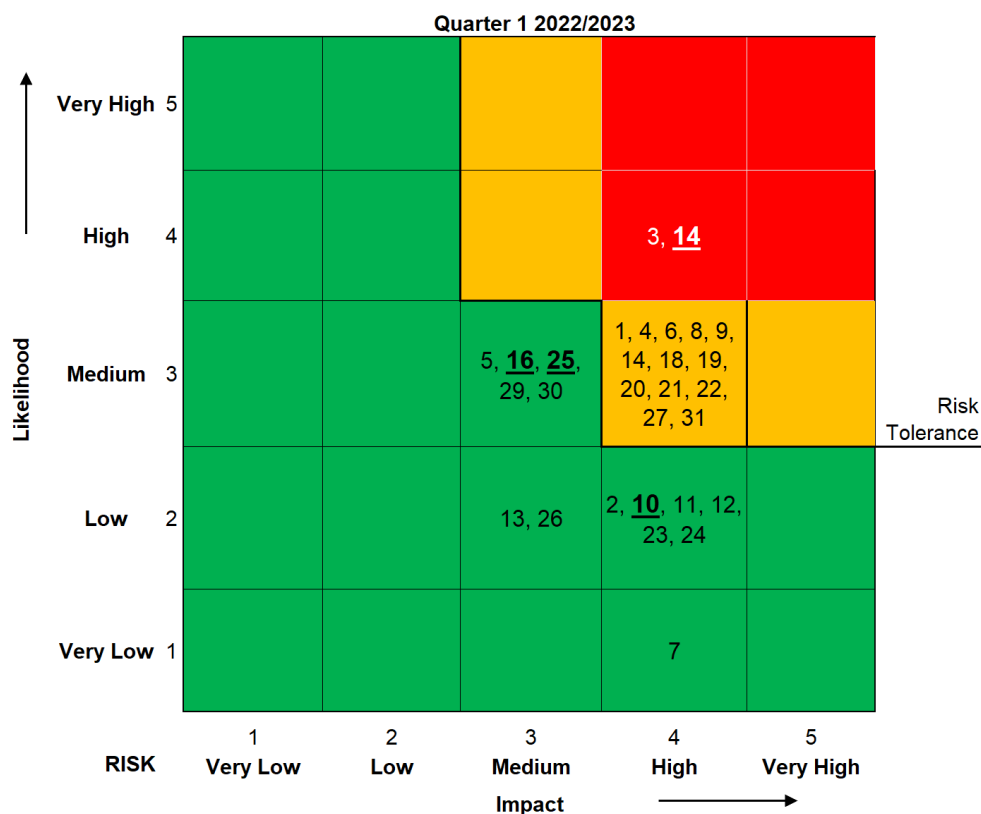
12. At its meeting on 1 June 2022, SLT Assurance reviewed the Corporate Risk Register and agreed a number of changes which are reflected in the updated Risk Register provided in Appendix 1.
13. One risk (Risk 14) has had its rating increased since March 2022, due to the incident which occurred on the Civic Campus site on 11 May 2022, which is being investigated by the Health and Safety Executive. As a result, part of the site remains closed and there is an ongoing assessment of the impact on the programme.
14. Three risks have had their rating reduced since March:
 - Risk 10 due to the reduction in the UK terror threat level.
 - Risk 16 - there has been general downward trend throughout this year and mitigations have been implemented including a fully integrated sovereign Children's Placements Team has strengthened arrangements; improved processes including negotiation with provider organisations; use of the Careplace system and procurement to support the underspend.
 - Risk 25 due to reduction in case numbers following the ongoing vaccine rollout, although monitoring continues and arrangements can be reinstated if needed.
15. Two risks have been closed since March:
 - Risk 15 due ongoing monitoring arrangements and the roll out of the early intervention offer.
 - Risk 28 which has now been superseded by Risk 14 (see paragraph 13 above).
16. No new risks have been added to the Register since March 2022.

Corporate risk register – heat map

17. The Corporate Risk Register is set out in Appendix 1 and summarised in the following Heat Map as at Quarter 1 for 2022/23, with the Quarter 4 2021/22 Heat

Map provided for comparison. Risks which have been subject to change since the Quarter 4 Risk Register was reported to the Committee in March 2022 are shown in the larger bold underlined type:

OVERVIEW RISK HEAT MAP



Risk appetite

18. The Council remains accountable to the public for its performance and financial management. This means that the Council naturally has a low appetite for risk, however as the Covid-19 outbreak continued through a second successive wave the Council needed to take carefully considered risks and develop new and innovative ways to continue to deliver services, support and ensure the long-term wellbeing of communities is not impaired by decisions made in the short term. This makes good risk management essential.
19. This report provides assurance on the Council's corporate risk management arrangements, explaining the internal control arrangements in place at a strategic level. It provides one of the sources of assurance the Committee can consider when approving the Annual Governance Statement. It also enables the Committee to fulfil its roles under the Committee's Terms of Reference to review the adequacy of Council's Corporate Governance arrangements, including matters such as internal control and risk management.

Conclusions

20. Local authorities will continue to face significant pressures over the coming months responding to the ongoing coronavirus pandemic combined with financial pressures and the other concurrent demand led pressures. Council officers and services continue to respond with partners to changing circumstances at pace, interpreting and implementing new guidance and regulations as they arise.

LIST OF APPENDICES

Appendix 1 – Corporate Risk Register

Appendix 1 - Corporate Risk Register – June 2022

Priority	Risk	Risk No.	Q4 21/22 Likelihood	Q4 21/22 Impact	Q1 22/23 Likelihood	Q1 22/23 Impact	Current position	Residual Exposure	Status	Lead Director/ Risk Owner
Being ruthlessly financially efficient	Commercial, contract management and procurement risks, rules, outcomes, social value, management of spend and contractor performance management.	1	3	4	3	4	<p>Work continues in support of the Ruthlessly Financially Efficient Action Plan. Atebios (Cardiff City Council) carried out a Peer review of the Council's operating model for Commissioning and Procurement and recommended that the Procurement function is centralised. Actions are now being taken to centralise the Service. The Corporate Procurement Team are reviewing contract expenditure and sample checks on goods receipting is taking place. The Contracts Assurance Board meets weekly, compliance with governance, legislation, the Council's Social Value Policy and RFE are reviewed.</p> <p>Under the category of IT system procurement, Digital services supports departments through procurement process with Strategic Relationship Managers and project delivery team. A robust process to comply with standing orders exists as well as fortnightly contract monitoring process.</p> <p>Assistant Director Procurement and Commercial in post and restructure of function proposed.</p>	M	Stable	Emily Hill
Being ruthlessly financially efficient	Failure to maintain services to residents in the event of significant events/incidents where business resilience risks (systems, processes, resources, IT) may be compromised.	2	2	4	2	4	The Council must remain vigilant and ensure business continuity plans are robust, particularly in the event of contractor failure or Public Health issue. All Service departments are required to review, and refresh plans periodically, including in respect of the Coronavirus pandemic and threat of an act of terrorism in London. Where services have updated continuity plans, they will be reviewed by the Emergency Planning Team. The recent alerts from the Cabinet Office and Public Health England had resulted in the risk levels being increased, although in February 2022 it was lowered from 'severe' to 'substantial'.	L	Stable	Sharon Lea
Being ruthlessly financially efficient	Failure to maintain services to residents in the event of IT systems being compromised and affecting service resilience.	3	4	4	4	4	The Council continues to monitor and mitigate external risks which may affect its IT systems, including attempts to breach our network through cyber-attacks, on-going security patching, the robustness of our supplier chain and overall disaster recovery provision against a backdrop of increasing costs. Digital services held mitigation workshops October-December 2021 with service leads to provide advice and prompt consideration of alternative options actions to take in the event of IT systems being unavailable. This will both inform Digital Services' disaster recovery plans and assist services to update business continuity plans where appropriate. Internal Audit continue to provide assurance in this area.	H	Stable	Jonathan Pickstone
Being ruthlessly financially efficient	Information management and digital continuity, regulations, legislation and compliance.	4	3	4	3	4	The nature of the Council's business activities means that there are ongoing information governance risks, including network security, which continue to be managed. These risks are managed through a range of organisational measures including Information Management (IM) & Information security (IS) mandatory training, maintenance of policies, guidance documents, standards, and codes of practice. The Council deploys technical measures to protect its network and infrastructure. The Council continues to monitor the regulatory environment to ensure continued compliance with information governance obligations. Digital services engaged with services across the council to update H&F's Information Asset Register May-September 2021. A software solution has been procured to enable the maintenance of H&F's asset register leading to improved compliance with information assets laws and quicker identification, assessment and mitigation of information related risks. Digital Services has been recruiting to its new target operating model and we have successfully recruited to a new Information Security Manager post in April 2022.	M	Stable	Jonathan Pickstone
Creating a compassionate council	Managing statutory duties, equalities, human rights, duty of care regulations, highways. * Health and Safety moved to new Risk 32	5	3	3	3	3	<p>The Chief Executive chairs the Statutory Accountabilities Board, whose membership includes the Monitoring Officer (Director of Resources), Section 151 Officer (Director of Finance), Director of Children's Services, Director of Social Care and Director of Public Health. The remit of the Board is to review and consider the Council's compliance with its statutory duties.</p> <p>The potential for ongoing changes in the regulatory environment post-Brexit are kept under review, with reporting taking place to SLT and Finance PAC.</p>	M	Stable	ALL SLT MEMBERS
Creating a compassionate council	<p>i) Standards and delivery of care, protection of children and adults and associated data quality and information risks.</p> <p>ii) Reliance on external assurance providers and providers to identify and communicate issues arising from inspections e.g.,</p>	6	3	4	3	4	<p><u>Children's Services</u></p> <p>The last Ofsted inspection in 2019 of Children's Services were judged as 'Good' across all four areas. The more recent focused visit of the front door was overwhelmingly positive. In both inspections however, it was noted that the caseloads within the children assessment teams (CAS) and for some newly qualified workers are too high. The pressure on allocation also means that Family Support (FS) have been unable to provide interventions for families already held in CSC. Work is underway to mitigate these pressures through additional resource. The greater availability and utilisation of management information continues to support performance improvement activity and BAU. Ofsted inspection action planning continues in anticipation of an inspection in 2023.</p>	M	Stable	Jacqui McShannon/ Lisa Redfern

Appendix 1 - Corporate Risk Register – June 2022

Priority	Risk	Risk No.	Q4 21/22 Likeli-hood	Q4 21/22 Impact	Q1 22/23 Likeli-hood	Q1 22/23 Impact	Current position	Residual Exposure	Status	Lead Director/ Risk Owner
	Ofsted and Care Quality Commission						<p>Last HMIP inspection for the YJS was in 2015, when the YJS was part of triborough arrangements. YJS has been sovereign since 2018 and is now on high alert for inspection. Management oversight of quality of assessment and plans was an area of concern and this continues to be an area of concern linked to the current YJS database Careworks. Careworks does not have inbuilt dashboards to enable easy management oversight. Meetings to be held with Business intelligence, digital services around moving to a new system and exploration of how to cost.</p> <p>Children's Placements receive regular intelligence directly from Ofsted and or regional partners on concerns and or judgements following regulatory inspections. This information is routinely cross checked against children we may have in Placement with external providers, and actions plans put in place where necessary to address and or mitigation concerns. The Placements team was disaggregated and brought back in house ensuring closer monitoring of the service.</p> <p>Ofsted visited the Haven, our specialist children's home for up to seven children with disabilities, in March 2022. The Haven is now graded as 'good', with inspectors noting that staff worked hard to ensure that 'children are supported to make good progress and be successful'.</p> <p>Work is underway to develop a robust management infrastructure for the Education Service and prepare for the Local Area SEND inspection. Corporate BI is working alongside the service to develop a suite of operations, performance and finance reports to support continuous service improvement.</p> <p>The school improvement team provide pre-Ofsted guidance for our community schools. 93% of our schools are good/outstanding and this is continuously maintained for the implementation of the post-inspection action plan. 12 schools are legacy outstanding schools and are due their inspection in the next academic year. The school improvement grant (which contributes to the advisory team this year) will be 100% reduced from March 2023 which presents a risk.</p> <p>The Education Service also has responsibility for the quality of PVI's and childminders which are externally assessed by Ofsted. Work is ongoing in this area to ensure the maintaining and building of capacity of qualified staff to assure the provision.</p> <p>The Council is partly reliant on the performance of external bodies, undertaking reviews of establishments and that all issues are communicated to them for action in a timely manner. An external inspection regime RAG rating monitor is included in the quarterly dashboard to SLT Assurance.</p> <p><u>Adult Social Care:</u> ASC commissioning work closely with commissioned providers to manage risk through regular and focused contract monitoring meetings. For homecare providers, twice weekly SITREP meeting are held and commissioning in liaison with our Quality Assurance Lead also carry out regular visit to provider locations. Quality Leads focused on understanding home care provider systems and processes in order to suggest improvements have been assigned to each main homecare provider.</p> <p>For our main 4 residential care providers focussed monthly Joint Operational Group meetings involving the provider, health, GPs and H&F are held to support the entire health and social care system and hospital discharge pathway.</p> <p>Where providers evidence consistent poor performance contractual sanctions are considered and performance improvement plans put in place to support improvements and keep our residents safe. This feeds into discussions that take place at as monthly ASC Care Governance & Quality Assurance Board. The board meets to share, discuss and agree actions in relation to information received both internally and externally regarding providers of services.</p> <p>Further engagement with providers is evident through regular provider forums for key sub-categories, monthly newsletters to all providers from the AD for Commissioning & ASC Strategic Director. Our ASC Strategic Director also chairs a six-weekly CQC area leads meeting where all parties are keeping abreast on quality of care issues with regulated care</p>			

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Priority	Risk	Risk No.	Q4 21/22 Likeli-hood	Q4 21/22 Impact	Q1 22/23 Likeli-hood	Q1 22/23 Impact	Current position	Residual Exposure	Status	Lead Director/ Risk Owner
							providers.			
All Council Values	Decision making and maintaining reputation and service standards. Good Governance, conduct, external inspections.	7	1	4	1	4	<p><i>Governance and decision-making framework:</i> The Constitution and associated documents, including codes of conduct, are subject to regular review and approval by Members. SLT review corporate policies and strategies.</p> <p><i>Staff training and induction:</i> Corporate induction training is provided to new starters, staff and for managers. Decision making training is being refreshed. People and Talent maintain and provide a range of training activities covering HR policies. A range of training on other council policies is provided, including: Health and Safety, information security and data protection, fraud and corruption.</p> <p><i>Organisational performance and programme management:</i> A quarterly performance dashboard monitor is prepared and presented to SLT Assurance and Members. A Programme Management Office and PMO framework are in place. The PMO provide monitoring and support to major programmes access the council and report to SLT. The Contracts Assurance Board undertake monitoring and endorsement authorisation of directly awarded contracts, and review compliance with governance and decision-making thresholds for procurement decisions.</p>	L	Stable	David Tatlow
Being ruthlessly financially efficient	Failure to identify and address internal and external fraud.	8	3	4	3	4	Policies are reviewed annually at Audit Committee. Refreshed Fraud Response Plan, Anti-Money Laundering and Bribery Policies have been reviewed and were presented to the Audit Committee in June 2021. The Council's Anti-Fraud and Corruption Strategy spans 2020-2023 and contains an action plan to provide SLT with a tool to ensure progress and transparency regarding counter-fraud activities. Performance is reported to both the Audit Committee and SLT to demonstrate how counter fraud work aligns with the Strategy and contributes to the Council's overall fraud resilience. Fraud Awareness training is available on the Learning Platform to all staff and a bespoke course was assigned to staff in the Social Care department. The Corporate Anti-Fraud Service has been available to support services impacted by COVID-19.	M	Stable	David Hughes
Taking Pride in Hammersmith & Fulham, Doing things with, not to residents	Failure to ensure compliance with the statutory duties to undertake inspection regimes covering management of asbestos, electrical testing, fire risk, plant and equipment, water testing/Legionella.	9	3	4	3	4	<p>Overall compliance reporting of 73 buildings that Property and FM directly provides FM support to as well as a summary of its 6 legally required statutory compliance modules consisting of Fire Management; Electrical; Mechanical; Lift and Lifting Equipment; Occupational Health and Environmental and Energy Management covering in total of 35 workstreams carried out and managed by Property and FM.</p> <p>Housing stock remains compliant across key areas - gas, electrical safety, water, gas, asbestos etc – monthly rolling monitoring programme in place. Monthly Contract meetings remain in place with all contractors and reported to senior management teams. New commercial terms agreed with Morgan Sindall to ensure sustainable delivery model. Mears overheads agreed. Risk remains in the sector from high inflation, material supply chains and labour shortages. Risk based assessment in place for 27 buildings over 18+ metres with combustible spandrels/infill panels. Data regularly updated with DHLUC on DELTA system. Compliance based capital works, including fire door upgrades, sprinkler installation, dry riser installation etc continues. FRA works (2,723) via DLO continue with estimated two-year completion date. Structural safety issues at Drake & Shackleton identified following storm Eunice being remedied. Programme of lone working training & devices continues to be rolled out to officers.</p>	M	Stable	Jonathan Pickstone
Taking Pride in Hammersmith & Fulham, Doing things with, not to residents	Co-ordination and response to calls on the Council for Mutual Aid in a crisis and emergency planning response	10	3	4	2	4	The UK Terror Threat Level has recently been lowered to SUBSTANTIAL this means an attack is likely. Flooding remains a concern and the issue which may most likely result in mutual aid requests. A successful multi-agency MTFA exercise was held on 15 th November 2021 and a multi-agency flooding exercise was held on 10th January 2022.	M	Reduced	Sharon Lea

Appendix 1 - Corporate Risk Register – June 2022

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All Council Values	Framework and resourcing of change programmes e.g., Civic Campus, Hello Hybrid Future, new systems, not sufficient to ensure programmes are delivered.	11	2	4	2	4	Stable. Mechanisms in place to manage change through SLT, Department Management Teams (DMTs), programme/ project governance and teams, the PMO/BI service and project methodology. Collectively aim to ensure all major programmes do change well and managers support people well through change.	L	Stable	Emily Hill
All Council Values	Unable to retain talented people in key posts at LBHF.	12	2	4	2	4	The People Strategy implementation including the 'H&F Way' culture change movement, various staff networks and the Race Equality staff working groups are addressing the issues that most concern our workforce to improve our employer reputation and ability to retain talent. The People and Talent Team (in TTI) are leading on work to improve our Employer brand and Employer Value Proposition (pay and benefits). The Council is committed to staff wellbeing, learning and development and has delivered online wellbeing and learning and development events throughout the pandemic including World class managers, the H&F Academy (earn while you learn apprenticeships), Wellbeing Wednesdays, mental health first aiders, recruitment for hiring managers and a suite of manager essentials courses. Get Ahead and Apprenticeship schemes are making a difference. Workforce dashboards and KPIs are closely monitored. Attrition has fallen from 16% to 14% (rolling 12-month turnover) and RMB continues to closely monitor all recruitment requests and approvals. However, there are areas which remain difficult to recruit including: occupational therapists, planners, revenues and benefits, procurement, business intelligence, policy, environmental health and noise & nuisance officers, social workers and highways and transportation engineers.	L	Stable	David Tatlow
Doing things with, not to residents	An event which triggers the Fulham Mortuary being designated as a disaster Mortuary	13	2	3	2	3	Designated Disaster Mortuary Plan has been reviewed and updated. Participated in the virtual H&F Borough Resilience Forum Terrorist Attack Exercise on 15 November 2021.	L	Stable	David Tatlow
Doing things with, not to residents	Failure to deliver the Civic Campus Programme.	14	3	4	4	4	Recent Governance changes reflect an increased focus on the future operation of the Town Hall as well as the ongoing construction. Assurance is now provided through the more strategic Civic Campus Board (CCB) into which the separate Civic Campus Working Group (CCWG) feeds. The CCB will provide a steer to the operational leads where required. Key programme milestones, workstream progress, budgets and risks and issues continue to be reported to the Executive Board and to SLT Programme meetings. There was an incident on site on 11 May in which two operatives were injured with construction halted. The Town Hall part of the site (as of 13 June) remains closed under the direction of the HSE. Following the HSE's investigation a programme of clearance and reinstatement will be required. The implications of the incident on the programme and are being assessed and the impact is currently unquantified. On this basis, the likelihood of this risk has changed to "4".	L	Increased	Jonathan Pickstone
Creating a compassionate council	Increase in the number of looked after children in the last 3 years creates budget pressures which are not able to be met to deliver the required services.	15	2	4	To Close	To Close	A strong focus on early intervention and intensive family support to enable children to live safely in their family or extended network has meant that we are starting to care for less of our children. Work to promote early permanence is supporting a reduction in the time children spend as cared for children. This includes the promoting and support packages for Special Guardianship. A proportion of our cared for children have turned 18 years old and pathways into secure housing have further strengthened during this period The total number of children in care was 246 at the end of the previous financial year. The total number has seen a general downward trend throughout this year, with a slight rise in August through to October, reducing again from November onwards. The rise reflected an increase in UASC presentations during that period, however the updated National Transfer Scheme is supporting a more equitable distribution of these responsibilities. The current total cohort as of February 2022 is 222, a total reduction of 24 children when compared with March 2021. As at month 6 of 2021/22 the Placements Budget is reporting an underspend of £1.1m. Based on the current trajectory the MTFs saving in 22/23 remains achievable. However, we are also considering contingencies as increasing need in respect of a small number of children in more specialist or intensive arrangements could lead to increase associated costs. Further, we continue to have a close eye on the impact of the pandemic and economic climate with vulnerability for increased family breakdown despite the strong interventions we have put in place.	L	Closed	Jacqui McShannon

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							In addition to this, a fully integrated sovereign Children's Placements Team has strengthened arrangements with practitioners in the child's placement journey, ensuring we maintain our priority of placing children in family settings wherever possible. Improved processes within this team include negotiation with provider organisations, use of the Careplace system and procurement has also supported the underspend position.			
Creating a compassionate council	High needs budget pressure continues, impacting on provision of services for vulnerable young residents.	16	3	4	3	3	<p>The Early Intervention offers have launched although some were delayed due to various reasons, including recruitment challenges and school pressures as a result of COVID outbreak responses. The infrastructure has been established to monitor the impact of these services, although it is not expected that this will be measurable until at least the 6 month gateway.</p> <p>The SEND Transformation programme is monitored via fortnightly Working Groups and programme updates to the High Needs Block Board which is chaired by the Director of Children's Services and membership includes the Director of Finance (S151 Officer). Progress is monitored at both meetings and a risk register is in place to actively monitor the risks.</p> <p>The Local Area and schools continue to be engaged in these programmes of work via Reference Groups, Headteacher Cluster Meetings and Schools Forum. There has been some delays in the delivery of savings targets to enable schools sufficient time to plan these into their budgets accordingly, however this pressure has been mitigated by a proposed Schools Block to High Needs Block transfer in 2022/23.</p>	M	Reduced	Jacqui McShannon
All Council Values Page 55	Management of complaints, requests for information, members enquiries	18	3	4	3	4	<p>Performance is stable overall excluding one service area where improvement plan is in place. Whilst there are still performance concerns, they are mainly in the area of complaints and relating to particular service areas rather than across the board. Regular reporting and controls are in place and action being taken to address areas of concern. LGSCO is satisfied with improvement trajectory and actions being taken. Main ongoing risk is with regard to Housing Ombudsman in relation to Repairs complaints.</p> <p>Quarter One risk has been reviewed but should be reviewed further if risk status for risk 27 in relation to Housing Repairs changes as this service is the main area of risk in relation to this area currently.</p>	H	Stable	Sharon Lea
Being ruthlessly financially efficient	Financial Management - Medium-Term Planning.	19	3	4	3	4	The last reported Month 6 position, reports an in-year underspend of £2.7m following application of £4.9m of Covid-19 funding, the year-end outturn is being prepared. Covid-19 continues to have an impact on income and expenditure and future restrictions and their impact and funding for Covid-19 is uncertainty. The Council is experiencing increased demand and costs, particularly in Social Care and concern remains that pent-up demand for services will result in additional cost pressures. In addition, there are significant risks of cost increases as a result of inflationary pressures in short and medium term and will be monitored throughout the year. 2022/23 budget approved by Full Council. Whilst the Spending Review 2021 covered a 3-year period the Final Local Government Settlement provided only 1-year settlement for Local Government with the new Services Grant not subject to transitional protection and potentially subject to significant redistribution in 2023/24. A number of local government funding reforms expected in the medium term and the impact on the Council remains unclear. The continued financial uncertainty regarding government funding of local government beyond 2022/23 and the impact of inflation with the impact of the cost of living on demand for services creates a significant challenge in terms of budget setting and medium-term financial planning for 2023/24. Key risks relate to Social Care – separately identified below.	M	Stable	Emily Hill
Creating a compassionate council	Financial Management - in year budget 2021/2022 and Medium-Term Planning: Social Care	20	3	4	3	4	<p>The Social Care budget forecast has improved with the position as at month 6 2021/22 of £1.3m overspend. However this is after the application of £1.3m Covid-19 funding and the forecast remains with many variable demands from the ongoing impact of Covid-19. This includes:</p> <p>1) the impact of the Hospital discharges placed by the NHS and requiring reassessment of care which is leading to significantly higher costs in social care, in terms of the volume of care requests and the acuity of need;</p> <p>2) the impact on the care market providers for on-going additional costs from Covid-19; and,</p> <p>3) market instability following Covid-19.</p> <p>Robust mitigation and tight financial controls have contributed to the improved position and are in place to reduce the remaining in-year overspend. There is uncertainty and risk around the continuation of any Covid-19 funding and long term funding solutions for increased demand</p>	H	Stable	Lisa Redfern

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Priority	Risk	Risk No.	Q4 21/22 Likeli-hood	Q4 21/22 Impact	Q1 22/23 Likeli-hood	Q1 22/23 Impact	Current position	Residual Exposure	Status	Lead Director/ Risk Owner
							and complexity of demand in Social Care. The Social Care reform funding is expected only to meet the costs of new government proposals, rather than underlying pressures, and there are concerns that the funding may not be sufficient to fund the new requirements.			
All Council values	Corporate management of Health and Safety	21	3	4	3	4	The health and safety board continues to meet every 8 weeks. Corporate health and safety report no HSE enforcement this quarter and for the previous quarter. KPIs for 2021 / 2022, agreed by APSC in June 2021 are on target: Fire safety policy review (to reflect new legislation); Coronavirus ongoing monitoring and provision of information to worker via IPC awareness (also see risk 37); review of H&S training; improvements to driver safety management; risk profiling to realign council to new ways of working; reduction of work-related stress; training and assessment for the home working environment. A deep-dive audit of water hygiene compliance in all council buildings has been completed in all areas has been completed. A rise in assaults and threats on staff is noted this quarter and a safer workforce task and finish group, instructed by the CEO to review personal safety and lone working, has completed its findings and has presented 8 recommendations for reducing violence and other unacceptable behaviour against staff. The delivery of these recommendations will be KPIs for FY 2022 2023. A strategic risk assessment for hybrid working (including wellbeing) has been presented and is being formatted to a RAG rating status for ease of reference. An external audit has been presented from Mazars. It gives a score of satisfactory assurance but recommends improvements in risk assessment record keeping, review as well as training in risk assessment methods across many areas of the council to achieve a corporate integrated approach. These recommendations will be priorities for the council in 2022 / 2023 and driven through the health and safety board with support from the corporate health and safety service. No change to risk rating	M	Stable	Jonathan Pickstone
Taking Pride in Hammersmith & Fulham, Doing things with, not to residents	Impact on the local economy and businesses from the closure of Hammersmith Bridge to pedestrians, road and river traffic.	22	3	4	3	4	Controls in place include: CCSO (Group of experts from LBHF officers/Xanta/Motts/WSP) Review monitoring data from the bridge on a continuous basis and continues to meet every two weeks. Opening Bridge reopened on 17 th July after stress reports found that the temperature system and stress was being managed to such an extent that the risk was significantly reduced. Bridge opened up to pedestrians and cyclists. River traffic allowed to operate again under the bridge. Sensors 350 sensors on the bridge monitoring 24/7 with alerts of any changes to officers by text and emails. Temperature Control System – Operational managing chain temperatures to reduce stress on the structure. Sensors alert of any temperature issues outside permitted levels. Monitored 24/7. Stabilisation - Mott MacDonalds option has been selected. Design works underway and report authorising £8.9 million works has been approved and published. Stabilisation works have commenced are due to finish at the end of the year.	M	Stable	Sharon Lea
Doing things with, not to residents	Failure to progress safety improvement works on the Charecroft Estate.	23	2	4	2	4	As set out in the HRA 12 Year Asset Management Capital Strategy to Cabinet in Sept 2021, Charecroft Phase 1 is nearing completion: 98% fire Doors/Compartmentation complete. Lifts in two blocks complete and other started. Door Entry, LED Lighting and CCTV planned. Evac alarm approved to enable phased evacuation, Kier to install. Phase 2 works: Replacement windows and infill panels, Roofing, External/structural repairs and wet riser systems. Bailey Garner commissioned to oversee delivery.	L	Stable	Jonathan Pickstone
Creating a compassionate council	Coronavirus – spread of infectious disease, particularly affecting vulnerable groups of residents and workforce/ contractors providing front line services.	25	3	4	2	3	Since the government have lifted restrictions, testing has now stopped. Vaccinations continue to be offered via pop ups and Pharmacies. Restrictions have been lifted in all office areas, with staff being advised to stay at home if feeling unwell. The infection rates are falling through the borough and all departments are now working through recovery, if not back to BAU. We will however, continue to monitor the data and stand back up response if required.	L	Reduced	Linda Jackson

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Priority	Risk	Risk No.	Q4 21/22 Likeli-hood	Q4 21/22 Impact	Q1 22/23 Likeli-hood	Q1 22/23 Impact	Current position	Residual Exposure	Status	Lead Director/ Risk Owner
Rising to the challenge of the climate and ecological emergency	Failure on the part of the Council to mobilise its response to the Climate Change emergency.	26	2	3	2	3	The Climate Emergency Unit is now in place, with initial posts recruited to. A climate strategy for a net zero borough by 2030 has been approved and adopted by Cabinet. The resident-led commission has now been replaced with a new Climate Strategy Implementation Group to increase scrutiny and deliver actions at pace. A detailed audit of the Council's carbon footprint is now an annual activity to track progress against our action plan and to provide a robust evidence base for costing and prioritising organisational carbon reduction activity. Quick win workstreams to influence emissions through policy have been progressed, including emissions-based policies on parking, council fleet, energy procurement, and wider procurement. Engagement has begun with local businesses and organisations to develop an H&F Climate Alliance, and H&F has been a leader in designing and implementing the UN's climate education programme. Recent flooding has expedited the need for a climate adaptation plan to prepare residents, businesses and the council for more extreme weather including heavy rainfall and heatwaves. Individuals, households and infrastructure will need to adapt and prepare for more of occurrences and the council has an important supporting role.	L	Stable	Sharon Lea
Taking Pride in Hammersmith & Fulham, Doing things with, not to residents	Housing repairs performance -contractor failure (administration) given that there are a number of contractors providing repairs and maintenance. Repair system and contractor management not delivering performance are required levels.	27	3	4	3	4	There are robust contract provision for poor performing contractors. There is a regular monitoring of contractors' performance and financial health. There is a clear mechanism for recovery of costs in relation to contractor failure. We continue to build the in-house DLO capability and capacity with a focus on planned preventative maintenance. Although these measures would mitigate the disruption in the short term would be significant if a contractor went into administration. New commercial terms agreed with Morgan Sindall to enable sustainable contract and improved service delivery. Acceleration plan agreed and investment signed off to reduce WIP, complex repairs, disrepair and voids. Mears overhead agreed. PPM programme with DLO. A few small specialist contractors onboarded to provide resilience. Weekly reporting to SLT and weekly strategic and operational board. £600 million investment over 12-year capital strategy approved in 2021. We are working to achieve within 6 months a recovered service to a target steady state. This work is underpinned by weekly task force group that has a focus at strategic and operational level. We have carried out a diagnostic of root causes and top ten of big fixes this work has been completed. The fixes focused on; major works and planned maintenance, contractor ownership and performance, up-streaming point of failure management and clearing backlogs. Recovery work is being delivered withing the context of a medium term plan for transformation and capital investment.	H	Stable	Jonathan Pickstone
Doing things with, not to residents	Civic Campus Energy centre may not be ready in time for handover and occupation in April 2023 which may impact the exit from decant accommodation	28	4	4	To Close	To Close	Following delays, utility diversions have now been completed and work to dig out the basement of Block B, where the Town Hall energy centre will be housed, has started. The impact of this has been superseded due to the incident highlighted at risk 14 and the expectation that the construction programme will experience some delay beyond the original completion date.	L	Closed	Jonathan Pickstone
Being ruthlessly financially efficient, Rising to the challenge of the climate and ecological emergency	Changes to Western Riverside Waste Authority contracts or waste disposal arrangements that do not align with the Council's financial or climate priorities and potential missed opportunities for improvements or savings as a result of the current governance and management arrangements.	29	3	3	3	3	Work with WRWA and other WRWA boroughs to seek alignment of priorities and minimisation of waste along with achievement of carbon reduction commitments.	M	Stable	Sharon Lea

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Priority	Risk	Risk No.	Q4 21/22 Likeli-hood	Q4 21/22 Impact	Q1 22/23 Likeli-hood	Q1 22/23 Impact	Current position	Residual Exposure	Status	Lead Director/ Risk Owner
Being ruthlessly financially efficient, Rising to the challenge of the climate and ecological emergency	Failure to manage the requirements of the New Environmental Act which will change the way in which the Waste service operates and how it contributes to the Council's carbon zero commitment.	30	3	3	3	3	Work to feed into any further Defra consultation on potential changes. Likely and foreseeable changes are being factored into current waste service procurement, however there is little clarity on how the Act will be implemented at present until detailed regulations and guidance have been published.	M	Stable	Sharon Lea
Being ruthlessly financially efficient, Rising to the challenge of the climate and ecological emergency	Failure to manage to maintain a safe highway- Highways maintenance is regulated under the Highways Act 1980 under which we have a duty	31	3	3	3	3	Mitigations: 1. Moved to a three-year planned maintenance programme for both roads and carriageways and reactive maintenance team with dedicated vehicle that deals with day-to-day issues. 2. The current is the loss of annual TfL funding for principal road network which is now being funded by boroughs maintenance budget 3. Regime of safety inspection all 1,000 borough streets each year.	M	Stable	Sharon Lea
Taking pride in Hammersmith and Fulham Page 58	Failure to manage the negative impact of flooding, due to adverse weather conditions, on residents and businesses. Consequences of the Climate Emergency. One in a hundred events that lead to the overloading our surface water systems (gullies) which results in widespread flooding and consequent damage to homes and businesses. Fluvial flooding as the most at risk London Borough.	32	3	4	3	4	Mitigations: 1. Tree management system allowing water to collect underneath the tree and slow release into the ground has been installed in Bloemfontein Road, Seagrave Road, Overstone and Gallaway Roads. 2. Countess Creek Project with Thames Water: 6 schemes to take away surface water completed. 3. White City Project working with G&P and Thames Water - to do a 'greening' of the whole area - similar to the Queen Caroline Street scheme, but in White City completed. 4. First City (Artificial) Tree in Hammersmith installed. 5. Working with IoTech to install air quality sensors in the SW6 Area. 6. Working with FM Conways to develop a pilot using the borough's street furniture to have a sensor network that picks up road condition, surface water, fly tipping and counts traffic. 7. Continued to work with Thames water on delivering flood mitigation 8. Developing our own programmes of works on the public highway Including doing further work on retrofit measures in a number of borough streets that will have impact on reducing flood risk. 9. started on Highways and future community de-paving schemes. 10. Sewer network remains a Thames Water asset that we have no remit over so we will continue to work with them to ensure we reduce the water flow off our highway to a minimum where possible.	M	Stable	Sharon Lea

Key

16-25 Red	High risk, immediate management action is required.
11-15 Amber	Medium risk, review controls for appropriateness and effectiveness
1-10 Green	Low risk, monitor and if escalates quickly check controls
Blue	Opportunity risk

Likelihood and Impact Based on a 1 to 5 scale with 1 Very Low and 5 Very High, the Score then is automatically calculated by multiplying them together.

Help

Risk Description	Risk described in a language that articulates clearly what could go wrong or what opportunity could be achieved.
Residual Exposure	Extent of the risk once the controls are currently in place. This is known as the residual risk and is calculated by multiplying impact of risk and likelihood of occurrence.
Existing Controls	Not all risks can be managed, but those that can are managed using a variety of controls.
	The art of risk management is to apply controls that are effective and efficient in reducing the exposure.
Risk Owner	This is the person or team best positioned to manage the identified risk

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 21/06/2022

Subject: Digital Services – Six Monthly Update

Report of: Ben Savage, Head of Information & DPO, Digital Services

Responsible Director: Veronica Barella, Chief Digital Officer, Digital Services

SUMMARY

The Committee has asked that Digital Services provide six-monthly updates on Hammersmith & Fulham's cyber-security readiness.

RECOMMENDATIONS

1. That appendix 1 of this report is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. That the Committee notes and comments on the report including appendix 1.

Wards Affected: None

H&F Values

Please state how the subject of the report relates to our values

Our Values	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none">• Being ruthlessly financially efficient	The delivery of appropriate levels of protection are reviewed against cost to deliver good value for money, balanced against levels of risk.
<ul style="list-style-type: none">• Taking pride in H&F	The protection of H&F from disruption helps to maintain the council's reputation.

Appendix 1 is an overview of H&F mitigations to address the recommendations, with indications of where we plan to improve our defences.

List of Appendices:

Appendix 1 – Analysis