

London Borough of Hammersmith and Fulham

Internal Audit Plan

2020/21

First Draft - March 2020

Updated August 2020



Revised Audit Plan 2020-21
(for review by Audit & Pensions Committee – 15 September 2020)

1. Introduction

- 1.1 The Plan is flexible to allow for change where areas of higher priority are identified, whilst ensuring that sufficient internal audit coverage is provided to enable the Director for Internal Audit, Fraud, Risk and Insurance to provide the Council with an opinion at the end of the year on the adequacy of the Council's internal control, risk management and governance arrangements.
- 1.2 In addition, areas of fraud risk have been identified and evaluated by the Corporate Anti-Fraud Service and this information will be used to inform and focus the scope of some of the planned audits as well as identifying areas where pro-active exercises and data analytics can provide additional assurance that fraud risks are effectively managed (see Section 5 of this report).
- 1.3 The impact of Covid-19 on the Council's services has been considered when preparing the Plan and this will be monitored during the year and reflected upon when preparing scopes of work for individual audits. We are also reviewing how sufficient coverage can be obtained over the course of the year, through the use of data analytics and by undertaking a number of cross-cutting reviews.

2. Resources

- 2.1 The Plan covers key activities such as service change, procurement, contract management and information management as well as cyclical compliance reviews.
- 2.2 Our resources, have successfully undertaken audit and investigation work remotely during the lockdown period and we will continue to audit/investigate remotely wherever possible. If attendance at one of the Council's offices or sites is essential or visits required to residents, we will ensure that personal risk assessments are undertaken in accordance with the Council's Health and Safety guidelines.
- 2.3 Audit resources have been allocated based on the type, complexity and risks associated with the reviews identified in each of the Departments. Table 1 shows an **estimate** of the allocation of audit resources to fulfil the Council's Audit Plan for the 2020/21 financial year.

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Table 1 - Estimated Allocation of Audit Resources 2020/21

Department	% of plan
Cross-service/council-wide reviews	12
Finance (including RFE work)	10
Resources	12
Children's Services	14
Schools	12
Social Care	10
Economy	16
Environment	14

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3. Audit Plan

Cross-service/thematic reviews

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk Ref
Procurement	Any significant procurement where an advisory review could be undertaken.	TBA	TBA	1, 2, 5
Contract Management	Continuation of corporate review of contract management commenced in 2019/20. Need to consider impact of Covid-19 on the contracts and how these are managed.	3 to 4	High	1, 2, 5
Cyclical Compliance reviews	Corporate reviews in the following areas: <ul style="list-style-type: none"> • Ethical governance including declarations of interest reporting, gifts & hospitality • Compliance with organisational management controls (e.g. vacancy control, use of agency staff) • Risk management • Control improvements identified following internal/external reviews 	2 to 4	Various	1, 2, 5
Information Management	Areas identified for consideration include: <ul style="list-style-type: none"> • Review of compliance with data protection and GDPR requirements on the use of and control over sensitive data • Service continuity arrangements - new BC system 	2 to 4	High	2, 3
Corporate support functions	Audits could include: <ul style="list-style-type: none"> • Business Intelligence • Programme assurance 	TBC	Medium	1, 2, 5

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Finance

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk Ref
Financial Management	Treasury Management	2/3	High	1, 2, 5
Financial management system	RFE - Effectiveness of controls and compliance with these controls across all Council services in respect of budgetary control, accounts payable (including approval process), accounts receivable (including timeliness of invoicing), income management, debt management, accounting for VAT, impact of credit notes etc	2 to 4	High	1, 2, 5
Financial operations	Housing Rents	3	High	1, 2, 4
Capital Programme	Management of finance and delivery (follow on from previous audit review)	3	High	1, 2, 3, 4, 5

Resources

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk Ref
Procurement - Governance	To consider changes to procurement processes (advisory). Impact of the new Contract Standing Orders (assurance) - Expecting improved control over areas such as waivers, procurement planning, direct awards. Requirement for sign off by appropriate officers (procurement, legal and finance).	2 to 3	High	1, 2, 5
Policy & Communications	Review of governance arrangements	4	Medium	1, 2, 5
Digital Services - Post Implementation Review	TechTonic Programme	2 to 3	Medium	2, 5
Digital Services - Security & Resilience	Scope to be agreed to ensure it covers risk areas following agile working and particularly homeworking. Areas identified for consideration: <ul style="list-style-type: none"> • Service Desk Process • Cyber Security follow up on 2019/20 Review • Asset Management • Access Management • Desk Top Resilience – dependent on provider assurance (SOC1 and SOC2) 	2 to 3 2 to 3 4 4 TBC	Medium High Medium High Medium	2, 5 2, 5 2, 5 2, 5 2, 5
Digital Services - Applications	New Application Approval Process	4	High	2, 3, 5
Digital Services - General	Application and approval of specialist IT related equipment (link with People & Talent)	3	High	2, 5
People & Talent - Learning & Development Tools	Review of new system (Success Factors), controls and compliance, completeness of data, inclusion of agency staff, completion of mandatory training (eg H&S, cyber awareness and GDPR etc) and reporting.	3	High	2, 5
People & Talent - Cyclical	To consider a programme of reviews (RFE testing) covering areas	1 to 4	High	2, 5

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Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk Ref
Compliance and/ or establishment reviews	such as: <ul style="list-style-type: none"> • Pay and allowances; • Sickness & absence management; • Starters and leavers process compliance 			

Children’s Services:

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk Ref
Service Change	Placements (currently shared service) – Advisory Review.	3	High	1, 5
Information Management	Movement of Sharepoint data (SEN) – Advisory Review	2	High	2, 5
Family Services, Safeguarding Social Work	Reviews to include: <ul style="list-style-type: none"> • Placements – Sufficiency, Regulated and Non-Regulated • Assurance on Supporting People claims • Use of Spot Contracts (all not just placements) 	3 1 to 4 3	High	1, 2, 3, 5
Cyclical Compliance	Use and control of Purchasing Cards and cash	4	High	1, 2, 5

Schools:

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk
Targeted Reviews:	Schools: <ul style="list-style-type: none"> • Avonmore Primary • (St John’s XXIII) Pope John RC Primary • St Mary’s RC Primary • St Stephen’s CE Primary • Cambridge Special • Woodlands High • Flora Gardens Primary 	2 to 4	Medium	1, 2, 5
Thematic Reviews:	Undertake thematic reviews across the school population to review compliance. Potential areas to include: <ul style="list-style-type: none"> • Health & Safety • GDPR & IT Security 	3	High	1, 2, 4, 5
General & Cyclical Reviews	<ul style="list-style-type: none"> • School Bursarial Service – VFM Review. • Queensmill School Follow up and Transfer to Academy • Recoupment (EHCP top up and other agreed charges) 	2 2 3	Medium High Medium	1, 2, 5

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Social Care (including Public Health):

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk Ref
Information Management	Mosaic Financial Controls	2	High	2
Social Care	Supervision – Compliance with Policy (post survey)	2 to 3	High	2
General	Risk Workshops	3	High	1, 2, 5
General	PFI Programmes (VFM)	3	High	1, 2, 5

Economy:

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk Ref
Service Change	Consider changes required and effectiveness, taking account of the Covid-19 recovery process. To include: <ul style="list-style-type: none"> • Operations - Corporate Health & Safety • Economy - Workzone/ Local Business Support • Operations - Security – Resource Management 	3 3 3 to 4	High High High	1, 2, 5
Information Management, IT & Continuity of Systems	Housing – Geometra Data Quality (may be able to link to housing health and safety audits)	TBC	TBC	2, 5
	Operations, Assets – Property Management Systems Information (focus on FM transferred into Economy in 2020)	3	High	1, 3, 5
Procurement	Following consultation with the service, identify any significant procurement where an advisory review could be undertaken. Could include: <ul style="list-style-type: none"> • Housing – Homelessness 	TBC	TBC	1, 2, 5
Housing	Health & Safety Compliance (cfwd from 2019/20) – Water Hygiene and Asbestos	1	High	1, 2, 4
	Health & Safety Compliance (cfwd from 2019/20) – Electrical	3		
	Long Term Repairs Model – Programme (2 workstreams mobilisation & contact centre changes -cfwd from 2019/20)	2 to 3	High	1, 2, 4
	Major Works, lessee and service charges (follow on from 2019-20 work)	2	High	1, 2, 4
	Housing Allocations	2 to 3	High	1, 2, 4
	DLO Communal & Programmed Remedial Works (compliance)	4	High	1, 2, 4

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Environment:

Type of Review:	Potential Audit Coverage:	Quarter	Priority	Risk Ref
Contract Management	Review a sample of contracts to ensure that appropriate contract management arrangements are in place. The sample to include: <ul style="list-style-type: none"> • CCTV (possibly advisory) – new contractor • Grounds Maintenance Contract 	3 3	High Medium	1, 2, 5
Revenues & Benefits	Cyclical programme of audits to supplement not duplicate work undertaken by external audit covering, taking into account Covid-19 issues: <ul style="list-style-type: none"> • Council Tax • Housing Benefit • NNDR 	4	Medium	1, 2, 3
Cyclical Compliance and/or establishment reviews	Part 1: FOIs, SARs, Complaints & Members Enquiries – service response to requests for information	2	High	3,5
	Part 2: FOIs, SARs, Complaints & Members Enquiries – Implementation of audit recommendations (dependent on outcome of Part 1 review)	4	High	
	Parks Police – Patrols, Planning & Monitoring	2	High	
	Parking (PRP Scheme)	2	Medium	

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4. Risks identified from the Council's Risk Registers

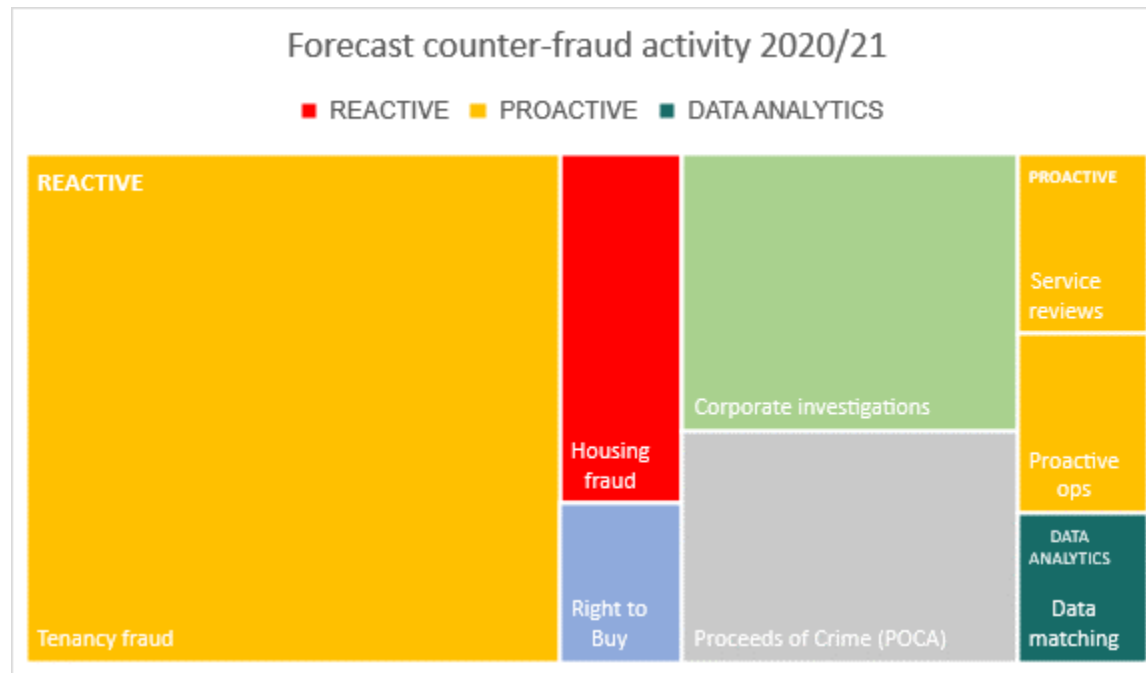
The risks identified from the Council's Risk Registers (2019/20 Q3) are summarised below. Where possible, audits in the plan will be linked to identified risk(s).

Risk Ref	Risk Description
1.	<p>Creating a compassionate council:</p> <ul style="list-style-type: none"> • Children's services placements. Increase in the number of looked after children in the last 3 years creates budget pressures. • Managing statutory duties, equalities, human rights, duty of care regulations, highways. • High needs budget pressure. • Standards and delivery of care, protection of children and adults. • Reliance on external assurance providers and providers to identify and communicate issues arising from inspections. • Failure of partnerships and major contracts. • Increase in complexity of working with Health partners.
2.	<p>Being Ruthlessly Financially Efficient</p> <ul style="list-style-type: none"> • Financial Management in year budget 2019/2020 and Medium-Term Planning. • Commercial contract management and procurement risks, rules, outcomes, social value, management of spend and performance. • Business resilience risks (systems, processes, resources, IT). Separation of the IT Network Infrastructure to a new sovereign model and capacity of the Network at new Civic Campus sites. • Information management and digital continuity, regulations, legislation and compliance. • Failure to identify and address internal and external fraud.
3.	<p>Doing things with, not to residents</p> <ul style="list-style-type: none"> • TFL funding for Hammersmith Bridge renovation: consequence of delays impacting on our residents, businesses, visitors and users. • An event which triggers the Fulham Mortuary being designated as a disaster Mortuary. • King Street Civic Campus. • Digital Accessibility, public sector websites and apps will have to meet minimum accessibility standards. • Preparedness for elections.
4.	<p>Taking Pride in Hammersmith & Fulham, Doing things with, not to residents</p> <ul style="list-style-type: none"> • Compliance with the statutory duties: Management of Asbestos, Electrical Testing, Fire Risk, Plant and Equipment, Water/Legionella. • Co-ordination and response to calls on the Council for Mutual Aid in a crisis and emergency planning response.
5.	<p>All Council Priorities</p> <ul style="list-style-type: none"> • Impact of a 'poor-deal' Brexit (Workforce, Housing, Contracts, Residents, Finances). • Corporate management of Health and Safety. • Decision making and maintaining reputation and service standards. Good Governance, conduct, external inspections. • Change Readiness e.g. Agile Working, TechTonic, New systems. • Attracting and retaining talented people to LBHF. • Failure of the Management Information reporting systems for CHS. • Management of complaints, requests for information, members enquiries.

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5. Corporate Anti-Fraud Service

5.1 The work undertaken by the Corporate Anti-Fraud Service (CAFS) complements the work of Internal Audit and provides additional assurance to the Council that fraud risks are being managed effectively. Reactive and proactive work is planned during 2020/21 by CAFS in the following areas:



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5.2 The table below (Table 2) shows the different areas of CAFS activity planned during 2020/21 together with an **estimate** of the resources planned against each activity:

Table 2 – Estimated Counter-Fraud Resources 2020/21

Anticipated reactive referrals (days)	
Tenancy fraud	700
Right to Buy	50
Housing fraud	110
Corporate investigations	240
POCA	200
Proactive activity (days)	
Service reviews (fraudits)	60
Proactive operations	60
Data analytics (days)	
Data matching	50
Total days allocated	1470