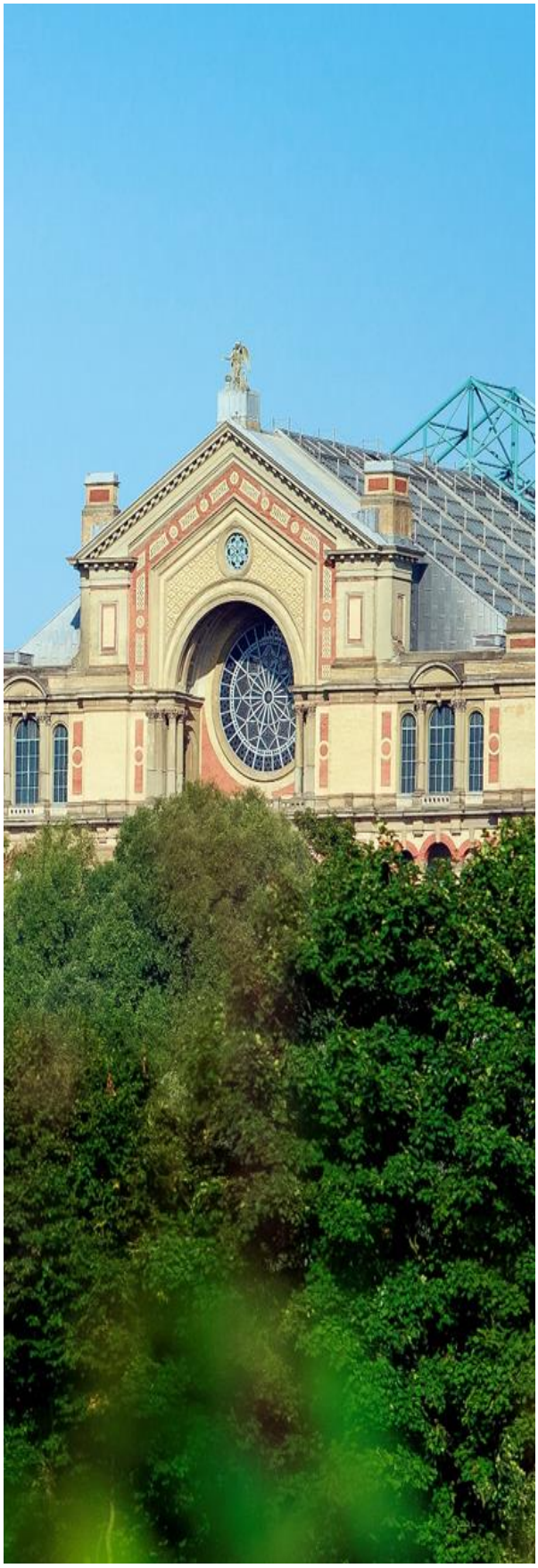
Annual Internal Audit Report and Head of Internal Audit Opinion 2019/20



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Introduction

1. Role of Internal Audit

1.1 The requirement for an internal audit function is detailed within the Accounts and Audit (England) Regulations (amended) 2015, states that a relevant body must: *'Undertake and 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.'*

1.2 The mandatory UK Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to provide an annual opinion, which is based upon the internal audit work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and internal control. This is achieved through a risk based internal audit plan. For 2019/20, the internal audit plan was agreed with management and endorsed by the Corporate Committee at the start of the financial year. The internal audit plan provides a reasonable level of assurance over the system and internal controls operating in the Council and the level of assurance should not be regarded as absolute.

1.3 Under the PSIAS, internal audit is required to have an external quality assessment at least once every five years. Haringey's audit was externally assessed in 2014, which confirmed that the Council complied with the required standards; annual self-assessments undertaken since this have ensured continuing compliance with PSIAS and a Quality Assurance and Improvement Plan is in place for 2020/21. Mazars were last independently audited in 2019 to confirm the robustness of their methodology and compliance with standards. We plan to have another external assessment to independently confirm compliance with the standards.

1.4 Internal Audit services for Haringey Council, excluding the investigation of allegations of fraud and corruption, are provided by Mazars LLP (Mazars) as part of the framework contract awarded to the London Borough of Croydon. The contract was retendered in 2017 and now runs until 2024 with a further option to extend for 2 years.

1.5 Covid-19 had an impact on the delivery of the of the final elements of the 2019/20 audit plan. With services implementing their business continuity plans and reviewing their service delivery in light of the crisis, the focus of internal audit shifted to supporting the organisation by providing advice and assurance with regards the new risk profile we faced. Officers working remotely hindered completing audit testing for some audit areas and these audits have been deferred for completion in 2020/21.

2. Internal Audit Approach

2.1 To assist the Council in meeting the relevant audit standards and achieving its objectives, internal audit provides a combination of assurance and advisory activities. Assurance work involves assessing how well the systems and processes are designed and working; advisory activities are available to help improve systems and processes where required.

2.2 A full range of internal audit services has been provided during the year and considered when forming the annual opinion. The approach to each audit review is determined by the Head of Audit and Risk Management, in discussion with Mazars and service management and will depend on; the level of assurance required; the significance of the area under review; and risks identified.

2.3 A report is issued for every assurance project in the annual audit plan, which provides an overall audit opinion according to the level of risk of the findings. In addition, each recommendation is given a priority rating, to assist service management in prioritising their work to address agreed recommendations. The overall classification relates to the findings at the time of the audit work. Internal Audit undertake formal follow up work to ensure recommendations are implemented.

Executive Summary

3. Internal Audit Opinion

3.1 The Head of Audit and Risk Management is responsible for delivering an annual audit opinion and report that can be used by the Council to help inform its statutory Annual Governance Statement. The annual audit opinion provides a conclusion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

3.2 Internal audit work, using a risk based approach, included reviews of those systems, projects, and establishments to discharge the Chief Financial Officer's responsibilities under s151 of the Local Government Act 1972; the 2017 UK Public Sector Internal Audit Standards; and the 2015 Accounts and Audit (England) Regulations.

3.3 In providing the annual audit opinion reasonable, but not absolute, assurance can be provided that there are no major weaknesses in the processes reviewed. In assessing the level of assurance given, I have taken account of:

- reports on all internal audit work completed, including any advisory work and briefings to management;
- results of follow up exercises undertaken;
- any reviews completed by external review bodies;
- the resources available to deliver the internal audit plan; and
- compliance with 2017 UK PSIAS.

3.4 I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of the Council's internal control environment.

3.5 I have considered the work completed by both Mazars and the in-house anti-fraud investigation team for 2019/20. This includes reviews of internal audit reports, fraud investigations and briefings to management. In my opinion, with the

exception of those areas where 'limited' or 'nil' assurance reports have been issued, the controls in place in those areas reviewed are adequate and effective.

3.6 Where weaknesses in controls have been identified, internal audit has worked with management to agree appropriate actions and timescales to improve controls. Internal Audit will undertake follow up reviews or further audit work to confirm their implementation.

3.7 It is my opinion that overall internal audit can provide Adequate Assurance that the system of internal control that has been in place at the Council for the year ended 31st March 2020 accords with proper practice, except for the significant internal control issues referred to in this report. This means that there is generally a sound control framework in place, but there are significant issues of compliance or efficiency or some specific gaps in the control framework which need to be addressed. Adequate Assurance indicates that despite this, there is no indication that risks are crystallising at present.

3.8 Outcomes of the 2019/20 audit plan contained within this report indicate that areas where assurances were not adequate were: Contract Management; Change Management; Brokerage; Management of Parks and Open Spaces; Disposal of Property; SEN Transport; Payroll and Delivery of Council Housing. In addition advisory work was focused on areas such as: Information Governance and Property Governance following issues that arose in year.

3.9 Analysis of recommendations raised in service focus reviews shows that a significant proportion of recommendations raised relate to organisation controls around record keeping and audit trails; supervision and management information. As part of producing this annual report, the recommendations falling due in year were followed up and results were positive. Follow up of recommendations is part of the 2020/21 QAIP.

3.10 Further actions to enhance the governance framework, as outlined within the 2019/20 Annual Governance Statement, where controls were not fully implemented to address the issue in 2019/20 included: The safety of two buildings on Broadwater Farm; Schools Finance and Governance and Ofsted Inspection. Some minor governance actions were noted as part of the annual review and these along with the new significant issues will be tracked in 2020/21.

3.11 I reported last year that the control environment in Haringey's schools required improvement. Although year on year there has been an improvement with proportionately fewer schools assessed as limited or no assurance opinions, some schools are still a cause for concern. Two schools in 2019/20 were given nil assurance. Work continues to be undertaken in conjunction with the School's Forum and Children's Services to assist schools and reduce the potential risks. More information is provided in the Annual Schools Report. A summary of outcomes for 2019/20 is as follows:

- Twelve out of 18 schools completed received above an 'adequate' assurance rating;

- Of the other six schools, four received a 'limited' assurance rating and two nil assurance; and
- One school was deferred to 2020/21 due to Covid-19.

4. Internal Audit Coverage and Output

4.1 The 2019/20 audit plan was informed by internal audit's own assessment of the Council's key risk areas and discussions with Priority Owners and senior management to ensure that audit resources were aligned to agreed areas of risk. A small contingency was included in the audit plan to ensure any emerging risks during the year could be adequately reviewed.

4.2 The original plan for 2019/20 included 64 projects, including schools audits, and was approved by the Corporate Committee on 26 March 2019. Table 1 below provides the outcome of the 64 projects and details those not undertaken and those added to the plan in year. Overall a total of 68 projects were included in the final audit plan. 46 of which have a formal audit assurance opinion assigned to them. The projects added were funded from contingency and from days made available due to the changes in the risk profile or assurance needs. Note the added projects are the Audit Needs Assessment and all projects termed ad hoc work. The definitions of assurance levels are below the table for reference.

4.3 Table 1 - Internal Audit Plan– Summary of Outcomes

Ref.	Audit area	Assurance Level	P1	P2	P3	Status
	CORPORATE RISK AUDITS					
1	Review of Corporate Programme and Transformation	N/A				Advisory
2	Management of Contracts	Adequate	0	4	0	Final
3	Sap - Development & Advice	N/A				Cancelled
4	Transformation programmes - Review Risks, systems and Processes (FOBO)	N/A				Advisory
5	Financial Assessment of Clients	Adequate	0	3	1	Final
6	Review of Financial Compliance Function	N/A				Advisory
	Priority 2 – People (Children Services)					
7	SEND (including Payments for Respite Care)	N/a				Deferred
8	Supporting Care leavers (UCAS)	Adequate	0	1	0	Final
9	Early Years commissioning	N/a				Deferred
10	SEN Transport Service	Limited	2	4	1	Final

Ref.	Audit area	Assurance Level	P1	P2	P3	Status
	Priority 2 – People (Adult Social Services)					
11	Brokerage	Limited	1	7	1	Final
12	Management of Personal Budgets & Direct Payments	Adequate	0	2	4	Final
13	Review of Service Plans (including LD and MHS)	Adequate	0	2	0	Final
15	Demand Management	Adequate	0	1	1	Final
16	Reablement	Adequate	-	-	-	Draft
	Priority 3 – Place (Environment & Neighbourhoods					
17	Review of Parking operations	Adequate	1	1	0	Final
18	Management of Parks and Open Spaces	Limited	1	4	0	Final
19	Community Safety - Use of MoPAC funding	Adequate	0	2	0	Final
20	Fusion - Fees & Charges	Adequate	0	3	2	Final
	Priority 4 – Sustainable Housing Growth and Employment (Regeneration)					
21	Management of Commercial Property Portfolio	Adequate	0	5	2	Final
22	Delivery of Capital schemes	N/A				Advisory
23	New Council House Delivery Programme	Limited	2	4	0	Final
24	Disposal of Assets	Limited	1	4	0	Final
	IT Audit					
25	It Governance & Control Framework	N/a				Cancelled
26	Network & Internet Controls	N/a				Cancelled
27	Threat Management	N/a				Cancelled
28	Disaster Recovery	N/a				Cancelled
29	Change Management	Limited				Final
30	Comino Application Review	N/a				Cancelled
31	IT Audit Needs Assessment	N/a				Advisory

Ref.	Audit area	Assurance Level	P1	P2	P3	Status
	CONTRACT AND PROCUREMENT:					
32	Contract Management - Ringway	Limited	0	3	0	Final
33	Contract Management - Refuse Collection	Adequate	0	2	2	Final
34	Contract Administration	Adequate	0	3	1	Final
	KEY FINANCIAL SYSTEMS					
35	Automatic Payments	Adequate	0	2	1	Final
36	Housing Benefit Overpayments	Adequate	0	1	2	Final
37	Budget Monitoring & Control	Substantial	0	1	1	Final
38	Teachers' Pensions contributions	N/A				Advisory
39	Treasury Management	Substantial	0	0	0	Final
40	Accounting & General Ledger	Substantial	0	2	0	Final
41	Pension Fund	Adequate	0	3	1	Final
42	Accounts Receivable (Sundry Debtors)	Adequate	0	1	0	Final
43	Accounts Payable (Creditors)	Adequate	0	2	0	Final
44	Housing Benefits	Adequate	0	1	2	Final
45	Council Tax	Adequate	0	3	1	Final
46	NNDR	Adequate	**0**	**2**	**1**	Final
47	Payroll	Limited	**0**	**3**	**0**	Final
	School Audits Secondary Schools					
48	Gladesmore Secondary	Substantial	0	2	0	Final
49	Highgate Wood Secondary	N/a				Deferred
	Primary Schools					
50	Coleridge Primary	Adequate	0	5	4	Final
51	Lee Valley Primary	No	0	14	6	Final
52	Lordship Lane Primary	Limited	0	8	6	Final
53	Muswell Hill Primary	Adequate	0	4	3	Final
54	Seven Sisters Primary	Adequate	0	5	6	Final
55	St Aidan's Primary	Adequate	0	5	3	Final
56	St John Vianney Primary	Adequate	0	6	4	Final
57	St Mary's RC Primary	Adequate	0	6	1	Final
58	St Michaels CE Primary	Substantial	0	1	5	Final
59	Weston Park Primary	Adequate	0	2	7	Final
60	Stroud Green	No	3	18	5	Final

Ref.	Audit area	Assurance Level	P1	P2	P3	Status
	Junior Schools					
61	St Gilda's Junior	Adequate	0	4	7	Final
	Infants Schools					
62	Belmont Infants	Limited	0	6	9	Final
	Nursery Schools					
63	Pembury	Limited	2	6	3	Final
	Special Schools					
64	The Vale Special	Adequate	1	4	0	Final
65	The Brook at Broadwater	Limited	0	7	5	Final
66	Blanche Neville Special	Adequate	0	2	3	Final
	Ad Hoc Work					
67	Ebonycare	N/A				Advisory
68	Lee Valley School	N/A				Advisory
69	Cash Handling procedures - Children's Services	N/A				Advisory
70	Stroud Green Investigation	N/A				Advisory
71	Pendarren Centre	N/A				Advisory
72	Schools Training	N/A				Advisory
73	IT review - Stroud Green	N/A				Advisory
74	Alexandra House - New Controls	N/A				Advisory
75	Property Acquisition	N/A				Advisory
76	Stroud Green Income Investigation	N/A				Advisory
77	Alexandra House – independent review	N/A				Advisory
78	Data Breach	N/A				Advisory

Assurance Definition:

Substantial Assurance: There is a sound system of control designed to achieve the system objectives.
Adequate Assurance: There is basically a sound system, but there are weaknesses which put some of the system objectives at risk.
Limited Assurance: Weaknesses in the system of controls are such as to put the system objectives at risk.
Nil Assurance: Control is generally weak leaving the system open to significant error or abuse.

4.4 The audit plan needs to be flexible to deal with changes in assurance need and risk during the year. Table 2 below contains a summary of the changes.

4.5 **Table 2 – Summary of changes to the audit plan.**

Number of projects as per the original plan	64
Projects added to the plan	13
Cancelled audits	6
Audits deferred to 2020/21	3
Total number as per the revised plan	**68**

4.6 Most of the audit work was geared towards providing assurance to management on the adequacy and effectiveness of the Council's internal control environment. This work provided an outcome report with an assurance rating. Other work provided advice and support to management to improve efficiency, or the effectiveness of systems, services or functions; in these cases an outcome report or assurance rating is not provided.

4.7 Resources to complete follow up work are also included in the annual audit plan, including formal follow up reports for schools. The results of the follow up reviews were reported to the Corporate Committee throughout 2019/20.

4.8 The decision to cancel a planned audit is taken by the Head of Internal Audit in consultation with key stakeholders. The reasons for the removal from the plan are included below

4.9 **Table 3 – Audit Cancelled**

Audit	Reason for removal from plan
SAP development / replacement	Decision not to replace SAP so audit input not required.
IT Governance & Control Framework	Due to restructuring of the service, the planned audits were reviewed in year through discussions with the service, Senior Management and Mazars. Increased risk management work was planned, and an audit needs assessment undertaken to inform the audit plan. Other assurances were considered as part of this joined up work. The outcomes have informed the plan for 2020/21 which due to COVID-19 will be kept at a realistic level to enable delivery. In future years the target will be 10% of the plan focused on IT Risk areas due to the increased reliance on technology.
Network & Internal Controls	
Threat Management	
Disaster Recovery	
Comino Application Review	Application was replaced. Application reviews in prior years had provided insight into areas of weakness applicable to other applications.

4.10 The 2019/20 internal audit plan was substantially completed, Mazars delivered 96% of the planned audit work (as at 15 April 2020). Audit were completed with the following exceptions:

- Highgate Wood School;
- Early Years;
- SEND.

4.11 I do not consider the exceptions outlined above to have an adverse impact on providing my overall opinion for 2019/20. All audits had commenced but were not complete at the end of the year. COVID-19 impacted on efficient completion of the work, so all were deferred for completion in 2020/21. An analysis of the audit outcomes is included later in the report.

5. Annual Internal Audit Report & Opinion Statement 2019/20

Scope of Responsibility

5.1 The Council is responsible for ensuring its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty, under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Authority's functions and which includes arrangements for the management of risk. Specifically, the Council has a statutory responsibility for conducting a review of the effectiveness of the system of internal control on at least an annual basis.

5.2 Management is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. The Accounts and Audit Regulations require the Council to review, at least annually, the effectiveness of its system of internal control. Internal audit plays an important role in advising the Council that these arrangements are in place and operating effectively. The Council's response to internal audit activity and recommendations should strengthen the control environment and ultimately contribute to achieving the organisation's objectives.

The Purpose of the System of Internal Control

5.3 The Council's system of internal control is designed to manage risk to a reasonable level rather than to completely eliminate the risk of failure to achieve policies, aims and objectives. Consequently, it can only provide a reasonable, and not absolute, assurance of effectiveness.

5.4 The system of internal control is based on an ongoing process designed to identify

and prioritise the risks to the achievement of the Council's vision, strategic priorities, policies, aims and objectives. It also is designed to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Annual Opinion Statement on the Effectiveness of the System of Internal Control

5.5 The IA Plan for 2019/20 was developed primarily to provide Corporate Board and the Corporate Committee with independent assurance on the adequacy and effectiveness of the systems of internal control, including an assessment of the Council's corporate governance arrangements and risk management framework.

5.6 The HIA opinion is based primarily on the work carried out by the Council's IA service during 2019/20, as well as a small number of other assurance providers. Where the work of internal audit has identified weaknesses of a systematic nature that impact on the system of internal control, this has been considered in forming the HIA opinion.

Basis of Assurance

5.7 All of the IA reviews carried out in 2019/20 have been conducted in accordance with the UK PSIAS, based on the annual assessment carried out by Mazars as part of their annual internal peer review challenge.

5.8 In line with the UK PSIAS, the Head of Audit and Risk Management is professionally qualified and suitably experienced. The skills mix within the contractor's team has evolved during the year though every single member of the IA team is either fully qualified or actively studying for a relevant professional internal audit or accounting qualification. As a result, the 2019/20 IA resources fulfilled the UK PSIAS requirements in terms of the combination of professionally qualified and suitably experienced staff.

Qualifications to the Opinion

5.9 During 2019/20 the Council's IA service:

- had unrestricted access to all areas and systems across the authority;
- received appropriate co-operation from officers and members; and
- had sufficient resources to enable it to provide adequate coverage of the authority's control environment to provide the overall opinion. A benchmarking review of local authorities' internal audit service has revealed Haringey Council has on average fewer internal audit days than other London boroughs. The Head of Audit and Risk Management is looking at how the authority can obtain an adequate level of business assurance.

Other Assurance Providers

5.10 In formulating the HIA overall opinion on the Council's system of internal control, the Head of Audit and Risk Management has taken into account the work

undertaken by other sources of assurance, and their resulting findings and conclusions. These other assurance providers which included:

- Risks identified on the Corporate Risk Register;
- The work of the Priority Boards;
- The work of Feedback and Information Governance Group;
- The Statutory Functions Board;
- The IT Security Group;
- The work of the Health & Safety Group;
- External Audit Plan and ISA206.

Significant Internal Control Weaknesses

5.11 Internal audit is required to form an opinion on the quality of the internal control environment, which includes consideration of any significant risk or governance issues and control failures which arise during the year.

5.12 There were several significant control weaknesses identified by internal audit during 2019/20. The risks identified from the audit work have been raised with management and work is ongoing to strengthen the Council's control environment in relation to the risks identified.

5.23 The audit work for 2019/20 has raised awareness of weakness of controls around compliance with policies and procedures. For a number of audits assigned limited assurance, it was noted the internal controls had been designed to mitigate risks, though in practice, some of these controls were not operating. Ordinarily, the "second line of defence" would alert management where internal controls are not operating as intended but for a number of audit areas, the second line of defence was not effective in identifying the weakness in the operation of the control. Examples of internal controls in the second line of defence include quality assurance and monitoring arrangements, performance management and key performance indicators, data quality and control and oversight and supervision.

5.24 Senior management have agreed to respond to the significant internal control weaknesses identified for internal audits carried out in 2019/20. The work of internal audit has also seen internal control improvements in other areas, including the work senior management has carried out to review and refresh the Medium Term Financial Plan and transformation savings to strengthen financial resilience of the Council, though senior management recognise there is more to do.

6. Analysis of audit work

6.1 A review of the work of internal audit is summarised in the table below, it should be noted that in 2019/20 a new approach to assurance rating was provided as it was felt that, as indicated by the 2018/19 results, that there was a tendency for reports to be either limited or substantial. The new approach was designed to ensure all four categories were used and the assurance more meaningful. This slightly hinders the year on year comparison but the 2019/20 results do provide more detailed assurances to stakeholders.

6.2 **Table 4 analysis of audit outcomes**

Assurance Level	2019/20 Assurance Reports	2018/19 Assurance Reports
Substantial /Full	5 (7%)	1 (2%)
Adequate/Substantial	28 (42%)	27 (45%)
Limited	11(17%)	16 (26%)
Nil/No	2 (3%)	0 (0%)
Advisory	18 (26%)	8 (13%)
Finals report to issue	1 (1%)	7 (12%)
Deferred*	3 (4%)	-
Total	**68**	**59**

*Unlike other years audits not completed to draft stage have been deferred to new plan, this is due to COVID-19 and the furlough of Mazars team.

6.3 More than double advisory audits between 2018/19 and 2019/20, this is understandable as management seek input over design of internal control to ensure effective arrangements are put in place.

Follow up – Recommendations raised in 2018/19

6.4 An analysis of the recommendations raised as part of the 2019/20 audits is set out below.

6.5 **Table 5 2019/20 recommendations by priority**

Risk	Number of recommendations		Percentage	
	2018/19	*2019/20*	*2018/19*	*2019/20*
Priority 1 – High	22	14	8%	5%
Priority 2 – Medium	167	181	62%	62%
Priority 3 - Low	80	99	30%	33%
Total	**269**	**294**	**100%**	**100%**

6.5 Recommendations are followed up on an on-going basis until closed, this activity is monitored and concerns escalated to Senior Management. A new follow up regime has been designed following review of the 2019/20 results.

7 Consultancy Audits 2019/20

7.1 Over the last year, the number of consultancy work, advice and guidance increased considerably over the previous year (eight in 2018/19 and four in 2017/18). This is reasonable when services are reshaping their management structure and delivery models. The trend for continued support and advice is likely to continue into 2020/21 and beyond, the service has been reviewed to ensure it can support the work the organisation going forward. More in-house resource is available for 2020/21 and the redesigned Mazars team provides strengthened specialist input into areas such as: IT, Project Management; Housing and Schools. The Mazars team also have a wide range of other specialist resources that can be called on via our current contract as needed.

8 Quality Assurance and Improvement Programme

8.1 The Public Sector Internal Audit Standards' (PSIAS) set out the need for internal audit to develop an assurance and improvement programme (QAIP) which seeks to ensure the internal audit service conforms to the PSIAS and provides a means of maintaining continuous improvement.

8.2 For 2019/20, the internal audit service has looked to sharpen understanding of key risks by identifying, assessing and reporting on the bases of risk. To that end, the audit planning processes, and reporting arrangements have been updated so that the documents are more risk orientated. The assurance levels have also been changed to better reflect the profile of risks for the areas audited. This new approach was embedded in 2019/20.

8.3 During 2019/20 a restructure took place to create a Deputy Head of Audit and Risk post in the team to support the Head of Audit & Risk in delivering the QAIP. The 2019/20 service was reviewed in quarter four to inform the QAIP for 2020/21. Although the planned activities were timed throughout 2020/21 originally, COVID-19 and the impact on delivery of the audit plan has enabled more time to be spent in quarter one 2020/21 on service improvement and we have been working with Mazars to implement this ready for quarter two, this will support us to deliver the audit plan in the remaining nine months of the year and to ensure that sufficient assurance is available to key stakeholders and to inform next years Head of Internal Audit Opinion.

Anti-fraud work 2019/20

9. Introduction

9.1 Haringey Council is committed to ensuring the highest possible standards are maintained by its employees, contractors and residents. Fraud and corruption can impact on the public's confidence in the Council and its reputation in the long term. Anti-fraud policies and strategies are in place to detect and prevent fraud and a corporate Fraud Team is managed by the Deputy Head of Audit and Risk Management.

10. Transparency Code 2015

10.1 In accordance with Part 2 of the Local Government Transparency Code 2015, Haringey is required to publish information on the cost of its anti-fraud work and the outcomes achieved. Details of the required information and the Fraud Team's involvement in anti-fraud work during 2019/20 is summarised below.

10.2 **Table 6 -Transparency Code reporting – costs and fraud cases 2019/20**

Transparency Code requirement	2018/19	2019/20
Allocated budget for anti-fraud work	£672k	**£606k**
Number of staff (absolute and FTE) undertaking anti-fraud work	7.5 staff: 7.5 FTE	**7.5 staff: 7.25FTE**
Number of staff of professionally accredited anti-fraud specialists	5 staff	**5 Staff**
Total amount of time spent on the investigation and prosecution of fraud	1,323 days	**1,279 days**
Total number of fraud cases investigated	848	**795**
Number of occasions powers under the Prevention of Social Housing Fraud Regulations have been used	120	**107**

10.3 The Transparency Code also requires a breakdown of the 795 fraud cases (identified in Table 6) investigated during 2019/20. This is provided below and there is also a more detailed section within the report outlining the activity.

10.4 **Table 7 Transparency Code reporting – investigations completed by type**

Investigation area	Number of investigations 2018/19	Number of investigations 2019/20
Employee fraud cases	22	18
Whistleblowing non-employee	-	1
Right to Buy applications	236	238
Tenancy fraud	191	204
Pro-active tenancy checks	205	204
Gas Safety tenancy checks	149	101
No Recourse to Public Funds	45	29
Total	**848**	**795**

Internal Employee Investigations

10.5 During 2019/20, 18 investigations were recorded involving employees or agency workers. The 18 is made up of: 12 were council workers, two of which were agency workers; three Homes for Haringey employees of which two officers who had left the council's employment at the time of the referral; one school employee. The allegations covered a number of issues including abuse of position, bringing the council into disrepute, misuse of council resources, theft and bullying and harassment.

10.6 In all 18 investigations, the skill set available across the team with regards audit, fraud and risk management is deployed to work with the relevant stakeholder to ensure the relevant offence or breach is identified; the appropriate action is taken in response, in line with approved policy and procedure and where required:

(i) Disciplinary action be taken in accordance with Council procedures and /or
(ii) Changes to policy, practice or procedure to mitigate similar future occurrences.

10.7 In ten (10) cases, the investigation found evidence to support the allegations. In three (three) instance the Fraud Team were required to support the disciplinary process, which led to a dismissal. In one (1) instance the Service Manager took internal action without sanction. Six (6) employees resigned prior to a disciplinary hearing.

10.8 In eight (8) cases, there was either insufficient evidence to support the allegation or Service management completed the disciplinary process.

10.9 There were two (2) instances of Agency staff being investigated for alleged irregularities and each instance, the temporary agency contract was terminated.

10.10 The Fraud Team work closely with officers from HR and the service area involved to ensure that the investigation is completed as quickly as possible. The Fraud Team have been set a target to complete investigations within eight weeks of the referral from 2019/20 and this will continue to be monitored. It is anticipated most cases will be completed in this period although cases can and do take longer to go through the disciplinary process and reach a conclusion. Some investigations were impacted by the pandemic at the end of the financial year.

Use of the Council's Whistleblowing policy 2019/20

10.11 The Head of Audit and Risk Management maintains the central record of referrals made using the Council's whistleblowing policy. In total, 19 whistleblowing referrals were made during 2019/20, as outlined above 18 of which were employee related. One related to a partner organisation rather than an individual.

10.12 All referrals made using the whistleblowing policy are reviewed and subsequent investigations are managed according to all relevant statutory requirements, including Data Protection, Regulation of Investigatory Powers and Police and Criminal Evidence Acts. In some cases, the limited amount of information provided means a full investigation cannot be undertaken. The management of the Audit and Risk service undertakes an initial review of the information before agreeing an approach with HR and service management. Any allegations relating to financial issues are investigated by the Fraud Team.

10.13 In 2019/20, one (1) case was reported to Service Directors, two (2) are an ongoing investigation including the Police and fifteen (15) have been investigated under the Employee Irregularity procedure.

10.14 Reminders regarding expected standards of behaviour and how to report suspected fraud are provided via staff newsletters, the Council's intranet and website and via Haringey People and Home Zone publications were provided in 2018/19 and further steps will be considered in 2020/21 financial year.

Right to Buy in 2019/20

10.15 In 2019/20, the Fraud Team has investigated 238 RTB applications. The team reviews every RTB application to ensure that any property where potential benefit or succession fraud is indicated can be investigated further. As a result of the applicants' interviews with the Fraud Team, further investigations and/or the requirement to complete money laundering processes, 90 potentially fraudulent RTB applications have been stopped. Of the applications reviewed a further 102 were withdrawn for other reasons and 46 council properties were sold. At the end of the year there were 212 applications in progress.

10.16 Through the course of due diligence checks on RTB applications, it may be noted that there has been a former fraudulent declaration to receive Housing Benefit, where no entitlement is due. The Fraud Team will alert Housing Benefit to the need to raise an overpayment against the tenant, which will recover lost income to the Council. In 2019/20 one overpayment of £9k was highlighted and repaid. Other overpayments of £21k, £5k and £3k were identified in year, and action taken to attempt to recover.

Tenancy Fraud

10.17 In 2019/20, the Fraud Team continued to work with Homes for Haringey to support their efforts to prevent and detect tenancy fraud. Numbers of referrals received, investigations completed and properties recovered to date by the Fraud Team are summarised below.

Table 8 – 2019/20 tenancy fraud referrals and opening caseload

Live cases brought forward from 2018/19	148
Referrals received in 2019/20	204
Total live cases	**352**

Table 9 – 2019/20 Outcomes and closing caseload

Properties recovered	56
No fraud identified/cases closed	100
Ongoing investigations / live cases	**196**

10.18 It is noted referrals were up from 191 in 2018/19 an increase of 23. Properties recovered exceeded the performance target of 50 and exceeded the 2018/19 performance of 52.

10.19 Of the 148 live cases, at the start of the year, and the 196 ongoing investigations/live cases at year end, these will sit in various stages of the process this can be with the investigator, Legal or Homes for Haringey. Once the status of the tenancy has been investigated and the case is either: awaiting a Court Hearing; the Particulars of Claim are with Legal Services; an NTQ is awaiting expiry; a succession application has been refused and the tenant is awaiting an offer of smaller accommodation; there is a Notice on the Public Trustee; or the rent account is showing an "Unauthorised Occupant" on the Housing database and awaiting eviction.

Pro-Active and Reactive Anti-Fraud Activity 2019/20

10.20 During 2019/20, the Fraud Team have undertaken a number of pro-active and reactive anti-fraud projects in areas which have been identified as a high fraud risk. Progress reports on this work have been reported to the Corporate Committee during the year; the findings and outcomes are all shared with service managers as the projects are delivered.

Gas safety – execution of warrant visits

10.21 Since July 2016, the Fraud Team accompany warrant officers on all executions of warrant of entry visits where it was suspected that the named tenant was not in occupation. During 2019/20, 20 properties have been recovered through this project – these are included in the total of 52 Council properties recovered in 2019/20.

10.22 Through these visits, the Fraud Team have come across cases of concern; where the living conditions and/or vulnerability of a tenant needs to be addressed by Tenancy Management or Social Services. These are reported to the appropriate Service.

No Recourse to Public Funds (NRPF)

10.23 As at 31 March 2020, twenty nine (29) referrals have been received and responded to by the Fraud Team through the financial year. It can be reported that in at least 6 instances the Fraud Team intervention has averted an applicate not providing full information for financial or accommodation support, or an open case being closed. The average cost of NRPF support per family (accommodation and subsistence for a 2 child household) is around £20,000 pa. Referrals from the NRPF are significantly lower than previous years. It can be viewed that the interventions of the Fraud Team have potentially saved the Council up to £120,000 in support and

accommodation costs, which may otherwise have been awarded where there was, in fact, no eligibility for assistance.

10.24 The project will be carried forward into the Fraud Work plan 2020/21, where advice, support and assistance to NRPF will continue as it is seen as an important Council Service.

Added Value in 2019/20

10.25 The Fraud Team have been actively engaged with DWP Organised Fraud in a multi-borough fraud involving Housing Benefit claims. The Council no longer investigate Housing Benefit fraud cases as these are conducted by the DWP, however, the collaborative working of the Fraud Team continues to led to Housing Benefit cases being stopped in Haringey where there is suspicion of fraud.

10.26 In 2018/19 the Council signed up to a Joint Working Protocol with the DWP to consider cases of joint interest and collaborative working.

Financial Values in 2019/20

10.27 In 2019/20, the target for anti-fraud work was to contribute a minimum of £11m worth of savings, or avoided expenditure, to assist the Council in improving its frontline services. The total cost of the anti-fraud team in 2019/20 was £606k.

10.28 The Cabinet Office (previously the Audit Commission) valued the recovery of a tenancy, which has previously been fraudulently occupied, at an annual value of £18,000, relating to average Temporary Accommodation (TA) costs. No new national performance indicators for tenancy fraud have been produced; therefore the £18,000 figure is still used, although this is considered low if the tenancy has been illegally sublet for several years.

10.29 The Government have linked RTB discount to the Consumer Retail Index, which means that, year on year, the maximum discount that can be given by the Council against the market value of a Council home, goes up. In 2019/20, this figure is £108,000. For reporting purposes and the financial value attributable to the 90 withdrawn cases referred to above, the maximum allowable figure of £108,000 is used.

Reactive counter-fraud projects

10.30 Following a review of a complaint received by HfH, an investigation was launched into suspected irregularity by staff. This investigation is on-going.

Temporary Accommodation

10.31 The Fraud Team are now working with the tenancy team to review tenancies of temporary accommodation, to identify any misuse of this type of accommodation.

Data Matching

10.32 The National Fraud Initiative (NFI) is a biennial national data matching exercise co-ordinated by the Cabinet Office, which matches data within and between public and statutory sector bodies, to prevent and detect fraud. Data matching involves comparing sets of data, such as the payroll, pensions, housing waiting lists of an organisation against the same records held by counterpart authorities.

10.33 The data matching allows potentially fraudulent claims and payments to be identified. Where a match is found it indicates an inconsistency in the data held by each party, which requires investigation, to determine whether there is error, omission or fraud that requires further investigation and which organisation, if any, is exposed to potential loss.

10.34 The current NFI, data extracts were taken, nationally, in October 2018, and the results published at the end of January 2019. The Q3 Committee Report in 2018/19 detailed the Service areas where the matches have been allocated in 2019.

10.35 In 2019, there are 10,145 matches identified involving Haringey records, which is similar to previous years. The proposal is that Service areas will commit to reviewing their specific allocation with any recognised or perceived fraud being passed to Internal Audit.

10.36 As at 31 March 2020, outcomes from the initial reviews include:

- An investigation into a member of staff who has triple, concurrent, employment; and
- £174,388 of income that can be recovered by the Council.

10.37 Specifically, following the release of National Fraud Initiative (NFI) data in 2019, the Fraud Team are carrying out a pro-active exercise to identify households where household circumstances have changed, but not been notified to the Council.

10.38 Council Tax records are being matched with other Council data: Where Council, records show a single person household and this is no longer the case, the CT account is adjusted, home-owners notified and there is an

expectation that additional income will be generated for the Council. This shall be monitored and reported to Committee throughout the year. The team has reviewed over 1,200 NFI matches and sent letters to 150 householders where it is suspected more than one person is living at the property. The householders can contact the internal audit team and present evidence to show entitlement should continue.

Prosecutions

10.37 As at 31 March 2020 (Q4) two (2) Tenancy Fraud cases have been prepared and are with Legal Services for a Court application.

10.38 A prosecution (Blue Badge and Freedom Pass) has been presented to Court as part of a joint prosecution with three neighbouring London Boroughs. The accused was found guilty in August 2019.