Havering
LONDON BOROUGH

AUDIT COMMITTEE
14 May 2024

Subject Heading:	Head of Assurance Annual Report 2023/24
SLT Lead:	Kathy Freeman, Strategic Director Resources
Report Author and contact details:	Jeremy Welburn, Head of Assurance Tel: 01708 432610 / 07976539248 Email: jeremy.welburn@onesource.co.uk
Policy context:	To present a summary of the outcomes of Internal Audit and Counter Fraud work completed during 2023/24 and the Head of Assurance's annual opinion.
Financial summary:	There are no financial implications or risks arising directly from this report which is for information only.

The subject matter of this report deals with the following Council Objectives

People making Havering   [X]
Places making Havering   [X]
Resources making Havering   [X]

SUMMARY

This report brings together all aspects of audit, assurance and counter fraud work undertaken in the 2023/24 financial year, including actions taken by management in response to audit and counter fraud activity, which supports the governance framework of the authority. The report includes the Head of Assurance opinion on the internal control environment for 2023/24.

Limited assurance reports issued since the last Audit Committee are included in Appendix 1

RECOMMENDATIONS

Members are asked to consider the Assurance End of Year Report 2023/24 incorporating Head of Assurance Opinion and to make any appropriate recommendations.

REPORT DETAIL

Introduction

The Accounts and Audit Regulations require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Auditing Standards (PSIAS) and other guidance.

Internal audit is a key component of corporate governance within the Council. The three lines of defence model, as detailed below, provides a framework for understanding the role of internal audit in the overall risk management and internal control processes of an organisation:
- First line – operational management controls
- Second line – monitoring controls, e.g. the policy or system owner/sponsor
- Third line – independent assurance.

The Council's third line of defence includes internal audit, which should provide independent assurance to senior management and the Audit Committee on how effectively the first and second lines of defence have been operating.

An independent internal audit function will, through its risk-based approach to work, provide assurance to the Council's Audit Committee and senior management on the higher risk and more complex areas of the Council's business, allowing management to focus on providing coverage of routine operations.

The work of internal audit is critical to the evaluation of the Council's overall assessment of its governance, risk management and internal control systems, and forms the basis of the annual opinion provided by the Head of Assurance which contributes to the Annual Governance Statement. It can also perform a consultancy role to assist in identifying improvements to the organisation's practices.

This report summarises the outcomes of audit and counter fraud work undertaken during 2023/24 in support of the Audit Committee's role.

Head of Assurance Opinion

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit (Head of Assurance) is required to provide an annual opinion to the Audit Committee, based upon and limited to the work performed by Internal Audit on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This is achieved through an audit plan that is focused on key strategic and operational risk areas, agreed with senior management and approved by the Audit Committee. The Head of Assurance opinion does not imply that internal audit has reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based audit work formulated around a selection of key systems and risks.

In line with best practice, Internal Audit prepares, in consultation with senior management, an annual risk based strategic plan. The audit plan is, if necessary, amended during the year to reflect changes within the Council's risk profile.

From the work undertaken during the 2023/24 year, reasonable assurance can be provided that there is generally a sound system of internal control across the Council. This opinion is broadly consistent with the 2022/23 view. However, it should be noted that the reasonable assurance opinion acknowledges that procurement processes and contract management arrangements continues to be an area of significant risk to the Council.

The Council has a responsibility to ensure that the procurement of goods and services is conducted effectively, with contracts entered into subsequently managed robustly, to ensure that value for money is achieved for the benefit of residents. Work is underway across the Council to address these risk areas and these will be reviewed by the Internal Audit team during 2024/25.
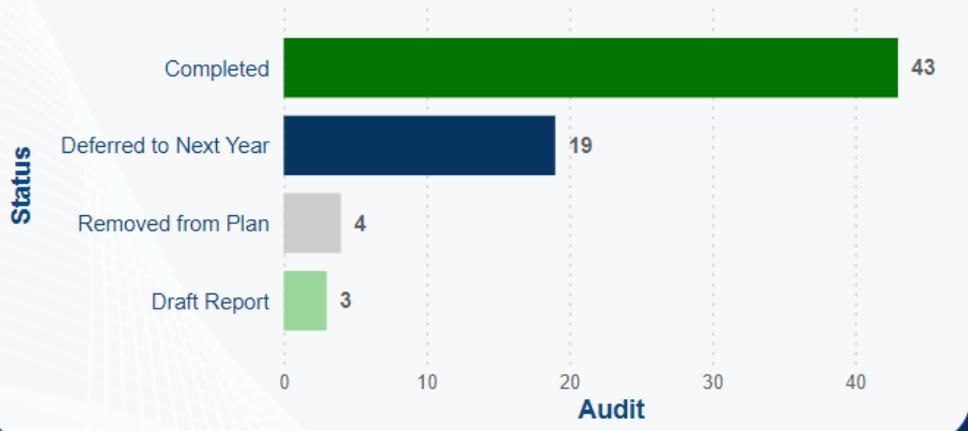
The basis for this opinion is derived from an assessment of the range of individual opinions arising from assignments, contained within the Internal Audit risk based plan, that have been undertaken throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses. Outlined below are the definitions of the assurance levels provided by Internal Audit:

Key to Assurance Levels
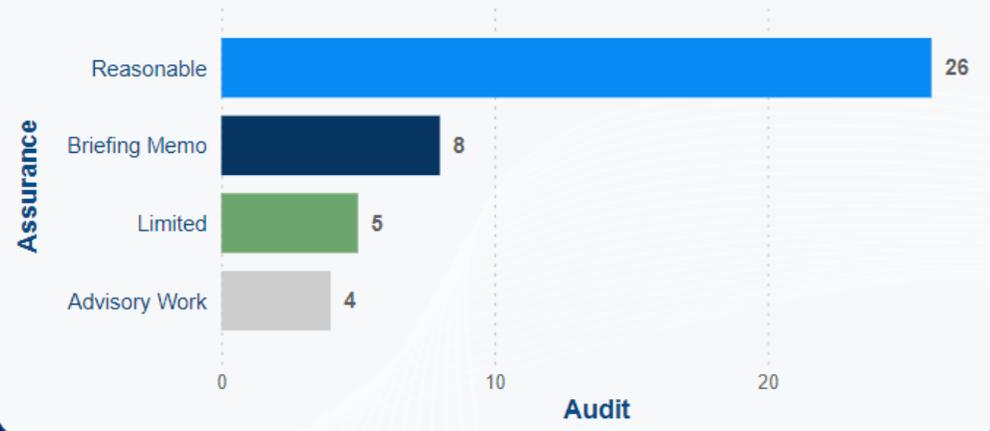- **Reasonable Assurance -** The control framework is adequate to manage the risks in the areas reviewed. Controls are applied consistently or with minor lapses that do not result in significant risks to the achievement of system objectives.
- **Limited Assurance -** There are fundamental weaknesses in the internal control environment within the areas reviewed, and further action is required to manage risks to an acceptable level.

2023/24 Audit Plan Outturn Report - Systems and Schools

Audit by Status

Status	Audit
Completed	43
Deferred to Next Year	19
Removed from Plan	4
Draft Report	3

Audit by Assurance

Assurance	Audit
Reasonable	26
Briefing Memo	8
Limited	5
Advisory Work	4

Recommendations by Priority

Priority	Audit
Medium	~78
Advisory	22
High	13

Audit by Recommendations Status

Recommendations Status	Audit
Implemented	62
Closed - Advisory	22
Not Due	22
Overdue	7
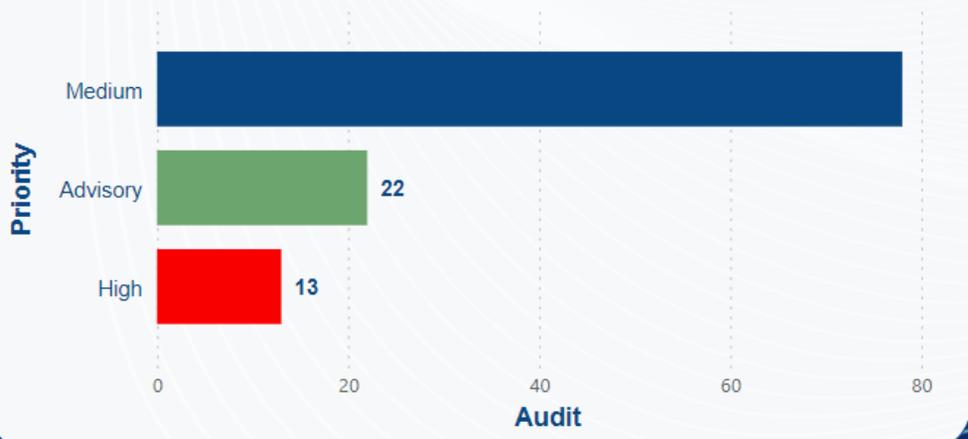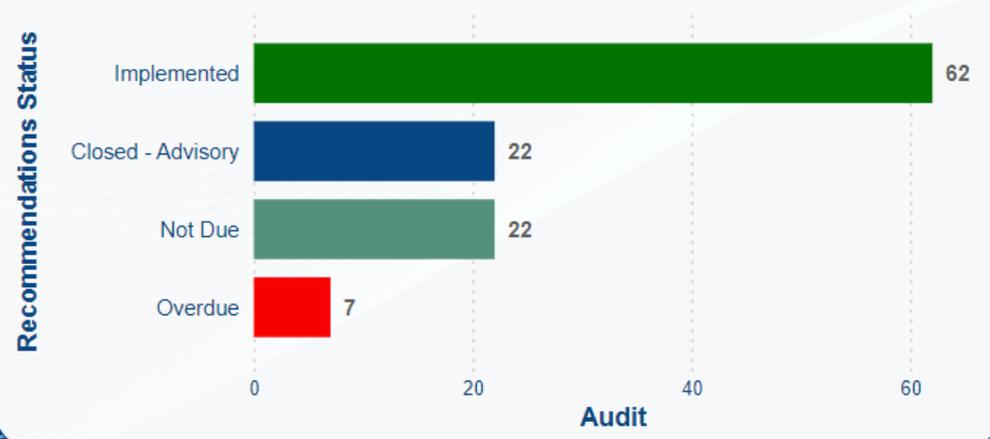
2023/24 Audit Plan Outturn Report - Systems and Schools

Assurance by Audit Type

Audit Type	Assurance values
Systems	Advisory Work: 4, Briefing Memo: 8, Limited: 5, Reasonable: 9
Triennial	Reasonable: 11
Health Check	Reasonable: 6

Assurance legend:
- Advisory Work
- Briefing Memo
- Limited
- Reasonable

Audit by Recommendations Status

Recommendations Status	Audit
Implemented	62
Closed - Advisory	22
Not Due	22
Overdue	7
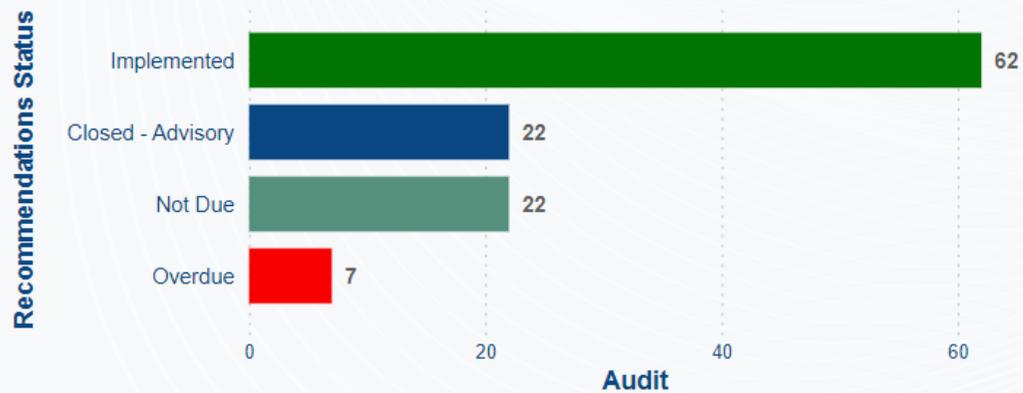
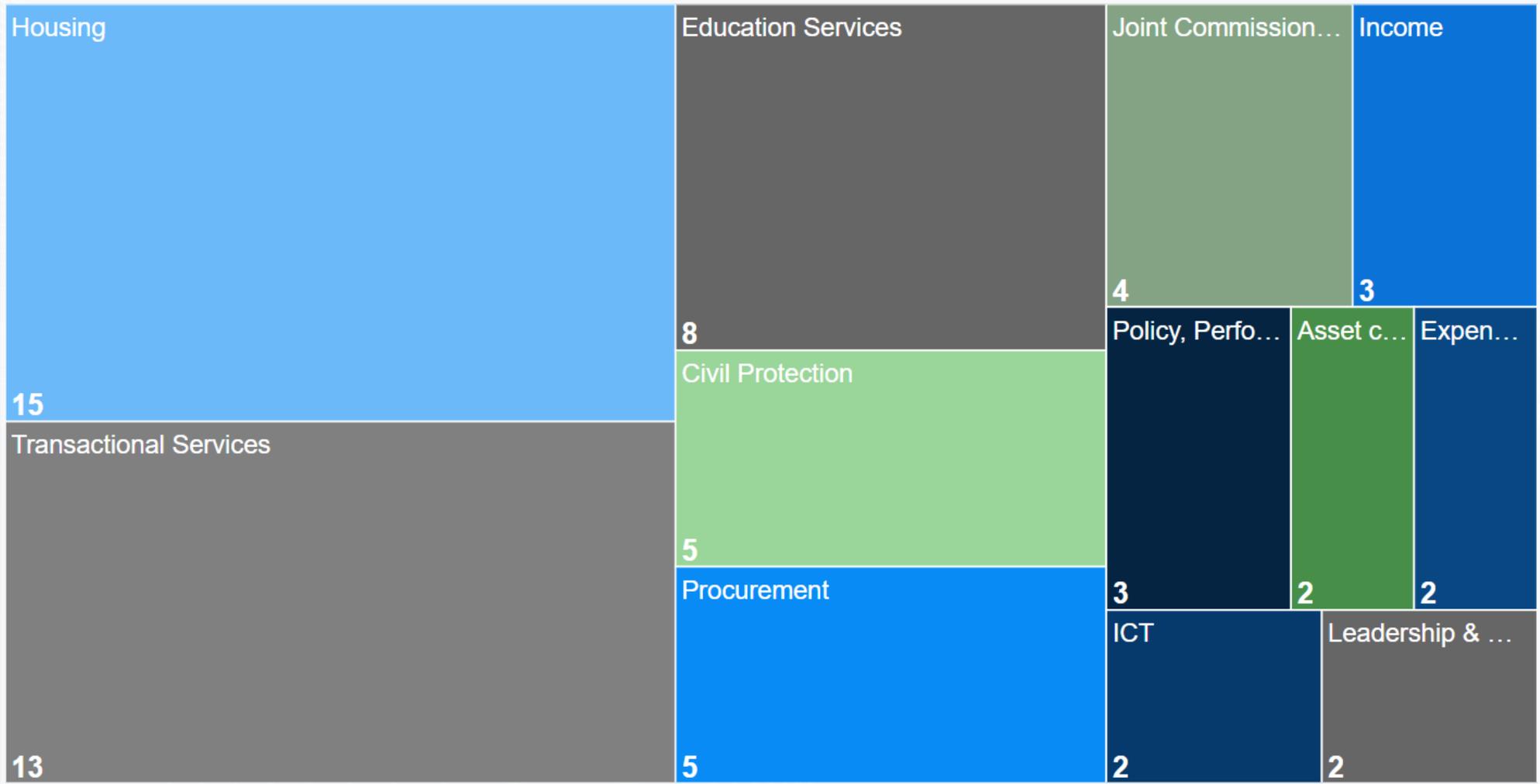| Type	Closed - Advisory	Implemented	Not Due	Overdue	Total
Triennial	6	24	6	7	43
Systems	14	19	15		48
Health Check	2	19	1		22
Total	**22**	**62**	**22**	**7**	**113**

Audit Committee, 14 May 2024

Audit Plan - Systems (Completed and Draft)

Title	Status	Assurance	High Recs	Medium Recs	Advisory Recs	Total	Overdue High	Overdue Medium	Total Overdue
Catering in Schools - Allergy Management	Completed	Reasonable	0	3	5	8	0	0	0
Contract Management - Environment (Phase 2) (22/23)	Completed	Briefing Memo	0	0	0	0	0	0	0
Data Breach	Completed	Briefing Memo	0	0	0	0	0	0	0
DPIA Compliance - CCTV (22/23)	Completed	Limited	3	0	0	3	0	0	0
DPIAs - CCTV (Interim F/Up and Progress Report)	Completed	Reasonable	0	0	0	0	0	0	0
Faster/ Duplicate Payments (22/23)	Completed	Limited	3	3	1	7	0	0	0
Housing Compliance Follow Up (22/23)	Completed	Reasonable	0	5	0	5	0	0	0
Insurance Mapping	Completed	Advisory Work	0	0	0	0	0	0	0
IT Transition Procurement Support	Completed	Briefing Memo	3	0	0	3	0	0	0
Mayors Appeal Fund	Completed	Briefing Memo	0	0	0	0	0	0	0
Parking Income	Completed	Briefing Memo	0	0	1	1	0	0	0
Procurement	Completed	Briefing Memo	0	0	0	0	0	0	0
PSL Follow Up	Completed	Reasonable	0	1	2	3	0	0	0
Purchase Orders and Accruals	Completed	Reasonable	0	0	0	0	0	0	0
Reablement Contract Award Follow Up	Completed	Reasonable	0	0	0	0	0	0	0
Responsive Repairs	Completed	Limited	1	1	2	4	0	0	0
Responsive Repairs Follow Up	Completed	Reasonable	0	0	0	0	0	0	0
SEND Transport Follow Up	Completed	Reasonable	0	0	0	0	0	0	0
Service Charges Follow Up	Completed	Limited	0	0	0	0	0	0	0
Supplier Creation (22/23)	Completed	Briefing Memo	0	0	0	0	0	0	0
Supporting Familes (Q3)	Completed	Advisory Work	0	0	0	0	0	0	0
Supporting Familes (Q1)	Completed	Advisory Work	0	0	0	0	0	0	0
Supporting Familes (Q2)	Completed	Advisory Work	0	0	0	0	0	0	0
Supporting Familes (Q4)	Completed	Reasonable	0	0	0	0	0	0	0
Traded Services (Brokerage Service)	Completed	Briefing Memo	0	0	0	0	0	0	0
Waivers (22/23)	Completed	Limited	3	3	3	9	0	0	0
Engagement of Consultants via Matrix - Governance & Compliance Culture (Phase 1)	Draft Report		0	0	0	0	0	0	0
Procurement Governance Arrangements	Draft Report		0	0	0	0	0	0	0
Total			**13**	**16**	**14**	**43**	**0**	**0**	**0**

Audit Plan - Systems (Deferred and Removed)

Title	Status
Complaints	Deferred to Next Year
Contract Management	Deferred to Next Year
Contracts Register	Deferred to Next Year
Empty Properties (Council Tax Charges)	Deferred to Next Year
Governance and Compliance Culture (Phase 2)	Deferred to Next Year
ICT - Application Risk Management	Deferred to Next Year
ICT - Service Desk	Deferred to Next Year
Mayors Car Budget / Process Maps	Deferred to Next Year
Planning	Deferred to Next Year
Project (risk based deep dive reviews)	Deferred to Next Year
Reablement Contract	Deferred to Next Year
Voids	Deferred to Next Year
Continuing Health Care	Removed from Plan
Highways Services	Removed from Plan
Household Support Fund	Removed from Plan
Public Realm	Removed from Plan

Common Themes - Systems

Housing — 15
Transactional Services — 13
Education Services — 8
Civil Protection — 5
Procurement — 5
Joint Commission… — 4
Income — 3
Policy, Perfo… — 3
Asset c… — 2
Expen… — 2
ICT — 2
Leadership & … — 2

Audit Committee, 14 May 2024

**Audit Committee, 14 May 2024**

Audit Recommendations Update - Systems

Internal Audit follows up all audit recommendations with management when the deadlines for implementation are due. There is a rolling programme of follow up work, with each auditor taking responsibility for tracking the implementation of recommendations made in their audit reports. The implementation of audit recommendations, in systems where limited assurance was provided, is verified through a follow up audit review. This work is of high importance given that the Council's risk exposure remains unchanged if management fail to implement the recommendations raised in respect of areas of control weakness. A key element of the Audit Committee's role is to monitor the extent to which recommendations are implemented as agreed and within a reasonable timescale, with particular focus applied to any high risk recommendations.

Recommendations by Priority
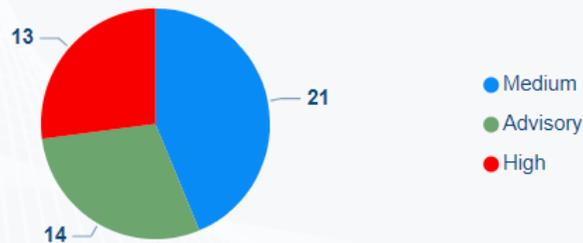
- Medium: 21
- High: 13
- Advisory: 14

Audit by Recommendations Status

- Implemented: 19
- Not Due: 15
- Closed - Advisory: 14
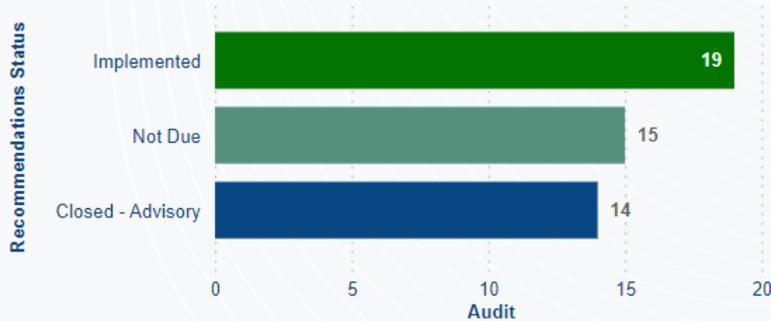
Plan Year	Audit Title	Recommendation Priority	Recommendation Status
2023/24	Catering in Schools - Allergy Management	Advisory	Closed - Advisory
2023/24	Faster/ Duplicate Payments (22/23)	Advisory	Closed - Advisory
2023/24	Parking Income	Advisory	Closed - Advisory
2023/24	PSL Follow Up	Advisory	Closed - Advisory
2023/24	Responsive Repairs	Advisory	Closed - Advisory
2023/24	Waivers	Advisory	Closed - Advisory
2023/24	Catering in Schools - Allergy Management	Medium	Implemented
2023/24	DPIA Compliance - CCTV (22/23)	High	Implemented
2023/24	Faster/ Duplicate Payments (22/23)	High	Implemented
2023/24	Faster/ Duplicate Payments (22/23)	Medium	Implemented
2023/24	Housing Compliance Follow Up (22/23)	Medium	Implemented
2023/24	IT Transition Procurement Support	High	Implemented
2023/24	PSL Follow Up	Medium	Implemented
2023/24	Responsive Repairs	High	Implemented
2023/24	Responsive Repairs	Medium	Implemented
2023/24	Faster/ Duplicate Payments (22/23)	High	Not Due
2023/24	Housing Compliance Follow Up (22/23)	Medium	Not Due
2023/24	IT Transition Procurement Support	High	Not Due
2023/24	Purchase Orders and Accruals	Medium	Not Due
2023/24	Waivers	High	Not Due
2023/24	Waivers	Medium	Not Due

Recommendation Detail - Systems

Audit Title	Recommendation	Rec Priority	Rec Status ▲	Due Date	Revised Due Date
DPIA Compliance - CCTV (22/23)	Collate and maintain a central record of CCTV currently in place across the organisation. This should include establishing a network of key contacts across all relevant areas in order to work collaboratively and provide clear lines of communication. Where this process identifies CCTV not supported by a DPIA action should be taken to address this immediately.	High	Implemented	01 October 2023	
DPIA Compliance - CCTV (22/23)	Produce and publish guidance to make Council staff aware of their responsibility in terms of complying relevant legislative requirements (GDPR). This should include clear signposting on the intranet to ensure that officers procuring new CCTV / applicable equipment not only have access of guidance, but are aware of the need to engage with the SPOC in order to update the central records.	High	Implemented	01 October 2023	
DPIA Compliance - CCTV (22/23)	SLT should be suitably informed of the risks arising from this report and the Council's exposure in this area. A decision should then be made by SLT to agree where overarching responsibility for Council wide use of CCTV should sit, to provide services with CCTV with a Single Point of Contact (SPOC).	High	Implemented	01 October 2023	
Faster/ Duplicate Payments (22/23)	In order to minimise the risk of duplicate payments, the Faster Payment request form should be amended to include a declaration that, if the faster payment is being raised to replace a payment already submitted via the accounts payable process, that the person completing the form has instructed Accounts Payable to cancel the previous payment.	High	Implemented	01 December 2023	
Faster/ Duplicate Payments (22/23)	Ownership of the faster payments process should be determined.	High	Implemented	01 December 2023	
IT Transition Procurement Support	From the limited credentials available at the time of this work, regarding TVI as a company, the viability of TVI being able to deliver the scope of such a significant and complex project they have been engaged for should be established and verified as a matter of urgency.	High	Implemented		
IT Transition Procurement Support	Immediate action should be taken to understand the formal agreement between TVI and the Council for the delivery of phase two of the IT Transition Procurement Support project to ensure that the Council does not breach any contractual obligations.	High	Implemented		
Responsive Repairs	Action should be taken to execute the contract immediately. This should include confirming with Legal Services that no amendments have been made to the contract that was originally awarded and whether any significant changes to the service, such as the transfer of the	High	Implemented	01 November 2023	

Recommendation Detail - Systems

Audit Title	Recommendation	Rec Priority	Rec Status	Due Date	Revised Due Date
Faster/ Duplicate Payments (22/23)	In addition to the faster payment form, guidance should be produced and made available to all staff, outlining when it is acceptable to request a Faster Payment. Guidance should also set out the standard / expected level of detail to be provided within the request form.	High	Not Due	01 June 2024	
IT Transition Procurement Support	The governance arrangements for awarding high value contracts through Matrix Managed Marketplace should be reviewed to ensure that all decisions made are in accordance with Council processes and financial regulations. Decisions should be appropriately evidenced and recorded.	High	Not Due	01 June 2024	
Waivers	In the absence of up to date Contract Procedure Rules the current waivers process should be reviewed to ensure that it aligns with core governance requirements set out in both the CPRs and the Council's Constitution and that the process includes robust controls to ensure compliance. Once reviewed the process should be made readily available to officers across the Council.	High	Not Due	01 July 2024	
Waivers	The current Contract Procedure Rules (CPR) should be reviewed and updated to reflect both local & legislative changes and to assimilate the current operational processes with the governance arrangements set out in the rules.	High	Not Due	01 July 2024	
Waivers	To ensure standards are being consistently applied it is advised that the Procurement Team are provided with training to ensure that all officers are aware of the process and understand, and can apply the controls. This should include clear communication of the teams role and responsibilities within the waivers process, such as responsibility for checking waivers are approved in line with the scheme of delegation and that any applicable supporting documents (such as EDs if applicable) have been submitted.	High	Not Due	01 July 2024	

Introduction - Schools Programme

There are currently 40 borough maintained schools within Havering. Of these, 24 schools will have received a triennial audit between the financial years 2021/22 – 2023/24. The remaining 16 maintained schools were assessed on the assurance given at their last triennial audit and considered to be low risk; therefore, a triennial audit was not delivered as part of the three year rolling programme. Ten of these schools have received at least one health check since their last triennial visit, the remaining six schools are amongst the thirteen schools scheduled to be reviewed as part of the 2024/25 audit plan.

In addition to assessing the implementation of recommendations raised following the previous audit, the Health Check also reviews the perceived high risk areas, including those common themes outlined below.

Assurance opinions are given for each school report. Currently, the schools that were due to be audited in 2023/24 have received a Triennial audit, all of which were given Reasonable Assurance.

Recommendations raised during the 2023/24 audits identified some common themes across multiple schools, in the following areas;
· Procurement;
· Lettings; and
· Governance Arrangements.

During 2023/24, the service delivered seven Health Checks for maintained schools, four of which had been deferred from 2023. Two academies also bought into the service generating total revenue for 2023/24 of £7,585.00. To date, ten schools have purchased Health Checks for 2024/25

The Schools Financial Value Standard (SFVS) is designed to assist schools in managing their finances and to give assurance that they have secure financial management in place. As Governing bodies have formal responsibility for the financial management of their schools, the standard is aimed primarily at governors. The SFVS returns are used to inform the risk based internal audit programme. All schools within Havering completed and submitted their copies of the SFVS to the LA within the agreed timescales.

Audit Plan - Schools

Title	Status	Assurance	High Recs	Medium Recs	Advisory Recs	Total	Over due High	Overdue Medium	Total Overdue
Clockhouse - HC (22/23)	Completed	Reasonable	0	3	0	3	0	0	0
Corbets Tey - HC (22/23)	Completed	Reasonable	0	1	0	1	0	0	0
Crownfield Infants - HC	Completed	Reasonable	0	7	0	7	0	0	0
Engayne - T3	Completed	Reasonable	0	1	0	1	0	0	0
Gidea Park - T3	Completed	Reasonable	0	5	2	7	0	0	0
Harold Wood - HC (22/23)	Completed	Reasonable	0	5	2	7	0	0	0
Hilldene Primary - HC	Completed	Reasonable	0	1	0	1	0	0	0
James Oglethorpe - T3	Completed	Reasonable	0	6	1	7	0	1	1
Langtons Infants - T3	Completed	Reasonable	0	1	1	2	0	1	1
Learning Federation - T3	Completed	Reasonable	0	2	0	2	0	0	0
Parklands - T3 (22/23)	Completed	Reasonable	0	2	0	2	0	0	0
RJ Mitchell - T3 (22/23)	Completed	Reasonable	0	5	0	5	0	3	3
Squirrels Heath Junior - HC (22/23)	Completed	Reasonable	0	3	0	3	0	0	0
St Albans - T3	Completed	Reasonable	0	5	0	5	0	0	0
St Patricks - T3	Completed	Reasonable	0	3	0	3	0	1	1
St Ursulas - T3 (22/23)	Completed	Reasonable	0	4	0	4	0	1	1
Whybridge Infants - T3	Completed	Reasonable	0	5	0	5	0	0	0
Elm Park - HC (22/23)	Deferred to Next Year	Not Applicable	0	0	0	0	0	0	0
Rainham Village Primary - HC	Deferred to Next Year	Not Applicable	0	0	0	0	0	0	0
St Edwards - HC (22/23)	Deferred to Next Year	Not Applicable	0	0	0	0	0	0	0
St Josephs - T3 (deferred)	Deferred to Next Year	Not Applicable	0	0	0	0	0	0	0
St Patricks - HC (22/23)	Deferred to Next Year	Not Applicable	0	0	0	0	0	0	0
The RJ Mitchell Primary - HC	Deferred to Next Year	Not Applicable	0	0	0	0	0	0	0
The Towers Federation - HC (22/23)	Deferred to Next Year	Not Applicable	0	0	0	0	0	0	0
Suttons - T3	Draft Report	Reasonable	0	0	0	0	0	0	0
Total			**0**	**59**	**6**	**65**	**0**	**7**	**7**

Schools Recommendations Common Themes

Theme	Count
Procurement	14
Lettings	9
Governance Arrangements	8
Asset Management Plan	5
Charge Cards	3
School Improve…	3
Finance Policy	3
School Trip	3

Audit Recommendations Update - Schools

Recommendations by Priority
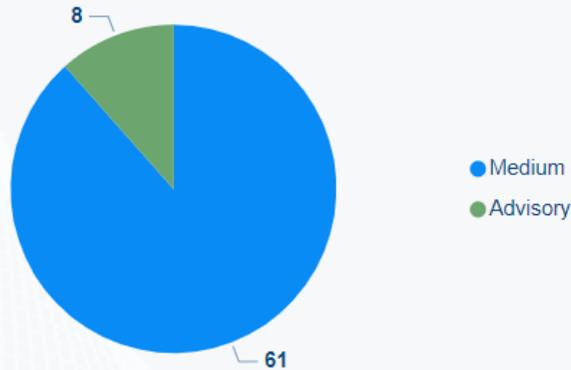
- Medium: 61
- Advisory: 8

Audit by Recommendations Status

Recommendations Status	Audit
Implemented	43
Not Due	10
Closed - Advis...	9
Overdue	7
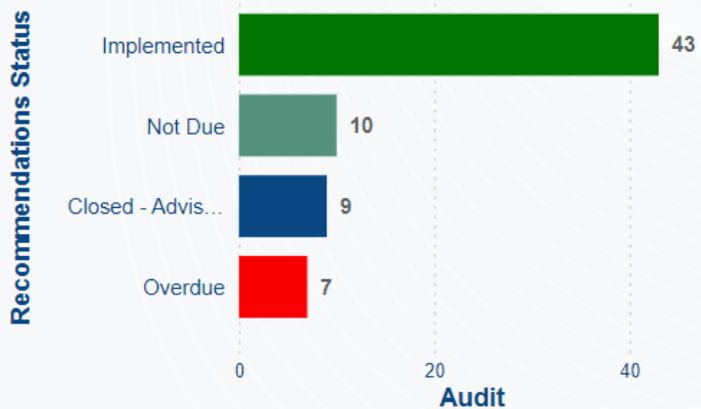
Plan Year ▲	Audit Title	Recommendation Priority	Recommendation Status
2023/24	Clockhouse Primary	Medium	Implemented
2023/24	Clockhouse Primary	Medium	Not Due
2023/24	Corbets Tey - HC (22/23)	Medium	Implemented
2023/24	Crownfield Infants - HC	Medium	Implemented
2023/24	Engayne - T3	Medium	Implemented
2023/24	Gidea Park - T3	Advisory	Closed - Advisory
2023/24	Gidea Park - T3	Medium	Implemented
2023/24	Harold Wood - HC (22/23)	Advisory	Closed - Advisory
2023/24	Harold Wood - HC (22/23)	Medium	Implemented
2023/24	Hilldene Primary - HC	Medium	Implemented
2023/24	James Oglethorpe - T3	Advisory	Closed - Advisory
2023/24	James Oglethorpe - T3	Medium	Implemented
2023/24	James Oglethorpe - T3	Medium	Not Due
2023/24	James Oglethorpe - T3	Medium	Overdue
2023/24	La Salette Catholic Primary	Medium	Closed - Advisory
2023/24	La Salette Catholic Primary	Medium	Not Due
2023/24	Langtons Infants - T3	Advisory	Closed - Advisory
2023/24	Langtons Infants - T3	Medium	Overdue
2023/24	Learning Federation - T3	Medium	Implemented
2023/24	Parklands - T3 (22/23)	Medium	Implemented
2023/24	RJ Mitchell - T3 (22/23)	Advisory	Closed - Advisory
2023/24	RJ Mitchell - T3 (22/23)	Medium	Implemented
2023/24	RJ Mitchell - T3 (22/23)	Medium	Overdue
2023/24	Squirrels Heath Junior - HC (22/23)	Medium	Implemented
2023/24	St Albans Catholic Primary	Medium	Implemented
2023/24	St Albans Catholic Primary	Medium	Not Due
2023/24	St Patricks - T3	Medium	Implemented
2023/24	St Patricks - T3	Medium	Overdue
2023/24	St Ursulas - T3 (22/23)	Advisory	Closed - Advisory
2023/24	St Ursulas - T3 (22/23)	Medium	Implemented

Introduction - Counter Fraud

Counter Fraud Audit Work

The counter fraud service are continuing to follow up, fraud referrals, desk based intelligence checks and investigations with door step visits and Interviews under Caution where necessary The Council take a zero tolerance approach to tenancy fraud and currently have 85 open investigations.

During the period 01/04/2023 to 31/03/2024, 18 non-housing referrals were also received; nine of which were Whistleblowing referrals. Fifteen cases have been investigated and concluded and three referrals are currently being investigated.

Proactive Counter Fraud Investigations
Work undertaken during 01/04/2023 to 15/03/2024

Area	Description	No. Received
Advice to Other Local Authorities	All Data Protection Act requests via Local Authorities, Police etc.	21
Advice to Directorates	General advice and support to Directors, Heads of Service etc. including short ad-hoc investigations, audits and compliance.	12
National Fraud Initiative	The NFI is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud and is conducted every two years.	Results are currently under review.

Counter Fraud

Reactive Investigation Cases

Four referrals were brought forward from the previous period.
· One case has been concluded; and
· Three remaining cases are still under investigation.

During 01/04/2023 to 31/03/2024 18 referrals were received; nine of which, information was provided by Whistle-blowers:
· Fifteen cases have been investigated and concluded; and
· Three referrals are currently being investigated.

The following table illustrates the work undertaken in relation to housing fraud and right to buy (RTB) applications

Description	2022/2023	2023/24 to date
RTB stopped	5	3
Properties recovered	10	14
RTB referred and reviewed	101	94
Number of referrals for investigation	123	127
Notional Saving *	180000	588000
Notional Saving	581000	383820
Total Notional Saving	761000	971820

* Notional saving revised from 2022/23 figures as recommended method uses a standard formula to arrive at an average national cost to the taxpayer per detected tenancy fraud of £42,000

Housing Cases

The following table illustrates the breakdown of cases:

Description	2023/2024 (to date)
RTB stopped **	3
Properties Recovered	14
Pending bailiff action / Eviction	3
Passed to Legal Services for Criminal / Civil Proceedings	9
Open Investigations	68
Number of referrals currently under investigation	84
Number of referrals brought forward	68
Number of new referrals retained for investigation *	59
Number of completed / closed investigations	43
Notice To Quit (NTQ) issued	2
NFA	19
Housing Application cancelled	1
Housing Action	4
Homeless duty discharged	1
Change of Tenancy stopped	1
Awaiting Court Hearing	2

Key:
* Total number of referrals received and triaged was 184. However, only 59 are being investigated as the remaining referrals do not get investigated by the Counter Fraud Team, e.g. Housing Benefit, other LA's.
** Total number of RTB's referred and reviewed was 95.

Housing Services refer Mutual Exchanges and Succession to the Counter Fraud Team to review. A total of 43 Mutual Exchanges and 11 Successions have been referred and reviewed.

Other Arrangements

Risk Management Arrangements

The strategic risks to the achievement of the Authority's objectives are captured within a corporate risk register which is overseen by the Governance and Assurance Board (GAB), reviewed by SLT and progress reported to the Audit Committee. Work continued during 2022/23 to review the risks, overseen by the GAB to ensure that the corporate risk register reflects the risks facing the Council.

During 2022/23 Internal Audit have continued to implement the JCAD Risk System, provided training to Directorates and ensured that Directorate risk registers have been added to the system. Work will continue during 2023/24 to support the general risk management processes.

The risk management strategy and supporting policies are reviewed regularly to ensure they remain relevant to the Council's systems and procedures, and will be approved by the Audit Committee biannually.

Governance Arrangements

There is an established officer Governance and Assurance Board at LB Havering, which the Head of Assurance attends. The work of Internal Audit informs this group and issues brought to the group and identified in the Annual Governance Statement (AGS), inform the annual audit plan. Governance arrangements are routinely considered as part of all internal audit reviews.

Audit Committee

The Audit Committee has had a pivotal role in ensuring the risk management, governance and internal control environment is adequately robust.

Appendix 1 : Limited Assurance Reports – Waivers

Background

A 2022/23 review of waivers carried out at the London Borough of Newham (with testing limited only to LB Newham waivers), resulted in a limited assurance audit opinion being given. In order to determine the level of risk at Havering, time was allocated from the emerging risks allowance in the plan to review Havering waivers. The scope of the review was to ensure that waivers complied with the Council's Contract Procurement Rules (CPRs) and were approved in accordance with the Scheme of Delegation.

Assurance Opinion - Limited

Inconsistency of record keeping, combined with the lack of ownership for ensuring compliance with relevant rules increases the risk that waivers breach of both internal and external procurement requirements. In the event of a breach, accountability would be difficult to determine.

Summary Key Findings	Recommendations
The Council's Contract Procedures Rules (circa 2016) are outdated and do not align with local and legislative requirements, or reflect processes currently in operation.	**High** - The current Contract Procedure Rules (CPR) should be reviewed and updated to reflect both local & legislative changes and to assimilate the current operational processes with the governance arrangements set out in the rules.
The waivers process officers are expected to follow has not been made available to officers.	**High** - In the absence of up to date Contract Procedure Rules the current waivers process should be reviewed to ensure that it aligns with core governance requirements set out in both the CPRs and the Council's Constitution and that the process includes robust controls to ensure compliance. Once reviewed the process should be made readily available to officers across the Council.
An accurate and complete record of waivers is not in place.	**Medium** - The service should make changes to the Procurement Projects Register (PPR) to ensure that it provides a robust record of all waivers received, including consideration as to the value that populating the PPR with incomplete historical data will give. Additionally the service should consider whether the current method of labelling waivers to competition, differently to those related to cost / quality weighting provides a comprehensive record of waivers submitted.

It is unclear where responsibility sits for ensuring waivers are justified, compliant with the rules and approved in line with the Scheme of Delegation.	**Medium** - Guidance to officers should clearly outline that waiving the cost / quality weighting set out in the Constitution should be documented and approved via an Executive Decision, unlike all other waivers which should be completed on the waivers template available on the intranet. Additionally, the waiver form should clearly outline the above requirements and ask officers to confirm what supporting documentation is being submitted alongside the waiver, such as an Executive Decision.
	High - To ensure standards are being consistently applied it is advised that the Procurement Team are provided with training to ensure that all officers are aware of the process and understand, and can apply the controls. This should include clear communication of the teams role and responsibilities within the waivers process, such as responsibility for checking waivers are approved in line with the scheme of delegation and that any applicable supporting documents (such as EDs if applicable) have been submitted.
	Medium - The Executive Leadership Team should be clearly notified of the responsibility being assigned to them when approving waivers, including whether this includes responsibility for ensuring that the waiver is justified and compliant with the CPRs.

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IMPLICATIONS AND RISKS

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Financial implications and risks:

There are no financial implications or risks arising directly from this report which is for information only.

By maintaining an adequate internal audit service, management are supported in the effective identification and efficient management of risks and ultimately good governance. Failure to maximise the performance of the service may lead to losses caused by insufficient or ineffective controls or even failure to achieve objectives where risks are not mitigated. In addition recommendations may arise from any audit work undertaken and managers have the opportunity of commenting on these before they are finalised. In accepting audit recommendations, the managers are obliged to consider financial risks and costs associated with the implications of the recommendations. Managers are also required to identify implementation dates and then put in place appropriate actions to ensure these are achieved. Failure to either implement at all or meet the target date may have control implications, although these would be highlighted by any subsequent audit work. Such failures may result in financial losses for the Council.

Legal implications and risks:

Regulation 6 of the Accounts and Audit Regulations 2015 requires the Authority to conduct a review of the effectiveness of the system of internal control which must be considered by the relevant committee or by full Council. This report seeks to comply with that statutory obligation and there are no apparent risks in considering the end of year report.

Human Resources implications and risks:

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

Climate Change implications and risks:

None arising directly from this report. Risks around this are reflected in the Corporate Risk Register, added into the Internal Audit Plan and incorporated into the scope of audits where relevant.

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

(i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;

(ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
(iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.