

Internal Audit and Anti-Fraud Strategy and Annual plan 2022-2023

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Introduction - April 2022

Early in 2021/22, delivery of the Internal Audit plan continued to be impacted by the COVID pandemic. Engagement in audits was more complicated due to some services' continued need to prioritise their work on the COVID-19 response.

Towards the end of the year, we have seen audit delivery returning towards 'business as usual', albeit being undertake more remotely than before the pandemic.

Unlike in previous years, the 2021/22 plan was presented to the Audit Committee in two stages: Q1 and Q2, then subsequently Q3 and Q4. This was to enable the service to be more responsive as the Council emerged from the pandemic. By year end, we were able to report that we have delivered 90% of the planned work programme, against the target of 95%.

The plan for 2022/23 incorporates:

- Completion of ongoing work on the 2021/22 audit plan (estimated at 93 audit days)
- 2022/23 planned audits (estimated remaining available allocation of 957 audit days)

As in previous years, we have included contingency days in the plan to enable us to be responsive to changes in risks throughout the period, offering responsive advice and support to other services when they need it.

In particular in 2022/23, we will need to respond to the outcome of the Capita Strategic Contract Review and potential changes to how Council services are delivered. For example, the current plan for audits of Key Financial Systems may need to be expanded depending on the agreed outcomes of the review.

As in 2021/22, in line with the Council's Corporate Plan priorities, Customer Services will be a theme underpinning the plan and will be picked up as a scope area in appropriate audits throughout the year e.g. Registrars.

In line with the requirements of the Public Sector Internal Audit Standards (PSIAS), I confirm that in my view I have sufficient resources available to deliver an appropriate risk-based Internal Audit plan.

Caroline Glitre

Head of Internal Audit

April 2022

Completion of 2021/22 plan

Directorate	Status at end of Q4 2021/22	Audit Title	Joint with CAFT?	Est. audit days to completion*
<p>Completion of all audits that were underway as at the end of Q4 of 2021/22.</p> <p>* Audits marked with an asterisk are being delivered by our co-sourced partner. In those cases the substantive audit days are covered by the 2021/22 budget and therefore only the LBB internal review days are included as part of the carry forward calculation</p>				
Customer & Place	Draft Report	Private Residential Blocks – Fire Safety*		2
Customer & Place	Fieldwork	Local Land Charges outputs		5
Customer & Place	Fieldwork	Parking - PCN Debt Recovery & Write-Offs	Y	8
Customer & Place	Fieldwork	Highways Health and Safety*		2
Customer & Place	Fieldwork	Commercial Rents and Lease Renewals		6
Customer & Place	Fieldwork	Community Infrastructure Levy		5
Customer & Place	Fieldwork	Green Waste		8
Customer & Place	Fieldwork	Sustainability Strategy*		2
Adults & Health	Draft Report	Direct Payments	Y	1
Adults & Health	Fieldwork	Disabled Facilities Grant - Risk Based Audit of Processes	Y	10
Children's & Family Services	Fieldwork	BELS GDPR*		2

Completion of 2021/22 plan cont.

Directorate	Status at end of Q4 2021/22	Audit Title	Joint with CAFT?	Est. audit days to completion*
Strategy & Resources	Draft Report	Project Accounting		2
Strategy & Resources	Fieldwork	Expenses	Y	8
Strategy & Resources	Fieldwork	Kickstart Programme	Y	5
Assurance	Draft Report	Premises, Licensing and Gambling		3
Cross-Cutting	Draft Report	Data Maturity*		1
Cross-Cutting	Draft Report	Remote Working*		1
Cross-Cutting	Fieldwork	Risk Management		15
Cross-Cutting	Fieldwork	Investment Appraisal*		2
Cross-Cutting	Fieldwork	Staff Conduct Standards Compliance	Y	5
TOTAL				93

2022/23 plan

Directorate	Provisional Audit Title	Joint with CAFT?	Provisional audit days
Customer & Place	Cyber Security	Y	15
Customer & Place	Disaster Recovery and Business Continuity		15
Customer & Place	Registrars	Y	15
Customer & Place	Parking Contract Monitoring		15
Customer & Place	Sustainability: Flood Prevention and Electric Vehicle grants		15
Customer & Place	Brent Cross - Compliance with Grant conditions		15
Customer & Place	Planning Service	Y	15
Customer & Place	Compulsory Purchase Orders	Y	15
Customer & Place	Building Control		15
Customer & Place	Public Sector De-Carbonisation		15
Customer & Place	Facilities Management – Management of Corporate Assets		15
Customer & Place	Estates - Building Compliance		15
Customer & Place	Schools Estates Project – Advisory		5

2022/23 plan cont.

Directorate	Provisional Audit Title	Joint with CAFT?	Provisional audit days
Strategy & Resources	EDI action plan delivery		15
Strategy & Resources	Starters-Leavers-Movers (SLaM) follow-up		15
Strategy & Resources	Recruitment - Pre-employment checks inc. Right To Work	Y	20
Strategy & Resources	Integra & HR Core Replacements - Advisory	Y	25
Strategy & Resources	CHAPS Emergency Payments	Y	15
Strategy & Resources	National Non-Domestic Rates (NNDR)	Y	20
Strategy & Resources	Pension Contributions		15
Strategy & Resources	Vulnerable Renters Grant	Y	5
Strategy & Resources	BEIS COVID grants post-payment assurance - Omicron and Additional Restrictions Support Grant	Y	10
Children's & Family Services	Schools Capital Programme		20
Children's & Family Services	Secure Accommodation governance review - Advisory		10
Children's & Family Services	Supporting Families Programme – Payment by Results		20
Children's & Family Services	Schools audits		100

2022/23 plan cont.

Directorate	Provisional Audit Title	Joint with CAFT?	Provisional audit days
Adults & Health	Care Homes		20
Adults & Health	ASC Reform Programme Board - Advisory		25
Adults & Health	Discharges from Hospital		15
Adults & Health	Disabled Facilities Grant certification	Y	5
Public Health & Prevention	Contain Outbreak Management Fund	Y	5
Public Health & Prevention	Levelling up - Protect & Vaccinate Grant	Y	5
Public Health & Prevention	DLUHC grant for Covid Vaccine Champions	Y	5
Assurance	CAFT - Review of Fighting Fraud & Corruption Locally (FFCL) self-assessment	Y	15
Assurance	Trading Standards		15
Assurance	RIPA follow-up		2
Cross-Cutting	Contract Management Toolkit compliance		20
Cross-Cutting	Project Management Toolkit compliance		20
Cross-Cutting	Financial Regulations compliance	Y	15
Cross-Cutting	Mandatory Training		15

2022/23 plan cont.

	Provisional audit days
Follow-Ups of previous audit actions	100
Contingency	200
Total Days Completion of 2021/22 plan	93
Total Days 2022/23 plan	957
TOTAL	1050

2022/23 Joint Internal Audit & CAFT reviews - summary

Directorate	Provisional Audit Title
Customer & Place	Cyber Security
Customer & Place	Registrars
Customer & Place	Planning Service
Customer & Place	Compulsory Purchase Orders
Strategy & Resources	Recruitment - Pre-employment checks inc. Right To Work
Strategy & Resources	Integra & HR Core Replacements - Advisory
Strategy & Resources	CHAPS Emergency Payments
Strategy & Resources	National Non-Domestic Rates (NNDR)
Strategy & Resources	Vulnerable Renters Grant
Strategy & Resources	BEIS COVID grants post-payment assurance - Omicron and Additional Restrictions Support Grant
Adults & Health	Disabled Facilities Grant certification
Public Health & Prevention	Contain Outbreak Management Fund
Public Health & Prevention	Levelling up - Protect & Vaccinate Grant
Public Health & Prevention	DLUHC grant for Covid Vaccine Champions
Assurance	CAFT - Review of Fighting Fraud & Corruption Locally (FFCL) self-assessment
Cross-Cutting	Financial Regulations compliance

Anti Fraud Strategy and approach

Our annual anti-fraud strategy remains aligned with the strategic approach as outlined in 'Fighting Fraud and Corruption Locally' ([Fighting Fraud and Corruption locally strategy](#)) and provides a blueprint for a tougher response to public sector tackle fraud.

The principles of our strategy remain the same as previous years including the six themes as detailed within the new and updated 2020 FFL (**Culture, Capability, Capacity, Competence, Communication and Collaboration**) .






We have adapted our strategy and approach to incorporate a response to these themes as well as consideration of local fraud risks facing the Council alongside horizon scanning on emerging national fraud risks and relevant good practice guidance. Our strategy further demonstrates and supports the Council's commitment to a zero tolerance approach to fraud, corruption, bribery and other irregularity including any Money Laundering activity.

Our strategy and approach is underpinned by the Counter Fraud Framework Manual documents and the work of the CAFT as set out in this annual work plan. It remains the policy of this Council that only the CAFT may investigate allegations or suspicions of fraud, corruption or bribery committed against the London Borough of Barnet and subsidiary holdings such as Barnet Group.

Additionally CAFT are the only authorised Council service to conduct financial investigations under the Proceeds of Crime Act on behalf of all Council Services (and subsidiary holdings) and to further investigate individuals who are suspected of money laundering against the London Borough of Barnet, whether it be internally or externally.

We consider that all of the above fall into 5 key areas and each of these is vital in the delivery of a holistic anti-fraud strategy and an effective service delivery. These keys areas are **Govern, Acknowledge, Prevent, Pursue and Protect** and are expanded on in the next page.

Anti-fraud strategy and approach cont...

Govern	Acknowledge	Prevent	Pursue	Protect
Having a zero tolerance culture through out the council	Acknowledging and understanding fraud risks	Preventing and detecting fraud to protect the councils resources	Being stronger in punishing fraud and recovering losses	Protecting the council and its residents
 <ul style="list-style-type: none"> • Having robust arrangements and Executive Support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation 	 <ul style="list-style-type: none"> • Assessing and understanding fraud risks • Committing support and resource to tackling fraud and corruption • Demonstrating a robust anti-fraud response • Communicating the risk to those involved with Governance 	 <ul style="list-style-type: none"> • Making the best use of information and technology • Enhancing fraud controls • Developing a more effective anti-fraud culture • Communicating CAFT activity and its successes 	 <ul style="list-style-type: none"> • Prioritising fraud recovery and the use of civil sanctions • Developing capability and capacity to punish offenders • Collaborating across geographical and sectoral boundaries • Learning lessons and closing the gaps • Conduct a borough wide key amnesty to raise awareness of offences, to seek referrals and to recover social housing in the wrong hands 	 <ul style="list-style-type: none"> • Recognising the harm that fraud can cause in the community • protecting public funds, protecting the council from fraud and cyber-crime and also protecting the council from future frauds • Working in partnership with National Fraud Intelligence Bureau to communicate up to date Fraud risks and themes

Anti-Fraud communications Strategy

This year we continue to build upon our communications strategy which envisages increasing CAFT's impact and effectiveness by aligning with the strategic approach set out in the Local Government Fraud Strategy 'Fighting Fraud Locally'.

Our communications strategy is an essential instrument that we envisage will increase CAFT visibility across the organisation and the Borough. We aim to increase awareness around CAFT policies and channels through which concerns and incidents can be reported as well as emphasize the responsibility of staff on making reports and enable residents to report any suspicions or incidents of fraud or wrongdoing.

Assessing and understanding fraud risks - It is fundamental for staff and residents to understand the role of CAFT, different types of fraud and through which channels they can report any concerns or incidents of fraud.

- The **internal awareness campaign** and **face to face fraud risk awareness** sessions aim to increase fraud understanding between staff and their ability to detect fraud. In addition, it is important to emphasise their responsibility as council employees/partner employees regarding reporting fraud and abide with the new fraud policies. This will also include relaunching and a phased delivery of e-learning campaign.

- The **external campaign** will be targeted to residents across the council and will aim to increase awareness around fraud and the different ways they can report any concerns. Specific themes of communication around fraud risks will be promoted throughout the year.

Preventing and detecting fraud – A close relationship is being established between CAFT and the National Fraud Intelligence Bureau to enable key word searching to identify fraud offences targeting the public purse in Barnet that have been reported to Action Fraud but not disseminated to LBB. This will also enable the raising of awareness to the residents and businesses in Barnet through external communication. More efficient use of the NFI Hub will identify fraud related offending without waiting for the NFI every second year.

Being stronger in punishing fraud and recovering losses – Through the campaign we will be able to deliver the message that fraud does not pay and that we will punish and recover losses within the full force of our ability and the law (where relevant), our policies and authority. By successfully getting staff and residents on board a stronger response to fraud will be delivered. Different stakeholders will support CAFT's work by understanding and identifying fraud and being more empowered to actively condemn fraud themselves through operating within an anti-fraud environment.

In order to support the communications strategy we will devise a detailed targeted delivery plan for the year.

CAFT work streams

Description of work
Corporate Fraud
<p>To investigate all suspected frauds committed against the Council and effectively pursue fraudsters, by risk assessing and reacting accordingly to all instances of internal and external fraud, corruption or bribery. This work will cover all council services and subsidiary holdings such as Barnet Group. We continue to offer advice and assistance to colleagues and other services, on particular issues and/or fraud awareness. This covers staff fraud investigations (including where appropriate working closely with HR to support disciplinary offences) and also external fraud attacks on council services and finances.</p> <p>Internal Audit and CAFT are committed to the managed audit approach, which is demonstrated through the number of joint Audit and Fraud reviews listed throughout the workplan. Additionally, any suspected or significant controls weaknesses or fraud risks that are identified throughout the year (and/or as a result of a fraud investigation) are added to the plan as a joint review.</p>
Tenancy Fraud
<p>To effectively deal with the prevention, detection, deterrence and investigation (and prosecution where appropriate) of all aspects of Tenancy Fraud (application, sub letting, not resident, succession and right to buy fraud) including maximising the recovery of properties where Tenancy Fraud is proven with a target of at least 60 recovered properties set for 2021/22. Further to that, CAFT will aim to recover all available costs and losses suffered by the council due to tenancy fraud. This includes funds recovered via Proceeds of Crime with a view to replenishing the HRA with these funds</p> <p>We will deliver at least four intelligence led pro-active anti fraud drives as well as work to support Barnet Homes exercises throughout the year.</p>
Concessionary Travel Fraud
<p>To investigate all suspected frauds relating to Concessionary Travel including, Blue Badge misuse, Freedom pass fraud, Resident Parking and all frauds relating to applications for these concessions which are committed against the Council and effectively pursue the fraudsters.</p> <p>We will deliver at up to eight intelligence led joint (with the Met Police and NSL parking) street operations as well as other on-going intelligence led pro- active work to tackle Blue Badge Misuse / Fraud in our Borough.</p>

CAFT work streams continued

Description of review
Financial Investigations
To initiate Financial investigations under the Proceeds of Crime Act in relation to all frauds (where appropriate) to ensure that any person's subject to a criminal investigation by Barnet do not profit from their criminal action. We will also continue to provide this service to other local authorities on a commercial basis.
Cabinet Office - National Fraud Initiative (NFI)
<p>The NFI is a national public sector data matching exercise. Data uploads took place in October 2020 and matches have been received in March 2021 for review, risk assessment and/or investigation. These will form part of this years and next years proactive work program and be used to assist in focusing joint work with Audit.</p> <p>CAFT will co-ordinate this exercise for the Council and investigate related referrals. Data sets include areas such as Disabled Blue Badge, Parking Permits, Direct Payments, Procurement data, Pensions and Payroll as well as data from Barnet Homes.</p> <p>Access and training has been secured to the NFI Fraud Hub to enable regular data matching across numerous fields to identify fraud without waiting for the biannual NFI.</p>
Parking Fine Appeals
<p>Previous investigative evidence has demonstrated that there have been a number of cases of parking appeals being made fraudulently, which have not been highlighted under the current methodology.</p> <p>CAFT will continue to co-ordinate a data matching exercise to verify that the appellants with the highest volume of successful appeals have not been making them on fraudulent grounds.</p>
Covid-19 pre-payment checks
In response to the Chancellor's announcement of grant payments to small businesses based in the borough, CAFT have been working with other departments to provide a pre-payment assurance function and will continue to provide a post payment investigative function to ensure that funds that have been paid have been done so accurately.

CAFT work streams continued

Description of review
Internal data matching and use of analytics
To initiate internal data matching in order to develop more data led pros-active investigations and allow CAFT to have a greater ability to investigate and adopt a preventative measures approach to a number of council services
Fraud Awareness Training
CAFT will endeavour to launch a council wide, service bespoke, fraud awareness training package which allows both the ability to add to the council's zero tolerance culture and also raises the profile of the department across the organisation allowing for a more effective and wide ranging variety of investigations to be undertaken.

Background - General

Corporate Objectives

This strategy and plan demonstrate how Internal Audit and the Corporate Anti-Fraud Team (CAFT) support the Council in achieving its overall aims and objectives whilst maintaining the necessary professional standards.

The Council's Corporate Plan 2021-25 identifies four priorities:

- **Clean, Safe and Well Run**
- **Family Friendly**
- **Healthy**
- **Thriving**

Underpinned by:

- **Prevention**
- **Equalities**

These priorities and considerations will be supported by each audit, as applicable.

Officer and Management Responsibilities

For Internal Audit and CAFT to contribute to the Council's overall achievement of its objectives, it is essential that officers and management play a full role in the assurance work undertaken. The expectations from management are:

- Strategic level involvement to inform the annual plan;
- Operational level involvement with individual reviews;
- Being open and honest with audit and CAFT staff;
- Making staff and records available when requested;
- Responding to draft reports in the agreed timescale;
- Only accepting recommendations with which they agree, and providing timescales for implementation that are achievable; &
- Implementing the agreed actions (by the agreed date) arising from the reviews.

The responsibility for a sound system of internal control and the prevention and detection of fraud rests with management. Work performed by Internal Audit and CAFT should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Those risks identified and recommendations raised should be considered in line with the Council's current Risk Management Framework.

Background - Internal Audit

Internal Audit

Internal Audit provide independent and objective assurance to the Council, its Members, the Council Management Team (including the S151 Officer) to support them in discharging their responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs.

Internal Audit ensure a positive culture of internal control improvement, effective risk management and good governance. The purpose, authority and responsibility of the internal audit activity are formally defined in the Internal Audit Charter, which will be periodically reviewed and presented to senior management and the Audit Committee for approval. Internal audit will be delivered and developed in accordance with this Charter.

Internal Audit Service Provision

The Internal Audit service is delivered through a mixed economy model, which includes an in house team and external provider, currently PwC.

Barnet is the lead borough on the Cross Council Assurance Service (CCAS), having run the procurement exercise to award the CCAS Framework contract from 1st April 2020 for the provision of internal audit, risk management, anti-fraud and advisory services. We work closely with numerous other London Boroughs (including Barking & Dagenham, Enfield, Hammersmith & Fulham, Royal Borough of Kensington & Chelsea, Lambeth, Waltham Forest and Westminster), as well as other authorities nationally.

The vision for CCAS is to support participating boroughs in creating an optimised assurance service that enables each organisation to manage risk more effectively, improve service agility and the ability to deliver more for less.

Being a part of this framework enables us to:

- work more closely with a number of other London Boroughs and public sector bodies nationally, sharing expertise, knowledge and working practices to further enhance the efficiency and effectiveness of the service;
- develop a platform to harmonise working practices and audit processes and enhance the skills and capacity of the in house teams to deliver a greater proportion of internal audit work and to share audit activity and resource planning;
- develop our Data Analysis skills; and
- provide income to Barnet via a 1% contract management fee.

Managed Audit Approach

Internal Audit and CAFT are committed to the managed audit approach, which ensures joining up with External Audit to make the best use of resources and to avoid duplication of effort

Background – CAFT

Corporate Anti-Fraud Team (CAFT)

All CAFT work is conducted within the appropriate legislation and through the powers and responsibilities as set out within the financial regulations section of the Council's constitution. CAFT supports the Chief Finance Officer in fulfilling their statutory obligation under section 151 of the Local Government Act 1972 to ensure the **protection of public funds and to have an effective system of prevention and detection of fraud and corruption**. It supports the Council's commitment to a zero tolerance approach to fraud, corruption, bribery and other irregularity including any Money Laundering activity.

The Council has a responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted. Throughout the past 12 months the Council has had to adapt the way that its employees work and this present an opportunity to strengthen the anti fraud culture, and we aim to progress this with anti fraud awareness and communications campaigns, including the relaunch of our e-learning programme as well as bespoke face to face fraud risk workshops, in addition we will continue to work jointly with relevant services including internal audit on improving internal controls.

We remain committed to closer collaboration with Internal Audit as demonstrated through this plan, including conducting joint reviews, through intelligence and utilising data from the National Fraud Initiative exercise, to ensure that we have a risk based approach to inform audit reviews and targeted sampling.

Work processes are designed for compliance with legislation and best practice as well as maximum efficiency.

The team is structured so as to support the following work streams:- **Corporate Fraud** (which includes Staff Fraud as well attacks on the public purse from external sources), **Concessionary Travel Fraud** (which includes Application fraud, Blue Badge Fraud and Misuse as well as Freedom Pass Fraud Investigations), **Tenancy Fraud** (which includes Housing Needs, Subletting, Right to Buy and Succession fraud) and **Financial Investigations** in accordance with the **Proceeds of Crime Act**. We continue to review all fraud related policies, working procedures and processes to ensure that they reflect best practice and legislative requirements, whilst contributing to the to the overall objectives of the team and that we are efficient, effective and provide value for money.

We believe that CAFT continue to provide an efficient value for money counter fraud service and that is able to investigate all referrals or data matches to an appropriate outcome. CAFT also provide advice and support to every aspect of the organisation including its partners and contractors. This advice varies between fraud risk, prevention and detection, money laundering and other criminal activity as well as misconduct and misuse of public funds. Some of the matters will progress to criminal investigation and others will not, but in all cases appropriate actions, such as disciplinary or asset recovery are taken. It is this element of the work of CAFT that is hard to quantify statistically.

Performance Indicators - Internal Audit

The service has a number of performance indicators in place to assess whether performance is effective and efficient.

Performance Indicator	Target	Reporting frequency
% of Plan delivered	Based on 95% complete of those due in quarter	Quarterly
Verification that Critical, High and Medium Risks have been mitigated by management at the time of follow up	90%	Quarterly
% of reports year to date achieving: <ul style="list-style-type: none">• Substantial• Reasonable• Limited• No Assurance	N/A	Quarterly
Average customer satisfaction score for year to meet or exceed acceptable level for at least 85% of completed surveys	85%	Exception basis - if not met

Performance Indicators - CAFT

The service has a number of performance indicators in place to assess whether performance is effective and efficient. Performance against these indicators will be reported to the audit committee on a quarterly basis as well as details of outcomes on noteworthy concluded investigations, outcomes of pro-active exercises and joint audit /CAFT reviews.

Corporate Investigation Team	Concessionary Travel Fraud Team	Tenancy Fraud Team
Number of Fraud investigations (opened and closed) including summary breakdown of service area and Fraud type.	Number of Disabled Blue Badge Fraud investigations (opened and closed) including summary breakdown fraud type	Number of Tenancy Fraud investigations (opened and closed) including summary breakdown by fraud type
Number of Prosecutions or other Sanction for each category.	Number of Prosecutions or other Sanction for each category including the amount of costs recovered	Number of Prosecutions or other Sanction for each category
Number of Dismissals / staff no longer employed as a result of CAFT intervention.	Number of Blue Badges seized as a result of misuse, lost, stolen, forged, counterfeits being identified	Number of Properties recovered as well as the Number of Right to Buy and Housing applications denied as a result of CAFT intervention.
Financial Investigations Team		
Number of Financial investigations (under Proceeds of Crime Act) opened and closed including summary breakdown of service area as well as the amounts recovered.		
Other information reported as per Policy requirements		
Whistleblowing referrals - number received (and summary detailed provided on closed cases where appropriate).	Number of Surveillance requests / authorisations in accordance with the Regulation of Investigatory Powers Act (RIPA) 2000 (and summary detailed provided on concluded investigations if proven).	