

Audit Committee

Agenda

Tuesday, 23 April 2024 at 6.30 p.m.
Committee Room - Tower Hamlets Town Hall,
160 Whitechapel Road, London E1 1BJ

Members:

Chair: Councillor Harun Miah

Vice Chair: Councillor Ahmodur Khan

Councillor Kabir Ahmed, Councillor Saied Ahmed, Councillor Abdul Wahid, Councillor Maisha Begum, Councillor Rachel Blake, Councillor Mufeedah Bustin and Councillor Asma Islam

Independent Member:

Charlotte Webster

Substitutes: Councillor Shafi Ahmed, Councillor Suluk Ahmed, Councillor Abu Chowdhury, Councillor Mohammad Chowdhury, Councillor Ayas Miah and Councillor Abdal Ullah

[The quorum for the Audit Committee is 3 voting Members]

Contact for further enquiries:

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Town Hall, 160 Whitechapel Road, London, E1 1BJ

<http://www.towerhamlets.gov.uk/committee>



Public Information

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A Guide to Audit Committee

The Audit Committee is responsible for considering the Council's arrangements for internal control, governance and financial management and recommending any actions accordingly.

This includes:

- Audit Plans.
- Reports from external audit (such as the Annual Audit Letter and Governance Report).
- The Annual Governance Statement.
- Anti-fraud and corruption initiatives.
- Authority's Risk Management Arrangements.
- The administration of the Council's financial affairs.
- Approving the Authority's Statement of Accounts.

Public Engagement

Meetings of the committee are open to the public to attend, and a timetable for meeting dates and deadlines can be found on the council's website.

London Borough of Tower Hamlets



Audit Committee

Tuesday, 23 April 2024

6.30 p.m.

APOLOGIES FOR ABSENCE

1. DECLARATIONS OF INTEREST (PAGES 7 - 8)

Members are reminded to consider the categories of interest, identified in the Code of Conduct for Members to determine: whether they have an interest in any agenda item and any action they should take. For further details, see the attached note from the Monitoring Officer.

Members are also reminded to declare the nature of the interest at the earliest opportunity and the agenda item it relates to. Please note that ultimately it is the Members' responsibility to identify any interests and also update their register of interest form as required by the Code.

If in doubt as to the nature of an interest, you are advised to seek advice prior the meeting by contacting the Monitoring Officer or Democratic Services.

2. MINUTES OF THE PREVIOUS MEETING(S) (PAGES 9 - 16)

To confirm the minutes of the Audit Committee held on 22nd January 2024.

3. DELOITTE ITEMS FOR CONSIDERATION

4. TOWER HAMLETS ITEMS FOR CONSIDERATION

4.1 Addressing the Local Audit Backlog and Update on Outstanding Audit of Accounts 2020/21, 2021/22 and 2022/23

To follow

4.2 Internal Audit Plan and Charter 2024-25 (Pages 17 - 34)

4.3 Internal Audit and Anti-Fraud - Progress Report (Pages 35 - 62)

4.4 Risk Management – Corporate and Directorate Risk Registers (Pages 63 - 102)

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Tower Hamlets Town Hall
160 Whitechapel Road
London E1 1BJ

4.5 Annual Review of the Anti-Bribery Policy (Pages 103 - 116)

5. AUDIT COMMITTEE WORK PLAN

6. ANY OTHER BUSINESS THE CHAIR CONSIDERS URGENT

Next Meeting of the Audit Committee

Thursday, 23 May 2024 at 6.30 p.m. to be held in Committee Room - Tower Hamlets
Town Hall, 160 Whitechapel Road, London E1 1BJ



The best of London in one borough

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Tower Hamlets Town Hall
160 Whitechapel Road
London E1 1BJ

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Agenda Item 1

DECLARATIONS OF INTERESTS AT MEETINGS– NOTE FROM THE MONITORING OFFICER

This note is for guidance only. For further details please consult the Code of Conduct for Members at Part C, Section 31 of the Council's Constitution

(i) Disclosable Pecuniary Interests (DPI)

You have a DPI in any item of business on the agenda where it relates to the categories listed in **Appendix A** to this guidance. Please note that a DPI includes: (i) Your own relevant interests; (ii) Those of your spouse or civil partner; (iii) A person with whom the Member is living as husband/wife/civil partners. Other individuals, e.g. Children, siblings and flatmates do not need to be considered. Failure to disclose or register a DPI (within 28 days) is a criminal offence.

Members with a DPI, (unless granted a dispensation) must not seek to improperly influence the decision, must declare the nature of the interest and leave the meeting room (including the public gallery) during the consideration and decision on the item – unless exercising their right to address the Committee.

DPI Dispensations and Sensitive Interests. In certain circumstances, Members may make a request to the Monitoring Officer for a dispensation or for an interest to be treated as sensitive.

(ii) Non - DPI Interests that the Council has decided should be registered – (Non - DPIs)

You will have 'Non DPI Interest' in any item on the agenda, where it relates to (i) the offer of gifts or hospitality, (with an estimated value of at least £25) (ii) Council Appointments or nominations to bodies (iii) Membership of any body exercising a function of a public nature, a charitable purpose or aimed at influencing public opinion.

Members must declare the nature of the interest, but may stay in the meeting room and participate in the consideration of the matter and vote on it **unless:**

- A reasonable person would think that your interest is so significant that it would be likely to impair your judgement of the public interest. **If so, you must withdraw and take no part in the consideration or discussion of the matter.**

(iii) Declarations of Interests not included in the Register of Members' Interest.

Occasions may arise where a matter under consideration would, or would be likely to, **affect the wellbeing of you, your family, or close associate(s) more than it would anyone else living in the local area** but which is not required to be included in the Register of Members' Interests. In such matters, Members must consider the information set out in paragraph (ii) above regarding Non DPI - interests and apply the test, set out in this paragraph.

Guidance on Predetermination and Bias

Member's attention is drawn to the guidance on predetermination and bias, particularly the need to consider the merits of the case with an open mind, as set out in the Planning and Licensing Codes of Conduct, (Part C, Section 34 and 35 of the Constitution). For further advice on the possibility of bias or predetermination, you are advised to seek advice prior to the meeting.

Section 106 of the Local Government Finance Act, 1992 - Declarations which restrict Members in Council Tax arrears, for at least a two months from voting

In such circumstances the member may not vote on any reports and motions with respect to the matter.

Further Advice contact: Linda Walker, Interim Director of Legal and Monitoring Officer, Tel: 0207 364 4348

APPENDIX A: Definition of a Disclosable Pecuniary Interest

(Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012, Reg 2 and Schedule)

Subject	Prescribed description
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by the Member in carrying out duties as a member, or towards the election expenses of the Member. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to the Member's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

LONDON BOROUGH OF TOWER HAMLETS

MINUTES OF THE AUDIT COMMITTEE

HELD AT 6.35 P.M. ON MONDAY, 22 JANUARY 2024

**COMMITTEE ROOM - TOWER HAMLETS TOWN HALL, 160 WHITECHAPEL
ROAD, LONDON E1 1BJ**

Members Present in Person:

Councillor Harun Miah	
Councillor Kabir Ahmed	(Cabinet Member for Regeneration, Inclusive Development and Housebuilding)
Councillor Saied Ahmed	(Cabinet Member for Resources and the Cost of Living)
Councillor Abdul Wahid	(Cabinet Member for Jobs, Skills and Growth)
Councillor Rachel Blake	
Councillor Mufeedah Bustin	
Councillor Asma Islam	
Charlotte Webster	Independent Person

Officers Present in Person:

Jill Bayley	(Head of Legal Safeguarding)
David Dobbs	(Head of Internal Audit, Anti-Fraud and Risk)
Rafiqul Hoque	(Head of Housing Options)
Abul Kalam	(Service Manager, Housing Management & Procurement)
Abdulrazak Kassim	(Director Finance, Procurement and Audit)
Ahsan Khan	(Chief Accountant)
Karen Swift	(Divisional Director, Housing and Regeneration)
Paul Audu	(Interim head of Pensions & Treasury)
Farhana Zia	(Democratic Services Officer, Committees, Governance)

Officers In Attendance Virtually:

John Harrison	Interim Director of Finance, Procurement and Audit
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APOLOGIES FOR ABSENCE

Apologies for absence were received from Ms Janet Fasan, Monitoring Officer and Director of Legal and Ms Julie Lorraine, Corporate Director for Resources.

1. DECLARATIONS OF INTEREST

There were no declarations of pecuniary interest declared by members of the committee.

2. MINUTES OF THE PREVIOUS MEETING(S)

The Audit Committee **RESOLVED:**

1. That the unrestricted minutes of the Audit Committee held on the 23rd November 2023 be approved and signed by the Chair as a correct record of the proceedings.

3. DELOITTE ITEMS FOR CONSIDERATION

There were no Deloitte items for consideration.

4. TOWER HAMLETS ITEMS FOR CONSIDERATION

4.1 Internal Audit and Anti-Fraud - Progress Report

Mr David Dobbs, Head of Internal Audit, Anti-Fraud and Risk presented the update report on the progress made against the delivery of the 2023-24 Annual Internal Audit Plan. The report also provided an update on the investigation activity, fraud prevention and anti-fraud work. Mr Dobbs referred members to paragraph 3.1, and the appendix attached to the report and said 43% of audit opinions had resulted in Reasonable or Substantial assurance compared to 65% for year 2022-23. He said the delivery plan was ambitious and said planning for the 2024-25 plan was underway.

The Committee then heard from Ms Karen Swift, Director of Housing, and her team in relation to the limited assurance report on Homelessness assessments. Ms Swift welcomed the internal audit scrutiny of the service and said this would assist her and her team to make improvements to the assessments process. She said a major challenge were the IT systems used however she was working with the IT department to get these consolidated.

In response to comments and questions from members the following was noted:

- Ms Charlotte Webster, Independent Person suggested that when looking at the processes followed by the Housing Team, they should also consider rationalising their processes to see if they required 20 different forms and if all the information, they were asking for was relevant. Ms Swift agreed this would be a good opportunity to do so and said they would do this.
- In respect to the Internal Audit Plan of 2023-24, Mr Dobbs said it was ambitious plan, which he had inherited when took over the role. He said not all the planned activity had been achieved which had partly been due to resourcing issues within the team. He said next plan would focus more on the risks and would seek the opinion of the Senior Leadership Team as well as members.
- In response to Team Leaders checking Homelessness assessment applications, Ms Swift said this check and balance would serve two purposes. (1) it would ensure any errors were picked up and corrected more quickly and (2) be a learning opportunity for staff to ensure they had followed the correct policies and procedures.

- Councillor Blake requested that the 'Management of Lettings' and 'Management of Markets- Follow up" referred to in Appendix A, page 29 of the agenda be carried forward to the next Internal Audit plan.

The Audit Committee **RESOLVED** to:

1. Note the contents of the attached report and the overall progress and assurance opinions for audits carried out as part of the 2023-24 Audit Plan.

4.2 Risk Management – Corporate and Directorate Risk Registers

Mr David Dobbs, Head of Internal Audit, Anti-Fraud and Risk, introduced the Risk Management report and said the Corporate Risk Register (Appendix A) as well as the Chief Executive's Directorate Risk Register (Appendix B) were attached to the report. He said the Risk Team supported management across the Council to manage their risks however it was important to recognise that the organisation, needed to own its risks.

In response to comments and questions from members the following was noted:

- Referring to the new risk added to the Corporate Risk Register FPA0014, about reclaiming VAT, Members asked what the outcome of the meeting held on the 30th November 2023 had been and why the current risk score was 12. Mr John Harrison, Interim Director for Finance said they had met with HMRC and had improved their accounting processes. He said they were monitoring the progress made and said the risk score should reduce to 2.
- Referring to risk CSD0016, members asked what was being done to reduce the risk score from 25 to 16. Councillor Bustin said this risk had been discussed at the Audit Committee previously. Why was the score so high? In response, Mr John Harrison, Interim Director for Finance said one could not eliminate the risk totally as the risk of harm or death of a child could occur in any vulnerable situation even if the local authority is aware of the case.
- Ms Webster suggested that the risk be benchmarked against other similar local authorities to see if the scoring and actions were similar.
- **ACTION:** Mr Dobbs, agreed to benchmark this risk against other councils to see if the scoring was similar and what else could be done to reduce the risk.

The Audit Committee **RESOLVED** to:

1. Note the corporate risks, and where applicable request risk owner(s) with risks requiring further scrutiny to provide a detailed update on the treatment and mitigation of those risks including impact on the corporate objectives at the next Audit Committee meeting (or separately before the meeting, if urgent).

2. Note the Chief Executive's Directorate risks and where applicable request risk owner(s) with risks requiring further scrutiny to provide a detailed update on the treatment and mitigation of their risks including impact on the directorate's objectives at the next Audit Committee meeting (or separately before the meeting if urgent).

4.3 Review of CIPFA Guidance on the management of Audit Committees

Ms Jill Bayley Head of Safeguarding, Legal Services and Deputy Monitoring Officer presented this report and stated that this had previously been to the Committee at its last meeting of 23rd November 2023. Ms Bayley explained members were being asked to decide the composition of the Committee and its membership going forward. She referred members to the bullet points listed at paragraph 3.23 and asked members to indicate their preference for the options.

The outcome of the discussion and voting was as follows. The Chair, Councillor Harun Miah did not take part in the voting.

- a) Exclude the Cabinet Member for Resources from the Committee Membership and limit the overall number of Cabinet Members on the Committee to no more than 1. **AGREED** unanimously by all committee members.
- b) Have no Cabinet members on the Committee. **REJECTED** by a vote of 4 out of 7.
- c) That if there are Cabinet members on the Committee then the Committee should be chaired by an independent member. **REJECTED** by a vote of 4 out of 7.
- d) Irrespective of the above, the number of Independent Members should be increased to two. **REJECTED** by a vote of 4 out of 7.
- e) The overall number of Councillors on the Committee be reduced to seven (from nine) appointed on a proportional basis so that the overall membership does not expand too far beyond the recommended maximum of 8 Members when including independent members. **AGREED** unanimously by all committee members.
- f) That the Committee should remain a formal decision-making body and not change to an advisory body. **AGREED** unanimously by all committee members.
- g) That a Job Description is prepared for the Chair of the Committee setting out the requirements of the role including responsibility to ensure debate is held in an open and transparent and non-political manner. **AGREED** unanimously by all committee members.

Further discussion took place regarding how the above changes would be implemented. Ms Bayley explained that she would report the changes to the Monitoring Officer and that a report with the new terms of reference would be considered by the General Purposes Committee as well as Full Council.

Member enquired if the changes would be made before the next scheduled meeting of the Audit Committee or take effect from the new Municipal Year in May 2024. Members **AGREED** that the changes should be made for the start of the 2024-25 Municipal Year.

The Audit Committee **RESOLVED** to:

1. Review and consider the CIPFA Practical Guidance for Audit Committees attached at Appendix 1 to this report.
2. Consider whether the Committee wishes to make any changes to its operation/membership in light of the Guidance and in particular to consider the options set out in Paragraph 3.23 in relation to the Membership and Independence of the Committee.
3. That the changes to the composition of the Audit Committee should be made in accordance with the above and that any such changes should come into effect for the start of the 2024-25 municipal year once the changes have been ratified by General Purposes Committee and Full Council.

4.4 Treasury Management Report and Mid-Year Review

Mr Paul Audu, Interim Head of Pensions and Treasury tabled an updated version of the report and said there had been a typo in the figures presented at paragraph 3.15 of the report. Members of the Committee agreed to accept the amended version of the report.

Mr Audu referred to the report and said there were two reports on the agenda and that he'd take questions from members once both reports had been presented.

Referring to the Treasury Management mid-year report he informed members that the report covered the period of 1st April 2023 to 30th September 2023. Mr Audu took members through the report and the tables at paragraph 3.15 and 3.16 which provided a summary of the balance sheet and a summary of the treasury management position. He said at the beginning of the year the total investments were £237.950m however at 30th September 2023, the total investment was £265.467m.

He referred to paragraph 3.38 which showed the forecast performance as at 30th September 2023 and paragraph 3.44 which set out the borrowing exposure for short and long term borrowing. Mr Audu referred to the table appended at appendix A and said this summarised the investments in detail.

The Audit Committee **RESOLVED** to:

1. Note the contents of the treasury management activities and performance against targets for the half year ending 30 September 2023; and
2. Note the Council's investments as set out in Appendix 1. The balances outstanding at 30 September 2023 were £265.5m.

4.5 DRAFT Treasury Management Strategy Statement, Investment Strategy Report and Capital Strategy Report for 2024-25 to 2026

Mr Paul Audu, Interim Head of Pensions and Treasury referred to the second report and said the Council under the Local Government Act 2003 had a legal obligation to ensure the CIPFA and the DLUHC Guidance on Treasury Management were fulfilled. Mr Audu said the Council was required to produce three strategy documents which set out the Council's treasury management approach. (1) The Treasury Management Strategy Statement, (2) the Investment Strategy Report and (3) the Capital Strategy Report for 2024-25.

He said the recommendations on page 26 of the 2nd supplementary agenda required approval of the Audit Committee and Full Council. He referred members to the table at paragraph 3.2 which showed the balance sheet and forecast as well as paragraph 5.7 which set out the counterparties and limits in which the Council could invest in.

The Treasury Management indicators were described at paragraph 6, page 46 onwards. Mr Audu said that due to increased use of reserves, this had an impact on the capital treasury management cash balances and if there was a likelihood of slippage in the capital programme, then there was a likelihood of additional borrowing.

In response to comments and questions from members regarding both reports the following was noted:

- Referring to the Appendix 1, of the mid-year report. Councillor Kabir Ahmed asked why the CCLA -LAMIT PROPERTY Fund was showing a negative rate. Mr Audu responded stating the categories referred to different asset classes and that the Council's Investment advisors made decisions on investments. He said the companies invested in had to meet the ESG – Environmental, social and governance framework.

The Audit Committee **RESOLVED** to:

1) Approve and adopt the following policy and strategies:

- 1.1) The Treasury Management Strategy Statement (TMSS) contained in Appendix A;
- 1.2) The recommended investment counterparties and limits in Appendix A paragraph 5.7;
- 1.3) The Investment Strategy Report contained in Appendix B;
- 1.4) The Capital Strategy, which includes the Minimum Revenue Provision (MRP) Policy Statement, contained in Appendix C;
- 1.5) The Prudential and Treasury Management indicators contained in Appendix D; and
- 1.6) The Treasury Management Policy Statement as set out in Appendix E.
- 1.7) To note that the draft report may be subject to further changes as we finalise the budget reports.

5. AUDIT COMMITTEE TRAINING AND DEVELOPMENT PLAN

Mr David Dobbs, Head of Internal Audit, Anti-Fraud and Risk introduced the report and said the report outlined the Training and Development Plan for members of the Audit Committee, following the request to review the delivery of the programme by the Committee as well as the guidance issued by CIFPA in 2022, titled "Audit Committees: Practical Guidance for Local Authorities and Police".

He referred members to Appendix A, the suggested structure for training and asked members to state their preference as to what competency areas they'd like to cover first.

Following discussion, Members **AGREED** training on Risk management (option 3) and Treasury Management (option 4) should be arranged first and thereafter the newly constituted Audit Committee could agree on the training programme for the other competency areas.

- **ACTION:** Mr Dobbs to liaise with Democratic Services to identify suitable training days for the above-named training competencies.

The Audit Committee **RESOLVED** to:

1. Consider and agree the contents of the Audit Committee Training and Development plan.
2. Nominate the priority area(s) of training to be arranged for members during the next quarter.

6. AUDIT COMMITTEE WORK PLAN

Members of the Audit Committee noted the Committee work plan.

The Chair, Councillor Harun Miah confirmed that there would be an extraordinary meeting of the Audit Committee, on the 21st March to deal with the Accounts with the next scheduled meeting on the 18th April 2024.

7. ANY OTHER BUSINESS THE CHAIR CONSIDERS URGENT

There was no other business to be discussed by the Committee.

The meeting ended at 8.30 p.m.

Chair, Councillor Harun Miah
Audit Committee

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Non-Executive Report of the: Audit Committee Tuesday 23 rd April 2024	 TOWER HAMLETS
Report of: Julie Lorraine - Corporate Director, Resources	Classification: Open (Unrestricted)
Annual Internal Audit Plan and Charter: 2024-25	

Originating Officer(s)	David Dobbs – Head of Internal Audit, Fraud & Risk
Wards affected	(All Wards)

Executive Summary

This report presents the annual Internal Audit Plan and Charter for financial year 2024-25 for the Audit Committee’s review and agreement.

Recommendations:

The Audit Committee is recommended to:

1. Agree the Internal Audit plan and Charter for 2024-25 attached at Appendix A.

1. REASONS FOR THE DECISIONS

- 1.1. The Accounts and Audit Regulations 2015 state that a relevant authority must ensure that it has a sound system of internal control which:
 - facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - ensures that the financial and operational management of the authority is effective; and
 - includes effective arrangements for the management of risk.
- 1.2 The Audit Committee has responsibility for oversight of the arrangements for governance, risk management and control and this report assists the Committee in discharging its responsibilities.

2. ALTERNATIVE OPTIONS

2.1. None.

3. DETAILS OF THE REPORT

3.1 This report provides details of Internal Audit's planned assurance and anti-fraud work for 2024-25 (the Plan). The Plan is designed to support the Council's Strategic Plan 2022-26 and the People First Transformation Programme. It also recognises that Internal Audit will need to evolve and develop to maintain its relevance and value to the organisation; this will include the improvement of current practices to ensure that it is better equipped to provide business critical insights and recommendations on internal controls and risk mitigation strategies

3.2 Internal Audit follows the Public Sector Internal Audit Standards (PSIAS) which encompass the mandatory elements of the Global Institute of Internal Auditors' (IIA Global) International Professional Practices Framework (IPPF). They also include additional requirements and interpretations for the UK public sector. These standards are embedded within the Internal Audit manual which sets out the procedures and policies that are adhered to in undertaking audit work.

3.3 Internal Audit's terms of reference are set out in the updated Audit Charter, which is included within the plan. The Charter defines the purpose, authority, and responsibility of the Internal Audit function and the nature of the activities to be performed by Internal Audit. It also confirms the requirement for Internal Audit to apply and uphold the relevant ethical standards.

4. EQUALITIES IMPLICATIONS

4.1 There are no specific statutory equality implications.

5. OTHER STATUTORY IMPLICATIONS

5.1 Other than the Accounts and Audit Regulations 2015 there are no other statutory implications.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 The Internal Audit service is funded from an established budget which includes the costs of the in-house team and co-sourced audit partner. Any additional work, commissioned outside of the audit plan, is subject to agreed funding before commencement - depending on the nature of the work, funding may be sourced from

the audit budget or from the department/team that has requested the work.

- 6.2 The work of Internal Audit is designed to support the requirements on the authority and responsible financial officer set out in the Accounts and Audit Regulations 2015.

7. COMMENTS OF LEGAL SERVICES

- 7.1 This report is compliant with the Council’s legal duties in respect of risk and internal audit. It also demonstrates compliance with the Corporate Director Resources’ statutory duties under s151 of the Local Government Act 1972.
- 7.2 Council functions must be delivered in a manner which delivers statutory Best Value in terms of economy efficiency and effectiveness. Undertaking the audits over the financial year 24/25 as detailed in the comprehensive audit plan referred to in the appendix will significantly assist the Council to manage risk involved with the referenced activities and will assist the Council to demonstrate compliance with this statutory duty.

Linked Reports, Appendices and Background Documents

Linked Report

- None.

Appendices

- Appendix 1: Annual Internal Audit Plan and Charter: 2024-25

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

List any background documents not already in the public domain including officer contact information.

- None.

Officer contact details for documents:

David Dobbs

Email: david.dobbs@towerhamlets.gov.uk

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Internal Audit and Anti-Fraud Annual Plan 2024-25

1. Background

Introduction

- 1.1 This report provides details of Internal Audit's planned assurance and anti-fraud work for 2024-25 (the Plan). The Plan is designed to support the Council's Strategic Plan 2022-26 and the People First Transformation Programme. It also recognises that Internal Audit will need to evolve and develop in order to maintain its relevance and value to the organisation; this will include the improvement of current practices to ensure that it is better equipped to provide business critical insights and recommendations on internal controls and risk mitigation strategies
- 1.2 Internal Audit follows the Public Sector Internal Audit Standards (PSIAS) which encompass the mandatory elements of the Global Institute of Internal Auditors' (IIA Global) International Professional Practices Framework (IPPF). They also include additional requirements and interpretations for the UK public sector. These standards are embedded within the Council's Internal Audit manual which sets out the procedures and policies that are adhered to in undertaking internal audit work.

Internal Audit Charter

- 1.3 Internal Audit's terms of reference are set out in the updated Audit Charter, which is included at **Appendix C**. The Charter defines the purpose, authority, and responsibility of the Internal Audit function and the nature of the activities to be performed by Internal Audit. It also confirms the requirement for Internal Audit to apply and uphold the relevant ethical standards.

2. Producing the Risk-Based Plan

Assurance Landscape

- 2.1 There are a number of factors shaping the Council's Assurance Landscape and these have been used these to inform the Plan and underlying organisational risk assessment – the key factors include:
1. **The Risk Profile of the Council is increasing** - this is largely owing to the ambition, pace and breadth of transformational change that is occurring. This includes underlying changes to the Council's Organisational Structure, its Target Operating Model, and new Senior Officer appointments. These will all require new ways of working, requiring the Council's internal governance systems to change and adapt, and in particular to become more responsive and agile without compromising established controls.
 2. **Ongoing challenges to the sector's medium term financial sustainability** – whilst the Council is not at immediate risk of issuing a Section 114 Notice, it faces a challenging financial environment including, for example, persistent overspends in demand-led services, such as Adult Social Care coupled with limited single-year funding settlements from central government which hinder medium and long-term financial planning. Although there has been a reliance on reserves in recent periods, the Council has signalled that it plans to restrict future drawdowns.
 3. **Geo-political and economic uncertainty is likely to persist** – lingering inflation and higher interest rates are continuing to squeeze household real incomes. Alongside other projected economic headwinds such as weak business investment and low/negative growth, these point to the likelihood that cost-of-living pressures will persist, impacting income and debt recovery and in turn increasing demand for Council services from vulnerable clients and low-income households, such as Housing & Homelessness and Council Tax Support.

Risk-Based Planning

2.2 Internal Audit uses risk-based planning to deliver value and insight. this methodology links into the Council’s risk management framework allowing Internal Audit to provide assurance that risk management processes are managing risks effectively, in relation to management’s risk appetite. This approach will also mean that Internal Audit is in a position to offer meaningful insights into the effectiveness and further development of organisational risk management including, for example, the effectiveness of the mitigating controls cited on the Council’s Corporate Risk Register.

Other Drivers of the Plan

2.3 Although the Plan is primarily driven by the Council’s corporate risks, Internal Audit also uses several planning tools (see opposite diagram) to help to ensure that planned coverage is drawn from a sufficiently broad organisational landscape rather being solely driven by known risks and issues. These tools help identify assurance blind spots and emerging risks which may not be visible to the Corporate Management Team.

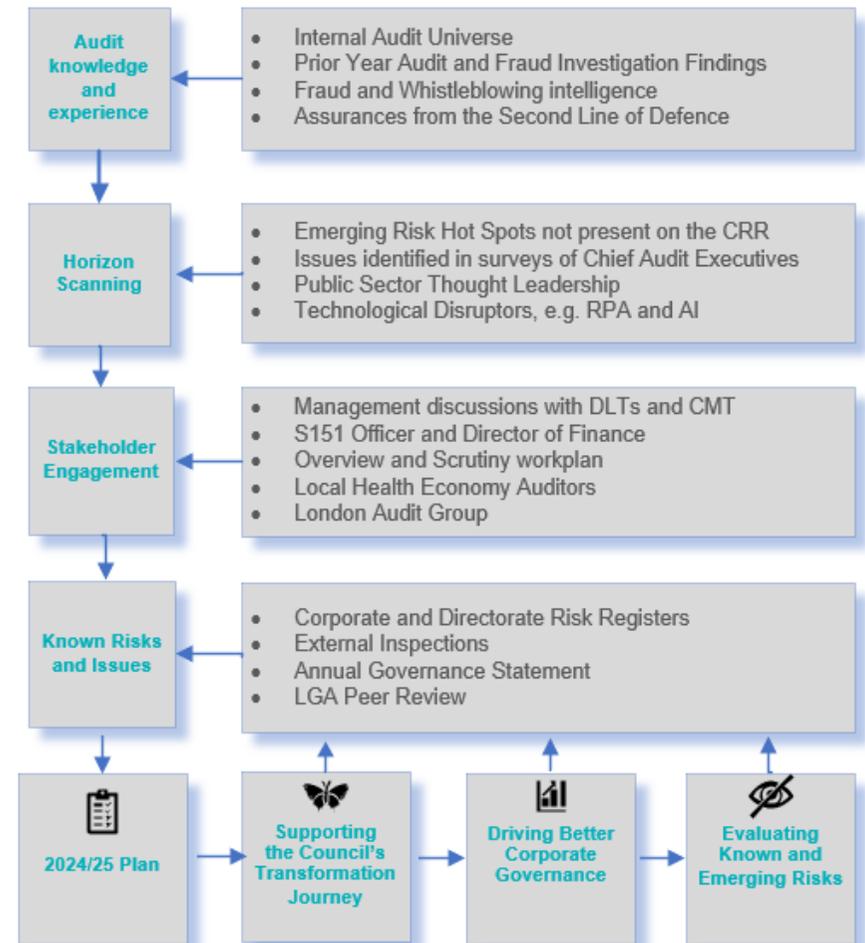
2.4 Internal Audit’s discussions with stakeholders are important in identifying management concerns which can be addressed through the audit process. As the plan has taken shape stakeholders have also been used to validate the evolving plan and their views will continue to be important in reviewing the plan as 2024-25 progresses.

Flexible Planning

2.5 This document includes detailed of the planned audit assignments for 2024-25 (refer **Appendix A and B**). However, the Plan is not intended to be static - it will be flexible to allow for focus on changing and evolving risks. All changes to the Plan will be agreed with the Corporate Management Team and reported to the Audit Committee. Internal Audit will use the ‘6+6 Planning Methodology’ where the first six months engagements will be carried out in accordance with the agreed Plan. The work planned for the second six months of the year will then be reviewed at the mid-year point to determine if any changes are required to the audit

engagements planned for the second half of the year. This coupled with the contingency reserve built into the plan means the Plan is suitably future focused and responsive to changing risks

Drivers of the 2024-25 Risk-Based Plan



3. Anti-Fraud and Investigations

Anti-Fraud and Corruption Strategy

- 3.1 The work of Internal Audit in this area is informed by the Council's Corporate Anti-Fraud and Corruption Strategy. This strategy outlines the Council's commitment and approach to tackling both internal and external fraud, including roles and responsibilities and it applies to councillors, employees, agency workers, contractors, partners, consultants, suppliers, and service users.
- 3.2 The Council's anti-fraud work is designed primarily to address the local risks of fraud and corruption, although it is also guided by the work of the national anti-fraud co-ordinating agencies such as Action Fraud, CIFAS and other regulatory bodies including HM Revenue & Customs and the Financial Conduct Authority.

Proactive and Reactive Work

- 3.3 By deploying expert anti-fraud and investigatory resources, there will be reactive and proactive work undertaken throughout the year. This will ensure that key risk areas are targeted, referrals (including whistle-blowing) are acted on promptly, and that where fraud can be proven, there is the capability to initiate the full range of sanctions, be they disciplinary, civil or criminal. Results from the National Fraud Initiative data-matching exercise will be reported during the year, as will work to review and improve the Council's corporate anti-fraud arrangements, including review of the Corporate Anti-Fraud Strategy, updating the Fraud Risk Assessment and improving the use of external intelligence gathering.

4. Resources and Planned Audit Days

Available Resources

- 4.1 The plan has been designed around the level of resources likely to be available over the course of 2024/25. Currently, the audit team has an establishment of 6.6 FTEs (excluding the Head of Service), including two posts which are currently vacant. The in-house Internal Audit team is supported by an audit partner BDO LLP which will be responsible for undertaking all of the schools' audits (refer **Appendix B**) and a range of other assignments within an overall envelope of circa 300 chargeable audit days.
- 4.2 As noted in Section 2.5 of this report, the plan is intended to be flexible and therefore should the resources available fluctuate during the year, for example as a result of filling vacancies, then the plan will be suitably augmented. The Audit Committee will be updated on a quarterly basis on the progress of the Audit Plan and any subsequent changes to it.

Adding Value

- 4.3 The resource planning process also makes an allowance for work undertaken collectively by the team to develop, enhance and embed good corporate governance across the Council:
- Ex-post assurance of the Council's Grants Programmes
 - Supporting corporate priorities such as transformation projects
 - A contingency provision for unplanned/responsive risk assurance work
 - Six-month follow-up of all Limited and No Assurance audits
 - Leading on the compilation of the Annual Governance Statement
 - Assisting in the development of the Council's incipient control framework.

Audit Title		Directorate	Timing	Status
1	Supply Chain Risk Management	Corporate	Q1/Q2	CRR(ICT0081), Regulatory Risk,
2	Governance of Capital Programme	Corporate	Q1/Q2	Emerging Risk
3	Health and Safety at Work	Corporate	Q1/Q2	CRR(CLSCCB0012), Regulatory Risk
4	Business Continuity and Resilience Planning	Corporate	Q1/Q2	CRR(ORG0026), Request, Hot Spot
5	Lone Working Arrangements	Corporate	Q1/Q2	CRR(CLSCCB0012), Regulatory Risk
6	Data Quality	Corporate	Q1/Q2	C/fwd from 23/24, Peer Review
7	Risk Management	Corporate	Q3/Q4	AGS
8	Management of Efficiency Savings/Income Generation	Corporate	Q1/Q2	Audit Risk
9	Employee Wellbeing and Satisfaction	Corporate	Q1/Q2	Hot Spot
10	Management of Overtime	Corporate	Q1/Q2	Fraud Risk
11	Post Establishment Control	Corporate	Q1/Q2	Audit Risk, Request
12	Key Decision Process	Corporate	Q3/Q4	Peer Review
13	Information Governance / GDPR Compliance	Corporate	Q3/Q4	Hot Spot, Regulatory Risk
14	IT Governance	Resources	Q3/Q4	Hot Spot
15	IT Asset Management	Resources	Q1/Q2	Hot Spot
16	Value Added Tax	Resources	Q3/Q4	CRR(FPA0014), AGS, Regulatory Risk,
17	Cyber Security and Resilience	Resources	Q3/Q4	AGS, CRR(ORG0027), Hot Spot.
18	Staff Recruitment, Pre-employment Checks and Vetting	Resources	Q3/Q4	CRR(ASDASC0018), Regulatory Risk,
19	Pension Fund Administration	Resources	Q3/Q4	AGS, CRR(HRP0009, RSB0023), Regulatory Risk
20	IR35 – Off Payroll Engagement	Resources	Q1/Q2	CRR(FPA0014) C/fwd from 23/24, Regulatory Risk
21	Council Tax Support Scheme/Cost of Living Relief Fund	Resources	Q1/Q2	Audit Risk
22	Residents Hubs	Resources	Q3/Q4	Audit Risk, Request
23	Management and Control of Subject Access requests	Resources	Q3/Q4	Regulatory Risk, Request
24	Financial Regulations and Procedures	Resources	Q3/Q4	Request, Peer Review
25	Treasury Management	Resources	Q3/Q4	Request
26	Quality Assurance in Adult Social Care	Health and Adult Social Care	Q3/Q4	AGS
27	Telecare Service	Health and Adult Social Care	Q1/Q2	C/fwd from 23/24
28	Payments to Home Care Providers	Health and Adult Social Care	Q3/Q4	Management Request, Fraud Risk
29	Shared Lives	Health and Adult Social Care	Q3/Q4	Management Request, Regulatory Risk
30	Contract Monitoring of Commissioned Services	Health and Adult Social Care	Q1/Q2	Audit Risk
31	Public Health Grants to Directorate Services	Health and Adult Social Care	Q3/Q4	Management Request
32	Waste Service – Operational Management	Communities	Q1/Q2	AGS, Request
33	Management of Commercial Waste	Communities	Q3/Q4	AGS, Request
34	Transport Service	Communities	Q1/Q2	Request
35	Management of Video Surveillance systems	Communities	Q1/Q2	CRR(CS0014), C/fwd from 23/24
36	Leisure Service – Governance Arrangements	Communities	Q3/Q4	Audit Risk

37	Penalty Charge Notices – Debt Recovery and Write Offs	Communities	Q3/Q4	Audit Risk
38	Domestic Violence – Contract Monitoring	Communities	Q3/Q4	Audit Risk
39	Street Lighting Contract	Communities	Q3/Q4	Audit Risk
40	Youth Service	Children’s Services	Q1/Q2	AGS
41	Client-Side Management of Schools’ Capital programme	Children’s Services	Q1/Q2	Request
42	Transitioning from Children’s to Adults	Children’s Services	Q1/Q2	Audit Risk
43	Leaving Care service	Children’s Services	Q3/Q4	Request
44	Youth Offending Team – Service review	Children’s Services	Q3/Q4	AGS, Emerging Risk
45	SEND Transport and Cost Control	Children’s Services	Q3/Q4	Emerging Risk
46	Capital Delivery Team – Payment and Budgetary Control	Housing and Regeneration	Q3/Q4	Audit Risk
47	Management of Capital Projects by Capital Delivery	Housing and Regeneration	Q1/Q2	Audit Risk
48	Housing Allocations – Bidding Process	Housing and Regeneration	Q1/Q2	Fraud Risk, Request
49	Section 20 Leaseholder Consultation Process	Housing and Regeneration	Q3/Q4	Regulatory Risk, Request
50	Homeless Families Visiting, Inspections and Investigation	Housing and Regeneration	Q1/Q2	Audit Risk, Request
51	Housing Management - Governance	Housing and Regeneration	Q3/Q4	Audit Risk
52	Management of Voids	Housing and Regeneration	Q3/Q4	Audit Risk
53	Damp and Mould Management	Housing and Regeneration	Q1/Q2	Regulatory Risk
54	Service Charges – Calculations, Allocations and Billing	Housing and Regeneration	Q1/Q2	Regulatory Risk, Request
55	Planning and Building Control Fees/Charges	Housing and Regeneration	Q1/Q2	AGS, Request
56	Legal Services – Quality Assurance	Chief Executive’s	Q3/Q4	Audit Risk, Request
57	Corporate Compliance Culture	Chief Executive’s	Q1/Q2	Audit Risk, Request
58	Mayors Community Grants – Governance & Monitoring	Chief Executive’s	Q3/Q4	Audit Risk, Peer Review
59	Community Cohesion	Chief Executive’s	Q3/Q4	Audit Risk, Emerging Risk

Schools Audits	
1	Arnhem Wharf Primary School
2	Globe Primary School
3	Harry Gosling Primary School
4	John Scurr Primary School
5	Lansbury Lawrence Primary School
6	Lawdale Primary School
7	Marion Richardson Primary School
8	Old Palace Primary School
9	Redlands Primary School
10	St Agnes Primary School
11	St Elizabeth Primary School
12	St Lukes Primary School
13	St Paul with St Luke Primary School
14	St Saviour's Primary School
15	Smithy Street Primary School
16	Bishop Challoner Girls and Boys Secondary School
17	Morpeth Secondary School
18	Oaklands Secondary School
19	Beatrice Tat Special School
20	Cherry Trees Special School

Introduction

The Accounts and Audit Regulations 2015 require the Council to have effective internal audit that evaluates the effectiveness of the Council's risk management, control and governance processes, taking into account the Public Sector Internal Audit Standards (the Standards) and associated guidance. In accordance with the Public Sector Internal Audit Standards, this Internal Audit Charter sets out the purpose, authority and responsibility of the Council's Internal Audit service. The Charter will be reviewed annually and presented to the Audit Committee for approval.

Purpose and Mission

The purpose of the Council's Internal Audit service is to provide independent, objective assurance and consulting services designed to add value and improve the Council's operations. The Standards define Internal Audit as '*...an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.*'

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. The Internal Audit service helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Standards for the Professional Practice of Internal Auditing

The Internal Audit service will govern itself by adherence to the mandatory elements of the Public Sector Internal Audit Standards, including the Core Principles, the Code of Ethics, the Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing.

The Standards make reference throughout to 'Senior Management' and 'the Board' and it is incumbent on the Head of Internal Audit to consult with, report to and seek approval from these two bodies at various stages as set out in the standards. For the purposes of this document, the role of the Board is fulfilled by the Audit Committee and the role of Senior Management is usually fulfilled by the Council's Corporate Management Team.

The Head of Internal Audit will report periodically to Senior Management and the Audit Committee regarding the Internal Audit service's conformance to the Code of Ethics and the Standards.

Authority

The Head of Internal Audit will report functionally to the Audit Committee on a quarterly basis and administratively (i.e., day-to-day operations) to the Corporate Director of Resources (s151 officer). In addition, and to support the independence of the Head of Internal Audit, the Chair of the Audit Committee will be invited, at least annually, to contribute to the annual performance review of the Head of Internal Audit.

To establish, maintain, and assure that the Council's internal audit service has sufficient authority to fulfil its duties, the Audit Committee will:

- Approve the risk-based Internal Audit plan, and the audit charter
- Approve the Internal Audit resource plans
- Receive communications from the Head of Internal Audit on the service's performance relative to its plan and other matters
- Make appropriate inquiries of management and the Head of Internal Audit to determine whether there is inappropriate scope or resource limitations
- Ensure and authorise the Head of Internal Audit to have unrestricted access to, and communicate and interact directly with, the Council's statutory officers as well as all other members of the Corporate Management Team, the Audit Committee and the Mayor including in private meetings without management present

- Ensure and authorise officers from Internal Audit and Anti-Fraud to have full, free, and unrestricted access to all functions, records (including electronic records), property, assets, and personnel pertinent to carrying out any engagement and/or investigation, subject to accountability for confidentiality, data protection and safeguarding of records and information
- Ensure Internal Audit is allocated sufficient resources and is free to select any service, project or topic for audit; set the frequency of audits; determine the scope of its work and issue reports
- Ensure officers from Internal Audit and Anti-Fraud are able to obtain assistance from the necessary personnel of the Council, as well as other specialised services from within or outside the Council, in order to complete their engagements and/or investigations.

Independence and Objectivity

The Head of Internal Audit will ensure that the Internal Audit service remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Head of Internal Audit determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties including the Audit Committee.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous 12 months
- Performing any operational duties for the Council, its companies, partnerships or similar arrangements
- Initiating or approving transactions external to the Internal Audit, Anti-Fraud, Risk or Insurance departments
- Directing the activities of any Council employee not employed by Internal Audit, Anti-Fraud, Risk or Insurance departments except to the extent that such employees have been appropriately assigned to those departments or to otherwise assist the staff employed within them.

Where the Head of Internal Audit has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Current Additional Responsibilities and Safeguards

The Head of Internal Audit currently holds responsibility for the Anti-Fraud, Risk and Insurance departments. To safeguard independence and objectivity the Risk and Insurance departments will be independently reviewed and/or audited by a third party as and when required. Each review/audit will be sponsored by an appropriate Corporate Director and the outcomes will be reported to Senior Management and the Audit Committee.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined
- Make balanced assessments of all available and relevant facts, and circumstances

- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The Head of Internal Audit will confirm to the Audit Committee, at least annually, the organisational independence of the Internal Audit service.

The Head of Internal Audit will disclose to the Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating the results.

Scope of Internal Audit activities

The scope of Internal Audit activities encompasses, but is not unduly limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee, Senior Management, and appropriate outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the Council including any wholly or part owned/controlled companies, partnerships or similar arrangements.

Internal Audit assessments include evaluating whether:

- Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed
- The actions of the Council's members, employees, temporary staff and contractors are in compliance with the Council's policies, procedures, and applicable laws, regulations and governance
- The results of operations, projects and/or or programmes are consistent with established goals and objectives
- Operations, projects and/or programs are being carried out effectively and efficiently
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Council
- Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Head of Internal Audit will report periodically to Senior Management and the Audit Committee regarding:

- Internal Audit's purpose, authority, and responsibility
- Internal Audit's plan and performance relative to its plan
- Internal Audit's conformance with the relevant Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit Committee
- Results of audit engagements or other activities
- Resource requirements
- Any response to risk by management that may be unacceptable to the Council.

Co-ordinating Activity

To avoid duplication and maximise assurance for the Council, the Head of Internal Audit will co-ordinate activities, where appropriate/possible, and will consider relying upon the work of other internal and external assurance, and consulting service providers.

Consulting and Advisory Services

The Internal Audit service may perform consultancy and/or advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the Internal Audit service does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management. The outcome of consultancy and/or advisory services may be used by the Head of Internal Audit to inform the annual opinion.

Internal Audit will not assume management responsibility for the design or implementation of systems or control and has no direct operational responsibility or authority and accordingly it will not implement internal controls, develop procedures, establish systems, prepare records, or engage in any other activity that may impair its judgement

Relationships and Communication

Internal Audit will endeavour to build positive and constructive working relationships with clients and stakeholders. In all relationships Internal Audit will treat the persons concerned with respect courtesy politeness and professionalism any confidential or sensitive issues raised with or reported to Internal Audit will be dealt with in an appropriate manner. Where issues could in the opinion of the Head of Internal Audit cause loss or damage to the Council the appropriate manager will be advised immediately so that the issue can be addressed without delay.

Internally the main contacts for Internal Audit planning and reporting are the Chief Executive, Corporate Directors, Directors, and Heads of Service. The main contacts for day-to-day Internal Audit work are Heads of Service and Managers. Internal Audit will ensure that it explains to the persons concerned the purpose of the audit and the various stages that the audit will follow. The team will agree with the manager concerned the purpose of the audit and the various stages that the audit will follow. The team will agree with the manager concerned the timing and scope of the audit and the circulation of the audit report.

Scope of Anti-Fraud, Risk and Insurance activities

The Head of Internal Audit currently holds responsibility for the Anti-Fraud, Risk and Insurance departments. The broad responsibilities of these departments includes, but is not unduly limited to, the following:

- To promote an anti-fraud culture within the Council that aids the prevention and detection of fraud and similar crimes such as theft and corruption
- To investigate allegations of fraud and similar crimes affecting the Council and its customers and report the outcome of those investigations to Senior Management and the Audit Committee as required
- To promote and facilitate effective Risk Management
- To promote and facilitate adequate insurance arrangements for the Council's employees and assets.

The Head of Internal Audit will report periodically to Senior Management and the Audit Committee regarding:

- Progress and results of anti-fraud activity and investigations (at least quarterly)
- Progress and results of work on Fraud Prevention and National Fraud Initiative (NFI) activities and co-ordination
- Risk Management activity including, when appropriate, Corporate and Divisional risk registers and the Council's risk strategy (at least quarterly)

- Insurance activity (at least annually).

Responsibility

The Head of Internal Audit has the responsibility to:

- Submit, at least annually, to Senior Management and the Audit Committee a risk-based Internal Audit plan for review and approval
- Communicate to Senior Management and the Audit Committee the impact of resource limitations on the annual plan
- Review and adjust the annual plan, as necessary, in response to changes in the Council’s business, risks, operations, programmes, systems, and controls
- Present an annual report to Senior Management and the Audit Committee that provides an overall opinion of the Council’s governance, risk management and control processes
- Communicate to Senior Management and the Audit Committee any significant changes to the annual plan
- Ensure each engagement of the Internal Audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable observations, conclusions and agreed management actions to appropriate parties
- Follow up on engagement findings and corrective actions, and report periodically to Senior Management and the Audit Committee any corrective actions not effectively implemented
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld
- Ensure the Internal Audit service collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Internal Audit charter, annual plan and/or individual engagements
- Establish and ensure adherence to policies and procedures designed to guide the Internal Audit activity
- Ensure adherence to the Council’s relevant policies and procedures unless such policies and procedures conflict with the Internal Audit charter. Any such conflicts will be resolved or otherwise communicated to Senior Management and the Audit Committee
- Ensure the Internal Audit service’s conformance with the Public Sector Internal Audit Standards, with the qualification that if the Internal Audit service is prohibited by law or regulation from conformance with certain parts of the Standards, the Head of Internal Audit will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.

Quality Assurance and Improvement

The Internal Audit service will maintain a Quality Assurance and Improvement framework that covers all aspects of the internal audit activity. The framework will include an evaluation of the Internal Audit services conformance with the Public Sector Internal Audit Standards and an evaluation of whether internal auditors apply the IIA’s Code of Ethics. The program will also assess the efficiency and effectiveness of the Internal Audit service and identify opportunities for continuous improvement, including:

- Overseeing the annual staff appraisal cycle and ensuring that any developmental or training needs are identified and addressed
- Undertaking, reviewing and acting on client satisfaction surveys and feedback
- Constantly reviewing and improving the audit methodology and benchmarking against peers and best practice
- Monitoring key performance metrics to measure the efficiency of the Internal Audit service

- External Quality Assessments which will be conducted at least once every five years by a qualified, independent assessment team
- Establishing and maintaining operational guidance and procedure notes
- Maintaining a professional audit team with the requisite knowledge, skills, and experience.

The Head of Internal Audit will communicate to Senior Management and the Audit Committee on Internal Audit service's quality assurance and improvement programme, including results of annual internal assessments and external assessments which will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Council.

Opinion		Definition
Substantial	Positive 	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable		There is a generally sound system of governance, risk management and control in place. Some issues, noncompliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	 Adverse	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and/or control to effectively manage risks to the achievement of objectives in the areas audited.
No		Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and/or control is inadequate to effectively manage risks to the achievement of objectives in the areas audited.

Disclaimer
 This report has been prepared for the use of the Audit Committee and Senior Management of the Council. Details may be made available to specified external agencies, including the external auditor, but otherwise the report should not be quoted or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared and is not intended for any other purpose.

Non-Executive Report of the: Audit Committee Tuesday, 23 rd April 2024	 TOWER HAMLETS
Report of: Julie Lorraine - Corporate Director, Resources	Classification: Open (Unrestricted)
Internal Audit and Anti-Fraud - Progress Report against the 2023-24 Audit Plan	

Originating Officer(s)	David Dobbs – Head of Internal Audit, Anti-Fraud & Risk
Wards affected	(All Wards)

Executive Summary

This report provides an update on progress against the delivery of the 2023-24 Annual Internal Audit Plan, and an update on investigations activity, fraud prevention and anti-fraud work. The report also highlights any significant issues and concerns since the last update to the Audit Committee in January 2024.

Recommendations:

The Audit Committee is recommended to:

1. Note the contents of the attached report and the overall progress and assurance opinions for audits carried out as part of the 2023-24 Audit Plan.

1. REASONS FOR THE DECISIONS

- 1.1. The Accounts and Audit Regulations 2015 state that a relevant authority must ensure that it has a sound system of internal control which:
 - Facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - Ensures that the financial and operational management of the authority is effective; and
 - Includes effective arrangements for the management of risk.
- 1.2. The Audit Committee has responsibility for oversight of the arrangements for governance, risk management and control and this report assists the Committee in discharging its responsibilities.

2. ALTERNATIVE OPTIONS

2.1. None.

3. DETAILS OF THE REPORT

3.1 The attached report (refer Appendix A) details progress against the 2023-24 Internal Audit Plan, which was agreed by the Audit Committee at its May 2023 meeting. The report also includes details of the significant findings and concerns from the internal audits that have been completed during this period that resulted in Limited or No Assurance audit opinions. For this period, this applies only to the internal audit of Homelessness Assessments, which received a Limited Assurance opinion.

3.2 As indicated in the report, in the year to date, 47% of audit opinions have resulted in Reasonable or Substantial Assurance (65%: 2022-23). However, caution should be adopted before any firm conclusions are drawn from this data, as it is an interim position. The outturn figure, which will be reported in June/July, will be calculated from a larger body of audit work, and will vary from the position reported above.

3.3 In also recognising the need to improve and strengthen internal control processes, management is also reviewing key governance processes to ensure that are fit for purpose, this will include:

- Setting out and implementing a Control and Assurance Framework, based on CIPFA guidance, to strengthen management accountability throughout the Council
- Review and update the Council's Financial Regulations and related Financial Administration procedures
- As part of Internal Audit planning for 2024-25, to ensure that planned work is properly aligned to key risks/exposures and can be promptly flexed to meet emerging risks.

4. EQUALITIES IMPLICATIONS

4.1 There are no equalities implications.

5. OTHER STATUTORY IMPLICATIONS

5.1 There are no other statutory implications.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 Other than the compliance requirements set out the Accounts and Audit Regulations 2015 there are no specific financial implications arising from this report.

7. COMMENTS OF LEGAL SERVICES

7.1 Regulation 3 of the Accounts and Audit Regulations 2015 requires local authorities to have a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.

7.2 This report demonstrates the Council's compliance with these duties and with the duties set out in Section 151 of the Local Government Act 1972. This section requires every local authority to make arrangements for the proper administration of their financial affairs and to secure that one of their officers has responsibility for the administration of those affairs.

7.3 The matters set out in this report comply with the above legislation.

Linked Reports, Appendices and Background Documents

Linked Report

- None.

Appendices

- Appendix A: Internal Audit and Anti-Fraud Progress report

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

List any background documents not already in the public domain including officer contact information.

- None.

Officer contact details for documents:

David Dobbs, Head of Internal Audit, Anti-Fraud and Risk

Email: david.dobbs@towerhamlets.gov.uk

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Internal Audit and Anti-Fraud Progress Report 2023-24

1. Background

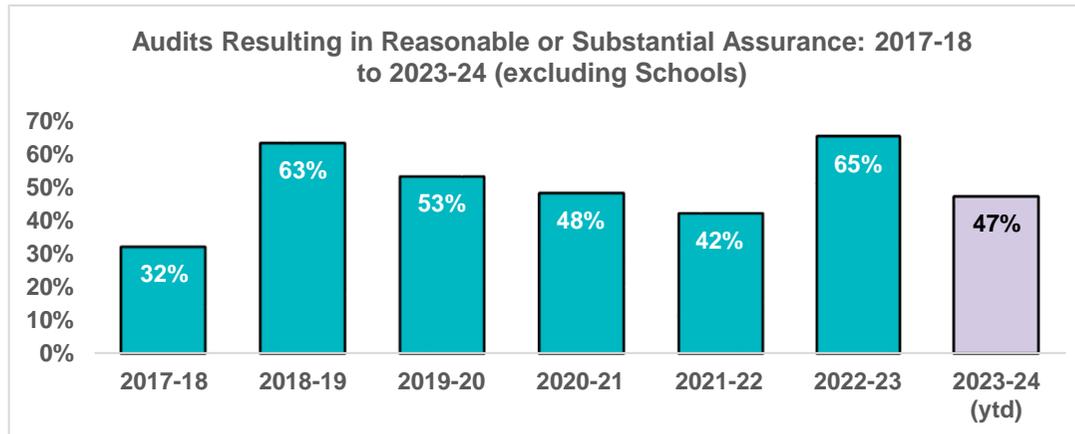
Introduction

- 1.1 This report provides a progress update of the work that Internal Audit has carried out in accordance with its annual plan for 2023-24 which was approved by the Audit Committee at its May 2023 meeting.
- 1.2 Internal Audit follows the Public Sector Internal Audit Standards (PSIAS) which encompass the mandatory elements of the Global Institute of Internal Auditors' (IIA Global) International Professional Practices Framework (IPPF). They also include additional requirements and interpretations for the UK public sector.

2. Progress Update

2023-24 Deliverables

- 2.1 **Appendix A** contains details of progress against the planned audit engagements agreed in the plan. In the twelve-month period to the end of March 2024:
- 1 Substantial Assurance opinion has been issued.
 - 13 Reasonable Assurance opinions have been issued
 - 16 Limited Assurance opinions have been issued
 - 0 No Assurance opinions have been issued
- 2.2 The diagram below indicates the trend for assurance opinions, including year-to-date data. This metric will be recalculated and reported in Internal Audit's Annual Report.



- 2.3 **Appendix B** details the Schools audit plan (carried out by the co-source partner, BDO)
- 3 Substantial Assurance opinion has been issued.
 - 10 Reasonable Assurance opinions have been issued
 - 1 Limited Assurance has been issued.
- 2.4 A summary of findings in relation to the Limited Assurance audits finalised during this period is included at **Appendix C**. In addition, summaries of consultancy reviews requested by Management are also included in **Appendix C**.
- 2.5 Overall progress in undertaking and completing the audit plan for 2023-24 has continued as planned. Of the 76 audits in the audit plan, 58 audits are on course to be delivered, 8 audits have been deferred at management request. The remaining 10 audits have not been commenced owing to persistent resourcing issues; the service currently has two vacancies which are being recruited to – an apprentice audit practitioner and a senior auditor.

Appendix A: Details audit results

Audit Title		Directorate	Priority	Opinion	Status
1	Equality Assessment	Corporate	1	Limited	Draft
2	Corporate Governance Improvement Plan – Follow Up	Corporate	1	Advisory	Draft
3	Management of Waivers to Financial Regulations	Corporate	1	Limited	Draft
4	Management and Control of Staff Gifts and Hospitality	Corporate	2	Reasonable	Final
5	Performance Management	Corporate	1		In Progress
6	Scheme of publication (Transparency Code)	Corporate	1	Limited	Final
7	Risk Management	Corporate	1		
8	Management and Control of Market Supplements	Corporate	2	Advisory	Draft
9	Attendance Management	Corporate	1	Limited	Final
10	Data Quality	Corporate	2		Deferred
11	Management & Monitoring of Disclosure & Barring Service Checks	Corporate	1	Limited	Final
12	Signing and Sealing of Documents (including Retention)	Chief Executive's	1	Limited	Final
13	Grants to Voluntary and Community Organisations	Chief Executive's	1	Reasonable	Final
14	Management of Transformation Programme and Projects	Chief Executive's	2		
15	Procurement of Legal Advice	Chief Executive's	2		In Progress
16	Financial Systems - Council Tax	Resources	1	Reasonable	Final
17	Financial Systems - Creditors	Resources	1	Limited	Draft
18	Financial Systems - Debtors	Resources	1		In Progress
19	Financial Systems - General Ledger	Resources	1		In Progress
20	Financial Systems - School Accounts End of Year Reconciliations	Resources	1	Reasonable	Draft
21	Homeless – Arrears Management	Resources/Housing and Regeneration	1	Limited	Draft
22	Pre-payment Cards	Resources	2	Limited	Draft
23	Housing Benefit quality assurance systems	Resources	1	Advisory	Final
24	Registrars Service	Resources	1	Substantial	Final
25	Procurement – Requisition for Quotation (RFQ) system	Resources	1	Limited	Final
26	Business Support SLAs delivery and performance	Resources	2		
27	Free Schools Meals Eligibility	Resources	1		Deferred
28	Management of Members' Enquiries	Resources	2		In Progress
29	IR35 – Off Payroll Engagement	Resources	1		Deferred

Appendix A: Detailed audit results

30	Idea Stores – Regularity Audit	Resources	2	Limited	Draft
31	Virtual infrastructure (IT Audit)	Resources	1	Reasonable	Draft
32	Cyber Security Controls over Supply Chain and Trusted Partners	Resources	1		Deferred
33	Software Licenses - Management and Control	Resources	1		In Progress
34	Management of Video Surveillance systems	Communities	1		Deferred
35	Recruitment and Vetting of Enforcement Officers	Communities	1	Advisory	Final
36	Quality Assurance Board and Framework	Health and Adult Social Care	1		Deferred
37	Management and Monitoring of Fixed Penalty Notices	Communities	2		Planning
38	Domiciliary Care - Procurement Advisory work	Health and Adult Social Care	1	Advisory	In Progress
39	Telecare Service	Health and Adult Social Care	1		Deferred
40	Direct Payments	Health and Adult Social Care	1	Reasonable	Final
41	Contract Monitoring	Health and Adult Social Care	1		
42	Holiday Playschemes	Children’s Services	1		In Progress
43	Supporting Stronger Families Grant Certification	Children’s Services	1	Grant Audit	In Progress
44	SEND Improvement Plan	Children’s Services	1		In Progress
45	King George Field’s Trust – governance	Communities	2		In Progress
46	Education Maintenance Allowances and Bursary Payments	Children’s Services	1	Reasonable	Final
47	Youth Service Insourcing – Advisory	Children’s Services	1		In Progress
48	Commissioning of Sports Activities – Advisory	Communities	1	Advisory	Final
49	Land Searches	Housing and Regeneration	1	Reasonable	Final
50	Passenger Transport Services	Communities	1		In Progress
51	Management and Monitoring of S106 Planning Obligations	Housing and Regeneration	1	Reasonable	Final
52	Property Disposals	Housing and Regeneration	1	Limited	Final
53	Planning and Building Control Fees and Charges	Housing and Regeneration	2		
54	Licensing	Communities	1		In Progress
55	Procurement and Management of Consultants for Capital Works	Housing and Regeneration	1		In Progress
56	THH Insourcing	Housing and Regeneration	1	Advisory	
57	Post Contract Review – New Town Hall	Housing and Regeneration	2		
58	Management of Lettings of Community and Commercial Properties	Housing and Regeneration	1		In Progress
59	Management of Markets – Follow Up	Communities	1		In Progress

Appendix A: Detailed audit results

60	Management of Grants	Housing and Regeneration	2	Advisory	In Progress
61	Penalty Charge Notices – Appeals Procedure	Communities	1	Reasonable	Final
62	Waste Management – Operational Control	Communities	2		Deferred
63	Homelessness Assessments	Housing and Regeneration	1	Limited	Final
64	Management of Houses in Multiple Occupation (HMO)	Communities	1	Advisory	Final
65	Management and Control of Cost-of-Living Payments	Housing and Regeneration	1	Limited	Final
66	Management and Control of Children’s Services Petty Cash Accounts	Children’s Services	1	Limited	Final
67	Eva Armsby Family Centre – Regularity Audit	Children’s Services	1	Limited	Final
68	Pensions Administration – Follow Up audit	Resources		Reasonable	Draft
69	THH Financial Systems – Follow Up audit	Housing and Regeneration		Reasonable	Final
70	THH Company closure and Transfer to LBTH	Housing and Regeneration			In Progress
71	THH Equality Assessments	Housing and Regeneration			**
72	Housing Repairs	Housing and Regeneration			In Progress
73	Contract Audit	Housing and Regeneration			**
74	Management of Overtime	Housing and Regeneration			**
75	Health and Safety at Work	Housing and Regeneration			**
76	Horticulture Service	Housing and Regeneration		Reasonable	Draft

** Originally included within the THH audit plan for 2023-24 – these audits have been merged with the equivalent LBTH audits.

Schools Audits		Opinion	Status
1	Columbia Primary School	Reasonable	Final
2	St Anne's and Guardian Angels	Reasonable	Final
3	Woolmore Primary School	Reasonable	Final
4	Cayley Primary School	Reasonable	Final
5	Wellington Primary School	Substantial	Final
6	Halley Primary School	Reasonable	Final
7	Langdon Park School	Reasonable	Draft
8	Malmesbury Primary School	Limited	Draft
9	Thomas Buxton Primary School	Reasonable	Final
10	Bonner - Bethnal Green both sites	Substantial	Final
11	Phoenix Primary and Secondary Schools	Reasonable	Final
12	Stephen Hawking School	Substantial	Final
13	Ben Jonson Primary School	Reasonable	Final
14	Olga Primary School	Reasonable	Final

Title	Date of Report	Comments / Findings	Scale of Service
Scheme of Publication	Dec. 2023	<p>This audit sought to provide assurance that the Council has sound and secure arrangements for maintaining the Council's publication scheme and managing requests for information under the Freedom of Information Act 2010 and the Environmental Information Regulations 2004. The Information Governance service within the Resources Directorate is responsible for the Scheme of Publication.</p> <p>Our key findings and issues from this audit include the following:-</p> <ul style="list-style-type: none"> • Roles and responsibilities: There is no guidance or procedure to clarify the roles and responsibilities of the Information Governance team and service directorates regarding the handling of information requests or for maintaining the Council's publication scheme. There are currently no FOI champions who would have an oversight over the requests relating to their directorate; the Head of Information Governance stated that he would ask directors to nominate suitable officers for this role. • Policies and procedures: there were no internal procedures to guide staff on managing, administering, quality checking and approving responses, on conducting internal reviews, or publishing responses on the disclosure log. • Publication scheme and disclosure log: The Council's current arrangements for a publication scheme do not meet basic requirements. No documents or links to documents have actually been posted on the Publication Scheme page, aside from a link to the directorate retention policies (dated April 2018), the Complaints Procedure and a link to the disclosure log. The disclosure log, which is a repository of published responses to requests for information, is not fit for purpose as it is difficult to search for information. We also found that in 50 per cent of cases where a response had been uploaded to the disclosure log, the supporting information in the form of pdf files or spreadsheets which contained the information sought, had not been uploaded, rendering the entry on the log meaningless. • Logging and Tracking: audit testing showed that a request for information was not always channelled to the correct service contact. Further, there are often long delays in responding to requests for information. The Information Governance team has tried to improve this by sending weekly and monthly reminders to service directors and task assignees; however, this has not improved engagement on the part of service directorates. An analysis of the 1716 requests that had been submitted in the period May 2022 to May 2023 showed that 1257 had been completed within the target completion date of 20 days; this is a completion rate of 81 per cent. There were a total of 47 requests for an internal review of published responses. Audit 	Extensive

Title	Date of Report	Comments / Findings	Scale of Service
		<p>testing of 10 internal reviews showed 5 had been completed within the target of 20 days. This means the Council's performance has been consistently below the expected standard.</p> <ul style="list-style-type: none"> Management approval: Audit testing showed that management approval and internal check needs to be strengthened to improve compliance with regulatory and best practice standards. Audit testing of 20 FOI/EIR requests showed that responses were approved by the service manager in 13 cases in the sample of 20. 5 responses had been approved by the Information Governance case worker, and 2 had not been approved at all. As for internal reviews, none of the review responses in our audit sample of 10 had been approved on the system by a senior officer. In 8 cases the review officer had approved their own response, and in 2 cases there was evidence that advice from senior colleagues had been sought prior to sending the review response. Exemptions and exceptions: In the sample of 20 FOI requests there were 6 cases where an exemption or part exemption had been applied. In 5 cases, the exemption appeared to have been applied correctly. However, in one case (36150377), at least part of the information was already published and could have been signposted to the requester. Performance management: The Data Protection Officer reports performance statistics to the Strategic Information Governance Board at its meeting. We found that the report simply lists the number of requests which "met the target within deadline" per month and "areas of concern", which was the fact that 78 cases were overdue (in February 2023). The report did not include further commentary or analysis to help the Board members understand the quality of the Information Governance team's performance. <p>All findings and recommendations were agreed with the then Director of Customer Services and the Head of Information Governance. Final report was issued to the Corporate Director of Resources.</p>	
Attendance Management	Dec 2023	<p>The objective of this audit was to provide assurance over the Council's Attendance Management procedures. The Council has an approved Attendance Management policy and procedure in place and as part of this policy the Council is committed to the health, safety and wellbeing of all staff. The Council aims to encourage all its staff to maximise their attendance at work whilst recognising that, from time to time, staff may be unable to come to work due to ill health.</p> <p>The Attendance Management policy aims to ensure that absence is managed in a consistent, supportive and effective way so that operational and service levels are maintained.</p>	Extensive

Title	Date of Report	Comments / Findings	Scale of Service
		<p>For audit testing purposes, we selected a sample of 143 staff sickness records relating to 88 staff across 5 Directorates covering 9 services. covering the period April 2022 to June 2023. We examined supporting documents as required by the Council’s procedures for each sickness occurrence to carry out audit testing. The required evidence was provided by all service managers with the exception of two, despite a number of reminders.</p> <p>The following good practices were reported:</p> <ul style="list-style-type: none"> • There are comprehensive Attendance Management Policy and Procedure and guidance notes for managers and staff available on the Bridge. A review of the Attendance Management Policy & Procedure and the Manager’s guide was undertaken by HR & OD in August 2023. The policy and procedures are subject to version control. • There is an eLearning session which managers can book direct through the Learning Hub on the Bridge. This course outlines the responsibilities managers have in managing attendance management and in particular sickness absence, the highest cause of absence. It outlines the benefits of managing absence and how to go about dealing with various forms of sickness absence in an effective, supportive and safe way in accordance with our Attendance Management Policy. • A dashboard report is submitted to CLT highlighting the Councils sickness absence performance. <p>We have identified a number of non-compliance issues with the Council’s mandatory Attendance Management policy and procedures. The key issues and findings of this audit are primarily related to a lack of compliance at the Directorate level. The following key findings and issues were reported:</p> <ul style="list-style-type: none"> • The Council has an Attendance Management Guidance, Policy and Procedures in place. However, these procedures do not adequately set out the required governance arrangements for monitoring and reporting of sickness levels across Directorates by HR or management. • Our testing showed that there were only 39 instances (27%), where Audit was able to evidence that staff had notified their line manager of sickness absence out of a total number of 143 individual staff sickness records reviewed. In some instances, it appeared that there was no standard local protocol for notification of sickness on the first, fourth and eighth day as required by procedures. In addition, there was no standard procedure for recording the notification of 	

Title	Date of Report	Comments / Findings	Scale of Service
		<p>sickness which could then be used as a supporting document to enter the sickness absence on HR Self Service by the line manager.</p> <ul style="list-style-type: none"> • We noted that of the 143 Return to Work forms that were required for Audit, we were provided with evidence to show that only 28 (19%) Return to Work forms were completed in HR-SS system. It would, therefore, appear that Return-to-Work forms are not completed or are not being loaded on HR-SS system as required by procedures. Furthermore, there is no HR role as second line of defence, with regards to spot checks and random sample testing to ensure compliance in this area. • Our review showed that the return-to-work process is not operating effectively on HRSS. Of the 108 Return to Work meetings required by procedures, Audit was only able to evidence that 17 (16%) of these meetings had taken place. Therefore, there is the risk that the return-to-work process is being undertaken outside of HRSS by Managers which is not in accordance with the Council's policy and procedures. • It was noted that of 65 informal reviews required by procedures, 51 had been carried out by Line Manager when appropriate trigger point(s) had reached (63.75%). • For absences lasting more than seven calendar days, staff must provide a Fit Note covering them from the 8th day onwards. However, testing showed that 36 Fit Notes were provided out of the 80 Fit Notes required by procedure. Our testing also showed that of the 29 OH referrals required by procedures, we were provided copies of 12 OH reports to evidence a referral had been made. • Our testing showed that the formal review process is not sound and secure as only 20 out of 31 required Stage One - Formal Attendance Reviews were undertaken. Of the 9 Stage Two - Final Attendance Reviews required by procedures, evidence of only 5 Stage 2 Reviews was provided for audit. Furthermore, it was noted that at this stage, procedures specify that the main role of HR is to provide advice, guidance on individual cases and to provide support to mitigate long term sickness. Therefore, HR are not responsible to undertake any case work or carry out random spot checks to confirm compliance with the above procedures. • There is bespoke training being provided by HR to a number of service areas for managers and there is a short eLearning course available to staff on sickness procedures. However, training has not been made mandatory and take-up of training is very poor. The monitoring of training provision needs to be improved. 	

Title	Date of Report	Comments / Findings	Scale of Service
		All audit findings and recommendations were discussed with the Head of HR and final report was issued to all Corporate Directors and the Chief Executive.	
Review of Requisition For Quotation (RFQ) Procurement System	Jan. 2024	<p>This audit reviewed the arrangements for procuring goods/services and works under £100,000 by means the Request for Quotation (RFQ) system called Proactis, which was implemented in 2016. Procurement owners are required to create and manage all procurement below £100,000 through this IT system administered by Procurement on behalf of the Council. The system allows for procurement projects to be created and for contracts to be awarded on Proactis. This includes uploading of specifications, selecting of suppliers for bid submissions, declaration of interests, inviting suppliers to submit quality and price bids, receiving bids, undertaking evaluation of bids, final selection of the successful bidder, approval etc.</p> <p>Using the Proactis IT system to exercise the RFQ process provides a disciplined and controlled approach to procurement below £100K, but the responsibility to use the RFQ procedure correctly rest with Directorate officers. The current Contract and Procurement Rules and Procedures state that Corporate Directors have responsibility for all contracts tendered, let and managed by their departments, including ensuring that procurement procedures are complied with.</p> <p>The thresholds which are based on price and quality are as follows:-</p> <ul style="list-style-type: none"> • Up to £25,000 - 1 quotation, through RFQ system (based on cost only or cost and quality), • £25,001 to £50,000 - 2 quotations, through RFQ system (based on cost only or cost and quality) and, • £50,001 to £100,000 - 3 quotations, through RFQ system based (based cost and quality only). <p>For procurements valued above £100,000, a full tender process is required through the Corporate Procurement Service.</p> <p>During the audit we identified areas of good practice which includes the following:</p> <ul style="list-style-type: none"> • Comprehensive RFQ policy, procedures and guidance notes are available on staff intranet. • The Contract & Procurement Procedures are incorporated in Council's Constitution (ref. Part C: Codes & Protocols). In addition to budget holders' approval, purchase orders valued over £25,000 are also checked and approved by Procurement in Agresso workflow to ensure that the RFQ procedures have been complied with. <p>The key findings and issues from this audit are listed below:-</p>	Extensive

Title	Date of Report	Comments / Findings	Scale of Service
		<ul style="list-style-type: none"> The RFQ policy and procedures have not been updated since 2017 and 2020 and contain a number of links to key Council information such as the live list of LBTH contracts held in Proactis, which are not able to be accessed. Currently, there is a lack of transparency in the RFQ procurement system as not all contract documents, supporting the RFQ, had been uploaded onto the RFQ system. Documents such as specification, quotation(s), officers' evaluation (quality and cost), pricing schedules, number of suppliers invited to bid and number of bids received, the number of officers undertaking evaluation, RFQ Contract Award Instruction form (for RFQs over £25k) and DOI information and insurances. Therefore, these arrangements are not fully auditable. Only in 2 out of the 15 RFQs tested, full audit trail was in place within Proactis and outside (with officers) regarding clear specification, approval, DOI, evaluation, contract award etc. Our testing showed that the RFQ users list is not being regularly reviewed and updated by Procurement. From the users list (as of 11/07/2023) there were 905 users listed, of which 449 were active (49.61 %) and 456 (50.38%) were inactive. A cursory check made by Audit identified 23 user accounts belonging to officers who no longer work for the authority, 12 of which were shown as active. This included a number of Procurement staff as well as the former Head of Procurement, who left the authority in September 2020. This shows that systems Administrators (Procurement team) have not been providing effective administrative support to the Proactis system. This is concern around high level of non-compliant procurement across the Council where retrospective RFQs were being put on the system in breach of Council procedures. This can be due to poor procurement planning and highlights that RFQs were being raised for services/supplies already commissioned but were then put on RFQ system for Purchase Orders to be raised and approved. Only 108 (10.77%) RFQs were recorded as being completed and 832 (83.03%) shown as still active on Proactis. This shows poor oversight, maintenance and housekeeping of the Proactis system by systems Administrators. For the audit sample of 15 RFQs tested in detail, there were two instances where the RFQs were created just 3 working days prior to the date of invoice. This practice may indicate that RFQs were created after the services/works were commissioned from suppliers, which is a breach of the Council's procurement procedures. 	

Title	Date of Report	Comments / Findings	Scale of Service
		<ul style="list-style-type: none"> • In one case, the winning price quotation submitted was £104,167 and therefore, exceeded the £100k threshold for RFQ. The original budget for the works was set at £99,000 in order to justify procurement through RFQ and not do a full tender. However, the contract evaluation showed four bids were received with costs ranging from £104k to £242k. The contract award instruction (for RFQ contracts above £25,000) was in the amount of £104,167.18. The final costs for the works were £111,150.10. • We noted that the Procurement team have not identified issues of non-compliance by Directorates and reported these issues to Directors and Corporate Directors who are responsible for ensuring compliance with Procurement procedures. • With regards to the Agresso Finance system, Audit was advised that incidences of actual payments exceeding the RFQ threshold (£100,001) cannot be identified through exception reporting, as although Agresso has the facility to have a contract/E-RFQ number, this requires interfaces between Proactis and Agresso Therefore, instances of RFQs created on Proactis, where actual spend is over £100,001 cannot be reported and escalated to DLTs and CLT. • There were 14 suppliers that were awarded between 2 to 41 contracts through the RFQ process. In total there were 215 such contracts. The total contract value per supplier ranged from £113,413 to £806,051. The total value of these RFQs was £3.9m, which represents 26.17% of the total value of all RFQs issued in 2022/23 (circa £14.9m). The awarding of repetitive contracts to a few contractors may increase the risk of non-compliant practice potentially leading to fraud, irregularities and corruption. • There was evidence of disaggregation being applied in order to meet the RFQ thresholds and not to open the contract to full competitive tendering process. For example, in one case, the Window Renewal works were subject to 3 separate RFQs, but the overall value of works was in excess of £100k. • Council expenditure is analysed on a quarterly basis to identify the extent of expenditure incurred for which there is no contract. However, the Strategic Procurement Board (who has responsibility for procurement oversight and scrutiny) has not met for a number of months and hence there is no scrutiny and oversight control currently in place. As a consequence, Directorates accountability for off contract spend is not being scrutinised and challenged. • With regards to supplier adoption and registration, we were not able to fully evidence that the due diligence checks were carried out by Procurement. Therefore, there is the risk that 	

Title	Date of Report	Comments / Findings	Scale of Service
		<p>suppliers have not undergone the full RFQ registration process and may not have the required checks such as insurances.</p> <p>All findings and recommendations were agreed with the Head of Procurement and Interim Director of Finance, Procurement and Audit. The final report was issued to all Corporate Directors.</p>	

Audit Summaries for Consultancy Reviews

Title	Date of Report	Comments / Findings	Scale of Service
Housing Benefit Quality Assurance	Feb 2024	<p>This was a consultancy review of arrangements in place for quality assuring Housing Benefit processes. The review was requested by the previous Head of Revenue and Benefits.</p> <p>The key findings and issues from this review include the following:</p> <ul style="list-style-type: none"> • Policy and procedures - clear procedures needed to be established to guide and direct staff responsible for quality assurance. We understand that the team responsible for discretionary housing payments and appeals has been merged with the Quality Assurance team, and as responsibilities for the various functions have not been clearly defined, the team tend to focus on the discretionary housing payments and appeals that need to be processed, at the expense of quality assurance work. We, therefore recommended that a quality checking regime be put in place with the objective of providing assurance on the integrity and security of benefit processes; quality of work; provision of staff training and development; identification of process weaknesses; and support continuous improvement • Performance monitoring - there is currently no performance monitoring of the quality assurance function. In order to address this, we have recommended that Key performance indicators should be identified and performance against these indicators should be regularly reported. <p>All findings and recommendations were agreed with the Head of Revenues and Benefit and final report was issued to the Corporate Director of Resources.</p>	Extensive
Pre-employment Checks for THEOs	Feb 2024	<p>This consultancy review was requested by the Director of Community Safety. The service currently has 25 in-house THEO's and 6 THEO Team Leaders. The Mayor announced a recruitment drive to employ 40 more Tower Hamlets Enforcement Officer (THEO) roles, to help the police tackle crime and anti-social behaviour and support residents with any safety concerns. THEOs have police powers under section 50 of the Police Reform Act to obtain a person's details and to tackle anti-social behaviour, drugs, and violence. They also work with agencies within the borough to help anyone who needs support, such as people who are struggling with substance misuse and those who are sleeping rough.</p>	Extensive

Title	Date of Report	Comments / Findings	Scale of Service
		<p>As part of LBTH recruitment process, pre-recruitment checks are required before THEOs are on-boarded. These checks include 2 satisfactory references, DBS clearance, Right to Work checks, Medical check and Level 2 Non-Police Personal Vetting and Counter Terrorism Checks checks(NPPV/CTC).</p> <p>During the audit we identified areas of good practice which include the following:</p> <ul style="list-style-type: none"> • Job Descriptions for the post of THEOs and THEO Team Leaders, specify the requirement for the post holder to have Non-Police Personnel Vetting and Counter Terrorist Checks (NPPV/CTC). • The Safer Communities Manager and the Neighbourhood Manager along with 2 other staff members share an excel document with the Metropolitan Police which holds information regarding the NPPV level 2 and CTC vetting of all THEO staff. This spreadsheet includes reference numbers of the check, expiry dates and a RAG rating to show the date of the next renewal of the check for each member of the enforcement team. • Procedures were in place for THEOs namely, Standard Operating Procedures and Protocols for Tower Hamlets Enforcement Officers. This document was last updated in July 2022 and contains key information including vetting information. In addition, there is a requirement for officers to report to the Head of Service immediately if they are arrested, charged or summonsed to appear in court for criminal offence. <p>Key findings and issues from this audit include the following:-</p> <ul style="list-style-type: none"> • Audit was provided with several different documents relating to the Recruitment and Vetting of THEOs. We confirmed that the job descriptions (JDs) for all staff working in the Enforcement service require NPPV/CTC checks and an Enhanced DBS. However, the Council's Disclosure and Barring Service (DBS) Procedure dated 2020, states that Civil enforcement officers require a standard DBS check. Therefore, there seems to be inconsistency between the Council's DBS procedures and what is required on the JDs for THEOs. We have recommended that the Enhanced DBS requirements for the staff in the Enforcement team should be clarified with Human Resources. 	

Title	Date of Report	Comments / Findings	Scale of Service
		<ul style="list-style-type: none"> • Audit testing of pre-recruitment and vetting of all 31 staff showed that evidence within the Council's HR system of two written references, Right to Work checks, Confirmation of Appointments and Enhanced DBS checks was not always clear. • Our testing to ensure that all THEOs (including managerial posts) have received the proper NPPV and CTC checks showed that the service had a record of these checks. However, none of the NPPV and CTC clearances were filed on HR Resource Link system. Therefore, the Council's HR system has no record of these clearances. It would appear that HR service may not be aware to keep a record of these checks. We have, therefore, recommended that the Head of Community Safety should inform the Head of HR to ensure that the NPPV and CTC clearances are recorded within personal files of THEOs on the HR RL system. • Additionally, during our testing of NPPV/CTC we noted that in one case NPPV and CTC clearance was awaited despite the application being submitted to Metropolitan Police some 8 months ago. We noted that Management may not have been aware of this situation, although we found that this Officer has already commenced their role with LBTH without the required clearance in place. However, we were not clear as to whether appropriate authority or some form of Waiver (similar to DBS) was required to be obtained from the Director of Community Safety for these employees to start. A written Waiver should provide authority for THEOs to start employment including the controls to be put in place to ensure that they are supervised at all times. • We tested a sample of 6 THEOs' Employment Contracts to see whether the Terms and Conditions of Employment contained any provision regarding the condition to obtain NPPV and CTC clearance. We found that of the 6 contracts we examined, in 2 cases, the Terms and Conditions of the Employment Contracts included "Specific conditions of employment" which required the THEO to pass and maintain NPPV and CTC clearance throughout their employment and that failure to do this will result in termination of employment. However, in the remaining 4 cases, the THEOs did not have this specific condition in their contract of employment. It would therefore, appear that the THEOs' employment contracts issued by HR have not been standardised and do not contain the required specific condition for passing and maintaining the NPPV and CTC clearance. <p>All findings and recommendations were agreed with the Head of Community Safety and final report was issued to the Director of Community Safety and Corporate Director of Communities.</p>	

Title	Date of Report	Comments / Findings	Scale of Service
Housing in Multiple Occupation (HMO)	Feb 2024	<p>This audit was commissioned by the Chief Executive at the request of the Mayor. The purpose was to review the governance, systems and internal control processes regarding the engagement, monitoring and enforcement of regulations and occupancy of houses in multiple occupation (HMO) properties.</p> <p>The following Good Practices were identified:-</p> <p>Policies and Procedures: We reviewed 23 procedure documents relating to the management and monitoring of Homes in Multiple Occupancy (HMOs) and found they clearly defined roles and responsibilities and were easily accessible to staff on the M drive.</p> <p>Survey Results: We surveyed all 27 members of staff within the Health and Housing Team, which administers the HMO Licensing schemes and received responses from 19. The 19 responses confirmed that they understood and felt confident in performing their role and either held qualifications relevant to their role or were qualified through relevant experience.</p> <p>Civica System: The Council uses the Civica system to register licences and record inspections, service requests and enforcement action. For each process, officers can download a template which prompts the checks which officers should carry out and information that should be requested.</p> <p>The following Key Findings, Issues and Risks were highlighted in the audit report:-</p> <p>Policies and Procedures: There was no evidence that the majority of procedures in place have been recently reviewed, they do not contain upcoming dates of review or detail the document owner. Furthermore 3/19 respondents from our survey responded that they had not read the policies and procedures relevant to their role.</p> <p>Training: Principal Officers stated all new staff are provided with HMO training when they commence employment. However, the Service does not maintain training records to show which officers have received what HMO training and when, to ensure 100% coverage and that officer knowledge remains up to date. Although staff surveyed stated that they had received some form of training, which included the Council's corporate training.</p> <p>HMO Licensing: We tested 21 licence applications to confirm that documentation supported decisions taken. We identified seven exceptions. In five cases officers could not explain or confirm that the correct inspection priority had been assigned, for one an inspection priority was not assigned in the Civica system and for one application supporting evidence was missing.</p>	Extensive

Title	Date of Report	Comments / Findings	Scale of Service
		<p>Property Inspection Regime: We tested 23 inspections to confirm they were conducted in line with procedures and to ensure any remedial actions identified are followed up. We found five where identified remedial works were not followed through to confirm the work was complete and a further two where additional actions were required by officers but not completed.</p> <p>Concerns and Complaints: We tested 22 service requests to confirm they were investigated in line with procedures, dealt with in a timely manner and actions were fully documented including resolution. We identified 12 exceptions including cases not being dealt with promptly, cases being left open without resolution or not being dealt with, and one case being allocated a reference which is not monitored by the Environmental Health Officers.</p> <p>Enforcement Regime: We tested 20 instances of enforcement action to confirm the correct Council process was followed. We found eight exceptions, including cases being left open when they should have been closed and action not being taken for several months, which highlights the need for greater oversight of cases.</p> <p>Resourcing: The Service employs a high percentage (44%) of agency staff resulting in a lack of continuity or accountability of cases.</p> <p>All findings and recommendations were discussed and agreed with management in October 2023, and the final report was issued to the Chief Executive, Corporate Director of Communities and Corporate Director of Resources in February 2024.</p>	
Commissioning of Protected Hours for Sports and Physical Activities	March 2024	<p>This audit reviewed the arrangements for commissioning protected hours for Sports and Physical Activities (SPA). Protected hours are free of charge hours to sports clubs and similar providers at the Council's sports centres. The review was requested by the previous Director of Commissioning and Culture. The leisure management contract, from inception in 2004, provided free leisure centre time for use by the Council's Sports Development for its various activities. Hours were also allocated for inter-borough, school competitions and leagues and elite sport associated with the London Youth Games programme. Protected hours were also allocated for healthy lifestyles activities.</p> <p>Service provision has changed over time and it became clear that the Council could not directly deliver activity for all the hours allocated within the contract. SPA therefore, worked in partnership with delivery partners in the sports / health and third sectors to augment sports provision within the borough to meet the Council's / Sports Development Team's key objectives. Prior to 2012 and after the London 2012 Olympic and Paralympic Games, hours were allocated to develop an Olympic Legacy for Tower Hamlets. This was subsequently superseded by The Physical Activity & Sports Strategy.</p>	

Title	Date of Report	Comments / Findings	Scale of Service
		<p>There is currently no formal commissioning, or application process. In the current year, 5091 protected hours have been allocated to various sports activities at Council sports centres, 838 of which are delivered directly by officers within the Sports and Physical Activity service. The notional cost of this provision for 2023/24 was £93,000 p.a.</p> <p>We noted that the way “protected” hours have been allocated to sports clubs and other organisations has evolved over the years and has been quite informal . Very few records have been made available to Audit. We have, therefore, based our report and recommendations on the assumption that where records have not been made available, they may not exist or cannot be located. Our key findings and issues from this audit include the following:</p> <ul style="list-style-type: none"> • Needs assessment and strategy; There is a Physical Activity and Sports Strategy 2020 - 2024 in place, which was written in 2020. It is not clear whether the strategy was based on a Needs Assessment to identify the current need for sport and physical activities to ensure that residents service needs and priorities are captured. However, both the strategy and any Needs Assessment that may have been undertaken needs to be refreshed. We have, therefore recommended that a comprehensive audit and Needs Assessment of existing provision of all types of sport and recreational facilities, including the quality of supply and their condition, should be carried out. • Options appraisal and Business Plan : As the Council is preparing to in-source leisure services, there is an opportunity and a need to carry out option appraisal and review the concept of providing free hours to local sports clubs and organisations. We have been advised that in the meantime, “protected “ (free hours) will be rolled over into 2024/25 and that subsequently the existing arrangements will be option appraised and reviewed. A business plan is being drawn up which will consider costs, pricing policy and available budgets. • Specifications and safeguarding requirements: Aside from the purpose and objectives of providing protected hours stated in the annual report 2018-19, detailed specifications for sports clubs and other organisations which have been allocated free hours have not been drawn up. • Governance and Selection Criteria It appears that there is no clearly written down process governing the criteria for awarding sports clubs and other partners with free hours at the Council’s sports centres. The assessment and selection process was informal and not documented. We have therefore recommended that a strong governance structure and decision-making process for granting of protected hours and implement a commissioning 	

Title	Date of Report	Comments / Findings	Scale of Service
		<p>approach for seeking bids and having clear and transparent selection criteria for the use of protected hours to demonstrate good governance in this area.</p> <ul style="list-style-type: none"> Performance management and reporting: any performance monitoring and reporting carried out has either not been documented or not made available to Audit. We have therefore, recommended that there should be a robust performance management system in place to monitor and manage the performance of any providers “commissioned” to provide clearly specified sporting activities . Providers should be required to report performance in accordance with outcomes based key indicators, set out in the service level agreement. There should be a system for quality assurance, which involves visiting providers, to ensure that sporting activities are delivered to the standard and quality specified. Performance should be reported to senior management on a regular basis, to aid their decision making. <p>All findings, issues and recommendations were agreed with the Head of Leisure Operations and final report was issued to the Corporate Director of Communities.</p>	

Opinion		Definition
Substantial	Positive 	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable		There is a generally sound system of governance, risk management and control in place. Some issues, noncompliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	 Adverse	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and/or control to effectively manage risks to the achievement of objectives in the areas audited.
No		Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and/or control is inadequate to effectively manage risks to the achievement of objectives in the areas audited.

Disclaimer
 This report has been prepared for the use of the Audit Committee and Senior Management of the Council. Details may be made available to specified external agencies, including the external auditor, but otherwise the report should not be quoted or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared and is not intended for any other purpose.

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Non-Executive Report of the: Audit Committee Tuesday, 23 rd April 2024	 TOWER HAMLETS
Report of: Julie Lorraine Corporate Director, Resources	Classification: Open (Unrestricted)
Risk Management – Corporate and Directorate Risk Registers	

Originating Officer(s)	David Dobbs – Head of Internal Audit, Anti-Fraud & Risk
Wards affected	(All Wards)

Executive Summary

The management of risk is a key function for the Council. The Head of Internal Audit, Anti-Fraud and Risk co-ordinates risk management on behalf of the Council but the identification, assessment, justification, and mitigation of individual risks remains the responsibility of management and risk owners.

This report presents the Audit Committee with the opportunity to review the Corporate Risk Register (**Appendix A**) and also the Health and Social Care Directorate Risk Register (**Appendix B**). This is in accordance with the Audit Committee’s decision that it will review both the Council’s Corporate Risks at all its meetings and each Directorate’s Risk Register on a rolling programme basis. The Audit Committee meeting on 22nd January reviewed the Chief Executive’s Directorate Risk and a review of the Health and Social Care Directorate Risk Register is now due.

Recommendations:

The Audit Committee is recommended to:

1. Note the updated Corporate Risk Register and ,where applicable, request risk owner(s) with risks requiring further scrutiny to provide a detailed update on the treatment and mitigation of those risks including impact on the corporate objectives at the next Audit Committee meeting (or separately before the meeting, if urgent).
2. Note the proposed changes to the Council’s risk registers, as set out in paragraphs 3.4 and 3.5.
3. Note the updated Health and Social Care Directorate Risk Register and where applicable request risk owner(s) with risks requiring further scrutiny to provide a detailed update on the treatment and mitigation of their risks

including impact on the directorate's objectives at the next Audit Committee meeting (or separately before the meeting if urgent).

1. REASONS FOR THE DECISIONS

- 1.1 The Audit Committee has responsibility for oversight of the arrangements for governance, risk management and control and this report assists the Audit Committee in discharging its responsibilities.

2. ALTERNATIVE OPTIONS

- 2.1 None.

3. DETAILS OF THE REPORT

Corporate Risk Register

- 3.1 The Head of Internal Audit, Anti-Fraud and Risk and Risk Officer continue to work with Corporate and Service Directors to maintain and update the Corporate Risk Register. The updated register is attached at Appendix A. This register was last presented to CMT for review and agreement at its meeting on January 9th.
- 3.2 The Audit Committee should review the Corporate Risk Register and be satisfied that the risks are appropriate. In doing so the Audit Committee may wish to consider the following questions:
- a. Are these the key, corporate level risks that might prevent the Council from achieving its objectives?
 - b. Are there any key, corporate levels risks missing, bearing in mind there are many more risks being managed at Directorate and Service level?
 - c. Do you want to request any of the risk owner(s) to provide a more detailed update on the treatment and mitigation of their respective risk(s) including impact on the corporate objectives?
 - d. Do you require any independent assurance from Internal Audit or elsewhere that the corporate risks are being appropriately managed?
- 3.3 Since the last presentation of the Corporate Risk Register to Audit Committee, the following actions have been taken:
- Risk Reports have been presented to all Directorate Leadership Team meetings to facilitate discussion and challenge around key

risks. DLTs were subsequently required to review their risks, make any updates, and complete any outstanding review activities

- Corporate Risks have been reviewed by the Risk Team and where appropriate rearticulated to help create a better common understanding of the nature of the risk and a broader definition of the risk event. For example, in relation to ORG0027(Risk of a Cyber Attack), the risk has been changed from:

“There is an ongoing risk of a cyber-attack and/or major loss of IT.”

to

“There is an ongoing risk of a Cyber Attack and a consequential Data Breach, Financial Loss and Business Interruption.”

- Work is ongoing to ensure that risk registers provide a full and complete picture of the Council’s scope of operations. There are however some business areas which have yet to undertake a risk identification exercise and therefore there are ‘risks’ which have been recorded and captured on JCAD. There are also other cases which are affected by organisational change and some risks need to be reallocated to new teams – for example, work is underway to review and transfer the risks that were previously recorded separately by Tower Hamlets Homes onto the Housing and Regeneration risk registers.

3.4 Following discussions with Corporate Directors, DLTs and CMT the following changes have been agreed:

- A new risk to be added in relation to an emerging risk concerning the collection of Rent and related Rent Arrears. This risk will be ‘owned’ by the Corporate Director of Resources
- *CS0014 Compliance with the Protection of Freedom Act* – it has been agreed that this risk should be relegated to the Directorate Level and will shortly be reassigned to a new risk owner once a new Senior Responsible Officer for compliance has been identified
- The Pension Fund Risk Register is currently held and maintained separately outside of JCAD - it has been agreed that it should be transferred to JCAD and have risk and controls owners assigned in the usual manner.

3.5 It has been further agreed that the following cross-cutting risks be added to the CRR, with ownership assigned to the Chief Executive:

- *Community Cohesion*: A loss of social capital and a fracturing of the community and local networks, negatively impacting social stability, individual well-being and economic productivity as a result

of persistent public anger, distrust, divisiveness, lack of empathy, marginalisation of minorities and political polarisation.

- *People First Transformation*: A failure to fully execute, implement and realise the benefits from the Council's core transformation programme resulting in ineffective governance, cultural disengagement, strategic misalignment, and failing to understand and meet the needs of borough residents.

Health and Social Care Directorate Risk Register

- 3.6 This register was presented to the Health and Social Care DLT during March and reviewed/updated by Directors thereafter. The Audit Committee should review the risks identified for the Health and Social Care Directorate and be satisfied that the risks are appropriate. In doing so the Audit Committee may wish to consider similar challenge questions as those presented in paragraph 3.2.

Future Directorate Risk Register Reviews

- 3.7 Going forward the Audit Committee will be presented with the other directorates risk registers on a rolling programme, in the following order:
- Communities – June/July 2024
 - Housing and Regeneration – November 2024
 - Resources – January 2025
 - Children's Services – April 2025
 - Chief Executive's - June/July 2025
 - Health and Social Care – November 2025

4. EQUALITIES IMPLICATIONS

- 4.1 There are no specific statutory implications.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 The Accounts and Audit Regulations 2015 require authorities to ensure they have a sound system of internal control which:
- facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - ensures that the financial and operational management of the authority is effective; and
 - includes effective arrangements for the management of risk.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 There are no specific financial implications arising from the content of this report. General comments with regards the importance of effective risk management and the consequences of failure to monitor and manage organisational risks are contained within the body of the report and the appendices.

7. COMMENTS OF LEGAL SERVICES

- 7.1 The management of risk has a direct impact on the Council's ability to deliver its functions in a manner which promotes economy efficiency and effectiveness. Therefore, the consideration of this report demonstrates the Council's compliance with its Best Value Duty.
- 7.2 The Council is also legally required to ensure that it has a sound system of internal control facilitating the effective exercise of the Council's functions. This includes arrangements for the management of risk and an effective system of internal audit to evaluate the effectiveness of its risks management, control, and governance processes, taking into account the public sector internal auditing standards and guidance. This report also demonstrates compliance with these legal duties.
-

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- Appendix A – Corporate Risk Register.
- Appendix B – Health and Social Care Directorate Risk Register

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

- NONE

Officer contact details for documents:

David Dobbs, Head of Internal Audit, Anti-Fraud and Risk

Email: david.dobbs@towerhamlets.gov.uk

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Detailed Risk Report (incl Control Measure Target Date)

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total		
CSD0016	Death or serious harm to a child that was or should have been in receipt of services, either from the Council or a Partner agency. There is an on-going need to ensure that services to all Vulnerable Children and young people have a focus on Safeguarding and Prevention of harm.	Our most recent Ofsted report (June 2019) rates Children's Social Care and Early Help service's as "Good". However, there will be a need to regularly review and scrutinise the quality of services for vulnerable young people. This scrutiny and challenge will need to have a focus on; <ul style="list-style-type: none"> Overall management oversight and quality of supervision. Compliance with core statutory and local requirements. Adherence to key safeguarding thresholds. Regular assessments of cases, and emerging /changing risks. Strong planning for children, with regular reviews to avoid drift and delay. Maintaining strong quality assurance and auditing mechanisms. 	<ul style="list-style-type: none"> Harm to individual Children and young people being left in situations of risk and or unassisted harm. Poorer than expected outcomes for a child. Poor audit/review findings Reputational damage to the council. Poor Staff development and competence. Poor Quality assurance and Performance Management Loss of experienced professional staff. Potential for legal proceedings against the council leading to financial loss 	<p>Monthly meeting of the Continuous Improvement Board, chaired by the DCS, and involving the Lead member.</p> <p>The Tower Hamlets Children's Safeguarding Partnership, delivering the statutory multi-agency oversight of safeguarding.</p> <p>The Tower Hamlets Safeguarding Children's Partnership is jointly led by the Council, Police and CCG, and benefits from the support and challenge of an Independent Scrutineer. The Partnership provides routine oversight of multi-agency data and quality assurance findings.</p> <p>Monthly service level performance meetings held by the Divisional Director.</p> <p>Underpinned by monthly Performance Surgeries held by each Head of Service.</p> <p>Practice Week which is held twice a year (May and November) which involves all Corporate Directors and members.</p> <p>Bi-monthly and bi-annual plans in place.</p> <p>Performance monitoring and audit by statutory Local Safeguarding Partnership</p> <p>Performance monitoring and audit by statutory Local Safeguarding Partnership</p> <p>Principal Social Worker leads on implementing learning from other</p>	5	5	25	4	4	16	Steve Reddy	People Are Aspirational, Independent And Have Equal Access To Opportunities.

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total		
				<p>authorities where provision is inadequate.</p> <p>Principal Social Worker leads on implementing learning from other authorities where provision is inadequate.</p>								
CLSC00012	Major Health and Safety Incident affecting Council employees, Buildings or related Infrastructure.	The job: including areas such as the nature of the task, workload, the working environment, the design of displays and controls, and the role of procedures. Tasks not designed in accordance with ergonomic principles to take account of both human limitations and strengths. Not matching the job to the physical and the mental strengths and limitations of people. Mental aspects would include perceptual, attentional, and decision-making requirements.	Injury/ill health/death, direct and indirect costs, disruption to service, reputational damage and possible prosecution	<p>Existing Control Measures</p> <p>Arrangements and performance monitored, audited, and reviewed via Joint Health and Safety Committee</p> <p>6 x corporate specialist Health and Safety Advisors, with 1 allocated to each directorate</p> <p>Corporate H&S training via the Learning Hub and advertised locally</p> <p>Provision of communication around changes in legislation, standards, and industry best practice to schools and services.</p> <p>Updated guidance, templates, and resources available from the H&S section of The Bridge</p>	4	5	20	3	5	15	Stephen Halsey	Risk Corporate Plans

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total		
		<p>The individual: including a person's competence, skills, personality, attitude, and risk perception. Individual characteristics influence behaviour in complex ways. Some characteristics such as personality are fixed; others such as skills and attitudes may be changed or enhanced.</p> <p>The organisation: including work patterns, the culture of the workplace, resources, communications, leadership and so on. Such factors are often overlooked during the design of jobs but have a significant influence on individual and group behaviour.</p>		Investigation of accident notifications received via the online AIR Form system, in accordance with the CHSS policies and Accident Investigation procedure, with RIDDOR Accident notifications being made on behalf of schools and services								
								<p>communicate risks, monitor sensors and speak to waste crews Edward Farrelly <u>Required Control Measure</u> Target Date: 30/09/2024 Required Control Measures</p> <p>Process required to mitigate staff from harm through residents who may be potentially violent – 'CoC' process is currently passing through DLTs/CLT Edward Farrelly <u>Required Control Measure</u> Target Date: 31/05/2024 Required Control Measures</p> <p>LBTH Contract Management – Guidance and Toolkit does not contain guidance around management of Health and Safety for contractors, so corporate process may be required Edward Farrelly <u>Required Control Measure</u> Target Date: 31/05/2024 Required Control Measures</p> <p>'Driving for work' guidance for grey fleet lacks same detail and controls that is involved in driving LBTH fleet vehicles – process required Edward Farrelly <u>Required Control Measure</u> Target Date: 31/05/2024</p>				

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total		
RS0056	<p>There is risk to Council's Financial Standing from overspending its revenue budget, failing to deliver savings and a reliance on reserves.</p> <p>(Reserves remain robust but there is a risk that the Medium Term Financial Strategy may require a draw down of reserves. Reserves can only be used once and therefore should not be used to plug permanent budget requirements).</p>	<p>Loss of income in particular council tax, business rates and leisure events.</p> <p>Poor budget management</p> <p>Failure to deliver savings</p> <p>Demographic pressures in Adult Social Care, SEND related pressures in Children's and Unfunded discretionary expenditure from temporary reserves.</p>	<p>Significant financial losses, overspent budgets, drawn down on reserves.</p>	<p>Financial Measures: CLT and SLT have prepared new savings proposals of c£34m for the current financial year, with a further circa c£10m to be identified over the remaining MTFS period</p> <p>Financial Actions: Increased focus on budget management. Budget Managers Handbook Issued. All budget managers directed by CLT to remain in budget. High risk budgets reviewed by the Corporate Director Resources or the Director of Finance, Procurement and Audit. Redoubled efforts to deliver previously agreed savings proposals.</p>	5	4	20	4	3	12	Chris Leslie	Risk Corporate Plans
HRP0088	<p>There is a risk that historical errors in Pension Scheme member data will lead to materially incorrect calculation of the Pension's liability figure and qualification of the Council's Statement of Accounts and Pension Fund Accounts.</p>	<p>External Audit review of IAS 19 (Employee Benefit) reports leading to discovery of unremediated errors in the underlying records.</p> <p>Triennial valuation to scheme actuary</p> <p>Valuation extracts to scheme actuary</p>	<p>Material error in calculation of the Pension's Liability figure leading to qualification of the Council's Statement of Accounts.</p>	<p>Existing Controls: Detailed to be completed by the Interim Head of Pensions and Treasury.</p>	4	4	16	3	3	9	Abdulrazak Kassim	

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total		
ORG0027	There is an ongoing risk of a Cyber Attack and a consequential Data Breach, Financial Loss and Business Interruption.	Cyber attacks could include ransomware, denial of service, social engineering, phishing, malware and/or an active attack exploiting network security vulnerabilities. Attacks could be enabled through miss-sent emails, inappropriate sharing, insecure design, inappropriate access, introduction of unauthorized software to the network, users clicking on phishing scam email links, and/or divulging sensitive information	Significant and prolonged loss of IT services. Inability to deliver critical and essential services. Failure to comply with statutory duties or other legal responsibilities. Breach of data protection legislation Financial loss Reputational damage	<p>Current activity</p> <p>Internal internal and external reviews.</p> <p>Internal vulnerability scanning is on-going, occurring every week and the critical / high vulnerabilities discovered continue to be escalated for urgent remediation.</p> <p>Annual independent penetration tests.</p> <p>Implementation of a SIEM solution</p> <p>Recruiting additional specialist resources to support the SIEM.</p> <p>Take a risk-based approach to data security.</p> <p>Embed the risk assessment culture within service delivery.</p> <p>Ensure architectural decisions taken are supported by adequate risk assessments.</p> <p>Ensure Policies are aligned with identified risks and communicated effectively.</p> <p>Ensure policy exceptions are supported with fully documented and signed off risk assessments and controls are continually monitored</p> <p>Review of BCP</p> <p>At the request of the Corporate Directors of Health, Adults and Community, Internal Audit reviewed a sample of BCP's in quarter 4 of 2021/22 to form a view on whether the BCP's adequately address a complete loss of IT infrastructure for a prolonged period. The outcome was complete and was presented to CLT members and the CCB in June 2022. Actions and recommendations shared to inform ongoing improvements.</p> <p>Proposed follow up of updates / improvements during 2022/23 IA</p>	4	4	16	4	3	12	Hemanth Shanthigrama	

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total		
				<p>Plan and beyond to maintain effectiveness of BCP plans. Information/Cyber Security Incident Response Procedures</p> <p>The Council's Information/Cyber Security Incident Response Procedures need to be reviewed and updated with key details .</p> <p>This has been updated to include the cyber security mailbox as first point of contact. Adding individual names would need the document to be updated regularly as staff leave and so this should be the roles rather than specific names and contact information. Roles to be included to be discussed at the most appropriate forum, tbd.</p> <p>12/01/23 - independent assessment due Q4 FY22/23 which will evidence be used to evidence the CM</p> <p>The Incident response policies and procedures have been reviewed by external SMEs and recommendations are being drafted for SIRO sign-off by September Security Monthly Operations Meeting (MOM). Cyber Security/Attack Exercise</p> <p>The Council has run a table top cyber security/attack scenario with both CLT and the CCB. Lessons learned have been identified and actions will be assigned to responsible officers and monitored by the CCB.</p>								

Review which is progressing and reporting into the Support Services Board.
New Head of IG starts in Oct and full review of the IGG and SIGB will be carried out

TOR's in draft will be signed of by newly formed SIGB by the end of June.

Usman Zia

Required Control Measure

Target Date:
30/09/2024

Promote Cyber Security awareness using Training and Campaigns

- one of the measures is to ensure that cyber security training is always part of the mandatory training required by all staff. Progress of mandatory training is monitored at DLT and CLT levels

- in 2023 the council cyber security campaign culminating in National Cybersecurity Awareness Month in October

Mary Umoh

Required Control Measure

Target Date:
30/06/2024

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Required Control Measures			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total	L	I	Total		
RSB0023	There is a risk that the Statement of Accounts will receive a qualified opinion for 2020-21 and onwards	External audit of the statement of accounts and the subsequent findings/outcome.	Qualified opinion on statement of accounts. Reputational damage to the Council.	Existing Controls: Details to be completed by the Chief Accountant.	4	4	16	Improvement Plan An extensive improvement plan was enacted and remaining tasks part of BAU from June 2022. The 18/19 and 19/20 accounts have been signed off by the councils external auditors (Deloitte's). The council has focused its resources on publishing draft accounts for financial years 21/22 and 22/23 and completed the period of public inspection for these accounts – which it has done so with the focus now turning to prepare draft accounts for 23/24. DLUHC have recently consulted on a backstop date of 30th September to clear all outstanding draft accounts up to and including 22/23. The auditors work will now largely focus on VFM for the years outstanding (20/21, 21/22 and 22/23) prior to an audit opinion being issued for these years by the backstop date of 30th September (if the consultation proposal is enacted). Ahsan Khan <u>Required Control Measure</u> <u>Target Date:</u> <u>30/06/2024</u>	2	2	4	Abdulrazak Kassim	A Dynamic Outcomes-Based Council Using Digital Innovation And Partnership Working To		
ASD0015	Death or serious harm to a Vulnerable Adult who was or should have been, in receipt of services, either from the Council or a Partner Agency.	There is a failure of one or more of the controls in place to identify the degree of risk to a vulnerable adult (multi-agency safeguarding procedures) Poor practice, insufficient information sharing and/or inadequate management	Harm to an individual. Reputational damage to the Council. Potential for legal proceedings against the council leading to financial loss. Loss of confidence in safeguarding capability.	Oversight through management reporting Social workers have 1:1 supervision monthly on their casework includes safeguarding cases. Safeguarding case work is managed via s.42 Safeguarding Procedures in line with the Care Act 2014 High risk cases are present to the High-Risk panel The Senior Management Team	3	5	15	Information campaigns to raise awareness of safeguarding with oversight from Safeguarding Adult's Board This is an ongoing priority for the Safeguarding Adults Board and includes the annual 'Safeguarding Month' campaign in November each year. The Independent Chair takes a key role in this and all SAB partners participate. Specific campaigns are run at	2	5	10	Denise Radley	People Are Aspirational, Independent And Have Equal Access To Opportunities.		

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total		
		<p>oversight.</p> <p>Failure of quality control systems.</p> <p>Service user fails to work to agreed partnership / agency arrangements.</p> <p>Poor communication and partnership work.</p> <p>Poor resourcing of service areas against increased demand.</p> <p>Local authority contracted out service do not have sufficiently robust safeguarding arrangements.</p>		<p>managers are responsible for the review and monitor Adult Safeguarding cases in their services in supervision with their Team Managers.</p> <p>The Principal Social Worker leads on implementing learning from Safeguarding Adult Reviews in the Council alongside the Safeguarding Adults Board</p> <p>Hoarding Panel.</p> <p>Evictions Panel - MH Cases - supported accommodation in borough.</p> <p>Safety Huddles / MDTs with GP's Interface documents - pending.</p> <p>Waiting List - RAG rated</p> <p>Safeguarding Adults Board Strategy</p> <p>The actions within the SAB strategy aim to mitigate the risks associated with safeguarding. These are linked to the principles of Safeguarding with is Empowerment, Prevention, Proportionality, Partnership, Protection and Accountability. They are also linked to the principles of Making Safeguarding Personal. The SAB will be focusing on 3 key priorities relating to Adults with Learning Disability, Homelessness and Substance Misuse and Self Neglect.</p> <p>Safeguarding issues as part of contract management procedures</p> <p>Procedures overseen by Joint Director for Integrated Commissioning - contract management procedures continue to focus on safeguarding.</p> <p>Care Quality Commission embargo list used.</p> <p>This list is available from the Care Quality Commission highlighting all providers where the CQC has</p>								

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT
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				<p>raised concerns.</p> <p>London ADASS branch circulate any service suspensions or restarts due to safeguarding concerns and these are passed to the Brokerage service.</p> <p>Provider Concerns and interface with Adult Safeguarding is a standard agenda item at Joint Adult Social Care and Integrated Commissioning Senior Management Team meeting.</p> <p>Failed visit policy and procedures in place.</p> <p>The Failed visits policy and procedures were originally agreed in 2018 and have been reviewed over the last year. They are currently in use and should be reviewed and amended if necessary annually.</p> <p>Safeguarding Adult Reviews Action Plan - implementation of recommendations of all SARs</p> <p>We have a Safeguarding Adults Review Tracker in place to monitor and oversee the implementation of actions arising out of Safeguarding Adult Reviews.</p> <p>This is monitored for the Safeguarding Adult Review sub group and Board.</p>								
PLC0013	<p>Following the Grenfell Fire tragedy residents of tower blocks in the borough are not safe or do not feel safe from fire following reassurance, advice, interim measures and completed, in progress or scheduled remedial actions to improve Fire Safety.</p>	<p>Accountability for fire safety is not correctly designated, communicated and understood</p> <p>Fire Risk Assessments: * are incomplete, inadequate or not carried out in accordance with the latest advice from DCLG and fire and rescue services</p>	<p>Loss of life</p> <p>Loss of housing stock</p> <p>Lobbying and/or protesting</p> <p>The council and local housing management organisations lose the trust of residents</p> <p>Individual prosecution under a number of Acts of Parliament and common law offences</p>	<p>Work with MHCLG to ensure owners of private residential tower blocks are taking measures to ensure their residents safety</p> <p>1. Officers within the Council, representing Environmental Health, Planning, and Building Control, and Housing and Regeneration meet weekly at the Fire Safety meeting, to discuss progress with the remediation of ACM from tall buildings, this also includes</p>	3	5	15	1	5	5	Karen Swift	A Borough That Our Residents Are Proud Of And Love To Live In.

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total		
		<p>* are not published in accordance with the Mayor's commitment</p> <p>* do not include the time limits on recommendations</p> <p>Fire Risk Assessment Action Plans: are not produced and/or delivered within appropriate timescales</p> <p>Limited current contractor supplier chain for scale of identified fire safety works</p> <p>Constrained and limited ability for Tower Hamlets Homes to complete all the Fire Risk Assessment work identified in the new round of comprehensive Fire Risk Assessments</p> <p>Unable to justify block prioritisation policy for programmes of Fire Risk Assessment works</p> <p>Leaseholders do not fit fire rated flat entry doors (ALL flat entrance doors in a block will need to be compliant to achieve good fire compartmentalisation and a 'Tolerable' fire safety standard)</p> <p>Fire safety measures are uncoordinated</p>	<p>with potential penalties including unlimited fines and a maximum of life imprisonment</p> <p>Corporate prosecution with potential penalties of unlimited fines, remedial orders and publicity orders</p> <p>Adverse national media coverage</p> <p>Uninsured financial loss</p> <p>Council perceived as not having fulfilled statutory duty to keep local housing conditions under review</p>	<p>progress on responses to EWS survey. Information from the EWS survey is inputted into the Department for Levelling Up's (DLUHC) DELTA system and details of the information received are sent to a Technical Officer in the Building Control Team for analysis.</p> <p>2. Council Officers are in weekly contact with the GLA on the progress of each development's individual grant application to remediate ACM from particular buildings and this is reported back to the Fire Safety Meeting.</p> <p>3. This has now progressed to EWS work and applications to the Department for Levelling Up's (DLHUC) BSF fund to remediate materials of concern other than ACM.</p> <p>4. Likewise Officers are in regular dialogue with DLUHC on buildings that are of concern and also to discuss various freeholders and managing agents who are not communicating well or are slow in responding to information requests.</p> <p>5. Monthly meetings are held with DLUHC and Council officers to monitor progress on each building of concern.</p> <p>6. Tower Hamlets Housing Forum, Council Officers, and the London Fire Brigade have a close working partnership on resident consultation.</p> <p>7. New funding from the government for 2022/23 and 23/24</p>				<p>Further control measure will be selected EWS surveys to buildings below 18m where the fire risk assessment has raised concerns about the cladding/ext wall</p> <p>We are carrying out additional fire engineering surveys over the next 2 years. As well as structural safety assessments.</p> <p>Building Safety preparations - our approach being managed through a project which has a project board, manager and produces progress reports. Also, there is a monthly building safety report produced which identifies gaps and progress.</p> <p><i>Karen Swift</i></p> <p><u>Required Control Measure</u></p> <p><i>Target Date:</i> <i>31/05/2024</i></p>				

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total		
				<p>was received to be able to increase inspections and enforcement. This funding is a key mitigation factor for us to continue supporting our residents in tall buildings to feel safe.</p> <p>LBTH Client Management Fire risk assessments for all buildings are up to date and FRA as fire risk assessor UKAS credited.</p> <p>There are No building categorised as substantial or intolerable level of risk.</p> <p>All high-rise buildings surveyed in early 2020 and none has been identified with High Pressure Laminate (HPL) or Aluminium Composite Material ACM cladding. Cladding on 2 tower blocks (malting & Brewster), where there were concerns, has been removed already.</p> <p>Joint working with THH in preparation of the Building Safety Bill including, a pilot of a building safety case, ICT preparation, and a paper which will spell out the roles and responsibilities including those of the Accountable Person and the Building safety Manager is earmarked for November Cabinet. A leading fire engineering consultancy has reviewed all buildings over 6 storey and identified those that may present a greater level of risk. Subject to approval of LBTH, we will shortly carryout external wall surveys on these buildings (by April 2022). Procurement is underway to appoint more permanently a fire engineering consultant to complete fire strategies, means of escape reports and external wall surveys</p>								

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total		
				<p>for all other buildings that require one.</p> <p>THH regularly communicate with residents through newsletters and resident association presentation in conjunction with the London Fire Brigade. We also meet with the LFB on a regular basis.</p> <p>THH/LBTH capital investment programme has been reviewed and refocussed the works programme to accelerate front door replacements and make provision for major works arising from EWS surveys and Type 4 fire risk assessments.</p> <p>THH report progress on major works projects as well as more broadly on compliance at regular liaison meetings with the LBTH client team.</p> <p>Fire Safety is also regularly discussed at QSM and the Mayor's Housing meeting</p> <p>A monthly compliance dashboard is in place that covers a wide range of compliance related KPIs including those relevant to fire.</p>								
ASDASC0018	Regulatory censure and Safeguarding failure arising from deficient process for new and ongoing employee vetting (i.e. pre-employment checks, ongoing vetting of DBS status, verification of qualifications and other suitability/ screening checks).	Non-adherence to procedures in relation to recruitment and employee vetting Failure of reporting mechanisms to provide assurance on vetting Vetting not renewed/updated where required	<ul style="list-style-type: none"> Harm to individual children, young person or vulnerable adult Poor audit/review findings Reputational damage to the council including poor inspection outcomes Poor quality assurance Potential for legal 	Existing protocols and procedures relating to DBS checks and recruitment more generally Existing procedures and guidance on DBS checks and recruitment are available to staff on the Bridge.	3	4	12	1	4	4	Denise Radley	Risk Corporate Plans

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total		
			proceedings against the council leading to financial loss									

requiring non-statutory updating, sharing with service managers and HR business partners and completing the process to update. Prioritise children's and adults services, risk assess where required and put appropriate waivers in place if needed.
Catriona Hunt
Required Control Measure
Target Date:
31/05/2024
 Review of posts in scope of DBS

Review posts identified for DBS checking and ensure consistency across the organisation. Draw on best practice over and above statutory requirements particularly for children's and adult social care working closely with the Principal Social Workers. Ensure consistency in checks across adults/children's registers.
Catriona Hunt
Required Control Measure
Target Date:
31/05/2024
 Review DBS process & policy

Review all aspects of the vetting process including moving to the automatic annual check platform as standard.
Catriona Hunt
Required Control Measure
Target Date:
31/05/2024

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Required Control Measures			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total	L	I	Total		
CS0014	<p>There is a risk that the Council will fail to comply with its obligations in relation to the Protection of Freedoms Act 2012 and therefore failing to meet the Code of Practice compiled under that Act by the Home Office Surveillance Camera Commissioner (SCC) for the operation of video surveillance systems. The Council may also fail to meet the requirements of the Data Protection Act 2018 related to the use and management of video surveillance systems.</p>	<p>A lack of appropriate governance, policy and standard operating procedures. No asset registers for surveillance systems. Out of date or missing Data Processing Impact Assessments No SLAs with major stakeholders such as the Police and Transport for London A lack of compliance with agreed governance, policy and procedures. An inspection by the Surveillance Camera Commissioner. An inspection by the Information Commissioner. A freedom of information request.</p>	<p>Financial, legal and reputational.</p>	<p>Service Actions Ensure an updated DPIA is in place for all departmental VSS systems. Ensure DPIAs are quality assured by Information & Governance Team and signed off Ensure robust information sharing agreements are in place where appropriate for all departmental VSS Ensure Asset management registers are maintained. Ensure DLTs and Directors are appraised of progress and risks.</p>	3	4	12	<p>Improvement Action Plan Completion Update the action plan to ensure progress against the requirements & regulations - this is a cross-Council action plan as services sit within multiple directorates. Draft the Council policies and procedures. All the client departments such as Parks, FM, Parking and CCTV will need to ensure that they implement the action plan, policies and procedures. The action plan will be monitored by the Information Governance Board. Each client department to nominate a lead, a Single Point of Contact (SPOC) who will be responsible for all operational matters relating to surveillance cameras and they will act as the main contact point for anything related to surveillance camera systems. They SPOCs will support the SRO regarding compliance with Protection of Freedoms Act. Joseph Lacey-Holland <u>Required Control Measure</u> Target Date: 30/09/2024 Service Actions Ensure an updated DPIA is in place for all departmental VSS systems. Ensure DPIAs are quality assured by Information & Governance Team and signed off Ensure robust information sharing agreements are in place where appropriate for all departmental VSS Ensure Asset management registers are maintained.</p>	2	2	4	Usman Zia	A Dynamic Outcomes-Based Council Using Digital Innovation And Partnership Working To		

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Required Control Measures			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total	L	I	Total		
								<p>Ensure DLTs and Directors are appraised of progress and risks. Peter Allnutt</p> <p><u>Required Control Measure</u> Target Date: 30/06/2024</p> <p>Service Actions</p> <p>Ensure an updated DPIA is in place for all departmental VSS systems. Ensure DPIAs are quality assured by Information & Governance Team and signed off Ensure robust information sharing agreements are in place where appropriate for all departmental VSS</p> <p>Ensure Asset management registers are maintained. Ensure DLTs and Directors are appraised of progress and risks. Michael Darby</p> <p><u>Required Control Measure</u> Target Date: 30/06/2024</p> <p>Service Actions</p> <p>Ensure an updated DPIA is in place for all departmental VSS systems. Ensure DPIAs are quality assured by Information & Governance Team and signed off Ensure robust information sharing agreements are in place where appropriate for all departmental VSS</p> <p>Ensure Asset management registers are maintained. Ensure DLTs and Directors are appraised of progress and risks. Chris Smith</p> <p><u>Required Control Measure</u> Target Date: 30/09/2024</p> <p>Service Actions</p>							

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Required Control Measures			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total	L	I	Total		
									<p>Ensure an updated DPIA is in place for all departmental VSS systems.</p> <p>Ensure DPIAs are quality assured by Information & Governance Team and signed off</p> <p>Ensure robust information sharing agreements are in place where appropriate for all departmental VSS</p> <p>Ensure Asset management registers are maintained.</p> <p>Ensure DLTs and Directors are appraised of progress and risks.</p> <p>Sam Brown</p> <p><u>Required Control Measure</u></p> <p>Target Date: 31/07/2024</p> <p>Service Actions</p>						
									<p>Ensure an updated DPIA is in place for all departmental VSS systems.</p> <p>Ensure DPIAs are quality assured by Information & Governance Team and signed off</p> <p>Ensure robust information sharing agreements are in place where appropriate for all departmental VSS</p> <p>Ensure Asset management registers are maintained.</p> <p>Ensure DLTs and Directors are appraised of progress and risks.</p> <p>A new DPO has been appointed and a new Head of IG is starting on 17th Oct. This action will be fully reviewed then.</p> <p>Usman Zia</p> <p><u>Required Control Measure</u></p> <p>Target Date: 31/07/2024</p>						

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Required Control Measures			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total	L	I	Total		
FPA0014	The risk of being unable to reclaim VAT from HMRC owing to weaknesses in accounting for VAT and underlying non-compliance with HMRC requirements	Not being able to provide evidence to substantiate VAT claims	Loss of funds to the Council	<p>Existing Controls: Claims for retrospective VAT are still outstanding with HMRC. However, progress is continuous and Council staff continue to liaise with officers of HMRC on a regular basis. At the time of writing there are no outstanding queries from HMRC so we are waiting simply waiting for claims to be repaid.</p> <p>The Council has engaged PSTax (external tax advisors to carry out an independent review of the councils VAT returns commencing January 2024). The VAT Claims for January and February 2024 have both been reviewed with no significant errors being found.</p> <p>The council has also commissioned an external review of its VAT policies and procedures and the council is in the process of reviewing and implementing recommendations.</p>	3	4	12	<p>Liaise with HMRC to provide evidence required to support claims of VAT in progress Danny Warren <u>Required Control Measure</u> Target Date: 30/11/2024</p> <p>Engage external tax advisors to independently review VAT claims for a period of one year</p> <p>The recommendations on the initial high level report have been noted. The council will be reviewing and implementing key recommendations around; -Reviewing resourcing of VAT -Training on VAT across the organisation -Ensuring internal VAT documents</p> <p>The independent review of the Council's VAT returns will continue until December 2024 Danny Warren <u>Required Control Measure</u> Target Date: 31/12/2024</p>	2	3	6	Abdulrazak Kassim			
ORG0026	There is a risk the Council will be unable to deliver critical and essential services owing to a Business Continuity Incident.	Denial of access to, or loss of one or more of the following (4 P's): People – Example -Staffing loss due to industrial action or pandemic Places – Example - Premises/ Location unable to carry out services due to fire/flood/utility failure etc. Processes – Example - Essential Software loss	Loss of one or more of the 4 P's may impact on these area's - Inability to deliver, or disruption to Critical Services - Finance - Reputation - Delivery of KPI's - Safeguarding/ Health & Safety	A fully functioning and embedded Business Continuity Framework The Corporate Leadership Team has adopted a business continuity policy and civil contingencies arrangements. The development & maintenance of these arrangements is managed through the Civil Contingencies Board which is chaired by Raj Mistry. The CCB meeting quarterly and more frequently when required.	3	4	12	<p>Ownership of Business Continuity (BC) at senior level (CLT/DLT) and embedded into culture of the organisation.</p> <p>Corporate Directors to ensure BC is a standing agenda item at DLT Meetings and Directors are held to account for: - Approving reviews and updates to BC plans within their areas - Providing assurance that their plans are active and exercised to test effectiveness, and</p>	3	4	12	Stephen Halsey	A Dynamic Outcomes-Based Council Using Digital Innovation And Partnership Working To		

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total		
		due to Cyber Attack, Office Equipment, Mobile Devices or Vehicles Providers – Example – Failure of Commissioned Providers & Suppliers										

- Attending relevant BC and ClearView training.
Where failures in BC processes are found, record the action that is taken to rectify.
N.B. Directors

- Approve all BC plans and reviews in their areas on time
- Ensure Service Managers take ownership of their plans, that they are updated and submitted for review every 6 months
- Confirm plans have manual workarounds in the event of failure/denial of one or more of the 4 P's
- Ensure BC Plans of commissioned providers within their areas are audited in line with the services RTO's (Recovery Time Objectives)
- Require Service Managers to attend relevant BC and ClearView training, and
Simon Smith

Required Control Measure
Target Date:
30/06/2024

Provision of monthly management information to DLT's, and Directors.

The CPU will provide a monthly report from the Business Continuity Management System providing relevant management information to DLTs and directors, and the provision of support to directors to achieve good levels of compliance.
Simon Smith

Required Control Measure
Target Date:
30/06/2024

Annual Audit of Business

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk L I Total	Required Control Measures	Target Risk L I Total	Responsibility	CPT
						<p>Continuity Plans</p> <p>Due to changes in Audit processes the next audit will take place in 2024. There is sufficient governance and scrutiny across the agenda to ensure that risks are managed. The DMT and CMT have recently been provided with the annual CC and BR report and recommendations made. Those recommendations are being followed up.</p> <p>Simon Smith</p> <p><u>Required Control Measure</u></p> <p><u>Target Date:</u> <u>30/06/2024</u></p>			
PLC0023	<p>Enforcement Action/ Regulatory Censure owing to non-compliance with the Building Safety Act</p>	<p>Lack of leadership</p> <p>Insufficient resources</p> <p>Poor understanding of the requirements and consequences</p> <p>Passage of the bill is faster than anticipated</p>	<p>Potential Injury or death of residents, firefighters and others in the vicinity of the property.</p> <p>Criminal and/or civil litigation for the Council and/or individual senior leadership</p> <p>Delays in construction</p> <p>Regulatory breaches</p> <p>Financial penalties</p> <p>Poor building safety</p> <p>Reputational damage</p>	<p>Research, Legal Advice and Monitoring</p> <p>Key officers are involved in researching the implications of the Bill [Act]</p> <p>Legal advice has been sought</p> <p>LBTH/THH Building Safety Bill [Act]</p> <p>Group monthly meetings to monitor impact and progress and sub-groups to consider impacts and develop new processes.</p> <p>Liaise with London wide forums and Federation of ALMOS on implementation</p> <p>Obtain Human Resources advice when required.</p>	<p>3 4 12</p>	<p>Key actions</p> <p>a. Develop appropriate Resident Engagement Strategies and inform tenants and leaseholders about the Building Safety Act 2022 - IN PROGRESS / TRANSFER OF RISK TO HOUSING MANAGEMENT</p> <p>The council website now has a dedicated Building Safety Act 2022 webpage to keep residents informed of the impact of the Act: https://www.towerhamlets.gov.uk/ignl/business/health_and_safety/fire_safety/Building-Safety-Act.aspx</p> <p>THH have communicated with leaseholders in the September 2022 leaseholder newsletter.</p> <p>A Letter to landlords and building owners in the borough has been prepared and sent to all building owners with buildings above 18m to try and ensure that they are aware of their responsibilities.</p>	<p>2 3 6</p>	Paul Patterson	<p>A Borough That Our Residents Are Proud Of And Love To Live In.</p>

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Required Control Measures			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total	L	I	Total		

The resident engagement strategy needs to be produced before April 2024. Feb 24 - a resident consultation is being carried out regarding the strategy..

This action should be taken forward via Housing Management (Housing Asset Management and Housing Neighbourhoods) and should be noted on their JCAD risk.

b. Communicate the likely impact of the Building Safety Bill [Act] to Members, CLT and DLT - COMPLETE

Presentations have been made to CLT, DLT and discussion with members have taken place regarding the Act. Conversations continued as the Act passed through Parliament and became legislation, with updates being shared with the relevant people/groups. New cabinet members and the mayor have been briefed on the Building Safety Act.

c. Working with LBTH, Legal Services, CLT and Members to examine the responsibilities linked to the Bill - COMPLETE

Presentations/discussion took place, outlining the changes from the draft Bill to the final Bill that was published on 5 July 21. The Building Safety Bill received Royal Assent 28 April 22 - the Building Safety Act Working Group

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Required Control Measures			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total	L	I	Total		
									discussed the impacts and preparedness considering any changes from the Bill.						
									The BSA group assisted with any clarifications the Building Safety Act group had in relation to changes made to the Act when it was enacted and subsequent legislation.						
									d. Calculate the additional resources required to comply with the Bill [Act] when enacted - COMPLETE						
									THH and LBTH building safety Bill [Act] related growth proposals for 2022/23 onwards have been approved as part of the budget setting process. Both growth proposals are for funding the new additional roles required to deliver the building safety regime. LBTH's growth proposal is for £108K for 2021/22 and £356k thereafter. THH approved growth proposal is £476k p.a from 2022/23 onwards. In addition THH had £350k previously approved for 2021/22. Housing Management will submit any additional growth proposal required for complying with the new building safety regime which will be fully implemented from April 2024.						
									e. Consider appointing a building safety lead in the council to undertake the assurance work needed for the council to carry out its Accountable Person role - COMPLETE						

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Required Control Measures			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total	L	I	Total		

David Leslie, commenced with the Council as our Building Safety Lead in May 2022 . The Building Safety Lead was responsible for the preparations for the building safety regime. Once the Building Safety Act was fully implemented the Building Safety Lead oversaw relevant department's/THH's (Housing Management's) delivery of aspects of the Council's building safety regime, ensuring the Council is compliant with the Act. The intention was that David will be the named person (on behalf of the Council, as Accountable Person) for the Building Safety Regulator and will review all statutory returns before submission to the Regulator. As David Leslie left the council in February 2024, the role as representative for the Building Safety Regulator has been assigned to the Director of Housing Asset Management, pending Cabinet approval.

f. Consider appointing a specialist advisor for support with the Safety Case reviews - COMPLETE

THH has procured Adelard to assist with developing the Safety Case template, provide licences and training to use their IT system and support for a period. THH will commence training with Adelard towards the end of April 22.

g. The Council's Building Safety Bill [Act] guidance will be updated regularly by Counsel - COMPLETE

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Required Control Measures			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total	L	I	Total		

Bevan Brittan has provided updated advice since the release of the Building Safety Bill on 5 July 21. Bevan Brittan provided a comparison to the draft bill and questions related to the HSE's Oct 21 Building Safety Bill factsheets was provided . Bevan Brittan provided updated advice post royal assent of the Building Safety Bill on 28 April 22.

h. Potentially review existing contracts to ensure they comply with the Bill's [Acts] requirements - COMPLETE

LBTH Legal has been asked to carry out the review, which was completed by R Ward, Head of Contracts & Commercial (Legal) who is satisfied that the existing contracts complied with the requirements.

i. Investigating digital storage methods to maintain the "Golden Thread of information" (GTI) - COMPLETE

Goy Roper and his colleagues from Socitm Advisory have provided an interim IT scoping report which considers the options for the GTI and other ICT requirements related to delivering LBTH's building safety regime. David Drury 'Business Analyst' has been assisting with scoping for the ICT project to ensure relevant stakeholders are involved and has concluded that the GTI can be obtained from various sources. The Building

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Required Control Measures			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total	L	I	Total		
									<p>Safety Regulator has also clarified that the GTI can be obtained from various sources.</p> <p>(Housing Management are still considering if a bespoke system is required.)</p> <p>j. Seek Cabinet approval - PARTIALLY COMPLETE / TRANSFER OF RISK TO HOUSING MANAGEMENT</p> <p>A Shadow Building Safety Framework report was approved by Cabinet on 27/11/21. Approval included progressing appointing to the Building Safety Lead role, appointing THH as interim Building Safety Manager (amendments made to the Bill in April 2022 removed the Building Safety Manager role with all duties now sitting under the Accountable Person) and make necessary changes to the constitution where necessary.</p> <p>Since the Bill received royal assent a decision has been made to bring THH in-house. Staff TUPED over to the council on 1 November 2023. The formal Building Safety structure will form part of the council-wide restructure including a potential pending restructure of Housing Management.</p> <p>This risk is to be transferred to Housing Management.</p> <p>k. Review THH's Preparedness for their building safety</p>						

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total		
				investigation Contractual measures Contracts which require third parties to advise us in a timely way if they are subject to a cyber security incident				reviews [existing suppliers] Draft a questionnaire for mandatory completion Define plan, timeline, roles and responsibilities to conduct this and share the outcomes/generate actions Adamx Evans <u>Required Control Measure</u> Target Date: 30/06/2024 Service reviews [existing suppliers] o Review approach by segment Addition of agenda item on cyber security, DR plan, to service review For vendors where we don't have regular service reviews – send a questionnaire – Mary to add questions DHLU (department for levelling up) Cyber essentials plus (we ask for this over cyber essentials) – certification vendor should produce based on independent assessment. Incident management – how and when will they tell us BCP/DR protocols Adamx Evans <u>Required Control Measure</u> Target Date: 30/06/2024				

Detailed Risk Report (incl Control Measure Target Date)

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total		
ASD0028	Overspend in adult social care services.	National proposal on long-term funding solution for adult social care from October 2023 onwards likely insufficient to meet demographic changes and increased demand. Short-term funding mechanisms which do not provide stability Increasingly complex needs of adults in need of care and support Growing demand of those in need of care and support	Pressures on care package budgets across client groups. Pressures on staffing budget. Cost pressures on other areas of the Directorate. Non-delivery of savings targets	Robust budget management Regular budget monitoring meetings held across the service. Staffing within costed establishment budget. Budget realignment exercise undertaken. Budget training with all budget managers. SLT ASC and Financial Assessment Team. Budget Call over in place that includes oversight of saving projects. Care and Support Plan Assurance Meetings (CSPAM) in place to manage spend and assurance over care recommendations. Invoicing for income from ICB for s117 and CHC. Debt recovery panel in place for user charges. Vacancy factor in place for 24/25 at 3% will be monitored via Budget call over meeting. Applying for short term grants, i.e. Hospital Discharge. Implementing strategies and commissioning services which are focused on community support Commissioning effective preventative services including advice and information Ensuring sufficient community support services and accommodation options which minimise the need to use expensive residential care	4	4	16	3	4	12	Katie O'Driscoll	A Dynamic Outcomes-Based Council Using Digital Innovation And Partnership Working To

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total		
ASD0015	Death or serious harm to a Vulnerable Adult who was or should have been, in receipt of services, either from the Council or a Partner Agency.	There is a failure of one or more of the controls in place to identify the degree of risk to a vulnerable adult (multi-agency safeguarding procedures) Poor practice, insufficient information sharing and/or inadequate management oversight. Failure of quality control systems. Service user fails to work to agreed partnership / agency arrangements. Poor communication and partnership work. Poor resourcing of service areas against increased demand. Local authority contracted out service do not have sufficiently robust safeguarding arrangements.	Harm to an individual. Reputational damage to the Council. Potential for legal proceedings against the council leading to financial loss. Loss of confidence in safeguarding capability.	Oversight through management reporting Social workers have 1:1 supervision monthly on their casework includes safeguarding cases. Safeguarding case work is managed via s.42 Safeguarding Procedures in line with the Care Act 2014 High risk cases are present to the High-Risk panel The Senior Management Team managers are responsible for the review and monitor Adult Safeguarding cases in their services in supervision with their Team Managers. The Principal Social Worker leads on implementing learning from Safeguarding Adult Reviews in the Council alongside the Safeguarding Adults Board Hoarding Panel. Evictions Panel - MH Cases - supported accommodation in borough. Safety Huddles / MDTs with GP's Interface documents - pending. Waiting List - RAG rated Safeguarding Adults Board Strategy The actions within the SAB strategy aim to mitigate the risks associated with safeguarding. These are linked to the principles of Safeguarding with is Empowerment, Prevention, Proportionality, Partnership, Protection and Accountability. They are also linked to the principles of Making Safeguarding Personal. The SAB will be focusing on 3 key priorities relating to Adults with Learning Disability, Homelessness	3	5	15	2	5	10	Denise Radley	People Are Aspirational, Independent And Have Equal Access To Opportunities.

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total		
				<p>and Substance Misuse and Self Neglect.</p> <p>Safeguarding issues as part of contract management procedures</p> <p>Procedures overseen by Joint Director for Integrated Commissioning - contract management procedures continue to focus on safeguarding.</p> <p>Care Quality Commission embargo list used.</p> <p>This list is available from the Care Quality Commission highlighting all providers where the CQC has raised concerns.</p> <p>London ADASS branch circulate any service suspensions or restarts due to safeguarding concerns and these are passed to the Brokerage service.</p> <p>Provider Concerns and interface with Adult Safeguarding is a standard agenda item at Joint Adult Social Care and Integrated Commissioning Senior Management Team meeting.</p> <p>Failed visit policy and procedures in place.</p> <p>The Failed visits policy and procedures were originally agreed in 2018 and have been reviewed over the last year. They are currently in use and should be reviewed and amended if necessary annually.</p> <p>Safeguarding Adult Reviews Action Plan - implementation of recommendations of all SARs</p> <p>We have a Safeguarding Adults Review Tracker in place to monitor and oversee the implementation of actions arising out of Safeguarding Adult Reviews.</p> <p>This is monitored for the Safeguarding Adult Review sub</p>								

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total		
				group and Board.								
ASDASC0 018	Regulatory censure and Safeguarding failure arising from deficient process for new and ongoing employee vetting (i.e. pre-employment checks, ongoing vetting of DBS status, verification of qualifications and other suitability/ screening checks).	Non-adherence to procedures in relation to recruitment and employee vetting Failure of reporting mechanisms to provide assurance on vetting Vetting not renewed/updated where required	<ul style="list-style-type: none"> • Harm to individual children, young person or vulnerable adult • Poor audit/review findings • Reputational damage to the council including poor inspection outcomes • Poor quality assurance • Potential for legal proceedings against the council leading to financial loss 	Existing protocols and procedures relating to DBS checks and recruitment more generally Existing procedures and guidance on DBS checks and recruitment are available to staff on the Bridge.	3	4	12	1	4	4	Denise Radley	Risk Corporate Plans

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT	
					L	I	Total	L	I	Total			
								Catriona Hunt <u>Required Control Measure</u> Target Date: 31/05/2024 Review DBS process & policy Review all aspects of the vetting process including moving to the automatic annual check platform as standard. Catriona Hunt <u>Required Control Measure</u> Target Date: 31/05/2024					
ASDCH00 16	Home care recommissioning - electronic home care monitoring has been excluded from the specification in line with political preference. Procurement process has taken much longer than expected.	New adult homecare tender process , new contracts awarded	This decision could lead to issues around safeguarding and service delivery being more difficult to monitor, discover and prove. Also there may be issues around confirming hours worked/ delivered against hours paid for by the Council. Delay to moving to new model of home care and extensions to existing contracts required.		3	4	12	Open procurement process Open procurement process will test providers response and how they will deliver safely despite this position. The response rate has been high which is likely to lead to successful providers who can mitigate this risk. Warwick Tomsett <u>Required Control Measure</u> Target Date: 27/09/2024 External procurement expertise commissioned and put in place. Due to capacity issues within the Procurement Service, external procurement support has been put in place to mitigate any further delay to the procurement. Warwick Tomsett <u>Required Control Measure</u> Target Date: 30/04/2024	3	3	9	Warwick Tomsett	Risk Corporate Plans

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total		
ASDCH0017	The failure of NRS to deliver the Community Equipment contract effectively.	NRS hands back the community equipment contract. NRS goes into administration. Hospital discharges are significantly impacted. Performance drops below a level that can be tolerated by the consortium.	Residents are left without the community equipment needed to safely live independently in the community. Residents are unable to be discharged from hospital in a timely way. Patient safety is impacted by the performance of the contract.	Contract management by Consortium lead Local Authority This service is commissioned through a Consortium that is led by the London Borough of Westminster Contract & performance management within Integrated Commissioning Within the Consortium arrangements, oversight for Tower Hamlets is maintained through a lead commissioner within Integrated Commissioning including monitoring local feedback from all prescribers/agencies	3	4	12	3	3	9	Darren Ingram	Health and Adult Social Care

Risk Ref	Risks	Triggers	Consequences	Existing Control Measures	Current Risk			Required Control Measures			Target Risk			Responsibility	CPT
					L	I	Total	L	I	Total	L	I	Total		
									Darren Ingram <u>Required Control Measure</u> Target Date: 31/05/2024						

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<p>Non-Executive Report of the:</p> <p>Audit Committee</p> <p>Tuesday, 23rd April 2024</p>	 <p>TOWER HAMLETS</p>
<p>Report of: Julie Lorraine, Corporate Director, Resources</p>	<p>Classification: Open (Unrestricted)</p>
<p>Annual Review of the Anti-Bribery Policy</p>	

Originating Officer(s)	David Dobbs – Head of Internal Audit, Fraud & Risk
Wards affected	(All Wards)

Executive Summary

This report recommends that the Audit Committee notes and approves the updated Anti-Bribery policy. The Policy, which is reviewed annually, forms part of the Council's Fraud and Risk Management arrangements.

The Policy (refer Appendix A) set outs the statutory provisions on bribery (as part of the Bribery Act 2010) and the Council's respective arrangements to ensure compliance.

Recommendations:

The Audit Committee is recommended to:

1. Note and approve the Council's updated Anti-Bribery policy (Appendix A)

1. REASONS FOR THE DECISIONS

- 1.1 The Audit Committee's terms of reference include provisions for the oversight and review of the Council's counter-fraud arrangements and related risks. This includes the Council's Anti-Bribery arrangements and policy document.
- 1.2 The Anti-Bribery policy is reviewed annually in order to provide assurance that the Council's approach continues to comply with the relevant statutory provisions, best practice requirements and professional guidance and is approved by the Audit Committee.

2. ALTERNATIVE OPTIONS

2.1 None.

3. DETAILS OF THE REPORT

- 3.1 Since the Bribery Act 2010 was introduced, the Council has maintained an Anti-Bribery policy and supporting procedures. The Anti-Bribery policy is reviewed annually to ensure it remains up to date and fit for purpose. It is then submitted to the Audit Committee for approval. The previous review of this policy was reported to the Audit Committee at its January 2023 meeting.
- 3.2 The Anti-Bribery policy sets out the arrangements and processes so that all employees are clearly aware of their statutory duties and obligations in this regard and the potential legal consequences of a failure to comply with the law, as detailed in the policy narrative.
- 3.3 Since the introduction of the Policy, three specific allegations of bribery have been investigated - two regarding the provision of housing and one regarding procurement. Each case was investigated but none proceeded to criminal prosecutions or other sanctions.
- 3.4 Whilst legislation, regulations and other provisions are subject to ongoing change and update, review of the policy has confirmed that the substance of the policy can remain unchanged, though the officer contact details (refer page 9 of the policy) required updating.
- 3.5 Following approval, the amended policy will be republished on the Council's website and intranet (The Bridge) and communicated to all Council officers via all the all-staff weekly newsletter.

4. EQUALITIES IMPLICATIONS

4.1 There are no specific statutory implications.

5. OTHER STATUTORY IMPLICATIONS

5.1 There are no other statutory implications to consider.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 There are no specific financial implications arising from the content of this report.

7. COMMENTS OF LEGAL SERVICES

- 7.1 This report is presented for the purpose of noting and approving the Council's proposed updated policy and guidance on Anti-Bribery and sets out the relevant law and procedures in place for employees to be able to address suspected cases of bribery in the course of their employment.
- 7.2 The proposed policy and guidance on Anti-Bribery correctly notes the current statutory provisions and is subject to annual review by Internal Audit to align the policy with the Council's current corporate risk profile.
-

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- Appendix A – Updated Anti-Bribery Policy

Local Government Act, 1972 Section 100D (As amended)

List of "Background Papers" used in the preparation of this report

- NONE

Officer contact details for documents:

David Dobbs, Head of Internal Audit, Anti-Fraud and Risk

Email: david.dobbs@towerhamlets.gov.uk

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Anti-Bribery policy

Version 5.0

Updated April 2024

Table of Contents

Policy Statement - Anti Bribery	3
Objective of this policy	3
Scope of this policy	3
This council’s commitment to action	4
Bribery – Definition	4
The Bribery Act.....	5
Penalties	5
Are we a “commercial organisation”?	6
What are “adequate procedures”?	6
Behaviours that will not be tolerated	7
Facilitation payments	7
Gifts and hospitality	7
Public contracts and failure to prevent bribery	8
Staff responsibilities.....	8
Raising a concern	9
Further information	9
Other relevant policies	9
Useful links	10

Policy Statement - Anti Bribery

Bribery is a criminal offence. The council does not, and will not, pay bribes or offer improper inducements to anyone for any purpose, nor do we or will we, accept bribes or improper inducements.

To use a third party as a conduit to channel bribes to others is a criminal offence. We do not, and will not, engage indirectly in or otherwise encourage bribery.

The council is committed to conducting business in an ethical and honest manner and is committed to implementing and enforcing systems that ensure bribery is prevented. We will act professionally, fairly, and with integrity in all business dealings and relationships.

We are committed to the prevention, deterrence, and detection of bribery. We have zero-tolerance towards bribery. We aim to maintain anti-bribery compliance “business as usual”, rather than as a one-off exercise.

Objective of this policy

This policy is intended to provide a coherent and consistent framework to enable the council’s employees and others to understand and implement arrangements enabling compliance. In conjunction with related policies and key documents it will also enable employees to identify and effectively report a potential breach.

We require that all people associated with the council, including those permanently employed, temporary agency staff, Members, strategic partners, and contractors:

- Act honestly and with integrity always and to safeguard the council’s resources for which they are responsible.
- Comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the council operates, in respect of the lawful and responsible conduct of activities.

Scope of this policy

This policy applies to all the council’s operations and activities. For partners, joint ventures, and suppliers, we will seek to promote the adoption of policies consistent with the principles set out in this policy.

Within the council, the responsibility to prevent, detect and control the risk of bribery occurring resides at all levels. It does not rest solely within assurance functions, but in all business units and corporate functions.

This policy covers all personnel, including all levels and grades, those permanently employed, temporary agency staff, contractors, non-executives, agents, Members (including independent members), volunteers and consultants.

This council's commitment to action

The council commits to:

- Setting out a clear anti-bribery policy and keeping it up to date;
- Making all employees aware of their responsibilities to adhere strictly to this policy at all times;
- Training all employees so that they can recognise and avoid bribery
- Encouraging employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately;
- Rigorously investigating instances of alleged bribery and assisting police, law enforcement agencies and other appropriate authorities in any resultant prosecution;
- Taking firm and vigorous action against any individual(s) or third parties involved in bribery;
- Where bribery has been discovered, whether perpetrated by Officers, Members or third parties (e.g. suppliers, contractors, service providers), the Head of Internal Audit will consult with the Director of Legal Services as appropriate, to form a view on whether the matter should be reported to the Police or other enforcement entities.
- The final decision whether to refer a case to the Police or other enforcement entities or not, will be made by the Monitoring Officer as soon as reasonably practicable. The Monitoring Officer will consider factors such as the nature and seriousness of the offence, as well as the council's ability to investigate/prosecute itself.
- In all cases where matters are referred to the Police, the Police, and latterly the Crown Prosecution Service, will determine whether an investigation and/or prosecution will be pursued.
- Providing information to all employees to report breaches and suspected breaches of this policy; and
- Dealing appropriately with bribery prevention as part of its procurement and contract monitoring processes.

Bribery – Definition

Bribery consists of offering or giving a financial or other advantage with the intention of inducing a person to improperly perform a relevant function or activity or to reward a person for the improper performance of such a function or activity. A relevant function or activity includes any function of a public nature and any activity connected with a business

Bribery refers to the act of offering, giving, promising, asking, agreeing, receiving, accepting, or soliciting something of value or of an advantage so to induce or influence

an action or decision. Bribery is not limited to the act of offering a bribe. If an individual is on the receiving end of a bribe and they accept it, they are also breaking the law.

Bribery is a crime, and the council has a zero tolerance, regardless of if bribery is directly, passively or through a third party. The council is strictly against bribery in any form or shape. If you are uncertain about whether something is a bribe or a gift or act of hospitality, you **must** seek further advice from your manager, head of service or the council's monitoring officer.

The Bribery Act

There are four key offences under the Act:

- Bribery of another person (section 1)
- Accepting a bribe (section 2)
- Bribing a foreign official (section 6)
- Failing to prevent bribery (section 7)

The Bribery Act 2010, makes it an offence;

- to offer, promise or give a bribe (section 1).
- it also makes it an offence to request, agree to receive, or accept a bribe (section 2).
- section 6 of the Act creates a separate offence of bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business.
- There is also a corporate offence under Section 7 of failure by a commercial organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation. An organisation will have a defence to this corporate offence if it can show that it had in place adequate procedures designed to prevent bribery by or of persons associated with the organisation.

Penalties

An individual guilty of an offence under sections 1, 2 or 6 is liable:

- On conviction in a magistrate's court, to imprisonment for a maximum term of 12 months (six months in Northern Ireland), or to a fine not exceeding £5,000, or to both
- On conviction in a crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both

Organisations guilty of an offence under section 7 are liable to an unlimited fine.

Are we a “commercial organisation”?

The guidance states that a “commercial organisation” is anybody formed in the United Kingdom and “...it does not matter if it pursues primarily charitable or educational aims or purely public functions. The scope of the legalisation applies if it engages in commercial activities, irrespective of the purpose for which profits are made.”

Whether or not the council is a “commercial organisation”, it is committed to meeting the standards set by the Bribery Act 2010.

What are “adequate procedures”?

The guidance issued under the Bribery Act 2010, sets out six principles relevant to whether an organisation has adequate bribery prevention procedures in place. The council is committed to proportional implementation of these principles and makes the specific commitments set out below.

Principle 1: Proportionate procedures

The council has adopted this Anti Bribery Policy to set out its over-riding commitment to bribery prevention. The council has related codes of conduct and procedures that are listed later in the policy.

Principle 2: Top level commitment

This policy has been agreed by the Corporate Leadership Team and the Mayor, along with the related action around risk assessment, due diligence, communication, training, monitoring, and review.

Principle 3: Risk Assessment

The council has identified key areas of risk in respect of property disposal, contract award and monitoring, sponsorship, grants and regulatory activity and enforcement. These risks will be subject to review and monitoring within service areas. Regular risk reports will be considered by the Corporate Leadership Team and Members.

Principle 4: Due diligence

The council applies due diligence procedures, taking a proportionate and risk-based approach, in respect of persons or organisations with whom it seeks or will seek services, or provides or will provide services for, in order to mitigate identified bribery risks.

Principle 5: Communication (including training)

This policy will be appropriately publicised within the council and externally. A programme of training will be conducted for employees and Members.

Principle 6: Monitoring and review

This policy and performance under the policy will be the subject of annual review by the Corporate Leadership Team and the Audit Committee.

Behaviours that will not be tolerated

It is unacceptable to:

- give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that an advantage will be received, or to reward an advantage already given;
- give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure;
- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain an advantage for them;
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that an advantage will be provided by us in return;
- retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy;
- engage in activity in breach of this policy.

Facilitation payments

Facilitation payments are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials to secure or expedite actions.

Gifts and hospitality

This policy is not meant to change the requirements of our gifts and hospitality policy set out in the Employees' Code of Conduct. This makes it clear that:

- A register of gifts and hospitality is maintained for each directorate.
- Hospitality may be offered to organisations on the council's premises but only with the express permission of the Head of Service or the Director and on a scale appropriate to the occasion.
- Employees should return or refuse gifts, hospitality or favours that could put them in a compromising position or render them liable to accusations by other parties.
- Employees must not ask for any reward, tip, gift, Christmas box or other inducement and should not put themselves in debt to someone where this could influence their work.
- There may be occasions where some personal hospitality or small gift is permissible, but this should be discussed with the Head of Service or the Director and permission obtained.
- Before accepting a gift or hospitality, consideration should always be given to: the timing of decisions for letting contracts; the type of gift or hospitality; whether the firm may benefit from the council's goodwill; whether the firm is seeking or has a contract; whether the visit is instructive or social; the scale and location of the hospitality and whether it falls in working hours; the frequency of the hospitality; and whether it is directed to a single person or a group.

Members remain subject to the Code of Conduct for Members, under which they make the following commitments:

- A commitment to honesty and integrity and a duty to uphold the law.
- To conduct themselves so as not to bring the council into disrepute.
- Not to use or attempt to use their positions improperly to confer on or to secure (for themselves or another person) an advantage or disadvantage.
- To declare personal and prejudicial interests in the business of the authority.
- To have specified personal interests recorded in a declaration of interest register.

Public contracts and failure to prevent bribery

The council's commitment to prevent bribery is reflected in its procurement procedures. Under the Public Contracts Regulations 2015 (which gives effect to EU law in the UK), a company is automatically and perpetually debarred from competing for public contracts where it is convicted of a corruption offence. There are no plans to amend the 2015 Regulations for this to include the crime of failure to prevent bribery. Organisations that are convicted of failing to prevent bribery are not automatically barred from participating in tenders for public contracts. This organisation has the discretion to exclude organisations convicted of this offence.

Staff responsibilities

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the organisation or under its control. All staff **must** avoid activity that breaches this policy. Staff must comply with their terms and conditions of employment and the Employees' Code of Conduct.

Staff **must**:

- ensure they read, understand, and comply with the information contained within this policy, and with any training or other anti-bribery and corruption information provided.
- be responsible for the prevention, detection, and reporting of bribery and other forms of corruption. Staff are required to avoid any activities that could lead to, or imply, a breach of this anti-bribery policy.
- notify their line manager, Head of Service, the Director or monitoring officer if they have reason to believe or suspect that an instance of bribery or corruption has occurred or will occur in the future
- Raise concerns as soon as possible if they believe or suspect that a conflict with this policy has occurred or may occur in the future.

Raising a concern

This council is committed to ensuring that all of us have a safe, reliable, and confidential way of reporting any suspicious activity. We want every member of staff to know how they can raise concerns.

We all have a responsibility to help detect, prevent, and report instances of bribery. If you have a concern regarding a suspected instance of bribery or corruption, **please speak up** – your information and assistance will help. **The sooner you act, the sooner it can be resolved.**

There are multiple channels to help you raise concerns. Staff anonymity will be protected in accordance with stipulations of the whistleblowing policy. Staff can view the [whistleblowing process on The Bridge](#).

Staff that refuse to accept or offer a bribe, or those who raise concerns or report wrongdoing can understandably be worried about the repercussions. We encourage openness and will support anyone who raises a genuine concern in good faith under this policy, even if they turn out to be mistaken. Staff do not have to obtain absolute proof of bribery to raise concerns, **if you have a suspicion, raise your concerns.**

We are committed to ensuring nobody suffers detrimental treatment through refusing to take part in bribery or corruption, or because of reporting a concern in good faith.

Any external person who wishes to report a concern about bribery may do so by contacting any of the following.

Robert Watt. Investigations Manager. Tel: 07517 009026
Email: rob.watt@towerhamlets.gov.uk

Linda Walker, Monitoring Officer
Email: monitoring.officer@towerhamlets.gov.uk

Further information

If you have any questions about these procedures, please contact Robert Watt or Bharat Mehta.

Other relevant policies

- Anti-Fraud and Corruption strategy
- Anti-Money Laundering policy
- Whistleblowing policy
- Employees' Code of Conduct
- Code of Conduct for Members
- Procurement procedures

Useful links

CIPFA Better Governance Forum <https://www.cipfa.org/services/networks/better-governance-forum>

The Bribery Act [Bribery Act 2010](#)

Transparency International [Transparency International UK](#)

Protect (Previously Public Concern at Work) <https://protect-advice.org.uk/>

The British Standards Institution (Code of Practice on whistleblowing arrangements 2008, Anti Bribery Management System Standard late 2011) [BSI: Standards, Training, Testing, Assessment & Certification](#)

Department for Business Innovation and Skills (Blowing the whistle to a prescribed person)
http://www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/@employ/documents/digitalasset/dg_177605.pdf



AUDIT COMMITTEE WORK PLAN 2023/24

Contact Officer:	Farhana Zia Democratic Services
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Website:	www.towerhamlets.gov.uk/committee
Last updated:	15 th April 2024

AUDIT COMMITTEE WORK PLAN 2023/24

REPORT TITLE	BRIEF SUMMARY	LEAD OFFICER	OTHER CTTEE MEETINGS
18TH APRIL 2024 23rd APRIL 2024			
1. Deloitte			
2. Addressing the Local Audit Backlog and Update on Outstanding Audit of Accounts	Update on the outstanding accounts.	Julie Lorriane / Abdulrazak Kassim	
3. Annual Internal Audit and Counter-Fraud Strategy & Plan 2024/25	Draft Internal Audit Plan for 2024/25. For review and approval by the Committee.	David Dobbs	
4. Internal Audit and Anti-Fraud update 2023/24 Progress update		David Dobbs	
5. Risk Management Report 2023-24 – Progress update & Directorate Risk Register	An update on risks in the Corporate Risk Register.	David Dobbs	
6. Annual Review of Anti-Bribery Policy		David Dobbs	Deferred from Jan 24 mtg
CARRY FORWARD ITEMS – 2024/25			
1.			
2.			
3.			