

London Borough of Tower Hamlets 2020/21 Internal Audit Plan

	Audit Days 2020/21	Pages
Corporate Systems and Council–Wide Reviews	55	
Governance	75	
Health, Adults and Community	90	
Children and Culture (Includes 100 days for Schools)	195	
Place	130	
Resources	165	
Tower Hamlets Homes	155	
Information Technology	100	
Provision for Follow-up, Management Requests & Consultancy	50	
Total	1015	

Corporate and Council Wide Reviews

Audit Title	Broad Scope	Audit Days	Rationale for the Audit
Ethical Culture	This audit will be a holistic assessment of the ethical culture across the Council, drawing information from a number of areas such as decision making, declarations of interest, codes of conduct, equalities and staff wellbeing, etc.	15	The internal audit activity must assess and make appropriate recommendations to improve the organisation's governance processes for promoting appropriate ethics and values within the organisation. The internal audit activity must evaluate the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities.
Staff Declarations of Interest Compliance Audit	This audit will test compliance with the Council's requirement for staff declaration of interests. Depending on the current level of compliance we may undertake a data matching exercise comparing Companies House data with payroll, accounts payable and declarations of interest made via Self Service to provide assurance that potential conflicts of interest have been declared and are being appropriately managed.	10	<p>The last audit was carried out in 2017/18, which raised a number of key recommendations that were still outstanding during the Follow Up audit in 2018/19.</p> <p>The Audit Committee has requested that we audit this area again to provide assurance that controls have improved and continue to operate effectively. The outcome of this audit will inform the Ethical Culture audit.</p>
Control and Monitoring of Agency Staff	This audit will review the controls and management of agency engagement and expenditure and evaluate the impact of the agency panel introduced in 2019/20.	15	The Council spends significant sums on temporary staff. To manage this expenditure a panel has been introduced to review and challenge. The Adecco contract has never been audited but is coming to an end and will be retendered. This presents a good opportunity to review the controls in this area before the new contract begins.

Audit Title	Broad Scope	Audit Days	Rationale for the Audit
Management and Monitoring of the Delivery of Efficiency Savings	This audit will review the systems and procedures for managing and monitoring the delivery of approved efficiency savings at individual Directorate level and follow up in detail recommendations and actions from two previous audits.	15	The Council's efficiency savings targets have slipped year on year during the last three years. This has put more pressure on the Council's reserves to fund the budget shortfall, creating budgetary pressure on future years. Previous reports in this area have provided limited assurance.
Total		55	

Governance

Audit Title	Broad Scope	Audit Days	Rationale for the Audit
Management of Complaints	This audit will review the arrangements to record, investigate and respond to customer complaints in line with the current policies. This audit will also examine how customer complaints feed into and shape service delivery.	15	The complaints procedure has now changed from a three stage process to two stage process. The last audit was in 2012/13. Management of complaints is a key element in Council's governance process. Directorate risk register ref. LPGIGC0004 - Failure to ensure complaints are effectively handled and resolved resulting in financial loss and reputational damage to the Council.
IT Security Breaches and Incident Management	To review the arrangements for managing incidents of IT security / data breaches. We will review how incidents are reported, recorded and investigated for corrective action to be taken promptly.	10	IT security / data breaches should follow a clear governance and risk management process. There can be serious implications for the Council, if the arrangements are not robust.
Overview and Scrutiny Functions	This audit will review the Council's overview and scrutiny functions to provide assurance that non-Executive members have an effective mechanism to hold the Executive to account.	15	Overview and scrutiny is an important part of good governance and helps ensure that the decisions of the Executive are in the best interests of residents.
Management and Monitoring of Local Community Fund (LCF) grants	The Council has awarded LCF grant funding to third sector organisations to provide a range of commissioned services. We will test the Council's arrangements for monitoring how effectively the third sector organisations are utilising this funding.	20	Awarding and monitoring of third sector grant funding has been subject to government intervention in the past. It is essential that the Council receives regular independent scrutiny and assurance over this area.
Election Spending	To review and test the controls over the accounting for income and expenditure for the 2018 Local Election. Scope to be agreed with the Head of Electoral Services.	15	The focus will be on lessons learnt from the 2018 elections in preparation for future elections.
Total		75	

Health, Adults and Community

Audit Title	Broad Scope	Audit Days	Rationale for the Audit
Customer Journey - Adult Social Care	This audit will review the customer journey from the point a service user has requested a service, through to assessment, planning, commissioning, payment and regular review.	20	Mapping out and testing the customer journey will be useful for assessing bottlenecks, inefficient processes, learning and improving service provision. Directorate Risk register ref. ASD0019. People receiving inadequate / delayed care.
Adults Social Care Payments – Reconciliations	This audit will examine the process of reconciliation of “Payments made on account” to various providers of Domiciliary Care as well as their accuracy and alignment to the assessed needs.	10	Payment on account is an unacceptable process. The Council’s procedures require that payments made are supported by invoices and verification that the invoiced services have actually been received. This audit will support the Customer Journey – Adult Social Care audit.
Contract Monitoring of Commissioned Services	This audit will examine systems and procedures for monitoring a sample of commissioned services for Adults social care to ensure that providers deliver the services to the required performance standards, that payments are made in line with the rates set out in the contract and key outcomes are delivered.	20	There are a multiple of commissioned services procured by the Directorate. It is essential that independent assurance is provided over the adequacy and soundness of these arrangements. Directorate risk register ref. ASD0024 Commissioning services in silo's results in missed opportunities for savings and growth resulting in not identifying ways of improving.
Drug and Alcohol Services	The Council has procured contracts to deliver substance misuse services to residents their families. This audit will review contract	15	The contract value is some £7m p.a. and it is important that independent assurance is provided. Management requested we reviewed this area.

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	monitoring arrangements to ensure that they are robust to achieve key outcomes.		
Test and Trace	A review of the governance and spending of Test and Trace funding.	10	The Council has received funding to implement Test and Trace and the return must be signed by the Head of Internal Audit after appropriate review and investigations have taken place.
Local Outbreak Control Plan	This audit will review the local outbreak plan and its implementation.	15	The Council is required to have a local outbreak plan to manage further outbreaks of the virus. As this is a new area of activity it will benefit from independent review.
Total		90	

Children's and Culture

Audit Title	Broad Scope	Audit Days	Rationale for the Audit
Youth Service	To provide assurance that planning, managing and monitoring of the in-house and commissioned youth services are sound and secure and achieve the Council's objectives and priorities.	15	Last audit carried out was a Limited assurance audit. Youth Service's remains a high reputational risk area for the Council.
Management of Child Exploitation	This audit will review the Council's arrangements for managing child exploitation. The audit will be scoped in conjunction with the Divisional Director of Children's Social Care.	15	Child exploitation has increased in the borough. The audit was requested by the Divisional Director of Children's Social Care. Corporate risk register CSD0016 – death or serious harm to a child
Schools Probity Audit	This audit covers areas of Leadership and Governance; Budget Management; Procurement; Income and Expenditure controls; Payroll and Personnel; Asset Management; and other key areas.	100	This is part of the LAs statutory responsibility to carry out a cyclical audit of maintained schools.
Contract monitoring of Children's Commissioned Services	This audit will examine systems for monitoring a sample of commissioned contracts to ensure that providers deliver the services to required performance standards, that payments are made in line with the rates set out in the contract and key outcomes are delivered.	20	There are a multiple of commissioned services procured by the Directorate. It is essential that independent assurance is provided over the adequacy and soundness of these arrangements.
Grouped Schools PFI Contract Monitoring	An audit of contract management and monitoring of the services provided under the Grouped School PFI contract. To provide assurance that controls are in place to ensure that all required services are delivered.	15	There are around 24 schools in the PFI contract. Assurance of the effectiveness of contract monitoring arrangements is an important element of the assurance framework.

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Transition to Adult services	This will be a review of how effectively children needing continuing care are seamlessly transitioned to Adults services.	15	<p>Management have indicated that this may be an area of weakness an requests for this audit have come from both Directorates. We will scope and report this audit with both Directorates.</p> <p>Corporate risk register CSD0016 – death or serious harm to a child.</p>
Supporting Stronger Families Grant	This will be monthly grant certification audit.	15	This is a grant certification audit. Audit checks and certification is required to ensure that the TF grants is paid over to the Council.
Total		195	

Place

Audit Title	Broad Scope	Audit Days	Rationale for the Audit
Directorate Level Governance	A high-level review of the effectiveness of governance arrangements in a specific directorate. This will be part of an annual rolling programme of governance audits across the Council.	10	Good governance is essential for any organisation to achieve its objectives and drive improvement, as well as maintain legal and ethical standards. We are introducing a rolling programme of directorate level governance audits.
Parking Permits and Payments	To review the systems and controls for issuing residents, business, contractors, public service and other parking permits.	15	A new parking system has been implemented which has proved challenging. This audit requested by the Audit Committee.
Management of Community Buildings and Commercial Properties	To provide assurance that the Council's portfolio of community and commercial properties is managed effectively.	20	This audit has been carried forward from the 2019/20 audit plan.
New Council House Building Programme- procurement and contract audit	We will review the procurement and contract administration arrangements for construction of new build Council owned dwellings.	15	<p>As part of Mayor's commitment to build 2000 new homes, it is important that in meeting this objective, the Council's procurement and contract administration procedures are complied with. These procurements are managed through a separate portal in Place and therefore should be separately audited to provide assurance.</p> <p>Director risk register ref. RDH0001 - The Council is unable to secure sufficient affordable self-contained accommodation for households in immediate need.</p>

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New Town Hall Building Project	To provide assurance over the construction phase of the New Town Hall building project.	15	This is a major investment and as such it is important that independent assurance is provided over governance, programme and cost controls.
Payment Controls for Temporary Accommodation - compliance	This audit will review the payment control for those temporary accommodation which are spot and block purchased to ensure that there is adequate division of duties, authorisation and checking procedures.	15	There is risk that due to weak separation of duties, payments for temporary accommodation may not be well controlled. An independent check on the processes will be beneficial.
Private Sector Compliance with Fire Risk Assessments	To provide assurance around systems in place to identify private sector residential blocks which do not conform to the required fire prevention and detection standards and to examine the effectiveness of the enforcement action taken by the Council.	10	In view of the fire safety risks and government regulations, it is important that the fire safety risks in the privately owned residential blocks are identified, monitored and enforced by the Council.
Community Infrastructure Levy (CIL) – Collection and Utilisation	This audit will review and test systems for levying and collecting the CIL and for the effective use of the monies collected.	15	LBTH levies a significant amount of CIL for new developments. It is important to ensure that the Council has sound controls over the collection and spending of CIL monies to ensure that the impact of new developments on local community is mitigated. The audit was requested by a member of the Audit Committee.
S 106 Income - Collection and Utilisation	This audit will review the systems and controls over S106 Planning Obligations. We will test how S106 financial and non-financial planning obligations are managed, controlled, monitored and utilised in accordance with the Heads of Terms.	15	The last audit in this area was in 2013/14. Due to significant S106 planning obligations, there should be effective controls in place for managing and controlling the different types of planning obligations. The audit was requested by a member of the Audit Committee.
Total		130	

Resources

Audit Title	Broad Scope	Audit Days	Rationale for the Audit
Treasury Management	This audit is part of the core financial systems audit and will focus on cashflow forecasting in particular.	15	Significant financial system. There have been two incidents recently where the Council has significantly exceeded its overdraft limits.
Housing Benefit Quality Assurance	The service has implemented a quality assurance process and has requested assurance that the QA Procedures are working well. We will select a sample of HB assessments and test that these have received adequate QA validation.	15	Requested by Head of Service.
Discretionary Housing Payments	There is officer level discretion to assess and pay some £1.7m of payments to residents who cannot pay private sector rents. This audit will review the systems for assessing and approving discretionary payments.	15	An independent assurance is required over the system to ensure that officer discretion is exercised within the scheme of delegation and that due processes are followed.
Payroll	To provide assurance that the payroll processes undertaken by the Council continue to operate effectively. To include new starters, leavers, pay amendments, deductions and management of over/underpayments.	15	Significant financial system that is audited biennially (dependent on assurance).
Recruitment Controls and Pre-Employment Checks	To provide assurance over recruitment and pre-employment checks carried out for new Council staff. This will include an assessment of the adequacy of vetting procedures and checks on employment history, qualifications and identity.	20	This is a regular recruitment control and pre-employment checks audit as part of the assurance process. This audit has been brought forward from the 2019/20 audit plan which was deferred due to pending procurement of a new RMS.

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NNDR	Annual financial systems audit to provide assurance over the management of billing, collecting and recovery of NNDR. To consider Covid 19 implications on the provision of grants to the qualifying businesses.	15	Covid 19 will have significant impact on the collection and management of NNDR. The review of NNDR administration and control will be an important part of the 2020/21 audit process.
Pensions Administration	Annual financial systems audit to provide core assurance over the soundness of controls over the pensions administration.	15	The Council has self-referred weaknesses in some key pensions administration controls to the Pensions Regulators. The Council's Pensions Committee has also requested an audit in this area.
Debtors and Income Recovery	Annual financial systems audit to provide core assurance over the systems and controls over debtors and income recovery.	15	Covid-19 has increased the risk of debt recovery and arrears. It is important that the Council's systems and controls over debt management and monitoring is sound and secure.
Purchase Card including analysis of non-essential spend.	This audit will test compliance with the required purchase card procedures at Directorate level. We will select a sample of purchase card transactions to test whether the expenditure is properly reviewed and approved as well as, if appropriate, compliance with the non-essential expenditure embargo in operation during the latter half of 2019/20.	10	Use of purchase cards can expose the Council to risk of wasteful expenditure, poor value for money, irregularities, fraud and corruption. Hence it is important that this area is subject to regular audit testing and review.
Emergency/Hardship Payments	We will review the processes for assessing and making emergency/hardship payments.	10	The Council has seen an increase in the use of hardship/emergency payments and this is likely to continue.
Revenue Budget Management and Control	Annual financial systems audit to provide core assurance over the systems and controls over effective management of revenue budget setting and budgetary control.	20	With increased financial pressures facing the Council, it is critical that the systems for setting revenue budgets and systems for budgetary control, monitoring and reporting to those charged with governance is sound

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			and secure.
Total		165	

Information Technology

Audit Title	Broad Scope	Audit Days	Rationale for the Audit
Backup solutions (ICT2021-01)	This audit will include a deep dive into the backup arrangements in place and will reconcile backup schedules against an established list of datasets and databases, and data repositories held by the Council. This review will also assess how backup files are protected.	10	This audit will build on the business continuity and resilience audit from 2019/20.
Cyber and Network Security (ICT2021-02)	The audit will consist of five separate sub-audits. We will debrief the IT Divisional Director following each sub-audit to determine key areas of focus and testing for proceeding areas.	20	This audit will appraise the design and operational effectiveness of the Council's procedures for identifying, protecting, detecting, responding, and recovering its information assets from cyber-attacks and for managing its cyber security risks on an ongoing basis
PCI DSS Compliance (ICT 2021-03)	This audit will include a high-level review of the governance, accountability and responsibilities in relation to PCI DSS compliance and will not include technical testing. Joint Owners – Divisional Director IT, Head of Revenues, and Head of Information Security	5	The Council is required to comply with this standard for electronic payments.
IT Project Governance and Management (ICT2021-04)	There are currently 43 projects listed in the project portfolio. The key aim of this audit is to assess the governance, accountability and assessment of outcomes. The budget may be increased if a sample of IT projects from the IT project portfolio is agreed.	5	This high-level audit will focus on the initiation and planning phases of systems development and project management processes in place.

Audit Title	Broad Scope	Audit Days	Rationale for the Audit
Remote Working (ICT2021-05)	In response to COVID19 the Council introduced a work from home policy where possible, in line with government guidelines. The aim of this audit will be to review the effectiveness of this transition and whether users' needs were met during the period, with specific focus on connectivity issues.	15	
Contingency	45 days has been kept as a contingency and will be used to assess reviews requested by IT and other service areas throughout the year	45	
Total		100	

Proactive Anti-Fraud Activity

Initiative	Broad Scope	Days	Rationale
Annual Review of Policy Documents.	We will undertake reviews of or key governance documents including the Anti-Fraud and Corruption Strategy, Counter Fraud Manual, Anti-Bribery Policy, Anti-Money Laundering Policy and Prosecution Policy.	10	Good governance is essential for any organisation to achieve its objectives. We will ensure that our policies remain relevant, compliant with good practice and reflective of legislative changes.
National Fraud Initiative	We will act as Key Contact and ensure investigation of matches arising from the 2020 data submissions are managed effectively. Results will be reported to the Audit Committee regularly.	25	We are statutorily required to participate in the National Fraud Initiative.
Fraud Awareness	<p>We will deliver at least 12 fraud awareness presentations and/or workshops across the Council.</p> <p>We deliver an internal fraud awareness campaign to coincide with International Fraud Awareness Week in November 2020.</p> <p>We will review and update anti-fraud content on the Council's Intranet and web site.</p>	20	A strong anti-fraud culture is the first line of defence in combatting fraud affecting any organisation. This broad range of activity will improve awareness of the Council's fraud risks and create a deterrent effect.
Blue Badge Pro Active Exercises	We will undertake a minimum of three proactive anti-fraud drives with the Police and other enforcement agencies.	15	The abuse of the Blue Badge scheme is recognised as a national problem and areas such as London are most affected due to the cost of parking making this crime more attractive and lucrative.
London Counter Fraud Hub	This is a new data sharing/matching initiative sponsored by CIPFA in partnership with BAE.	200	The Council previously decided to participate in the Hub and the fraud team will coordinate the Council's

Initiative	Broad Scope	Days	Rationale
	We will coordinate the Council's participation and investigate the output (subject to agreement of business case).		participation should this initiative proceed.
Internal Data matching / Data Analysis	We will undertake further data matching and analysis using the Council's data to detect instances of fraud in high risk areas such as Housing, Social Care and Procurement.	25	Data sharing/matching is recognised as a key tool in the fight against fraud. This activity is dependent on the effectiveness of the NFI and London Counter Fraud Hub, as well as our own capability/capacity.
Total		295	

Future Audit Topics for Consideration

<p>Corporate and Council-Wide Reviews</p> <ul style="list-style-type: none">• Effectiveness of the Council's Digital Offer• Advertising and Commercial Income• Control and Monitoring of DBS checks• Business Continuity and Emergency Planning• Service Planning• Procurement Compliance• Purchase Cards	<p>Governance</p> <ul style="list-style-type: none">• Legal Planning Meetings for Children's Social Care Cases• Tower Hamlets Strategic Partnerships• Communications Strategy and Protocols• SPP - Post implementation Review• Transparency Code - Compliance• Charging for Legal Services• Contract Signing and Sealing• Procurement of Solicitors, Barristers and Legal Advice• Strategic Information Governance• Management of FOI requests• Equality Assessments• Management of Consultations• RIPA Management• Food distribution <p>Health Adults and Community</p> <ul style="list-style-type: none">• Prevent• Brokerage• Re-ablement Service• Annual Reviews of Care Plans• Failed Visits Procedures• Occupation Therapy• Quality Assurance Systems• Public Health Data Quality• Day Centres• Direct Payments• Management of Personal Health Budgets• Local Outbreak Planning and Action
<p>Resources</p> <ul style="list-style-type: none">• Council Tax• Bank Reconciliations• Medium Term Financial Strategy• Empty Property Rates and Inspection Compliance• Dynamic Procurement and Competitive Dialogue Compliance• Directorate Level Governance• Financial Regulations and Waivers• Procurement Compliance• HR Case Management• Payments by CHAPS• VAT Management• School Accounts Reconciliations• Health and Wellbeing Management During the Virus	

Place

- Penalty Charge Notices
- Passenger Transport and Operating Licence Review
- Passenger Transport Recharges
- Building Contract Administration and Standard Contract Documentation
- Commercial Waste
- Compliance with CDM requirements
- In-house Temporary Resourcing services - ETRES
- Property Disposals
- THH Clienting Role
- Markets
- Repairs and Maintenance of Administrative and other Buildings
- Checking of Use of Temporary Accommodation
- Disabled Facilities Grants
- S. 106 Non-financial Obligations
- Building Control Fees and Charges
- Health and Safety – Return to Office Preparations

Children and Culture

- Home to School Transport
- Youth Offending Team - Case Management
- Children's Centres Establishment Visits
- Management of School Cleaning
- Traded Services with Schools
- Management of School Catering
- Commissioning and Monitoring of Accommodation for Care Leavers
- Children Placed at Distance
- Multi Agency Safeguarding Hub
- Highways Repairs and Maintenance
- Client Monitoring of Waste Management
- Capital Delivery
- Licences and Enforcement
- Homelessness Assessments