

# AUDIT COMMITTEE

Wednesday 8 June 2022 at 6.30 pm The Council Chamber, Hackney Town, Mare Street, London, E8

The live stream can be viewed here:

Main: https://youtu.be/TMv\_7XoDxzw Backup: https://youtu.be/ripItE5byLM

# Members of the Committee:

Councillor Frank Baffour
Councillor Polly Billington
Councillor Zoe Garbett
Councillor Margaret Gordon
Councillor Shaul Krautwirt
Councillor Anna Lynch (Chair)
Councillor Ian Rathbone
Councillor Gilbert Smyth
Councillor Lynne Troughton (Vice Chair)
Councillor Sarah Young

Mark Carroll
Chief Executive
Friday 27 May 2022
www.hackney.gov.uk

Contact: Peter Gray Governance Officer governance@hackney.gov.uk



# Audit Committee Wednesday 8 June 2022 Agenda

- 1 Apologies for absence
- 2 Declarations of Interest
- 3 Minutes of the previous meeting (Pages 7 22)
- 4 Appointment of Chair and Vice Chair for the municipal year 2022/23

To note that Annual Council on 25 May 2022 appointed Councillor Anna Lynch and Councillor Lynne Troughton as Chair and Vice-Chair of the Audit Committee for the municipal year 2022/23.

- 5 Audit Committee Terms of Reference (Pages 23 28)
- 6 Finance Update Presentation
- 7 Corporate Risk Register (Pages 29 76)
- 8 Internal Audit Annual Report (Pages 77 114)
- 9 Fraud and Irregularity Annual Report 2021/22 (Pages 115 132)
- **10 Work Programme** (Pages 133 136)
- 11 Any other business that the Chair considers urgent



## **Public Attendance**

Following the lifting of all Covid-19 restrictions by the Government and the Council updating its assessment of access to its buildings, the Town Hall is now open to the public and members of the public may attend meetings of the Council. We recognise, however, that you may find it more convenient to observe the meeting via the live-stream facility, the link for which appears on the agenda front sheet.

We would ask that if you have either tested positive for Covid-19 or have any symptoms that you do not attend the meeting, but rather use the live stream facility. If this applies and you are attending the meeting to ask a question, make a deputation or present a petition then you may contact the Officer named at the beginning of the Agenda and they will be able to make arrangements for the Chair of the meeting to ask the question, make the deputation or present the petition on your behalf.

The Council will continue to ensure that access to our meetings is in line with any Covid-19 restrictions that may be in force from time to time and also in line with public health advice. The latest general advice can be found here - https://hackney.gov.uk/coronavirus-support

#### RIGHTS OF PRESS AND PUBLIC TO REPORT ON MEETINGS

Where a meeting of the Council and its committees are open to the public, the press and public are welcome to report on meetings of the Council and its committees, through any audio, visual or written methods and may use digital and social media providing they do not disturb the conduct of the meeting and providing that the person reporting or providing the commentary is present at the meeting.

Those wishing to film, photograph or audio record a meeting are asked to notify the Council's Monitoring Officer by noon on the day of the meeting, if possible, or any time prior to the start of the meeting or notify the Chair at the start of the meeting.

The Monitoring Officer, or the Chair of the meeting, may designate a set area from which all recording must take place at a meeting.

The Council will endeavour to provide reasonable space and seating to view, hear and record the meeting. If those intending to record a meeting require any other reasonable facilities, notice should be given to the Monitoring Officer in advance of the meeting and will only be provided if practicable to do so.

The Chair shall have discretion to regulate the behaviour of all those present recording a meeting in the interests of the efficient conduct of the meeting. Anyone acting in a disruptive manner may be required by the Chair to cease recording or may be excluded from the meeting.

Disruptive behaviour may include: moving from any designated recording area; causing excessive noise; intrusive lighting; interrupting the meeting; or filming members of the public who have asked not to be filmed.

All those visually recording a meeting are requested to only focus on recording Councillors, officers and the public who are directly involved in the conduct of the meeting. The Chair of the meeting will ask any members of the public present if they have objections to being visually recorded. Those visually recording a meeting are asked to respect the wishes of



those who do not wish to be filmed or photographed. Failure by someone recording a meeting to respect the wishes of those who do not wish to be filmed and photographed may result in the Chair instructing them to cease recording or in their exclusion from the meeting.

If a meeting passes a motion to exclude the press and public then in order to consider confidential or exempt information, all recording must cease and all recording equipment must be removed from the meeting. The press and public are not permitted to use any means which might enable them to see or hear the proceedings whilst they are excluded from a meeting and confidential or exempt information is under consideration.

Providing oral commentary during a meeting is not permitted.

#### ADVICE TO MEMBERS ON DECLARING INTERESTS

Hackney Council's Code of Conduct applies to all Members of the Council, the Mayor and co-opted Members.

This note is intended to provide general guidance for Members on declaring interests. However, you may need to obtain specific advice on whether you have an interest in a particular matter. If you need advice, you can contact:

- Director of Legal, Democratic and Electoral Services
- the Legal Adviser to the Committee; or
- Governance Services.

If at all possible, you should try to identify any potential interest you may have before the meeting so that you and the person you ask for advice can fully consider all the circumstances before reaching a conclusion on what action you should take.

You will have a disclosable pecuniary interest in a matter if it:

- i. relates to an interest that you have already registered in Parts A and C of the Register of Pecuniary Interests of you or your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner;
- ii. relates to an interest that should be registered in Parts A and C of the Register of Pecuniary Interests of your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner, but you have not yet done so; or
- iii. affects your well-being or financial position or that of your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner.

If you have a disclosable pecuniary interest in an item on the agenda you must:

- i. Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you (subject to the rules regarding sensitive interests).
- ii. You must leave the meeting when the item in which you have an interest is being discussed. You cannot stay in the meeting whilst discussion of the item takes place and you cannot vote on the matter. In addition, you must not seek to improperly influence the decision.



iii. If you have, however, obtained dispensation from the Monitoring Officer or Standards Committee you may remain in the meeting and participate in the meeting. If dispensation has been granted it will stipulate the extent of your involvement, such as whether you can only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a pecuniary interest.

Do you have any other non-pecuniary interest on any matter on the agenda which is being considered at the meeting?

You will have 'other non-pecuniary interest' in a matter if:

- i. It relates to an external body that you have been appointed to as a Member or in another capacity; or
- ii. It relates to an organisation or individual which you have actively engaged in supporting.

If you have other non-pecuniary interest in an item on the agenda you must:

- i. Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you.
- ii. You may remain in the meeting, participate in any discussion or vote provided that contractual, financial, consent, permission or licence matters are not under consideration relating to the item in which you have an interest.
- iii. If you have an interest in a contractual, financial, consent, permission or licence matter under consideration, you must leave the meeting unless you have obtained a dispensation from the Monitoring Officer or Standards Committee. You cannot stay in the meeting whilst discussion of the item takes place and you cannot vote on the matter. In addition, you must not seek to improperly influence the decision. Where members of the public are allowed to make representations, or to give evidence or answer questions about the matter you may, with the permission of the meeting, speak on a matter then leave the meeting. Once you have finished making your representation, you must leave the meeting whilst the matter is being discussed.
- iv. If you have been granted dispensation, in accordance with the Council's dispensation procedure you may remain in the meeting. If dispensation has been granted it will stipulate the extent of your involvement, such as whether you can only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a non-pecuniary interest.

#### **Further Information**

Advice can be obtained from Dawn Carter-McDonald, Director of Legal, Democratic and Electoral Services via email dawn.carter-mcdonald@hackney.gov.uk





#### **AUDIT COMMITTEE**

## WEDNESDAY 20 APRIL 2022 AT 6PM

#### THE MEETING WAS LIVE STREAMED AND CAN BE VIEWED HERE

https://youtu.be/9qhUkszCW3s

**Present:** Councillors:

In Person:

**Cllr Nick Sharman in the Chair** 

Cllr Margaret Gordon, Cllr Anna Lynch and

**Cllr Gilbert Smyth** 

Virtually:

**Councillor Sophie Conway** 

Officers: Tracey Barnett (Head of Internal Audit and Corporate Risk Management) Jacquie Burke (Group Director - Children and Education), Bruce Devile (Head of Business Intelligence and Member Services), Peter Gray (Governance Officer), Dawn Carter McDonald (Director of Legal, Democratic Services and Elections), Jackie Moylan (Director of **Financial** Management), Michael Sheffield (Corporate of Audit, Anti-Fraud and Management), Matthew Powell (Corporate Risk Adviser), Pradeep Waddon (Head of Treasury Management and Payments), Helen Woodland (Group Director, Adults, Public Health and Integration), Ian Williams (Group Director, Finance and Resources), Deirdre Worrell (Director of Neighbourhood and Housing Finance)

**Auditors**)

Also Stuart Firth and Suresh Patel (Mazars – External

1. Apologies for absence

Present:

- 1.1 Apologies for absence were submitted on behalf of Councillor Michelle Gregory.
- 2. Declarations of Interests

2.1 There were no declarations of interest.

# 3. Non-confidential minutes of the previous meeting on 5 January 2022

3.1 The non-confidential minutes of the meeting on 5 January were agreed as a correct record.

# **Matters arising – Actions from the previous meeting**

# 3.1.1 Housing Revenue Account

- 3.1.2 The Director of Neighbourhood and Housing Finance reported that the update on housing repairs had been circulated to the Committee. The Strategic Director of Housing would respond in writing to the question at 8.12 of the minutes.
- 3.1.3 The Governance Officer would seek an update on the action at 3.1 of the minutes.

# **Action: Governance Officer**

#### 4. Annual Accounts 2020/21

- 4.1 The Director of Financial Management introduced the report, highlighting the following:
  - The accounts were submitted later than expected due to impacts of the Cyber-attack on the Council's systems;
  - An increase in general reserves between 2020 and 2021 by £22m, mainly attributable to the fact that grant was received in respect of additional NNDR reliefs held in reserve and set aside to meet a deficit accrued;
  - There was a large deficit on the collection fund primarily as result of the additional reliefs which would be repaid by the grant referred to above, the remaining deficit in the exceptional circumstance of Covid could be spread over 3 years:
  - The Pensions fund accounts were considered by the Pensions Committee in November 2021. It was the Audit Committee's role to approve the accounts;
  - The net assets of the Pensions Fund had increased by £370m. The first impacts of the Pandemic were seen at the end of 2020 with an artificial low in the figures and an increase since that time;
  - In regard to the Annual Governance Statement there were a number of actions that were required to be addressed relating to:
    - Corporate impact of the cyber attack
    - Statement of accounts delay due to the cyber attack
    - Children & Families and Education (cost pressures and Ofsted)
    - Adult Services (cost pressures, business continuity plans and housing with care)
    - Public Health (Covid-19)
    - Housing (ongoing impact of Covid-19 and the cyber attack, Tenant Management Organisations and contract management)

#### **RESOLVED:**

- To approve the Council's 2020/21 Statement of Accounts subject to the finalisation of audit processes and resolution of the infrastructure asset issue referred to at paragraph 6.2.
- To approve that the Group Director of Finance and Corporate Resources be authorised to agree and approve the final Statement of Accounts for 2020/21 subject to the finalisation of the external auditor's outstanding work as set out in their Audit Update Report (Council) and Initial Audit Completion Report (Pension Fund) and resolution of the issue in relation to infrastructure assets.
- To approve, in its own right, the Annual Governance Statement contained within the Statement of Accounts.

# 5. External Auditors Report

- 5.1 Suresh Patel highlighted the following:
  - That good progress was being made on both audits, anticipated to be completed by early May 2022;
  - A national issue had arisen preventing all Audit Firms from completing Local Authority audits. A Chartered Institute of Public Finance and Accounting Task and Finish Group was currently considering this matter with an outcome expected in early June:
  - There were no matters of concern in relation to Value for Money.
  - There had been no instances when the Council was unable to supply sufficient evidence;
- 5.2 Stuart Firth highlighted the following updates since the report was issued:
  - Pensions had been reviewed but would not be completed until the main accounts audit was completed;
  - Movement in the Reserve Statement had been completed and was to be reviewed;
  - Much of the Payroll work had been completed and was to be reviewed;
  - Work on valuations was ongoing;
  - Work on debtors provision was now complete;
  - Cash and bank, collections and reserves had been finalised;
  - Administration and Internal Investment had been reviewed:
  - Investment assets had been largely reviewed;
  - Approximately 2 items were awaiting completion.
- 5.3 In response to the Chair, Suresh Patel confirmed that, with the exception of infrastructure assets the Auditors were satisfied with the accounts.
- 5.4 Councillor Smyth asked for clarification on what areas were outstanding in relation to 'Management Override of Controls'.
- 5.5 Stuart Firth reported that work was ongoing on items 1 and 3 and debt provision.

- 5.6 Councillor Lynch referred to the risks and challenges around Adult Social Care, temporary accommodation and Income streams. She stated that she was reassured by the Auditor's report.
- 5.7 The Chair stressed that delay in the production of the accounts undermined the political importance and accountability to the public and that there was a need to have a timely process in future in relation to the production of the accounts. He asked for progress on the current audit and for reassurance that Mazars had addressed the issues facing them.
- 5.8 Suresh Patel confirmed that the organisation was getting on track with the allocation of sufficient resources and a timetable in place to ensure the timely completion of the audit with a report to the Audit Committee in November 2022.
- 5.9 Councillor Gordon asked for any additional implications of the Cyber-attack. Suresh Patel confirmed that this would be taken account of in the final audit report.
- 5.10 Councillor Smyth asked for clarification on what measures were in place to mitigate the impact of the Cyber-attack on the provision of services.
- 5.11 The Group Director of Finance and Corporate Resources highlighted the following:
  - Work was ongoing on the protection of Income Streams;
  - Additional support was in place to ensure that residents in difficulty are supported:
  - Significant investment in terms of the Housing Revenue Account (HRA) with support to tenants on rent payment;
  - Support provided to residents by the Council Tax Team;
  - The successful allocation of all discretionary payment of housing monies;
  - The hardship fund was being utilised to support residents.

### RESOLVED:

To note the report.

# 6. Finance Update

- 6.1 The Group Director of Finance and Resources highlighted the following:
  - An overspend of £4.96m for 2021/22 (A reduction from£6.5m reported earlier in the year)
  - The main areas of overspend related to COVID-19, the Cyber-attack and the pressures on Social Care;
  - A breakeven position was forecast on the HRA:
  - A further £500m had been allocated to Local Authorities in relation to the Household Support Fund by the Government. The allocation to Hackney Council had not yet been confirmed;
  - There was continued uncertainty over future funding levels;
  - The 2020/21 audit was nearing completion. The preparation process for the 2021/22 accounts had begun;

- 6.2 The Chair stated that the uncertainty in future funding was reflected in the circumstances facing Hackney residents. He considered that the new Hackney Administration would face a considerable period of uncertainty with pressures on housing, children and adult services.
- 6.3 Councillor Gordon referred to the impact of the cost of living crisis on residents and the Council's finances as a consumer.
- 6.4 The Group Director of Finance and Corporate Resources highlighted the following:
  - The Council was a significant consumer, facing pressures on its own resources;
  - The Council was ensuring that its processes were sensitive to the challenges that Hackney residents were facing, utilising resources in the Hardship Fund and its' own resources to provide support;
  - A Council Tax rebate of £150 was available to residents;
  - The Council was considering ways to mitigate reliance on current energy sources;
  - There were significant financial pressure on Adult Social Care;
  - An update on these matters would be made to the July Cabinet meeting.
- 6.5 Councillor Lynch referred to the impact of the change to National Insurance. She stressed the need to seek feedback from residents on Council services provided to input into any transformation together with Audit Committee work on Value for Money.
- 6.6 The Group Director of Finance and Corporate Resources highlighted the following:
  - Ongoing work on the SEND budget with successful lobbying in this area. A shortfall still existed;
  - The Council was considering how it used its facilities to reduce reliance on the private sector and to deliver the expected outcomes;
  - A pay award to staff was delivered at an earlier time to when the changes to National insurance took effect;
- 6.7 Councillor Smyth asked for clarification in regard to the use of the Housing Support Fund of £2.8m. It was clarified that this amount had now been spent.

# 7. Performance Report

- 7.1 The Head of Performance, Members Services and Elections introduced the report providing an updated set of key performance indicators together with an update on risk management. The report also set out the latest capital programme monitoring and an analysis of forecast spend to the original and revised budgets. He highlighted the following:
  - High levels of staff sickness;
  - High levels of rent arrears;
  - Continued pressure for the Planning Department to meet local targets although statutory targets were being meet;

- Income from PCNs had increased;
- Work was to commence on measures of performance management across the Board with an increased focus on outcomes.
- 7.2 The Chair expressed concern that the level of rent arrears continued to increase and stressed that Council Tax income was important to the Council's viability. He referred to the fact that making tenant contact was essential. He asked for any forecast in relation to guarter 4.
- 7.3 The Director of Neighbourhood and Housing Finance told the Committee that there had been a slight reduction in arrears from the end of quarter 3 to £15.2m. Productivity measures were now in place with a target of 1400 home visits per month with an increase in notices and reminder letters. Households would be signposted to sources of support. In relation to quarter 4 a marginal improvement was expected. The impact of the new arrangements would be tracked and those tenants who could afford to pay rent would be targeted.
- 7.4 Councillor Lynch stressed the need to consider how to deal with staff absence within the existing workforce and emphasised the need for a Workforce Strategy.
- 7.5 The Group Director of Finance and Resources highlighted:
  - That Human Resources was taking steps to ensure that all managers were aware of the position with regard to sickness, in particular long standing cases. 50 top cases had been identified with consideration of ways to address the issue;
  - A process was in place to assist those staff to make the choices they need to make and to ensure that managers are confident in this process;
  - An update on sickness levels would be made to the next meeting.

## **Action: The Group Director Finance and Corporate Resources**

- 7.6 Councillor Gordon asked for an update on the backlog of Housing Benefits cases.
- 7.7 The Group Director of Finance and Corporate Resources told the Committee that it was expected that those cases affected by the Cyber-attack would be cleared in the coming weeks. There would, however, continue to be the challenge of legacy cases.
- 7.8 The Chair stressed the need to a review of data sources on performance, a matter that could be pursued by the new Chair.
- 7.9 The Director of Financial Management highlighted that the relatively low level of spend against the original budgets in the capital programme was largely driven by three main factors:
  - construction industry inflation resulting in tender prices being above cost estimates and further work required on viability of schemes;
  - The ongoing impact of Covid-19, which had resulted in both slower starts on site and reduced activity overall;
  - external factors determining programme or requiring scheme review and

re-profiling;

In response to the Chair she confirmed that if these factors were removed the target set would have been met.

- 7.10 The Chair emphasised that among the reasons for the decrease in housing capital was to address the budget deficit which would impact on repairs and the state of stock.
- 7.11 The Corporate Risk Adviser highlighted the following in relation to Corporate Risk:
  - Risks remained around the impact of the Cyber-attack;
  - There was a range of financial risks;
  - Impact of the Ukraine war was impacting on risks;
  - Cost of living crisis;
  - Pressures on Adult Social Care and Children's services:
- 7.2 In response to the Chair Matt Powell confirmed that Cost of living crisis and incomes would be covered in more detail when the full Corporate Register was presented to the June Committee meeting.

#### **RESOLVED:**

- To note the performance indicators, the Risk Management Scorecard and the current monitoring update.
- 8. Treasury Management Activity Report 2021/2022
- 8.1 The Head of Treasury Management introduced the report, highlighting the following:
  - Investment balances stood at £125m at the end of March 2022:
  - There had been no change to borrowing in the previous 3 months;
  - The credit quality of investments remained A to A plus;
  - All investments were monitored to ensure that there was no direct investments in Russia or Belarus;
- 8.2 Councillor Smyth asked for clarification on the level of investment in Russia.
- 8.3 Jackie Moylan confirmed that this related to the Pensions Fund and that the investment level was 0.05 %.
- 8.4 The Chair referred to the impact of inflation on the Council and the financial markets.
- 8.5 Pradeep Waddon told the Committee that Officers were working with Financial Advisers to monitor the impact of the increase in inflation and interest rates on borrowing and investments.

### **RESOLVED:**

• To note the report.

# 9. Directorate Risk Register - Children and Education

9.1 The Group Director, Children and Families introduced the report highlighting the following:

## Children's Services

- A new risk related to Child Q. Work was ongoing to ensure that all agencies who work with children have a safeguarding first agenda;
- The Cyber-attack had impacted on Children's services;
- On 4 April there had been a return to the Mosaic system. Recording now complied with statutory requirements and returns for 2022/23 could be completed
- Demand management was an issue in children services and significant changes were made to front door and the delivery of early help, recognising that if families were helped earlier they were less likely to need more complex support;
- There was considerable risks around care placements. There had been a reduction in the number of children coming into care overall. However, the cost of placements in Children's homes was very high. The Government review was looking at addressing this issue;
- The Council had a good record in maximising foster placements but there were not sufficient carers:
- In regard to 'No Recourse to Public Funds' where families were living in destitution, which was the financial risk, the Council was fulfilling its statutory duty whilst protecting resources and avoiding excess costs;
- The service had high financial pressures;
   Education:
- Special Educational Needs and Disabilities was a large financial pressure and a number of strategies had been developed to manage the risk. There had been a restructure of the service to enable improved outcomes for children and improved use of resources. An Improvement plan for SEND provision was in place. There had been an improvement in the timeliness of assessing children who require education, health and care plans;
- Work was ongoing in schools settings to ensure more inclusive educational environments and helping children earlier;
- In parts of the Borough some children were receiving education in unregistered settings. A strategy was in place in relation to unregistered educational settings with close working with OFSTED around those settings;
- There was a risk for children missing from education with a strategy in place;
- There was currently an issue across London in relation to School Place Planning with falling numbers in reception and year 1 classes and primary schools, causing significant financial pressures. Work was ongoing to mitigate these pressures with consideration of a refreshed school estates strategy to use spaces to provide help to children with special education needs and disabilities;
- 9.2 The Chair expressed concerns at the pressures in relation to the Council's ability to maintain standards in service provision, in particular around SEND provision and EHCP. He expressed concern that incoming resources did not match the need for services with associated long term implications in a

variety of settings. He considered that the Audit Committee would wish to receive updates on these matters.

- 9.3 The Group Director for Children and Education told the Committee that the service's ambition was to provide support to children at an earlier stage, making optimal use of schools to ensure that there was a robust in-house offer rather than relying on private providers and the non-maintained independent sector. It was confirmed that this was a national pressure and that it was important to have a strong focus on this matter with better outcomes for children. There was greater confidence in the strategy recently adopted around earlier help and making better uses of estates to ensure that children get the help they need to access the curriculum.
- 9.4 Councillor Gordon was encouraged by the SEND strategy and the steps taken in relation to the crisis in SEND provision. In terms of EHCP and SEND provision and support she stressed that parents needed to be reassured that they were in receipt of a robust accountable system and the full range of opportunities for their children. Councillor Gordon referred to the fact that school exclusions was the subject of a Scrutiny Panel report and was a risk for the individuals including around reputational damage and community cohesion.
- 9.5 The Group Director for Children and Education referred to the difficulties around the current system of EHCP for children and parents. The aim was to take the matter forward with compassion, assisting children to access the curriculum in a way that maximises their opportunities. Consideration was currently being given to the Green Paper which focuses on these issues. A comprehensive action plan had been produced in respect of school exclusions with the anti-racism plan focusing on outcomes for the borough's black and mixed heritage boys. over represented in school exclusions. There was confidence that schools would support the approach. Consideration was being given to creative ways of including the child's voice in the solution on school exclusions and disruptive behaviour. The Group Director told the Committee that there was a correlation between school exclusions and special educational needs. Permanent exclusion for a child was considered to be a significant safeguarding risk. The Council worked closely with OFSTED in relation to unregistered educational settings. The Chair of the Children's Safeguarding Board had undertaken much work in this area.
- 9.6 Councillor Lynch welcomed the new powers that Ofsted now had in relation to unregistered educational settings. She referred to the need for clearer training for members on the workings of safeguarding in the Borough and the important role of the Chair of the Safeguarding Boards and others on the Board.
- 9.7 Councillor Smyth highlighted the following:
  - That the safeguarding first approach should have been in place earlier. He asked if the Police formed part of the partnership working;
  - In relation to school exclusions, the Council should consider 'Enhanced Nurture Units' as used in Glasgow at present;
  - In relation to School place planning the report referred to financial pressure on secondary schools with the threat to long term viability. He asked for clarification on this matter.

- 9.8 Jacquie Burke highlighted the following:
  - Confirmation that the Police formed part of the partnership working referred to. She considered that 'safeguarding first' and the welfare of children were paramount. These were always a priority and required to be revisited to ensure proper balance;
  - In regard to school exclusion the Council had a good Pupil Referral Unit with an outreach approach. The Council was part of a Department for Education pilot to have joined up work with parents and a clinical team around children who are at risk of exclusion;
  - Funding for schools was per child. The Council was seeking to have a Schools on Estates strategy with planning on the basis of what was known of falling rolls with consequent financial implications and possible future consideration of reducing forms and school mergers. As yet there had been no modelling carried out on this.
- 9.9 Councillor Gordon stressed the importance of safeguarding training. She referred to the high cost of child placements and that there was a need to focus on this area, considering ways to mitigate the escalating costs.
- 9.10 The Chair expressed concern that incoming resources did not match need and the consequent long term implications in a variety of settings. The Committee would require updates on these matters.

#### **RESOLVED:**

• To note the report and the attached Risk Register.

# 10. Directorate Risk Register- Adults, Health and Integration

- 10.1 The Group Director, Adults, Health and Integration introduced the report, highlighting the following:
  - Resources were the single biggest risk in Adult Social Care, compounded by cost of living pressures, particularly on the Council's provider market;
  - Difficulties in attracting and retaining staff;
  - The Increase in energy costs:
  - The introduction of reforms in the Social Care Sector:
  - The settlement for Adult Social Care was not sustainable;
  - Work was ongoing on modelling in relation to resources and costs;
  - The ability to respond to the Cyber-attack had improved significantly;
  - Mosaic will be re-implemented in 2022;
- 10.2 Councillor Smyth asked for an update on COVID-19 vaccinations in the Borough.
- 10.3 The Group Director, Adults, Public Health and Integration highlighted the following:
  - That vaccination in the Social Care Workforce was mandatory with good vaccination rates:
  - Since the mandatory requirement was lifted there were concerns that individuals were less inclined to have boosters;

- Vaccinations in the wider population was not high leaving vulnerable people at greater risk of hospitalisation;
- Much work as ongoing on targeting at present;
- 10.4 Councillor Lynch emphasised that safeguarding also applied to adults. She referred to the difficulties in recruiting and retaining staff and asked what measures could be put in place to improve this within the existing workforce and mitigating risk together with considering different ways of providing care.
- 10.5 The Group Director for Adults, Public Health and Integration highlighted the following:
  - Workforce was priority with the post of Assistant Director appointed to manage this area;
  - There was a need to develop proper career pathways and career opportunities that span both the NHS and Social Care;
  - The Council was considering ways to attract young hackney people to social care posts;
  - The Council was co-designing a Skills Academy with set pathways to attract and retain staff:
  - The Council would offer Occupational Therapist qualification when online;
- 10.6 The Chair considered that both risk reports raised concerns with services under pressure while resources were inadequate.

#### **RESOLVED:**

• To note the report and the attached Risk Registers and controls in place.

## 11. Internal Audit Plan - 2022/23

- 11.1 The Corporate Head of Audit, Anti-Fraud and Risk Management introduced the report asking the Committee to consider and approve the proposed Annual Audit Plan and resource for 2022/23 as part of its role in overseeing corporate governance. He highlighted the following:
  - The Pandemic and the Cyber-attack had impacted on the assurance work that could be carried out during that time;
  - There has been strong engagement from all of the service areas in drawing up the plan, an indicator of a return to more normal working:
  - The areas of interest to the Committee over the previous year were included in the plan, including the repairs backlog, the Net Zero targets and several audits around the ICT environment including a Needs Assessment of ICT;
  - There was sufficient flexibility in the plan to allow for a change of priorities;

# **RESOLVED:**

• To approve the proposed Internal Audit Plan 20222/23 and key performance measures.

# 12. Audit and Anti-Fraud Quarterly Progress Report

- 12.1 The Corporate Head of Audit, Anti-Fraud and Risk Management introduced the report on the performance of the Audit and Anti-Fraud Service, the areas of work undertaken, and information on current developments in Internal Audit and Anti-Fraud together with statistical information about the work of the investigations teams. He highlighted the following:
  - that the biggest challenge facing the service continued to be the impact of the Cyber-attack on the Council's systems making it difficult to audit many areas that were in the previous Audit Plan;
  - 22 audits were deferred with 20 of these deferrals resulting from the Cyber-attack;
  - 93 % of the plan was in progress with audits being delivered;
  - This was the 2<sup>nd</sup> year when a smaller number of audit reviews had been possible. It was considered that the overall system of internal control was providing adequate level of assurance for the Council;
  - Given the good engagement from services areas, there were grounds for optimism for the coming year;
  - The percentage of limited and low assurance reports was comfortably within the previous year's levels but the inability to carry out an audit was a concern in itself;
  - The implementation of recommendations remained at a high level and within service indicators;
  - On investigations there were higher levels of referrals and outcomes from both the tenancy fraud work and the Blue Badge parking work. The numbers were lower than previously for 'No Recourse to Public Funds'.
  - The quantifiable benefits from investigations would remain in an upward trend.
- 12.3 The Chair asked for clarification that despite all the pressures over the previous 2 years on Internal Audit with movement of staff, the level of compliance remained high throughout the Organisation. In the area of business grants there had been much evidence that there had been widespread fraud and he asked why this did not apply in the same way to Hackney Council.
- 12.4 Michael Sheffield confirmed that the level of compliance had remained high throughout the Organisation with the caveat that this related to the audits that had been carried out. In relation to business grants, pre-payment assessments had been carried out as well as post payment checks, impacting on the incidence of fraud. Fraudulent applications had been received but these had been identified early.
- 12.5 Councillor Smyth asked for clarification on how the Fire Safety Risk Assessments were carried out. Michael Sheffield confirmed that the Audit Service did not carry out inspections but advised on procedures and outcomes applied.

## **RESOLVED:**

• To note the progress and performance of the Audit and Anti-Fraud Service to 31 March 2022.

# 13. Whistleblowing - Progress Report

13.1 The Corporate Head of Audit, Audi-Fraud and Risk Management introduced the report summarising the Council's corporate arrangements for whistleblowing and providing an update on the cases received in 2021/22. Whistleblowing continued to be a small but important source of referrals to the Investigation Team for follow up on. Some Whistle-blowers came through an independent hotline while others reported directly to the Council. The same protection applied to both avenues. It was noted that the levels of whistleblowing were similar to those reported in previous years.

#### **RESOLVED:**

To note the report.

# 14. Whistleblowing Policy Update - 2022

14.1 The Corporate Head of Audit, Audi-Fraud and Risk Management introduced the report presenting the revised Whistleblowing Policy for review and approval. The Policy set out the process under which staff and others could raise whistleblowing concerns and how these were to be dealt with. The Policy contained minor updates with linkages to other Hackney policies, updated contact points and with a change procedure attached.

#### **RESOLVED:**

• To approve the revised Whistleblowing Policy dated 1 April 2022 as set out at appendix 1 to the report.

# 15. Annual Report of the Audit Committee 2021/22

- 15.1 The Chair introduced the report detailing the role of the Audit Committee and summarising the key activities and achievements in 2021/22, demonstrating how the Committee had fulfilled its role effectively, while measuring consistency with the guidance issued by the Public Sector Internal Audit Standards and other statutory requirements.
- 15.2 The Chair told the Committee that the report followed up on the recommendation to follow up and build on the initiatives that had been taken, particularly around performance reporting, oversight of the budget, the oversight of the Cyber-attack, external audit. He considered that all these areas required to be pursued in the new administration. He stressed that all departments needed to be involved in the Net Zero initiatives and that there was a need to review the way that the Council assessed risk.

# **RESOLVED:**

To note the report.

# 16. Climate Change - Deep Dive Report

16.1 The Director for Neighbourhoods and Housing Finance introduced the report on the Net Zero Deep Dive Review, highlighting the following:

- The review was carried out to provide assurance around the internal arrangements in relation to Net Zero;
- The report covered the development of the thematic action plans and how these are linked to the delivery of targets, considering the impact of future action:
- The management arrangements were found to be robust.
- The importance of consultation and engagement with the community was emphasised:
- There were significant financial challenges in the implementation of action plans;
- 4 recommendations flowed from the conclusions;
- The importance of engagement of all Council Departments was emphasised.

# 16.2 The Chair highlighted the following:

- The need to build in the thematic action plan with a financial model in place;
- There was reassurance around management arrangements with much work on bringing initiatives together. There was a need for other departments to play a part in the process:
- The Executive would need to take a stronger oversight role to ensure cooperation;
- The responsible Executive member must have sufficient authority to ensure joint working;
- The importance of community involvement and engagement;
- The current gap in finances needed to be addressed with a credible route to funding;
- The report should be sent to the Chief Executive and the incoming Mayor;

## **Action: The Director for Neighbourhoods and Housing Finance**

- 16.3 Councillor Smyth referred to the fact that EPC level C was to be applied and the need for the action plans to cover individual properties and blocks. He referred to a Civil Service report on the criteria to use in a retrofit.
- 16.4 The Director for Neighbourhoods and Housing Finance told the Committee that the impact of investment on the target will emerge from the development of the high level strategic actions. Housing Services was currently developing a pilot scheme that represents a typology of over 50% of housing stock. She confirmed that no decision had been taken in relation to the EPC level to be applied.

#### **RESOLVED:**

To note the repot

## 17. Work Programme

#### **RESOLVED:**

To note the report

# 18. Any other non-confidential business that the Chair considers urgent

18.1 The Group Director for Finance and Corporate Resources thanked Councillor Sharman and Councillor Gregory for all his work as Chair of the Committee The Chair thanked officers and members for their good work over the previous years stating that it had been a pleasure to work with both.

#### 19. Exclusion of Press and Public

#### **RESOLVED:**

THAT the press and public be excluded from the proceedings of the Audit Committee during consideration of Exempt Items 19 and 20 on the agenda on the grounds that it is likely, in view of the nature of the business to be transacted, that were members of the public to be present, there would be a disclosure of exempt business as defined in paragraph 7 of Part 1 of schedule 12A of the Local Government Act 1972, as amended.

- 20. Confidential minutes of the previous meeting on 5 January 2022
- 20.1 The confidential minutes of the previous on 5 January were agreed as a correct record.
- 21. Any other confidential business that the Chair considers urgent
- 21.1 There was no other non-confidential business.

Duration of the meeting: 6:30pm – 8:45pm

**Chairperson: Councillor Nick Sharman** 

Contact: Peter Grey
Governance Officer

020 8356 3326





Title of Report	Audit Committee Terms of Reference
For Consideration By	Audit Committee
Meeting Date	8 June 2022
Classification	Open
Ward(s) Affected	N/a
Group Director	Chief Executive

# 1. Introduction

- 1.1. The terms of reference of the Audit Committee are attached.
  - 2. **Recommendations**
- 2.1. To note the terms of reference of the Audit Committee.
  - 3. <u>Comments of the Group Director of Finance and Corporate Resources.</u>
- 3.1. There are no financial implications
  - 4. Comments of the Director of Legal, Democratic and Electoral Services
- 4.1 There are no legal implications

## **Background documents**

Audit Committee Terms of Reference

Report Author	Peter Gray Governance Officer peter.gray@hackney.gov.uk Tel: 020 8356 3326
Comments for the Group Director of Finance and Corporate Resources prepared by	Ian Williams Group Director of Finance and Corporate Resources Ian.WIlliams@hackney.gov.uk Tel: 020 8356 3003

Comments for the Director of Legal, Democratic and Electoral Services prepared by

Dawn Carter-McDonald Director of Legal, Democratic & Electoral Services

 ${\bf Email: Dawn. carter-mcdonald@hackney. gov. uk}$ 

Tel. 020-8356 4817

Audit Committee Terms of Reference

The Audit Committee is responsible for the functions set out below:

Governance, Risk and Control

- 1. To review the Council's corporate governance arrangements against the good governance framework including the ethical framework and consider the local code of governance.
- 2. To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 3. To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements
- 4. To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
- 5. To consider the Annual Risk Management Report and Strategy.
- 6. To monitor the effective development and operation of risk management in the Council.
- 7. To monitor progress in addressing risk related issues reported to the Committee.
- 8. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 9. To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- 10. To monitor the counter-fraud strategy, actions and resources.
- 11. To review the governance and assurance arrangements for significant partnerships or collaborations.

Internal audit

- 12. To approve the Internal Audit Charter and Strategy.
- 13. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- 14. To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 15. To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 16. To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.

- 17. To consider reports from the Head of Internal Audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
- a) Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.
- b) Regular reports on performance results.
- c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application

Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.

- 18. To consider the Head of Internal Audit's annual report:
- a) The statement of the level of conformance with the PSIAS and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement. These will indicate the reliability of the conclusions of internal audit.
- b) The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion. These will assist the committee in reviewing the Annual Governance Statement.
- 19. To consider summaries of specific internal audit reports as requested.
- 20. To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- 21. To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- 22. To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.
- 23. The Head of Internal Audit must also establish effective communication with the Chair of the Audit Committee and the Chief Executive, and have unrestricted lines of communication with them if circumstances require.

#### Anti-Fraud & Corruption

- 24. To monitor the Council's policies on whistleblowing in respect of the anti-fraud and corruption policy.
- 25. To monitor the use of Regulatory or Investigatory Powers Act (RIPA) powers across the Council and review the corporate policy and guidance.
- 26. To consider reports from the Office of the Surveillance Commissioner.

#### External Audit

- 27. To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by Public Sector Audit Appointments Ltd (PSSA) or the authority's auditor panel as appropriate.
- 28. To consider the external auditor's annual report to those charged with governance in respect of the annual audit of accounts.
- 29. To consider other specific reports as agreed with the external auditor.
- 30. To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 31. To commission work from internal and external audit.
- 32. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

# Treasury Management

- 33. To maintain an overview on the Council's investment and borrowing arrangements including consideration of the annual Treasury Management Strategy prior to its approval by Council as part of the annual budget setting process.
- 34. To consider regular reports on the Council's investment and borrowing arrangements in line with the Chartered Institute for Public Finance Accountants (CIPFA) Code of Practice on Treasury Management. Financial Accounts
- 35. To review and adopt the annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council
- 36. To approve the Annual Governance Statement included within the annual Statement of Accounts, ensuring that any areas highlighted within the statement for action are addressed appropriately
- 37. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

#### Accountability Arrangements

- 38. To report to those charged with governance on the committee's findings conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions.
- 39. To report to full Council on a regular basis on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose. This will be achieved via an annual report on the work of the committee and any such reports that may be otherwise required.
- 40. To put in place effective working relationship with the Standards Committee and Scrutiny function to ensure appropriate collaborative working without a duplication of responsibilities.

The Audit Committee shall create and maintain a policy to ensure suitable training, guidance and support for Committee members. It will conduct such self-assessment exercises as recommended by CIPFA guidance.

The quorum for the Audit Committee shall be 2 elected Councillors.



Title of Report	CORPORATE RISK REGISTER - COVERING REPORT			
For Consideration By	Audit Committee			
Meeting Date	June 8th 2022			
Classification	Open/Exempt			
Ward(s) Affected	All Wards			
Group Director	lan Williams, Group Director Finance and Corporate Resources			

## 1. Introduction

- 1.1. This report updates members on the current Corporate Risk Register of the Council as at June 2022 (attached). It also identifies how risks within the Council are identified and managed throughout the financial year and our approach to embedding risk management.
- 1.2. This report assists the Committee in its role of overseeing corporate governance and is presented for information and comment.

# 2. Recommendations

2.1. The Audit Committee is recommended to note the contents of this report and the attached risk registers and controls in place.

## 3. Reason(s) for decision

3.1. Risk management is fundamental to effective business management and it is vitally important that we know, understand and monitor the key risks and opportunities of the Council. Officers and members are then able to consider the potential impact of such risks and take appropriate actions to mitigate these as far as possible. Some risks are beyond the control of the Council but we nevertheless need to manage the potential impact or likelihood to ensure we deliver our key objectives to the best of our ability. For other risks, we might decide to accept that we are exposed to a small level of risk because to reduce that risk to nil is either impossible or too

expensive. The risk management process helps us to make such judgements, and as such it is important that Audit Committee is aware of this.

# 4. **Background**

The current Council risk profile was reviewed and ratified by the Corporate Leadership Team (CLT) in May 2022. In discussions and meetings with Directorate Risk Champions, various Heads of Service/Directors and other managers in different services, ideas and proposals on new risks and the current risks have been discussed, before the review being brought to CLT. Numerous risks have changed or now exist in different circumstances compared to when last reviewed by Committee in January 2022, particularly with unpredictable global events like what is unfolding in Ukraine.

#### **Policy Context**

4.1. All risk related reporting is in line with the Council's Risk Policy, ratified biennially by Audit Committee, and also fully supports the framework and ideology set out in the Risk Strategy.

### **Equality impact assessment**

4.2. For the purposes of this report, an Equality Impact Assessment is not applicable, although in the course of Risk Management (and associated duties) all work is carried out in adherence to the Council's Equality policies.

#### Sustainability and climate change

4.3. This report contains no new impacts on the physical and social environment.

# **Consultations**

4.4. In order for Risk Registers to progress to Committee, they will already have been reviewed by the relevant Senior Management Team within the corresponding Directorate, or at overall Council level. Any senior officer with any accountability for the risks will have been consulted in the course of their reporting.

#### Risk assessment

4.5. The relevant Risk Register is attached in Appendix one.

#### **CORPORATE RISK REVIEW**

- The Corporate Risk Register comprises risks that cut across the Council's Directorates, which could potentially impact on overall strategic objectives.
- 5.2 The contents of the attached register tend to focus on the more negative, potentially threatening sides of risk to the Council looking at the consequences that might happen if a particular event occurs. However, with risk management there is often

an opportunity connected with a potential risk where an upside can be exploited. This is referred to explicitly in the Council's Risk Strategy where it is stated: "if we focus on opportunities when assessing the merits of different possible solutions, this often allows us to look at bolder, more creative or innovative solutions - essentially to take greater risks, but calculated risks." In the case of the Council, there have been situations (as referred to in the Risk Register) where potentially negative events like funding cuts have occurred, or new legislation has been issued. In fact, this has often led to improved efficiencies, and has served as an opportunity to sometimes streamline services, and encourage new and more effective approaches to an area of work. It should be stressed that the Council, in managing risks, strives to look for this positive angle within risk management.

# 5.3 Notable risks included on the current register are:

- <u>Cost of living crisis</u> this is a new risk which was proposed for inclusion in this latest version - a reflection of this unfolding crisis which is affecting most people across the country as well as having a direct impact on the Council's revenue and capital costs. The risk details how the Council is undertaking to manage this risk and provide as much support as possible to those affected in the Borough.
- <u>Pandemic</u>. The score of this risk has now fallen, but it remains an area which needs
  to be closely managed, and clearly further risks remain. Although many aspects of
  life in Hackney have returned to normal, there is no room for complacency regarding
  vaccinations and the chances of new strains developing.
- Cyberattack. When the attack was discovered in October 2020, immediate work was carried out to isolate the Council's internally hosted systems and network and to notify the national leads for cyber security. However, risks remain that recovery work may introduce new vulnerabilities or reintroduce vulnerabilities which existed at the time of the attack / retain elements of the attack which could be reused in future. Also risks remain relating to the data stolen and published to the dark web in Jan 2021. Within this register these risks (with accompanying controls) are explored in detail, as well as updates to the more general Cyber security and Information Assets risks.

# National and International Economic Downturn

This risk has now evolved quite significantly since it was first included on the Corporate Risk Register, but it remains critical. The Council has been continuing to carry out efficiency savings (necessary in light of the austerity measures of the Conservative government) which were exacerbated by the outbreak of Coronavirus across the world. The emergence of COVID-19 has meant significant additional expenditure and reduced income.

#### • Risk 10 – Pensions & Risk 33 – Management of Data.

The Pensions risk has been on the register for a number of years, albeit has changed in that time. The Management of Pensions Data has now left the Corporate register and features once again at Directorate level. This reflects some improvements in the data (resulting in a decreased likelihood), but this will continue to be monitored..

### Risk 13 – New Legislation (cross Council).

There remains a need for the Council to be ready to act on any new legislation. In the Queen's speech of May 2022, a further 38 bills have been proposed (on areas such as schools, data and procurement) which will continue to place pressures on Councils to respond.

#### Risk 18 & 18b – Workforce

Another risk resulting from budgetary pressures and the pandemic is the impact it is having on staffing levels and accompanying restructures. This could clearly impact on how efficiently staff are able to work, and whether they have the resources to do it effectively. In addition, to meet the financial challenges ahead, it will be necessary for the Council to have a more agile workforce and not one constrained by traditional custom and practices.

#### • Risk 20b – Corporate Resilience

This is an iteration of the risk previously more about Business Continuity (within ICT), emphasising the importance of the Council being suitably prepared to respond and adapt to incremental change and sudden disruptions (which have clearly happened with the recent Cyberattack). Clearly, failure to do this would impact massively on our ability to effectively deliver services and CLT have supported this being featured at Corporate level.

# Risk 23 - Person suffers significant harm

This risk related to child welfare initially but after discussion at CLT was broadened to encompass all persons at risk in the Borough (including Council staff), and the safeguarding steps the Directorates are taking to protect them.

#### • Risk 30 – Temporary Accommodation.

This was escalated to the Corporate Register in July 2017 and remains in place especially in light of the recent implementation of the Homelessness Reduction Act, placing further obligations on Councils. The Cyberattack has affected systems used here.

### • Risk 35 & 36 - Insourcing and the setting up of Council owned companies. -

The risk relating to the Council's approach to Insourcing was escalated in 2020. Obviously the Guidance paper is crucial in determining the best approach to Insourcing decisions, depending on circumstances. The Council companies risk has also been on the register for two years, but is more important than ever in the light of recent PIRs (Public Interest Reports) which specifically related to some Council owned companies and subsidiaries. In each instance the Councils suffered severe losses due to poor decision making, a frequent lack of governance and a near complete lack of approved business cases. These serve as examples about how not to proceed with companies and make the risks very clear.

• Risk 39 - Climate Change. This was escalated at the end of 2019, and remains integral to the Council's overall objectives.

Clearly there are overarching areas within this register where some risks are starting to compound the effects of other risks. An example of this is the cyberattack which has exacerbated other risks related to information, or the delivery of services dependent upon (affected) applications. Also the pandemic is

impacting upon a range of risks, whether the obvious financial effects, or the varied impacts it is having on people, services and processes.

# 6. Comments of the Group Director of Finance and Corporate Resources.

- 6.1 Effective risk management is a key requirement for good financial management and stability. This becomes more significant as funds available to the Council are reduced and budget reductions are made.
- Whilst consideration of the risk register has no direct financial impact, many of the risks identified therein would have financial impact if they were realised. They therefore continue to be monitored to ensure that they are controlled to an acceptable level and that future actions to manage the risks are on track.

# 7. Comments of the Director of Legal, Democratic and Electoral Services

- 7.1 The Accounts and Audit Regulations 2015 require the Council to have a sound system of control which includes arrangements for the management of risk. This Report is part of those arrangements and is designed to ensure that the appropriate controls are effective.
- 7.2 Continuous review of the Risk register and impending legislation referred to is key to ensuring that the Council remain in control of the management of risk.

# **Appendices**

Appendix one - Hackney's Corporate, Strategic risk register.

## **Background documents**

None

Report Author	Matt Powell 2020 8356 3032
Comments for the Group Director of Finance and Corporate Resources prepared by	Jackie Moylan / Ian Williams 👚 020 8356 3332
Comments for the Director of Legal, Democratic and Electoral Services prepared by	Dawn Carter-McDonald 2 020 8356 6234



# **Hackney Corporate Risk Register June 2022**

Report Type: Risks Report

Generated on: 3 May 2022



Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Lates	t Note
ປ ຜ ຜ ຜ ຜ ຮrcr 0042 – Cost of living crisis EXTERNAL RISK CURRENT RISK	Pressures on the Council, households and businesses tighten further as the cost of living crisis intensifies, resulting in widespread financial challenges and deprivation throughout the community. This will particularly impact on those who were already in poverty (36% of households, 48% of households with children), as their situation becomes even more entrenched.	Chief Executive's; Children and Education; Adults, Health and Integration; Finance & Corporate Resources; Climate, Homes and Economy	NEW Risk  May 2022 - living standards (as measured by dispondence of the continuous		comes adjusted for inflation) are expected to drop year, which would be their largest fall since records 6. The OBR also stated that rising prices and tax an living standards will not recover to their c level until 2024-25. MTFP includes inflationary which may not be sufficient given updated is new to this register as a distinct risk, most hin have previously featured amongst other risks
Control Title	Control Description	Lead Responsible Officer(s)	Service Manager	Due Date	Control - Latest Note
SRCR 0042a – Inflationary pressures- Council (revenue)	Review and update assumptions in the medium term financial plan (MTFP) regarding price inflation and impact of cost of living on residents' ability to pay.	Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland	Jackie Moylan	July - 2022	May 2022- Budget gap may increase as result of rising inflationary pressures requiring further savings to be made including possibly in-year 2022/23.

SRCR 0042b - Inflationary pressures - Council (capital)	Gateway processes in major project delivery robustly challenges affordability in the context of rising construction inflation	Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland	Ian Williams	Ongoing	May 2022- This control is currently managed at project board level, but consideration is to be given to major projects delivery function to improve corporate oversight and consistency in delivery of significant capital projects.
Page Sample Samp	Build and implement a single income maximisation service which is proactive and streamlined from the residents' perspective.	Ian Williams	Rob Miller/ Jennifer Wynter	May 23	Poverty reduction, building an inclusive economy and homelessness reduction are three of the Council's cross-cutting strategic priorities.  There are many teams who have the resources and duties to deliver on these objectives for our residents, but too often the journey for residents is fractured and complex.  For example, this audit of discretionary or emergency hardship schemes found:  Nine different formal discretionary or emergency hardship schemes  Ten other types of support available to residents in crisis  Work has started on a project to build a single income maximisation service where we could use data and resources to effectively reduce poverty and prevent homelessness. The project team has been stood up and will run for 6-12 months, testing and trialling the following:  A single point of entry, where residents would only have to apply once to be considered for a range of financial support schemes.  Use of our systems and data to prompt proactive offers of financial support, rather than waiting for residents to come to us. For example, targeting residents when they begin a Hackney Homes tenancy and likely need support with furniture costs; homlessness presentations; change in circumstances or significant benefits shortfalls  Reduction in evidence threshold for applications to funds, or switch to using data we already hold rather than asking residents to resubmit  Rimple multi-agency models to provide holistic support to residents receiving financial support

					Income maximisation through encouragement of wider benefits take up, as well as money management advice     Use of key tools such as Single View to understand whole picture, Here to Help to record case histories, and the story mapper template.
SRCR 0042d inflationary Dessures - Supporting Residents OD	Implement priority 3 of the poverty reduction framework adopted in March 2022 which has three priorities:  1. Prevention, early years and early help 2. Tackling low wages and cost of living 3. Responding to the material needs of poverty	Mark Carroll, Ian Williams	Sonia Khan	May 23	In addition to the actions identified above under income maximisation the following actions are being progressed.  Developing the Community Partnership Network to support community organisations to work in partnership to most effectively support residents to meet their material needs.  Work in partnership with local DWP and others to deliver Universal Credit as effectively as possible for all claimants  From 2022/23, spend a greater share of the Community Grants budget, £1m out of a £2.5m budget on independent benefits, debt and housing advice.  Continue to develop and improve advice services, joining up with income maximisation actions outlined above.
SRCR 0042e - Inflationary pressures - Supporting Residents & Businesses	Management of relief and discounts available to residents and businesses inc Council Tax Rebate and business rates relief. Proactive signposting to additional financial support that is available. Recovery action that encourages payment and works with residents and business to create sustainable payment plans.	Ian Williams	Rob Miller/Neil Clarke		<ul> <li>Review guidance issued with bills and council website to ensure its clear to residents / businesses what reductions that they are entitled to from their council tax and business rates bills</li> <li>Staff training to ensure all staff including F2F, Customer services and revenues staff understand what additional support is available to residents and businesses and are able to signpost accordingly</li> </ul>

					<ul> <li>Promote and make access available to all to maximise take-up of the council tax rebate.</li> <li>Revenue staff to work with residents and businesses to establish affordable payment plans</li> <li>Recovery when undertaken - work with residents and businesses to avoid where possible actions that increase the debt - ie court and enforcement agent action</li> </ul>
SECR 0042f - Inflationary Dessures - Supporting businesses $\Phi$	Promote and signpost financial relief and support available to local businesses, promote access to affordable workspace in the borough, and promote access to business income and investment opportunities via the Hackney Business network and other business focused channels and forums.	Mark Carroll pending arrival of new GD	Stephen Haynes, Suzanne Johnson	Ongoing	<ul> <li>Hackney Business Network website is established and provides up to date advice and guidance to businesses. Regular newsletters are also issued to businesses on the network with updates on business support available.</li> <li>The Hackney Business Support programme for 2022/2023 is providing access to business support and funding for local businesses via both Council and externally run and managed programmes (Allia business support programmes, Newable Adapt Your Business programme. High Streets and Town Centres Fund, and Hackney Central Impact and Ideas Fund).</li> </ul>

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
SRCR 0040 Pandemic (COVID-19) EXTERNAL RISK FUTURE RISK	The fall-out from the COVID-19 pandemic continues to persist (with the potential of further waves, new strains and uncertainty about the exact future impact of long COVID) having an undeniably damaging impact on the local area, both in the community and amongst staff within the Council. Also, if people remain within the local community who are not vaccinated or fail to adhere to health guidelines, there are further risks of the pandemic persisting, as well as the natural waning of the vaccine's immunity.	Cross Council	를 Impact	May 2022 The nature of the virus and its impacts have been constantly changing, and the situation (as of May 2022) is a clear improvement on one year ago. The sudden emergence of Omicron in late November

Page 39	This would continue to place a demand on resources around the Borough and also have a potentially negative impact on effective service provision in all areas. It will also carry on posing longer term threats to the Council's financial stability going forward, with budgets being severely challenged, and income (whether through Council Tax, Business Rates, Leisure etc) noticeably reduced. The Council's supply chain would also be likely to be further affected (with organisations out of the Council's control struggling both financially, and to provide their agreed service). There would also be a risk of continuing backlogs across Services (compounded by the Cyberattack of Oct 2020)  There are increased cyber and data governance risks, with the cross Council emphasis on home working leading to more potential fragility within the systems, with an increased risk of data breach (exacerbated by the cyber attack), if staff don't follow standard online protocols. Also fraud could increase, as people see an opportunity to capitalise at a time when attention may be concentrated elsewhere.  COVID-19 continues to impact on international economies affecting future funding opportunities and causing stock market turbulence which could have problematic implications for pensions (although most recent figures are encouraging). Most of these things are also being worsened by the situation in Ukraine.			ultimately tand didn't waves. Over persisting in hospital ad the UK's his improvement assessment. Amidst the have been government within Hacelower than range of 10 of nearly 3 mistrust in objections. At the Cour returning to the saff were of support the all have no The details undertakent the Cour tand tand the Cour tand tand the Cour tand tand the Cour tand tand tand tand tand tand tand tand	uth Africa introduced new threats, but the situation was managed well globally escalate as problematically as some earlier erall statistics still suggest problems are nationally, although rates of deaths and missions are clearly down - a reflection of gh vaccine rates, which enables a slight ent in the (still high) overall risk tt.  array of advice, rules and guidance, there ambiguities in the message from the UK at which has caused discontent in local es (especially the hospitality sector). It was specifically, there have also been expected take ups of the Vaccine (in the 20,000 still not vaccinated in a population 200,000), for an array of reasons including the government and politics, ethical and fear of the side effects of the vaccine. The are continuing to diligently tackle these encil, where possible, most Officers are now to a hybrid approach to work, with 40% of in the office. Considerable numbers of deployed in slightly different roles to be demands of different services, but almost we returned to their substantive posts.  within the risk controls (and work already a this year) should provide some assurance buncil is positioning itself as effectively as deal with the challenges.
Control Title	Control Description	Lead Responsible Officer(s)	Service Manager	Due Date	Control - Latest Note
SRCR 0039 Pandemic - Business Continuity / GOLD / SILVER meetings / Contract Management / HR	The BECC (Borough Emergency Control Centre) and the internal Covid GOLD groups were both essential in coordinating all critical activities that might support the Council's response. Both were stood down in recent months, but are ready to be started up again whenever required. Senior management receive regular briefings about all developments and advice from the appropriate teams.	Senior Officers, advised and directed by Business Continuity	Cross Council	July 2022	May 2022 - Controls are in place and ongoing. In many areas of Hackney life is returning back to a 'pre-Covid' state, but there remain areas of concern. Impacts of this risk also cross over into other areas, particularly financial, with overlaps

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Also, essential service obligations to residents are met by targeted communications(which includes warning and informing them of any risks to health, security, welfare property etc.). Managers of service areas have updated their contact lists (staff and suppliers) and reviewed the Loss of People section in their Business Continuity plans as a priority. The BCPs ensure service delivery can continue effectively in the light of disruption. Regular updates are being provided by the Communications team to keep everyone fully posted on all developments and the Council's latest response. GOLD (initially held daily) and SILVER (initially held twice weekly) meetings are on standby to be convened more regularly if the crisis escalates again. Corporate Resilience meetings have been occurring throughout the last 18 months providing transparent leadership and guidance on the Council's overall resilience.

In terms of the supply chain, Contract managers have been encouraged to think about alternative suppliers that they might be able to use and consider what steps they would need to take to put alternative arrangements in place. Contract Managers are also being advised to familiarise themselves with force majeure clauses for their contracts, and the process that will need to be followed if a supplier tries to trigger it.

Another control being used is for `non-essential' (non-frontline) staff to be redeployed for temporary periods of time. This is at the discretion of HMT and assisting services with particularly high workloads in the aftermath of COVID. (eg Business Grant Applications). This has now slowed down as work starts to return to normal.

HR have drafted detailed guidance about every aspect of how COVID-19 may affect staff and how staff should proceed in the light of COVID related difficulties. This clarity should ensure a clearer approach to work during this confusing time. This will be applicable if the situation worsens again.

Public Health have been continuing a targeted and comprehensive campaign to address any concerns that Hackney citizens have about taking up the vaccine.

relating to the current cost of living crisis. During the pandemic, the Council was able to provide multi-layered support to Council tenants and private renters. The Business Rates team worked to identify the thousands of businesses in the borough eligible for the new rate reliefs and coronavirus business grants announced by the Government (in October 2021 Spending Review, it was confirmed £4.8 billion of grant funding would be available to local government over the next three years; an equivalent of £1.6 billion a year.) This would be shared amongst Councils however and not solve the overall problems of funding difficulties and shortfalls in Councils across the country.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk -	Latest Note
SRCR 0041 Risks arising from the (October 2020) Cyberattack INTERNAL RYSK ENTURE RISK 44	In the aftermath of the cyberattack (October 2020) on the Council's legacy internally hosted systems, there are continued impacts on services where work to recover systems and data is not yet complete (potentially heightened by the ongoing pandemic).  Substantial progress has been made with investigation and recovery, but this is still expected to take a significant period of time (at least many months). This presents significant risks in terms of service delivery and the ability of the Council's staff to carry out their roles in full.  Data stolen by the attackers was published to the dark web in early January 2021, which presents a further risk. There is also the risk that recovery work may introduce new vulnerabilities / reintroduce vulnerabilities which existed at the time of the attack / retain elements of the attack which could be reused in future.	Chief Executive's; Children and Education; Adults, Health and Integration; Finance & Corporate Resources; Climate, Homes and Economy	Tikelihood Impact	service recove The Co system remain Council As recove are wo In somis expe	postantive change to the risk. Further progress has been made with the recovery researe now operational although some workaround processes remain while ery / rebuild of systems continues.  Souncil has been continuing over the last 18 months to progress the recovery of the many and data that were affected by the cyberattack of October 2020. While there has work to fully restore all services, progress has been made across all of the fil's recovery priorities.  Sovery of systems and data continues, the Council's ICT team and service teams orking closely together to coordinate the planning and delivery of service recovery. The of the affected service areas the recovery work to process operational backlogs exted to continue for many months.  So continuing to respond to the publication of stolen data in January 2021.  Souncil is continuing to cooperate closely with the Information Commissioner's to support their investigation into the attack.
Control Title	Control Description	Lead Responsibl e Officer(s)	Service Manager	Due Date	Control - Latest Note
SRCR 0041a Recovering data	The cyber attack has resulted in all internally hosted legacy systems being unavailable. The recovery work is complex and extensive, so priority will need to be given in line with the Gold priorities.	Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland	Rob Miller	July - 2022	May 2022  No substantive change to the risk. Further progress has been made with recovery - services are now operational although some workaround processes remain while recovery / rebuild of systems continues.  The recovery work has been continuing in line with the priorities set by Cyber Gold. The most critical services are:  • Mosaic (social care) • Academy (benefits and revenues) • M3 (Planning and land charges)

					Housing (delivery of modern digital tools to replace the legacy system)  In all cases progress has been made, but due to the severe and complex nature of the attack there is still further work needed to fully recover services.  In some cases (eg Revenues and Benefits processing) system recovery work is sufficiently progressed that service teams are now able to progress the work to address backlogs that have accumulated as a result of the attack.  In other services (eg social care) service teams have access to core data that has been recovered but do not yet have access to the full set of functions required to operate normally. There are some data sets where recovery work is still subject to technical investigation, so timelines for recovery are not yet clear.
SRCR 0041b	The systems that have been impacted by the cyber attack are essential for the delivery of many of the Council's critical services including: social care; housing benefits; Council Tax and Business Rates; land charges; and housing services.  These systems and data sets being unavailable has a major impact on those services and business continuity and contingency arrangements will be essential to delivery of the most critical parts of those services.	Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland	Aled Richards / James Groom	July - 2022	May 2022  Cyber Gold has now been stood down and further coordination is led by the Corporate Leadership Team / directorate leadership teams. Fortnightly briefings for Council Silver officers continue.
Maximizing	While primary services systems are unavailable it is essential to explore alternative interim tools that can be made available to support service continuity arrangements. The Council has a number of tools it can deploy to provide this, including tools developed using the Amazon Web Services cloud platform and Google Workplace.	Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland	Rob Miller	July - 2022	May 2022 - no substantive change to this control.  The ongoing recovery work continues to include significant progress to recover data onto modern cloud technologies (which in many cases present a faster route to recovery and supports delivery of the Council's longer term strategy for technology and data).  This includes migrating recovered data onto new cloud based systems which were already in progress, procurement of cloud based systems to replace legacy systems, and development of modern digital tools where that presents the best strategic fit.
SRCR 0041d Communicatio n to residents and staff	Many services that residents depend on have been impacted by the attack.	Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland	David Hardiman	July - 2022	Each service area is responsible for taking the lead on communicating impacts and change to their services.  The Council's communications team are providing support to services in developing their proactive and reactive comms plans. A review of service status updates and communications has been in progress to ensure that accurate and relevant information is provided to residents.

					Regular communications are being published online, through the Council's e-newsletter, social media channels, Hackney Today and Hackney Life which are used to deliver updates on service status, impacts on residents and mitigations.  Fortnightly Council Silver briefings are taking place to ensure that senior managers across all services are updated on progress and are able to cascade relevant information to their teams. This is supported by updates on progress and key cyber updates as part of internal communications to all staff.
SRCR 0041e Security of recovery work	The work to recover systems and deploy contingency tools needs to move at pace and involves a large number of pieces of work. This presents potential security risks from using tools in different ways and the pace of work.  There are also potential security risks arising from restoring legacy systems, with the risk that pre-existing vulnerabilities and any remnants of this attack are returned into the operational environment.	Ian Williams	Rob Miller	March - 2022	May 2022 - no change. Following the cyberattack we have been working to recover our services to the cloud (inc vendor hosting and public cloud). We are currently working to decommission our legacy datacentre environment and will be operating a fully cloud environment once this completes.  The recovery work is being supported by careful security assessment (inc pen-tests) as we deploy new services, and in parallel to the recovery work our security assurance workstream is establishing our policies and processes for ongoing management and assurance of our systems and data. This includes compliance with NCSC guidance and other required standards.
© 0 SBCR 0041f Data exfiltration risk	Alongside the significant disruption to the Council's services, data stolen-by the attackers was published on the dark web in early January 2021.  This presents a risk that the Council will need to control against-for an extended period of time (years), and a data response team has been established.	Ian Williams	Rob Miller	Ongoi ng	May 2022 - ongoing.  The Council has established a data response team to manage the ongoing mitigation ofrisks relating to the theft of data and support services in their response. This work is continuing in line with the risk mitigation plans that have been developed.

Risk Title	Description of Risk	I)Iractorata	Current Risk Matrix	Risk - Latest Note
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There is an ongoing risk to the Council's finances arising from measures that the Government are continuing to take. This is now being compounded by the effects of the pandemic and the cost of living crisis. COVID-19 expenditure has significantly reduced the flexibility and resilience of the Council's financial position and this has now been exacerbated by the Cyberattack.

**SRCR 0001** National and International Conomic Sownturn **GURRENT &** 

**FUTURE RISK** 

The risk is that the Council spends more money than it can finance through planned income streams and the annual financial settlement from central government. This then results in a budget deficit or an unacceptable call on reserves. London boroughs Core Spending Power will be **EXTERNAL RISK** c.19% (£2.2bn) lower than 2010-11 by 2024-25 in real terms.

> This poses a risk that as a result of reductions made to services and overall funding, the quality and outcome of work impacts adversely on stakeholders, leading to local dissatisfaction and damage to the Council's reputation. Tighter finances result in less capital, repossessions, and potential developments frozen, affecting potential economic development and social infrastructure. This all contributes to a risk of real poverty and inequality emerging in areas of the Borough.

Chief Executive's; Children and Education; Adults, Health and Integration; Finance & Corporate Resources; Climate, Homes and Economy



## May 2022

Since the last update, the Coronavirus pandemic has continued to have a seismic impact on economies internationally. The Council has clearly been seriously affected by this. Pressures arising from COVID-19 in 2021/22 within service areas are estimated at over £7million, through a combination of reduced income (commercial income, fees and charges etc) and increased expenditure. In addition to this there is also an impact on collection levels in respect of Council Tax, NNDR and Housing Rents, although it is difficult to discern the impact of Covid from the impact of the cyber attack here. For 2021-22, Central government has provided £11m from the Emergency Fund. There is no Collection Fund compensation scheme for 2021/22 and the accrued loss of income in respect of NNDR and Council Tax will impact on 2022/23 with NNDR losses in part mitigated by grant in respect of reliefs granted to businesses. We also submitted and have received our final Sales, Fees & Charge claim for this Covid-support scheme which ended after the first quarter of 2021/22 although income is still impacted by Covid beyond this

The Fair Funding Review was, at the last review of this risk, a significant factor from 2022/23 onwards. In light of the pandemic, its implementation will not occur before 2023/24. This review will affect how funding is allocated and redistributed between local authorities in the future and should take account of the 'new normal' following Covid. It is anticipated that the Council will be a net loser on the basis of proposals that were previously proposed. It must also be recognised that the likely delay to Fair Funding will make robust medium term financial planning extremely difficult.

Despite the fact Brexit was finally agreed, there still remain financial risks with regards to supply chains and how the economy in general adjusts to this new situation.

Ongoing Central Government cuts mean that Hackney must already work with £140 million less a year than in 2010, while rising costs and increased demand for services have added a further £42 million of expenditure for the Council to find. Over the period 2010/11 to 2018/19 the Council's core Government funding shrunk from £310m to £180m - and by 2022/23 it is £170m - an overall cut of 45%. All these points illustrate the undeniably challenging financial predicament of the Council, which is potentially more challenging given the ongoing impact of the pandemic and other inflationary pressures.

The latest MTFP (published as part of the 2022-23 Budget report) estimates that there will be a gap of £22.1m in 2023-23, a further gap of £17.5m in 2024-25 and a further gap of £13.6m in 2025/26. However this must be regarded as an Illustrative forecast only because of uncertainties regarding future external funding and the ongoing impact of Covid and the cyber attack.

				Clearly, the one year settlement for 2022/23 does not assist with medium term financial planning and the Council must be prepared to develop significant savings plans in the medium term in anticipation of the Fair Funding Formula are in the context of the economic impact of the pandemic and Brexit which may all impact on resources available. In the light of the pandemic adding more uncertainty and challenge to an already problematic situation, the score has be maintained at the maximum.		
Control Title	Control Description	Lead Responsible Officer(s)	Service Manager	Due Date	Control - Latest Note	
SRCR 0001B National and International Economic Downturn	There is a need to ensure that the Medium Term Financial Plan accurately reflects best estimates of future funding levels. Financial planning will be constantly diligent and reflect the changing circumstances of budgets available. Also, controls from other related risks are relevant, e.g. Regeneration projects and Recruitment and Retention [increasing access routes into the Council's employ].	Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland	Ian Williams	February 2023	May 2022 - action ongoing - The MTFP was refreshed and presented as part of the 2022-23 Budget report with the indicative impact of the Fair Funding Review for 2023/24 being built into the Council's forecasts. This will be further refreshed in Summer 2022 with particular regard to ongoing inflationary pressures (see Risk SRCR 0042)	
STCR 0001A (trational and International Esonomic Onwnturn	Whilst the overall risk is external and largely beyond control of the Council, there is a clear need to identify, implement, monitor and resource the delivery of significant reductions in expenditure and to ensure the services that continue to be provided are resourced adequately. Also, Officers' advice to members needs to be explicitly clear as to what can and cannot be delivered including the organisations ability to deliver and implement the commitments contained within the local manifesto.	Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland	Ian Williams	February 2023	May 2022 - action ongoing. The budget for 2022/23 was developed in the context of MTFP forecasts and approved by Council in March. Going forward the Council's Transformation Programme will provide the framework through which budget proposals will developed to ensure financial sustainability and to deliver against the Council's Corporate Plan and MTFP from 2023/24. This will not offer straightforward solutions, however, and it is anticipated that difficult decisions will still need to be taken.	
SRCR 0001D National and International Economic Downturn	Savings proposals were developed and agreed with members in order to bridge the forecast reduction in resources in 2021/22 and subsequent financial years. At the same time, the capital programme is subject to review to ensure that available resources are used to deliver Council priorities. Several measures, including numerous restructures, have been used to reduce overall expenditure levels across the Council. There are also continuing efforts at seeking ways to generate additional income, for example in the use of Corporate Estates for events /major regeneration and building projects / changes in service delivery models etc. This is already resulting in considerable savings to help mitigate the risk of funding cuts.	Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland	Ian Williams	February 2023	May 2022 - ongoing, as noted above regarding savings for future years. Savings agreed as part of budget setting for 2022/23 will be monitored as part of the OFP. The Capital Management Review is nearing its conclusion. A key feature of the review is to ensure that the capital strategy remains aligned with the Council's priorities through revised governance and approval processes and that the capital programme is affordable in terms of capital resources available and the impact on revenue budgets through clear links through to the MTFP.	
SRCR 0001E Commercialisatio n	The Council is looking to take advantage of commercial opportunities which are presenting themselves as a new way of raising capital and mitigating impacts of austerity. These more innovative ways of working present	Mark Carroll; Ian Williams; Jacqui Burke;	Ian Williams	February 2023	May 2022 - The Council has sought ways of generating income in constrained financial circumstances and therefore the scale of investment activity (for example in commercial property) has increased. As yet, Hackney has not adopted a corporate approach to	

opportunities to protect the Council against cuts in other areas.	Helen Woodland	commercialisation across the organisation, although there are specific examples where commercial activity and projects are in progress or being considered. Examples include those where Council owned property have been leased out to third parties and the commercial waste company which was established at the end of 2021.  Opportunities will be considered further as part of the Transformation Programme referred to above where a specific workstream around income generation is proposed. The Council does need to ensure it operates within the context of the limits on commercial investment which follows the revised Prudential Code.
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page 4400  SRCR 0002  Management of Capital Programmes / Schemes EXTERNAL RISK FUTURE RISK	From a financial perspective, as a result of substantial external borrowing to fund the ambitious capital programme, the Council moves from a debt free position and become more vulnerable to changes in the market (potential volatility of the housing market affecting sales volumes / value and increasing building costs as a result of weaker GBP against other currencies). This could lead to financial pressures as unexpected costs of borrowing would be incurred.  Additionally, Major Capital Schemes may not be managed or targeted effectively to maximise use of resources available and ensure delivery according to expectations. This poses a risk to the successful completion of such schemes, incurring losses and dissatisfied stakeholders.	Chief Executive's; Children and Education; Adults, Health and Integration; Finance & Corporate Resources; Climate, Homes and Economy	Trivelly or a second se	May 2022 - This risk is ongoing and intensifying somewhat in light of the quantity of high level programmes across the Council. Particularly in regards to property development, the ambitious capital programme requires forward funding, pending future sales of private residential units on completion of regeneration and other mixed use development schemes. In terms of this financial year, the capital programme for 2022/23 is currently £244.3m (non-Housing schemes totalling £120.3m and Housing schemes totalling £124m). A commitment to building affordable homes is part of the Mayor's priorities, so multiple building projects will be required to achieve this.  The plans for Britannia go beyond Housing, which makes this scheme all the more important, and one of the most ambitious in the programme. There are detailed separate risk registers for projects such as Britannia. Britannia has a commercial lead and has contracted construction specialist cost advice and financial viability advice for the project. This has meant that phase one (the school and leisure centre) have been delivered on budget. This approach will continue for phase two of the project, enabling more informed decision making by the Officer Steering Group and Project Board established to govern it. This should also provide extra assurance about how a major project is being managed. All major projects (another example being the long term plans for the Tesco site on Morning Lane) contain detailed break clauses, which essentially provide guarantees that (even with the initial investment) the council cannot suffer serious losses.

					ained the same since the last period as there are s to the project profile.
Control Title	Control Description	Lead Responsible Officer(s)	Service Manager	Due Date	Control - Latest Note
SRCR 0002A Management of Capital Programmes / Schemes  Page 0 47	All capital schemes are subject to review via the capital budget monitoring process. Slippages can be identified via this process and appropriate action taken. Following the Audit Committee Deep Dive, services have agreed to a target spend versus profile. The quarterly monitoring that is included in the regular Overall Financial Position (OFP) Report to Cabinet is also included in performance review report to Audit Committee.	Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland	Jackie Moylan	Feb - 2023	May 2022 - The forecast position for the 2021/22 budget is £156.8m compared to a revised budget of £166.4m and original budget of £236m. Capital budget profiling is a focus as it informs treasury decisions, and actuals v budget are being reported to Audit Committee accordingly. The most recent report (April 2022) noted delays in the 2021/22 programme driven by three main factors - namely construction inflation, the ongoing impact of the pandemic and external decisions (e.g. S77 re Britannia)  The capital budget for 2022/23 is £244.3m (Non-Housing budget £120.3m and Housing budget (£124m). We anticipate that construction inflation will remain a major factor in the deliverability of large elements of the programme which will result in further slippage.
SRCR 0002B Management of Major Capital Schemes	Major schemes are managed via project boards to ensure appropriate actions are taken to ensure delivery of scheme to expected standards.	Mark Carroll; Ian Williams; Ajman Ali; Jacqui Burke; Helen Woodland	Jackie Moylan	Feb - 2023	May 2022 - Governance for major projects include next step gateway processes which ensure affordability of projects are subject to periodic review which is a significant risk in a time of high construction inflation.
SRCR 0002C Management of Major Capital Schemes	The Capital programme is currently subject to overall review in order to reduce the overall call on available resources and to ensure their use is prioritised in line with member decisions.	Mark Carroll; Ian Williams; Ajman Ali; Jacqui Burke; Helen Woodland	Jackie Moylan	Feb - 2023	May 2022 - The Capital Management Review is nearing its conclusion. A key feature of the review is to ensure that the capital strategy remains aligned with the Council's priorities through revised governance and approval processes and that the capital programme is affordable in terms of capital resources available and the impact on revenue budgets through clear links through to the MTFP.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
SRCR 0010 Pension Fund EXTERNAL RISK CURRENT & FUTURE ROSK Q O 0 4	General market volatility (eg – price and pay inflation is more than anticipated), changing demographics, vulnerable asset classes and any legislative changes could pose a risk to investment returns which underpin fund performance and ability to meet future liabilities without additional financial burdens on the taxpayer. If investment returns are poor or the outflow of resources is much larger than expected or an asset category seriously underperforms, this will have serious financial implications for the Pension Fund and ultimately add cost pressures to the Council's budget and other employers in the Fund via increased employer's pension contributions.	Finance & Corporate Resources	Impact	May 2022 -  In the immediate aftermath of COVID-19 st investments almost everywhere went down and continue to generally increase in value. volatile, both our investment strategy and t (our future pension payments) stretch over confident that it is robust. The Fund remain strongly as in the past. We will be closely m not expect to make major changes outside a review of which is underway in conjunctio valuation. We remain committed to the Funcarbon reserves and greater focus on ESG r.  The likelihood of this risk occurring remains volatile conditions in investment markets are demographics. The impact has to remain his the Fund's ability to pay benefits when they In Oct 2015, the Government called for the England and Wales to be pooled into 8 pools assets. The Council has committed to transf CIV, but the process will still not be complet proposals will incur transition risks, as well process continues to be managed carefully, make efficiencies in investment costs. The result in further pooling of the Fund's investi	while market conditions remain the plan for meeting our liabilities the very long term and we are scash flow positive albeit not as conitoring the situation but we do of the Fund's investment strategy, in with the 2022 actuarial d's policy to reduce exposure to matters.  Telatively high, given the ongoing of the impact of changing gh, given the potential threat to are due.  The assets of the 91 LGPS funds in the soft approximately £25bn+ of the first further assets to the London the for a few years. Further as overall strategic ones so the although the overall aim is to refreshed investment strategy will
Control Title	Control Description	Lead Responsible Officer(s)	Service Manager	Due Date	Control - Latest Note
SRCR 0010D Pension Fund	The funding of the Pension Fund liabilities continues to be monitored closely and the Fund seeks to mitigate systemic risk through a diversified portfolio of asset classes but it is not possible to make specific provision for all possible eventualities that may arise under this heading. Rebalancing arrangements are in place to ensure the Fund's "actual allocation" does not deviate substantially	Ian Williams	Jackie Moylan; Rachel Cowburn	February 2023	Updated May 2022 - ongoing.

	from its target. The Fund invests in a range of investment mandates each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, help reduce the Fund's asset concentration risk.				
FRFSV 0052D Knowledge and Skills	Ensuring those charged with governance of the Fund and for managing the day to day operations have the requisite knowledge and skills to make informed decisions when managing the funding position. Regarding proposed changes, all consultations and guidance from the Government are being monitored, and responded to where appropriate.	Ian Williams	Jackie Moylan; Rachel Cowburn	February 2023	A revised CIPFA framework has been issued and an updated Council Policy was agreed at Pensions Committee in November 2021. An updated training programme will follow an audit against this new policy in the new administration - May 2022
FRFSV 0053B Pension - Valuation Monitoring U U U	Triennial Valuation assesses the funding position, intervaluation monitoring ensures that movements in the Funding position can be assessed and strategies to manage any deterioration/improvement are put in place. Assessment of liabilities at the triennial valuation and the roll-forward of liabilities between valuations helps identify – financial mismatch / falling risk free returns on government bonds / higher than anticipated inflation / increasing fund maturity / insufficient deficit reduction payments.	Ian Williams	Jackie Moylan; Rachel Cowburn	early 2023	Reviewed May 2022 – ongoing. The triennial valuation as at 31st March 2022 is currently underway. This is a complex process which will not conclude until the end of 2022/23 and the timeframes have been set out for Pensions Committee.
FRFSV 0053C Identifying the external risk factors that affect the funding position	Identifying the various risk factors, asset/liability, investment, longevity, interest rates, inflation, liquidity, etc and how the interaction of these impacts on the funding position and adapting the strategy and business plans to manage these risks where feasible. Also regarding further Asset Pooling, planning for transition is considered as part of the Investment Strategy development to ensure assets are transitioned efficiently and within the required timeframes.	Ian Williams	Jackie Moylan; Rachel Cowburn	early 2023	Updated May 2022 - All these factors will be reflected in the triennial valuation process.
FRFSV 0042D Appropriate levels of knowledge and skills to make decisions	Use of external advisers to assist in making investment decisions and ensuring that decision takers understand the investments of the fund. There is ongoing monitoring of financial markets and close communication with Pension Fund Investment managers/consultants.	Ian Williams	Jackie Moylan; Rachel Cowburn	February 2023	Updated May 2022 - ongoing. Detailed reports are considered at Pensions Committee at regular intervals providing them with the assurance that risks are being managed.
FRFSV 0042E Controls related to asset pooling	Monitor proposed changes, consultations and guidance from Government on the pooling agenda, responding where appropriate to influence outcomes. Amend process where required to ensure compliance.	Ian Williams	Jackie Moylan; Rachel Cowburn	February 2023	May 2022 – Planning for transition is considered as part of the Investment Strategy development to ensure assets

Also maintain good working relationships to ensure the Fund is fully aware of developments at the pool level and the pool is aware of and responds to the Fund's strategic requirements.		I .	are transitioned efficiently and within the required timeframes.
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Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page Secretary of New Legislation EXTERNAL RISK FUTURE RISK	The Council may not be able to respond to external influences on legislation and updated policies, thus risking the efficiency and effectiveness of service provision. Also if requirements of any new act are not met, there would be an adverse impact on the Council's legal and reputational standing.  As a result of new policies, the Council's financial position may be adversely affected, constraining its ability to invest or progress work in new areas. Many of these policies could also have damaging consequences for the local community and many people currently living in Hackney.  Additionally, the impact of new legislation - seen in areas such as Welfare Reform (especially Universal Credit) and in response to the Coronavirus crisis- could result in an increase in rent, service charge, arrears, higher legal costs, increased evictions and pressure on the vulnerable (potentially resulting in homelessness).  Further effects of new legislation could be financial, legislative (with a failure to understand the breadth of responsibility) and reputational, directly affecting the local community. There could also be issues amongst the local community in terms of dissatisfaction, lack of understanding and increased financial difficulties.	Chief Executive's; Children and Education; Adults, Health and Integration; Finance & Corporate Resources; Climate, Homes and Economy	Impact	May 2022 –The latest Queen's speech was delivered in May 2022, and contained 38 bills including ones on schools, data and procurement (the latter two linked to leaving the EU). The Homelessness Reduction Act (April 2018), GDPR (May 2018), the Care Act (2014), The Housing and Planning Act 2016 and the Environment Bill (2021) are all further examples of recent legislation having a significant impact on the demands to the services of the Council. With the emergence of the Coronavirus, a great deal of pressure has been put on Benefits as there have been massively increased numbers of those claiming UC (and business grants etc), especially post COVID-19.  Regarding the Housing and Planning Act (2016), the HRA debt cap has now been lifted, the forced sale of council houses removed – therefore having increased flexibility for investing in new homes. However, there are pressures on new housing delivery and the investment in existing stock arising from changes to Building Control, fire safety, and the need to reduce carbon emissions.  Furthermore there are other forthcoming examples of proposed legislation that could impact on the carrying out of Council functions, and the risk that needs to be managed is the implementation process and the financial and human resources that may be required. This needs to be kept under review as each legislation is passed and implemented. Risk remains at same score.

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Control Title	Control Description	Lead Responsible Officer(s)	Service Manager	Due Date	Control - Latest Note
SRCR 0013 Impact of New Legislation	The Council continues to monitor and respond to consultations regarding service delivery and other innovations to ensure that it is fully aware of new and changed initiatives and can react accordingly. All managers keep up to date with external developments which may impact on their work. Careful project and programme management is undertaken to deal with any serious reforms and their implementation. There is a quarterly Corporate Law Update outlining all the latest legal developments and their potential impact on the Council.	Mark Carroll	Dawn Carter- McDonald	Sept 2022	May 2022 - ongoing. A specific example of this would be within Housing, where the Senior Officers have been continually carrying out detailed analysis regarding the likely impact of new (Housing) policies, both internally and with other boroughs and representative organisations. Individually and with other boroughs, the Council continues to respond to policies in order to mitigate the adverse effects of these policies. Once the detailed Statutory Instruments have been published , the likely impacts of the various policies can be more accurately be assessed and work can continue on preparations to implement the measures in a way that best mitigates the impacts on the Council and residents. The Building Safety Bill (issued 20/7/20) and new energy regulations both constitute new legislation to get to grips with.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
SRCR 0018 Workforce & Skills INTERNAL RISK FUTURE RISK	Two years on from the start of the Covid pandemic, and the implementation of future workplace programmes could lead to staff feeling disengaged and unsupported, lack of cohesion within hybrid teams, disproportionate impacts on some groups of staff, and growing perceived disparities between fieldbased and office/home based staff. Staff working remotely for the majority of their time could feel excluded from development opportunities. Ongoing uncertainty around the pandemic situation could lead to organisational drift.  Additionally, the world of technology and work is changing fast and there is a risk that the Council might fail to maximise the potential of these changes, including the potential to transform services through effective use of data, technology and digital approaches and mind sets. As well as the risk of missing opportunities to deliver more	Chief Executive's; Children and Education; Adults, Health and Integration; Finance & Corporate Resources; Climate, Homes and Economy	ž <b>L</b>	May 2022 –  The ongoing pandemic has added an increased importance to this. In the immediate aftermath of the lockdown, it became clear that the vast majority of the workforce would need to permanently work from home for a period of months and this would be a challenge to technology. Happily, most risks related to this have not materialised. However, the adaptation towards a (flexible) return to work may now present new challenges. As of May 2022, most teams are looking to return to a hybrid approach to work, of two days in the office and the rest home working.  The Cyberattack in October 2020 added a new level of challenges to this risk, which have been worked through over the last year with ongoing workstreams to ensure all services can return to running as normal. Significant backlogs do remain however.

	cost effective services, this also risks Hackney failing to meet residents' expectations of the Council's services.  There is also the additional risk that amidst an atmosphere of financial reductions and redundancies (and the ongoing pandemic), the Hackney workforce become demotivated, leading to a negative atmosphere amongst workers, impacting upon service delivery and leading to dissatisfied stakeholders. Also that restructures and significant senior leadership change may cause temporary loss in efficiency as officers are unsure of how new reporting arrangements, responsibilities and service provisions are put into practice. Knowledge could be lost with a large number of experienced staff taking redundancies.  An additional organisational risk in this area is around the modernisation agenda and a need for the workforce to adapt and change and be receptive to new ways of working. Failure to do this could result in the Council lacking the dynamism to succeed in effectively utilising opportunities open to it.			There has been notable change within the Senior Leadership at the Council in 2021. The latest Voluntary Redundancy scheme was completed in the spring of 2020. Further restructures are planned or taking place in different services around the Council. These are being carried out for a variety of reasons including improving team's organisational efficiency, adapting to new ways of working and also in some areas due to cuts to funding.  The latest Staff Engagement Survey has just been completed, and the results shared with all staff. Overall, the results illustrate generally positive feedback from staff, but all areas are being analysed, with CLT pledging to take all issues on board. Also, March 2022, saw the completion of the latest Future Ways of Working survey, with very usef feedback helping this become a genuinely two-way process.		
Opntrol Title	Control Description	Lead Responsible Officer(s)	Service Manager	Due Date	Control - Latest Note	
SRCR 0018 a Workforce & Skills	Investing in staff skills and digital leadership across all services  Ensuring that the Council has a joined up approach to workplace - designing technology, workspace, policy and practice to ensure that these come together cohesively to support maximisation of these opportunities.  The Council is piloting training for all managers with home/office staff to help them gain the skills to effectively manage a hybrid workforce. 65 managers took part in the pilot in Sept/Oct 21 with the aim to use their feedback further adapt and tailor the course content for Hackney and deliver organisation wide. An organisation wide staff survey is currently underway to test staff engagement/morale/infomed levels. Data will be provided at Directorate and Dept level and support provided for Directors to shape action plans. Regular staff insight work has been carried out throughout the pandemic and has shaped the organisational response and future workforce plans. The workforce strategy has been updated in the light of the pandemic.	Mark Carroll, Ian Williams	Stuart Thorn, Rob Miller, Polly Cziok	July 2022	May 2022 - Updated and ongoing.	

SRCR 0018 b Workforce & Skills	There are detailed HR procedures and processes to deal with all relevant areas (including problems/instability created by restructures) and these are carefully adhered to by teams involved. All communication is regular and carefully considered.  Staff are well supported in adapting to new ways of working (whether from an IT or HR perspective).	Mark Carroll, Ian Williams	Stuart Thorn,	July 2022	May 2022– these controls are in place and continuing. Detailed guidance was drafted in March 2020 to provide staff with detailed instructions and special dispensations (if required) during the Coronavirus crisis. These have been consistently updated since then to reflect the latest position. Most recent guidance in Spring 2022, points towards a return to the office with a hybrid approach to work. Also clear guidance and support offered for restructures etc.
SRCR 0018 c Workforce & Skills	Ensuring that the Council's strategic plans reflect these opportunities. Also that internal communications effectively relay any developments and changes.	Mark Carroll, Ian Williams	Policy	July 2022	New Corporate and Community Strategy (2018-2028) reflect this.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
SRCR 0021 Cyber / Information Security INTERNAL /EXTERNAL RISK FUTURE RISK	There is a risk that the security of Council's systems, network and devices could be compromised. This would have very damaging, widespread implications. Especially because reliance on these systems have increased in the aftermath of the COVID-19 crisis.	Chief Executive's; Children and Education; Adults, Health and Integration; Finance & Corporate Resources; Climate, Homes and Economy	Impact	May 2022 - no substantive change to the risk. Following the cyberattack of October 2020 we have been working to recover our services to the cloud (inc vendor hosting and public cloud). We are currently working to decommission our legacy datacentre environment and will be operating a fully cloud environment once this completes.  Our recovery is consistent with the Council's pre-existing technology strategy, through which we have removed a number of underlying risk factors (eg replacement of Windows PCs with Chrome OS devices for over 95% of users).  The recovery work is being supported by careful security assessment (inc pen-tests) as we deploy new services, and in parallel to the recovery work our security assurance workstream is establishing our policies and processes for ongoing management and assurance of our systems and data. This includes compliance with NCSC guidance and other required standards.

Control Title	Control Description	Lead Responsible Officer(s)	Service Manager	Due Date	Control - Latest Note
FR IT 0006a Ensure compliance with the PSN Code of Connection and other applicable standards (including the ICT security requirements for compliance with the NHS IGSoC).	Ensure that the Council has effective policies, guidance, training and measures to enforce compliance for all users (including Members). This will be an ongoing activity (no fixed end date).  In the wake of Coronavirus emerging and the new need for most Council staff to home work, all the protocols have been reiterated to staff, to ensure that in the environment of home working, standards are upheld and any security risks continue to be minimised. Regular support is on hand to deal with any uncertainties.  This will be an ongoing annual activity (no fixed end date).	Ian Williams	Rob Miller	July 2022	May 2022  The Council has been issued with a renewed PSN compliance certificate, valid to January 2023.  The Council worked with the Cabinet Office to prepare the submission for this PSN accreditation based on the new architecture for our recovered systems.  Regular updates on cyber security risk management continue to be monitored by the Council's Information Governance Group.
R IT 0006b Ensure that all users of the Council's systems and data the appropriate measures to protect these.	Ensure that the Council has effective policies, guidance, training and measures to enforce compliance for all users (including Members). This will be an ongoing activity (no fixed end date).	Ian Williams	Rob Miller	July 2022	May 2022:  The Council worked with the Cabinet Office to prepare our submission for PSN accreditation based on the new architecture for our recovered systems. This was issued and is now valid until Jan 2023.
FR IT 0006c Ensure that all hardware and software is supported for security updates.	Ensure that infrastructure and application lifecycle management practices are in place and functioning effectively so that the Council's systems remain supported. This will be an ongoing activity (no fixed end date).	Ian Williams	Rob Miller	July 2022	May 2022 - control ongoing.  Our security assurance workstream is establishing our policies and processes for ongoing management and assurance of our systems and data. This includes compliance with NCSC guidance and other required standards.  Regular updates on cyber security risk management continue to be monitored by the Council's Information Governance Group.

FR IT 0001 Information Asset INTERNAL RISK FUTURE RISK	The Council holds a wealth of information assets across its services. It is essential that this is managed in compliance with requirements such as the Data Protection Act, the NHS IG Toolkit and also the General Data Protection Regulation (which came into effect from May 2018). It is also essential that the Council is able to use these information assets effectively to commission and deliver high quality services, reduce costs and work in partnership with other agencies and providers.	to notify national Government and also the Information of Corporate Resources  The Council's preparations for GDPR have helped to incident response. Specifically, the Information Assemble effective in providing the basis for assessing the rise exfiltration / publication to inform mitigation plans.			cyber attack on 11 October the Council took swift action and Government and also the Information Commissioner's cuncil is continuing to work closely with the Information r's Office to support their investigation into the incident.  preparations for GDPR have helped to support the conse. Specifically, the Information Asset Register has been coviding the basis for assessing the risks of data publication to inform mitigation plans.
<b>Co</b> ntrol Title	Control Description	Lead Responsible Officer(s)	Service Manager	Due Date	Control - Latest Note
FR IT 0001a Information management	Ensure effective information management policy and processes are in place so that the Council meets the requirements of the Data Protection Act / other legal and regulatory compliance arrangements.  Ensure that the Council's information assets are managed robustly and used effectively to provide insight and to integrate Council and partner services, and deliver the maximum benefit to residents and businesses.  This will be an ongoing activity (no fixed end date).		Rob Miller	July 2022	May 2022 - ongoing control. Following the cyber attack on 11 October the Council took swift action to notify national Government and also the Information Commissioner's Office. The Council is continuing to work closely with the Information Commissioner's Office to support their investigation into the incident.  The Council's preparations for GDPR have helped to support the incident response. Specifically, the Information Asset Register has been effective in providing the basis for assessing the risks of data exfiltration / publication to inform mitigation plans.  Regular updates on management of information assets continue to be monitored by the Council's Information Governance Group.
FR IT 0001d Third party information sharing	Ensure that we can do business efficiently and seamlessly by having appropriate data sharing agreements in place.	Ian Williams	Rob Miller	July 2022	May 2022-  Review of third party information sharing is coordinated by the Information Management Team, who support

It will be critical to ensure that control requirements are assessed and the implications for Hackney users are clear and proportionate (eg. some third parties require controls that would excessively restrict the Council's use of systems and buildings etc, and these may be barriers to information sharing).	services in applying the relevant Council policies to their information sharing arrangements.  Regular updates on management of information assets continue to be monitored by the Council's Information Governance Group.
This is an ongoing activity (no fixed end date).	

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
P ຜູ ຜູ ຜູ ຜູ ຜູ ຜູ ຜູ ຜູ ຜູ ຜູ	(Risk that) the Council does not have an updated, robust and tested corporate resilience plan in the light of a major incident affecting its business. (An example would be a major failure affecting the Council's hosting facility provider - Advanced 365. The clear risk here would be the loss/unavailability of the external data centre - single point of failure.) This could impact on service delivery throughout the organisation.  There is also a risk that Business Continuity Plans across the Council's services do not accurately reflect the disaster recovery provision that is available. This could result in services not being able to invoke their continuity plans effectively due to incorrect assumptions.	Finance & Corporate Resources	Tikelihood Inikelihood Impact	May 2022 - The Council has a robust and tested plan in place. It is essential for the Council to provide some assurance that we are suitably prepared to respond and adapt to incremental change and sudden disruptions. Clearly this could impact massively on our ability to effectively deliver services, so resilience is a critical part of future planning.  After the sudden need for all office based workers to move to working from home in March 2020, following the outbreak of COVID-19, the consensus is that Business Continuity was maintained and services were able to continue operating effectively. The IT framework was able to support this massive surge in home working.  The cyberattack in October 2020 caused critical problems, which impacted on all of the Council's internally hosted systems. Cloud hosted services (including G Suite and the Council's website and intranet) continued to function but other major systems were not functional, impacting severely on service delivery. This is ongoing. DR provision is in place for critical systems and additional infrastructure capacity has been added during the COVID crisis. Successful DR testing has recently taken place, providing assurance of overall resilience. BC Plans have been consistently reviewed and will be further updated during the crisis to reflect any changes.

Control Title	Control Description	Lead Responsibl e Officer(s)	Service Manager	ate	Control - Latest Note
FR IT 0003a Resilience of ICT systems / Disaster Recovery	Work is progressing to commission resilient hosting arrangements in the Council's Stoke Newington offices. This will provide the facility to restore critical systems (based on a previously agreed list of corporate priority applications) so that priority Council services will have access to their systems within 4 hours of a major outage with loss of data limited to 15 minutes (Recovery Point Objective). A test on 1 key application has already proved successful.  It must be noted that this provision will not give instant seamless failover for these services - so Council services must ensure that their Business Continuity Plans include plans in the event that ICT systems are not available - other services whose systems are not included in the resilience provision must ensure that their Business Continuity Plans include plans for extended unavailability of their ICT systems.	Ian Williams	Ian Williams Rob Miller July 202		May 2022 - the Council has tested DR provision in place and the ICT Services division's Business Continuity Plan has been signed off and tested. A review of the DR provision (from the ICT perspective) was internally audited and the report was completed at the end of 2018. The final level assurance was significant, suggesting a robust approach is in operation. A new internal audit is now scheduled.  The ICT service's business continuity arrangements are kept under regular review and reported to the Council's Business Continuity Management Group which meets quarterly.
FR IT 0003b Review of Business Continuity Plans across the Council's services.	The Corporate Business Continuity Manager is supporting service managers across the Council in carrying out a review of their Business Continuity Plans. This is designed to identify critical services and their continuity requirements, and will help ensure that their plans are based on accurate expectations of the provision available.  It is planned to implement a rolling 18 month schedule of review for all the council's BCPs. This will be in place following the current review of BCPs across all services, which has pretty much been completed within the last six months.	Rob Miller; Ian Williams	Rob Miller	July 2022	May 2022: No further specific update. The Council's business continuity arrangements are kept under regular review and reported to the Council's Business Continuity Management Group which meets quarterly.  Also, the corporate review of Business Continuity Plans has been completed.
SRCR 020A -Corporate Resilience Forum	A Corporate Resilience forum has been established and will take overall strategic lead reporting to CLT. However the specific ICT issues are still managed by ICT themselves.	Rob MIller	Cross Council	Ongoing	From paragraph 1.1-1.2 of the CRF report:  1:1 The CRF oversees the development of all systems and processes for Emergency Planning, Business Continuity Pandemic Planning and Resilience within Hackney Council.

		1:2 This group will also ensure that appropriate links are made to other stakeholders in relation to Emergency Planning and Resilience such as NHS, LFB, MPS, EA AND VCS.
		Regular meetings continue to occur (most recently in December 2021).

Risk Title		Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note	
SRCR 0023 Person suffers significant harm, Wury or death EXTERNAL RISK FUTURE RISK CO		If risks are not adequately assessed and protected, a child, young person or adult could suffer significant injury or death attributable to the Directorate's failure to take appropriate safeguarding and risk management measures. Additionally, general members of the public or Hackney staff could suffer harm due to a lack of general health and safety measures being in place.	Children and Education; Adults, Health and Integration	Tikelihood Impact	Update May 2022 – This remains a high risk, and some recer incidents illustrate its importance. With regards to Child Q, the Children and Education leadership have been inviting all staff to briefing sessions on a regular base.	
Control Title		Control Description	Lead Responsible Officer(s)	Service Manager	Due Date	Control - Latest Note
CYP 006B Local Safeguarding Children Board (LSCB) reviewed and operating as an effective multi-agency forum.		The City & Hackney Safeguarding Children Partnership (LSCP) has a remit to monitor safeguarding across all partner agencies, including the local authority.	Jacqui Burke; Helen Woodland	Rory McCallum	July 2022	May 2022 - A range of measures have been put in place to ensure the CHSCP is operating as an effective multi-agency forum. Independent chairing is in place, defined governance arrangements, regular attendance from partners at Executive and relevant sub / working groups and Hackney-specific self-assessment. CHSCP also maintains a risk register covering all key statutory requirements; these actions and progress are regularly reviewed through the CHSCP Executive and full CHSCP.
CYP 006D		The Directorate as a whole understands areas of high risk and works together to mitigate risk in	Jacqui Burke	Diane Benjamin	July 2022	May 2022 -

Ensure staff have the necessary skills to ensure risk and need are properly assessed	relation to individual children by joint training and development and joint monitoring of practices across the services.				A series of professional supervision workshops were rolled out in February and March 2021 to all practitioner managers in CFS so that they are clear about supervision standards and are able to identify training needs for their staff. This will ensure that plans are progressing for children in timescales that meet their needs. Supervision timescales are monitored as a key deliverable by senior leaders in regular data reports.  A workforce hub has been established in the Safeguarding and Quality Assurance service to ensure that staff training needs are met and prioritised in terms of urgency.
CYP 006E Child Protection procedures in Rece O O O	Children subject to Child Protection Plans and Looked After Children are visited in line with statutory guidance and care plans are monitored, updated and amended as appropriate. Children are to be seen alone.	Jacqui Burke	Diane Benjamin	July 2022	May 2022 - Ongoing, monitored through management oversight and audit, monthly, quarterly and annual performance reports, including statutory returns to DfE and by Child Protection Conference Chairs and Independent Reviewing Officers.  While the cyber attack in October 2020 has had a significant impact on reporting capabilities, visits and plans have been monitored through manual monitoring and close management oversight. A new interim social care database was introduced in January 2021, and reporting capabilities brought back online in February 2021. The Children and Families Service will be moving back to the Mosaic recording system in April 2022, which will further support data monitoring.
CYP 006F Risk assessing activities for young people	All activities directly provided and commissioned by the directorate must be subject to rigorous risk assessments. These follow a consistent format. Also, the internal health and safety team conduct assessments and provide advice to mitigate risks of harm to staff in the course of work.	Jacqui Burke	Diane Benjamin	July 2022	April 2022 - All providers of proposed activities, including the local authority, are required to submit a written risk assessment which is scrutinised and approved / not approved by the service area. Where a risk assessment is not approved, the activity is not able to proceed. Minimum ratios of adults to young people are required.  Our external commissioned providers are also expected to demonstrate that they meet health and safety standards as part of their contract including systems and processes for conducting risk assessments of premises and activities.  As a result of the pandemic - in-person activities have been subject to risk assessment to ensure that they can be delivered safely, with mitigating actions in place to minimise risk to children and staff such as changing venue, capping numbers and ensuring hygiene measures are in place. Other activities have been provided virtually

					and we remain responsive to Government guidance in relation to the fluctuating rates of Covid/changes in requirements.
CACH ASC 0005 Implementing a robust safeguarding approach across adult services	The City & Hackney Safeguarding Adults Board's (CHSAB) role is to monitor safeguarding across all partner agencies, including the local authority and has regular meetings of the Board to ensure safeguarding across the partners is being managed effectively and that relevant intelligence is appropriately shared. The Safeguarding Adults Board with the input and support of Adult Services' Head of Safeguarding will continue to oversee the delivery of the recommendations of the Safeguarding Adults Reviews. This will include working with existing projects within the Integrated Commissioning programme such as the Neighbourhood Programme to ensure they support the delivery of these recommendations.	Anne McGale	John Binding	July 2022	May 2022 - ongoing. In 2021/22 the City & Hackney Safeguarding Adults Board have continued to work together to embed the learning from SARs to help mitigate this risk further. This included delivery of SAR learning sessions to multi-agency groups, including voluntary agencies. The Board has also carried out awareness raising activities to help prevent adult safeguarding such as an awareness campaign co-produced with service users to raise awareness of financial abuse.

Description of Risk

Current Risk Matrix			Risk	Risk - Latest Note
Likelihood	Impa	ct		<b>April 2022:</b> Actions for the time being. Ir a national issue with

**April 2022:** Actions continue to be appropriate, however, risk rating remains unchanged for the time being. Impact may reduce over time as control measures take effect. This is a national issue with other LAs experiencing similar funding challenges.

Control Title	Control Description	Service Manager	Control - Latest Note
SRCR 0028 a Forecasting of financial impact of SEND budget pressures.	Rapid, significant short term reductions in SEND costs and outlays will be difficult to achieve. Ensuring that the policy changes in the action plan result in medium term cost savings that relieve the pressures on the SEND budget, whilst ensuring the operational effectiveness of HE is not detrimentally affected by the overspend, is imperative.	Jacqui Burke; Sajeed Patni	April 2022: Finance along with the service continue to monitor this on a monthly basis. The service is developing a cost reduction plan. However, this will take significant time to develop. There is currently work on two areas to avoid cost  1. SEND estate strategy to have more in brough provisions 2. Review SEND transport to ensure we are getting value for money and promoting independence

SRCR 0028 b Ongoing work to develop plans/strategies to control/manage SEND spending.	SLT has approved a cost management plan to address the pressures placed on the SEND budget by increasing numbers of children and young people being eligible for SEN statements.  The cost management plan is regularly reviewed by STAG and via the Better Value DfE programme.	Jacqui Burke, Fran Cox, Nick Wilson	April 2022: Invest to save business case has been written by HE and finance to start to address the overspend in the SEND provision budget. SEND Trends are now being monitored at HMT to ensure there is cross council support to address this issue. Risk remains the same.
SRCR 0028 c Risk 07 - Changing the culture of SEND in schools and Hackney Education to implement the action plan.	If the action plan is to control expenditure and distribute resources fairly, changes in the existing culture in Hackney Education teams and schools must also change to critical assessment and the equitable distribution of limited resources.  Collaborative working with schools will be necessary to ensure pupils' SEND needs are met from delegated SEND resources, with EHCP referral only for exceptional needs.	Jacqui Burke, Fran Cox	April 2022: It is proposed to set up a Schools Forum Sub-group to address this issue alongside schools. Risk remains high.
SRCR 0028 d – The initiation of EHCP assessments is rigorously reviewed	The decision to initiate assessments needs to be rigorously reviewed to ensure the level of support is appropriate and sustainable. This may include senior managers signing off decisions, or refusing to do so.	Jacqui Burke, Fran Cox	April 2022: This is starting to have an impact with Joe Wilson chairing the weekly decision panel. Risk however remains high.
TCR 0028 e – The costs of providing HPs is born equitably across agencies	All agencies need to contribute to the costs of the Education & Health Care Plans through the joint commissioning budget.	Jacqui Burke, Fran Cox, Nick Wilson	April 2022: JAP now in place and making good progress. It is too early in the day for this to have made an impact on budgets but good progress in the last quarter.

Risk Title	Description of Risk	Current Risk Matrix	Risk - Latest Note
SRCR 0029 Serious Safeguarding failure in regard to pupils not in school EXTERNAL RISK FUTURE RISK	Safeguarding considerations for those pupils who are not registered at a school – Electively Home Educated pupils, children missing from education, children attending unregistered settings, children who are yet to be allocated a school place etc is increasing in importance.  This is the particular focus for current Local Authority Safeguarding Inspection frameworks, and there is an expectation that HE must work to ensure the safety and wellbeing of all such pupils, challenging existing legislative frameworks and guidance where necessary to do so, and working with partners to ensure effective and robust identification, tracking, consultation and referral.	Likeli	April 2022: The Government is consulting on a requirement for LAs to keep a register of EHE young people. Risks and controls remain relevant.

SRCR 0029 Risk 03: Ongoing dialogue between Hackney Education, DfE and Ofsted around necessary legislation to ensure safeguarding duties can be effectively carried out.	Currently, the roles and responsibilities of LAs, DfE and Ofsted are not clearly defined with regard to safeguarding duties.	Jacqui Burke; Chris Roberts	April 2022: Effective processes are in place in respect of EHE, CME and pupils attending UES. Whilst these are effective for safeguarding non-Charedi pupils they are less effective in safeguarding Charadi pupils who attend UES. The current legal status of those settings means the LA is unable to assure itself regarding safeguarding arrangements. The UES protocol provides a multi-agency response to settings; however the ambiguous legal status of UES means progress is limited. HEd met with Ofsted to discuss UES before Christmas and the dialogue is on going.
<b>SRCR 0029D</b> Continuing attempts at engagement with unregistered settings are made by Hackney Education to reduce the likelihood of pupils being put at risk.	In the absence of clearly defined statutory responsibility and given the numbers of CYP in such settings, the LA is seeking to raise awareness of safeguarding with all community groups through regular dialogue.	Jacqui Burke; Chris Roberts	April 2022: A safeguarding offer has been developed and remains available, though a willingness on the part of UES to engage with that remains frustratingly non-existent.

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N Risk Title	Description of Disk	Current Risk Matrix	Risk - Latest Note
SRCR 0027 b – Risks posed by unregistered schools and settings EXTERNAL RISK FUTURE RISK	Unregistered centres are neither known to, nor inspected by Ofsted, raising potential issues relating to the wellbeing and safeguarding of children and young people in the borough. HE does not have any statutory powers or reporting requirements in regard to the registration of independent schools.  As well as the potential risk around safeguarding and lack of knowledge and intervention in regard to those young people attending such settings, there are clear reputational risks for HE in this area. Despite the fact that HE holds no powers in regard to either registration or closure, there remains the perception that the Local Authority has not presented sufficient challenge to the status of such settings.	Impact	April 2022: Work to implement the controls is ongoing, however the risk remains unchanged.  Risk Review Group recommends maintaining current risk rating.

Control Title	Control Description	Service Manager	Control - Latest Note
to the safeguarding of children or	HE is aware of unregistered schools and settings within the borough, we are escalating to the appropriate authorities Children and Social Care any issues of concern reported to them. HE co-ordinates multi-agency responses in regard to those settings that do not comply with Ofsted registration requirements.	Jacqui Burke; Chris Roberts	April 2022: The UES Protocol is in place, which brings together various agencies to coordinate our response to new settings or incidents in settings. Meetings have been held over the last quarter, which have led to Ofsted inspections. Consideration is given to how we can utilise our full range of legal powers in respect of UES.

LT 1617 Risk 04: Continuing attempts
at engagement with unregistered
settings are made by Hackney
Education to reduce the likelihood of
pupils being put at risk.

In the absence of clearly defined statutory responsibility and given the numbers of CYP in such settings, the LA is seeking to raise awareness of safeguarding with all community groups through regular dialogue and the systems developed through the Out of School setting project which has now ceased, and the unregistered educational settings group.

Jacqui Burke; Chris Roberts **April 2022:** The safeguarding portal is under development to provide access to safeguarding information for OOSS. This is due to launch in the Spring term and is likely to be hosted on the CHSCP website.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
Page Good Good Good Good Good Good Good Goo	The demand on temporary accommodation (TA) for homeless households exceeds the supply of property suitable for use, and also causes a clear shortfall between the subsidy provided and the actual cost of meeting TA need. This could result in serious difficulties in providing an effective provision for the accommodation of vulnerable children and adults, and also impact adversely on available budgets. This all produces financial, reputational and legislative (in terms of abiding by the Homelessness Reduction Act) risks. The risk is currently heightened by high numbers of homeless singles with multiple, complex and high risk needs, and often a dual diagnosis with no suitable accommodation offer.	Finance and Corporate Resources	Impact	Local authorities have a statutory duty to provide accommodation for homeless households that have been defined as being in priority need and unintentionally homeless, and are obliged to secure temporary accommodation (TA) for that household as an interim measure whilst a longer-term alternative becomes available.  The number of households seeking advice and support with homelessness in the borough has risen by 52% since March 2018 and the introduction of the Homeless Reduction Act, however officers have reduced the % being placed into temporary accommodation during 2021/22.  There are now demand increases from households fleeing domestic violence and refugees approaching from the Ukraine on family visas and approaching as homeless.  The amount of temporary accommodation needed to fulfil demand for homeless households continues to increase. Current TA levels are c.3000 households, with 1000 placed outside the borough despite the use of all void properties and the creation of a number of new TA hostels and RTB buy back programmes to boost social housing availability. The Benefits and Housing Needs Service managed to take advantage of the Covid pandemic opportunity to reduce the number from c3300 via increased lettings into the private rented sector.  Despite c.2000 temporary accommodation units within the borough, demand far outstrips supply. Homeless households are still presenting on the day and are placed wherever there is accommodation available, more often than not in Essex, Kent, Bedfordshire and Hertfordshire.  The majority of the Council's expenditure on temporary accommodation is on c.1000 households placed outside the borough and London in nightly paid accommodation. The Benefits and Housing Needs Service in conjunction with Strategic Property Services and Housing Strategy team continue to look at ways to boost more affordable temporary housing in borough by pursuing hostel leases with private landlords and developers, to reduce the reliance on nightly paid accommodation and contain expenditure.

				Keen negotiating on new hostels, lease renewals and refurbishment deals for hostels in the borough is evidenced via cabinet reports, however the sheer volume of TA units needed is expected to mean that the costs will continue to rise this year and next.
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Control Title	Control Description	Lead Responsible Officer(s)	Service Manager	Due Date	Control - Latest Note
SRCR 0030a Utilising all available accommodation	Utilise 100% of all regeneration voids as additional temporary accommodation reducing the need for costly nightly paid TA provision.	Ian Williams	Jennifer Wynter	July 2022	May 2022- The Benefits and Housing Needs Service continues to utilise all Council owned regeneration void properties as temporary accommodation wherever possible and affordable to do so. The current figure is c.738 units. There are no further regeneration voids available as the surplus that were unusable for TA were brought into use for the Council Afghanistan refugees programme.
SRCR 0030b Make best use of the provision of discharge of duty into the private rented sector	Additional duty afforded LA's to discharge our homeless duty with provision of an affordable 1 year monthly PRS let, albeit if further homelessness within 2 years we retain the duty. TA strategy in place and agreed way forward with Mayor & Members on OOL placements.	Ian Williams	Jennifer Wynter	July 2022	May 2022 - The Benefits and Housing Needs Service has formally discharged the Councils housing duty by securing tenancies for 265 households into the private rented sector for 2021/22.  The number of private rented sector (PRS) lets achievable are dependant on three variables:  Resident willingness to move into the PRS Number of staff available with the right tools, including finance, to support the individual and the landlord with a move rental market buoyancy.  The number of staff and tools to support residents moving has been boosted by the creation of a new team, Prevention to PRS (funded by Homeless Prevention Grant monies) to assist residents during the prevention stage of the statutory duty to move into the PRS and thereby avoid the usage of costly TA.  However, the rental market in Hackney has recovered from the affects of the Covid pandemic and the ability to secure affordable rented properties is virtually impossible. Capital Letters (pan London provider of PRS properties) is also struggling to secure properties and has declined the proposed increase of funding for two further officers to add to their procurement team to boost the flow of properties as they cannot deliver in this tough market. Previous out turn is below:  2018-19 = 88 2019-20 = 118 2020-21 = 466

					2021-22 = 391
SRCR 0030c Observe pan London cap on nightly paid accommodation procurement	Maintain influence on the rental market by continued observation and no breaches (except emergency disabled accommodation) of the agreed Pan London TA rent cap.	Ian Williams	Jennifer Wynter	July 2022	May 2022 - Reports issued quarterly to pan London Homeless group for monitoring purposes identify that Hackney now has one of the highest breach rates in the Capital. The reason for this number of breaches is to prevent families staying in B&B for more than 6 weeks (illegal practice) and to secure properties for disabled and large families. The only alternative to this position is to increase the Pan london rate for Hackney, which will result in increasing the rental market further and will encourage existing hackney providers to ask for the additional rates for existing placements incurring a large financial outlay.
SRCR 0030d Provide appropriate accommodation with support for mental and physical needs Q O O O O O O O O O O O O O O O O O O	C.40% of all single homeless residents that approach for help have a support need and 19% of these have multiple and complex needs. Large supported schemes, rough sleeping pathway, general needs housing do not work for this client group and do nothing to mitigate the risk of further deterioration and suicide and in some cases increase the risk. Look to provide a housing option and support that suits mental, physical and behavioural needs - ie dual diagnosis specialist schemes and additional housing first. First chance, last chance saloon assessment model needed in addition.	Ian Williams	Adults Social Care Commissioni ng	July 2022	May 2022 - It is Adult Social Care who now provide and commission supported accommodation for Hackney.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
SRCR 0036 – Universal Credit full roll out EXTERNAL RISK FUTURE & FUTURE RISK	Financial: Universal Credit places the responsibility on the claimant to manage their claim and pay their rent from a one monthly payment. The five-week delay in first payment and monthly payment can lead to increased rent arrears for council tenants and make it more difficult for the council to recover other debts. Since the pandemic there has been an increase in the number of tenants not paying rent and cancelling direct debits (e.g. council tax). The impact of the Cyber Attack compounds these issues.	Finance & Corporate Resources	lmpact	May 2022 - Government confirmed on 9/5/22 that the full roll out of universal credit (UC) to all claimants by 2024. Nationally, about half of claimants who have not migrated to UC are on an out-of-work benefits that are health related. Most of the rest (38%), are in-work tax credit recipients. Just under half are likely to be worse off, including those who live alone or struggle with basic activities (IFS analysis, 2022). Government is committed to putting in place transitional protection.

	Strategic: An increasing number of vulnerable residents struggling with their finances will put pressure on other public services. For example, employment and skills services as well as the health and care system. The five-week wait for a first payment remains and the use of an advanced payment reduces future income.  Reputational: There is an expectation that the Council helps those who face barriers to making and maintaining a claim and those struggling to manage their finances. The Council's position as a large social landlord creates further pressure on the organisation to balance its approach between collecting payments and supporting residents who may be struggling financially. This is made even more the case by the impacts of the Cyber Attack and the approach the Council takes to debt recovery.			respond to.  Universal Credit are unemployed Department for separate benefi and support alle (JSA), child tax Credit was introsingles only. Ha Universal Credit	t is the main welfare benefit for working age adults who dor on lower incomes and it is administered by the Work and Pensions. Universal Credit combined six ts into one: Housing benefit, income-related employment owance (ESA), income-based Jobseeker's Allowance credit, working tax credit and income support. Universal oduced in Hackney from March 2016 for job-seeking ackney was one of the last boroughs to move onto to because of the numbers who would be affected.
<del>Co</del> ntrol Title ໝ	Control Description	Lead Responsible Officer(s)	Service Manager	Due Date	Control - Latest Note
a ge					
FR RV Impact of Universal Credit	A partnership involving DWP JCP, several Council services and external partners maintains a partnership plan which identifies and addresses key risks under review. Main actions include: Close partnership working with DWP, communications with Hackney tenants, resident sustainment activity, partnership working to ensure that claimants can access the DWP funded Help to Claim service delivered by the Citizens Advice Bureau, funding the advice sector and working closely with them to meet demand.  Hackney is also adopting a poverty reduction framework which will help us to respond to the impacts arising from UC through better co-ordination of wider support.	Ian Williams	Sonia Khan	30-July-2022	May 2022 Hackney has adopted a poverty reduction framework which enable us to respond the impacts of universal credit by working with DWP to mitigate impacts and also to offer wider support to claimants.  A Partnership between LBH and DWP has been in place over the last three years, including a focus on Complex Needs. We will discuss the full roll out with DWP to understand what transitional support will be in place and identify actions to mitigate impacts together.

Risk Title Description of Risk Directorate Current Risk Matrix Risk - Latest Note
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SRCR 0035 - Setting up Council owned companies INTERNAL RISK FUTURE RISK Page 67	The Council has been setting up a number of (Council owned and controlled) companies for a variety of reasons - ranging from a need to explore commercial opportunities, to being a vehicle which can help to deliver the Mayor's housing objectives, or saving money and improving convenience for the residents of the borough.  If the resources, governance, expertise and capacity needed to establish these functions is not satisfactorily in place, and/or the necessary legal due diligence is not done, these companies will not be fit for purpose and the Council may run the risk of severe financial and reputational impacts.	Chief Executive's; Children and Education; Adults, Health and Integration; Finance & Corporate Resources; Climate, Homes and Economy	Impact	company can vary deper it seeks to set up. For the covers the governance a and Controlled Companiby shares is incorporated shareholder. Examples we hackney Housing Companiby shares is incorporated shareholder. Examples we hackney Housing Companible Comp	any Ltd - encompassing PRS and since 2019.  Privices (London Limited) - which is a pany and was incorporated on 25th ed trading in February 2022.  Per (HLP) was launched at the 2019, promising some considerable orough. HLP is an energy services in is still looking at options for entity.  Pes to some PIRs (Public Interest in published within the last 18 ting to Council owned companies / nam, Croydon and Northampton). In cill has suffered severe losses due to frequent lack of governance and a proved business cases. With public there, the PIRs highlighted a rutiny and challenge - and these es to avoid for Councils pursuing the lessons learnt stress the set of scrutiny, challenges, business
Control Title	Control Description	Lead Responsible Officer(s)	Service Manager	Due Date	Control - Latest Note
SRCR 0035a- Setting up Council Owned Companies	All companies are being developed in accordance with prescribed procedures which will ensure that the resources, expertise and capacity needed to establish these functions is in place, and the necessary legal due diligence is done, with appropriate support provided by relevant Senior Officers, and where necessary, external parties. At Hackney there is:  Strong emphasis on the role of statutory officers, including regular meetings of Chief	Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland		July 2022	May 2022 – A guidance note for establishing an Alternative Service Delivery Vehicle has been signed off by CLT alongside a guidance note for Directors of those companies. This was completed in August 2021.

Risk Title	Description of Risk	Directorate	Current Risk Matrix	Risk - Latest Note
SRCR 0036 Insourcing INTERNAL RISK FUTURE RISK	The Council makes a decision to insource more services that it can properly handle and this has a negative impact on service delivery. It also proves a false economy as initial savings become overtaken by increased costs when potentially unseen demands of bringing a service back in-house unfold.  Yet, there is also an opportunity to this risk. If the decisions on insourcing are taken judiciously with regards to in-house capabilities, strategic objectives and potential savings, there is the chance for the Council to benefit from a decision to bring work back 'in-house'.	Resources; Climate, Homes	TK-eithood Manager Man	May 2022 - Contracts have been brought back in house in the past and in recent years in areas like Housing Benefit, Waste, Internal Audit and Payroll. The latest example is the parking enforcement contract which has been brought in-house when the current (outsourced) contract expired in March 2022. Also some internal cleaning contracts. There is a clear emphasis on this being a leading objective for the Council - to "reclaim" services worth close to £12 million a year from private firms.  Between January 2020 and March 2022, five services worth £11.6m will have been insourced under the policy, including:  School caretaking and cleaning services, worth £2.5m, with 116 staff brought back in-house to the council and schools in January 2020. Gully and winter cleansing service, worth £300,000, brought back in-house in September 2020. Office cleaning service, worth £1.8m, with 110 staff brought back in-house in January 2021

				Fleet maintenance service, worth £1.4m, with 10 staff due to be brought back in-house in April 2021 and a long-term commitment to bring close t 400 staff back into direct council employment overall  Parking enforcement, worth £5.6m, with 132 staff due to be brought back in-house in March 2022.  In order to provide further assurance to Audit Committee about the Coun approach to Insourcing, a 'deep dive' was carried out (overseen by the Cl of the Audit Committee) into various elements of the approach and guida papers, and this was signed off at the Committee meeting in October 202 and distributed to all relevant parties.		
Control Title	Control Description	Lead Responsible Officer(s)	Service Manager	Due Date	Control - Latest Note	
P ജ യ ന ഗ ജcr 0036a Insourcing – approach.	The Council has produced a Guidance Paper that will ensure that before it makes a decision, questions will be asked under five key criteria. These include local policy and business strategies, the performance of the service, quality improvement and value for money, workforce issues and overall risks. Through a careful application of these criteria and asking pertinent questions, any risks or opportunities concerning insourcing should be satisfactorily managed.	Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland	Rotimi Ajilore	Sept 2022	May 2022 - this was newly escalated to the Corporate register in January 2020. The guidance paper has been reviewed. Plans for such projects are also committed to including extensive consultation with staff and trade unions.  This emphasis on Insourcing is delivering on the Council's 2018 manifesto to look at how we step up our commitment to insourcing in Hackney. Officers and Councillors involved in this commitment are clear that the process will often involve service redesign, relocating services across different parts of the council, and taking quite a different approach to service delivery than might have been done in the past.  It's also been acknowledged that Coronavirus has shown the importance of flexibility and being able to turn services round rapidly. When you deliver them directly within your organisation, that can be done. Also, bringing staff back in on Hackney terms and conditions once they have moved over helps the organisation.	

Risk Title Description of Risk	Directora te Current Risk - Latest Note	
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SRCR 0039
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The Council fails to meet its own commitments to take constructive steps to tackle the climate emergency. The expectation of change required (conducting extensive work on decarbonisation) may not be matched by the available capital. This could be as a result of overly ambitious targets, a lack of overall awareness or 'buy in' to the concept or a lack of resources to proactively bring about change. Without a coordinated response, the task will be more difficult. Failure to achieve positive change would have reputational impacts but most importantly would contribute negatively to the continued emergency in climate matters, both within our local community and the world at large.

With the likelihood of even more ambitious targets set by the Environment Bill 2021, this risk will continue to grow and increase in importance.

Climate, Homes and Economy I eading (but applying to all Directorate s)

## May 2022

The development of the Council's Climate Action Plan (CAP) is ongoing and we are on target to formally publish the plan in 2022. The CAP will provide the strategic framework to work through a number of key issues and challenges, utilising recently completed evidence assessments to underpin a more strategic approach for future delivery and integrate better with external stakeholders.

The Mayor's climate emergency declaration occurred in February 2019, and Hackney councillors subsequently approved a motion to do 'everything within the Council's power' to deliver net zero emissions across its functions by 2040, ten years earlier than the target set by the Government, and in line with the Intergovernmental Panel on Climate Change's higher confidence threshold for limiting global warming to 1.5C above pre-industrial revolution average. The recent creation of Hackney Light and Power is another step towards fulfilling these targets by committing to providing renewable energy. Ambitious initiatives have been ongoing with regards to making streets more cycle friendly and dissuade people from driving unnecessarily (eg school streets).

It was in April 2020, that the Council was able to announce that all of its electricity is now supplied from renewable sources (wind and solar power), and delivered through Hackney Light and Power. In early December 2020, the Council released a draft version of an action plan to improve air quality in the borough.

The government is currently finalising the Environment Bill 2021 (which hasl redrawn environmental rules following the UK's withdrawal from the EU)and is likely to mean increasingly ambitious targets are adopted as Britain tries to lead the way in tackling climate change and a positive approach to it.

Hackney is within the top 6 London Boroughs at risk of flooding due to climate change (specifically in the Lea Valley area in the east of the Borough), so this is an additional consideration when thinking about how change in the future may affect the Borough.

Further evidence of positive progress can be seen with the Council's recent award of the "Council of the year" in this year's London Energy Efficiency Awards (March 2022)

Control Title	Control	l Description		Lead Responsi ble Officer(s)	Service Manager	Due Date	Control - Latest Note
SRCR 0039a Councillors have approved motion ammitting a series of actions 71	decarbonisation and promoted unsustainable growth.  - Support the campaign to create a just transition for workers and users and be part of the creation nationally of a million public sector climate jobs with particular reference to extending sustainable accessible and integrated public transport,		Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland	Aled Richards	Ongoing	May 2022 - these are ongoing commitments but essential to adhere to in order to comply with ambitious targets. The Council are resolved to follow this. From a political level, these actions are being strongly supported by Members. An annual report on the progress on decarbonisation was considered by Council in July.  Throughout 2021/22 there have been presentations to Scrutiny Commissions to outline the work to respond to the Commitment and the development of the CAP.	
SRCR 0039b Hackney Light and Power.	target a of the C To maxi  delive house supposupposupposupposupposupposupposupp	and become zero-net carbon bord Council which is still looking at op mise carbon emission reduction	the first borough wide thermal efficiency renewable heating measure	Corporate Directors		Ongoing	Hackney Light and Power was officially unveiled as a publicly-owned energy services arm of the Council on November 1st (2019).  From the off, the primary objective of the energy arm is to help deliver the ambitious decarbonisation pledges included in its climate emergency motion. At the launch of this, HLP confirmed it had already delivered 50% renewable electricity for the Council and many local schools' needs on 1 April, and would switch to 100% in 2020. The clear aim was to

	improve residents' health and well being promote an inclusive economy and contribute to the nationwide green agenda help make Hackney a sustainable, green borough				that will turn Hackney into a renewables power station; rapidly decarbonising the Council fleet of vehicles and addressing land transport sector emissions and decarbonising the built environment through changes to the planning system.  The Council is investing extensively in green infrastructure to derive a wide variety of environmental benefits, from cooler streets to enhanced biodiversity; creating a model for drastically limiting the use of petrochemical plastics; and investing heavily in waste service to reduce resource consumption and increase recycling.
SRCR 0039c Communicatio n	Communication is key, with the Council getting the correct message out both internally and externally	Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland	Polly Cziok		May 2022 - There has already been lots of coverage in local papers and online about Hackney's progress. During the Coronavirus crisis, there has been the opportunity to close roads and convert more space for cyclists and pedestrians.
SRCR 9939d Goss Council involvement at all levels	Across all Divisions / services, any service plans or overall strategic documents need to pick up on this ongoing challenge and commitment. Any new projects / directives / initiatives need to consider climate change and our approach to it, in determining how to carry out work. Evidence of this happened can be seen within the Fleet services and the ongoing work with the NLWA.	Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland	Aled Richards	Ongoing	May 2022 - This will become embedded as part of standard processes in the future. The Environmental Sustainability Board is meeting regularly to support the Council's approach here.
SRCR 0039e North London Waste Authority (NLWA) Partnership	Hackney is a part of a seven borough partnership with the NLWA, who are currently procuring a large infrastructure project (North London Heat & Power Project) to deliver new facilities to manage waste and recycling from the constituent boroughs.  An experienced Programme Director has been appointed by NLWA. Also, lead Member and Key Officer Groups, continue to manage Hackney's engagement with NLWA on the development of new facilities, recycling performance, waste prevention and operations' matters.  A Programme Committee made up of members of each of the boroughs has been established to focus on the implementation of the North London Heat & Power Project. This is a decision-making Committee and is in addition to the various Steering Groups and Partnership Boards which Lead Members and Key Officers attend. The Vice Chair of the NLWA is Hackney's current Cabinet Member for Finance and Housing Needs, which ensures the Borough is directly involved in the leadership of the partnership.  NLWA, with the boroughs, is undertaking a piece of work to produce a best estimated long term levy tonnage forecast, to establish likely levy costs for boroughs.	Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland	Aled Richards; Sam Kirk	Ongoing	May 2022 - control in place and ongoing

	Officers will review the current recycling service to ensure that it provides the best solution on the basis of technical, economic, environmental and practical factors  Our partners in NLWA, Barnet, Camden, Enfield, Hackney, Haringey, Islington and Waltham Forest) work together to deliver services for over two million residents that live in the NLWA area.  NLWA is responsible for helping the seven north London boroughs dispose of the 850,000 tonnes of waste they collect every year.				
SRCR 0039f Restrict Assidual Caste 73	In May 2020 Cabinet agreed to introduce fortnightly collections for residual waste for Hackney street properties. The drivers for this are not only to improve recycling performance and reduce the amount of residual waste being incinerated. This will help insulate the Council against the expected rise in residual waste disposal costs in the medium to long term. Further, and most importantly, by structurally reducing the amount of black bag waste sent for incineration we can eliminate the associated carbon dioxide emissions, reducing the carbon intensity of Hackney's waste system.  Residual waste restriction will play an important role in helping the Council achieve the highly ambitious decarbonisation targets set out in the climate emergency motion passed at Full Council, June 2019.  The expected outcomes of introducing fortnightly collections of residual waste include:  • Reduction of approx. 4,400 tonnes of street level black bag waste being incinerated against current levels by 2022, which is a 21% reduction of waste per household;  • Reduction in disposal costs of £246k per annum (based on current tonnage and levy charges) by 2022. The scope to increase disposal savings will increase proportionately with the levy charge;  • Increase in recycling rate to 31% by 2022/23. This will see Hackney move from position 8 of 13 inner London borough's recycling rates to 4th (based on current data);  • Reduction in emissions associated with incinerating black bag waste, contributing to achieving the 45% reduction in emissions against 2010 levels by 2030 and net zero by 2040. Using Zero Waste Scotland's Carbon Metric Publications, directing 4,400 tonnes of black bag waste to recycling/composting, shows a benefit of -661 to -610kg C02eq per tonne of material recycled/composted. This would indicate a potential benefit of around 2,910 to 2,680tonnes C02eq savings.	Mark Carroll; Ian Williams; Jacqui Burke; Helen Woodland	Aled Richards; Sam Kirk	30 June 2022	May 2022 - The move to fortnightly collection for residual waste has been implemented successfully and is on track to deliver. Recycling rates have increased to 31%.  The implementation is entering its final phase and the mitigations in place to support residents in this transition will be withdrawn on a managed basis to ensure minimal impact on the streetscene.

SRCR 0040 Recruitment and Retention / Workforce. EXTERNAL / INTERNAL RISK CURRENT RISK	Within a competitive market, numerous Service Areas (particularly ICT) are struggling to successfully recruit for important positions, and seeing a high turnover adding to recruitment pressures. Failure to successfully tackle this could seriously impact service delivery.  Also, with various restructures within the Directorate planned or ongoing, there is a period of uncertainty and adjustment which may affect the quality of service delivery and impact on overall objectives and targets.  Additionally, the ability to carry out work efficiently, on time and in compliance with applicable standards could be affected by the loss of experienced staff following the Corporate level restructure and the possible long term absence of key staff.	Finance & Corporate Resources	pool ja	register. P was taken of the ICT digital skil	<b>2022</b> - This has been re-escalated to the Corporate reviously, it had remained a risk at Service level but off this register following the successful completion restructure in 2020. Significant market pressures for ls, with high turnover within the Council and other who need similar skills, have necessitated its igain.
Control Title ည	Control Description	Lead Responsib le Officer(s)	Service Manager	Due Date	Control - Latest Note
SRCR 0040a Recruitment and Retention (ICT)	The ICT service will work with HR / OD to carry out the following suggested mitigations:  - review recruitment strategy and identify other measures which can be taken to promote Hackney Council as a great place to work in technology and attract high quality candidates  - review salary supplements to ensure that these are providing market competitive salaries and are also fair and transparent  - review career development paths within the service and also ensure that apprenticeships / graduate trainee opportunities are being used effectively to develop internal talent.	Ian Williams	Rob Miller	31-March -2023	May 2022 - work is in progress to finalise restructure proposals for the ICT service, including benchmarking of roles against the market and comparator councils. The new structure will continue the substantial commitment to apprenticeships (which has seen 2 cohorts of digital apprentices since it was launched, with over 50 apprentices).  The Council is also working with the London Office of Technology & Innovation to develop a pan-London approach to developing digital skills and teams, including collaborative recruitment (https://loti.london/jobs/) and shared approaches to service development (https://loti.london/resources/jd-library/).
SRCR 0040b Training and development	Training and development needs for all staff have been captured from yearly appraisals and 1-2-1 documents. All HR procedures are followed correctly to ensure staff are valued and treated appropriately whilst at work.  Where possible acting up and secondment opportunities are made	Ian Williams	All managers	31-March -2023	May 2022 - staff training and development needs will be assessed as part of the work to deliver and embed the new service structure for ICT.

available to staff. This helps contribute to an improved experience of working at Hackney and to an extent, mitigates the risks of absences		
and departures.		

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Title of Report	Internal Audit Annual Report 2021/22
For Consideration By	Audit Committee
Meeting Date	8 June 2022
Classification	Open
Ward(s) Affected	All
Group Director	lan Williams, Group Director of Finance and Corporate Resources

#### 1. Introduction

- This report provides details of the performance of Internal Audit during 2021/22 and the areas of work undertaken, together with an opinion on the soundness of the control environment in place to minimise risk to the Council.
- 1.2 This report is presented for information and comment and is part of the Committee's role in overseeing corporate governance.

#### 2. Recommendations

The Audit Committee is recommended to: -

- 2.1 To comment upon and note this report of Internal Audit's performance and opinion of the Council's framework of governance, risk management and internal control.
- 2.2 Approve the updated Internal Audit Charter and Strategy.

#### 3. Reason(s) for decision

- 3.1 The Public Sector Internal Audit Standards (PSIAS) came into force in April 2013 and apply to all internal audit service providers. These standards were revised in 2017.
- 3.2 PSIAS require the Chief Audit Executive (or equivalent) to report functionally to a board and to deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

- 3.3 The Annual Report must incorporate: -
  - the opinion
  - a summary of the work that supports the opinion
  - a statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.
- 3.4 This report fulfils this requirement.

#### 4. Background

#### 4.1 <u>Annual Report</u>

- (i) The annual report of the Internal Audit Service is provided in Appendices 1 7 and includes a summary of managers' implementation of agreed audit high and medium priority recommendations. In addition, the following are presented:
  - Internal Audit progress against key performance indicators (Appendix 2)
  - Analysis of assurance levels arising from reviews carried out in 2021/22 (Appendix 3)
  - Comparison of assurances for key financial systems, comparing results over four years (Appendix 4)
  - Definitions of assurance levels (Appendix 5)
  - Internal Audit Charter (Appendix 6)
  - Internal Audit Strategy (Appendix 7)
- (ii) The Audit Annual Plan was formulated by: -
  - Analysis of the corporate and directorate risk registers
  - Consultation with chief officers and senior managers to ensure that account is taken of any concerns they raise
  - New council initiatives, government initiatives and legislation
  - A review of past Internal Audit work
  - Strategic risks as identified in discussions with the Corporate Director of Finance and Resources
- (iii) This report provides details of the performance of the Council's Internal Audit Service and seeks to give reassurance that the service is being delivered in accordance with statutory responsibilities and is continually seeking to improve the standards of its service.
- (iv) During the 2021/22 financial year, in addition to the Covid-19 pandemic continuing to impact upon the ability of the Audit & Anti Fraud Service to carry out its work, including the completion of internal audit reviews as was the case in all London Boroughs, like all services in Hackney it had to contend with the criminal cyber attack. The service demonstrated its agility, creativity and resilience to continue to undertake much of its core work, whilst also being deployed to support key council services delivering the wide range of new business grants and support that had to be stepped up at pace with the necessary assurance requirements of these grants being met.

Inevitably, some work had to be deferred but has now restarted. Resources have focussed on reviews that provide evidence to support the Head of Internal Audit & Corporate Risk Management's annual assurance statement.

- (v) The loss of data and access to systems as a result of the cyber attack and the challenges this posed when undertaking audit reviews has understandably impacted upon the level of assurance that can be given under what are extraordinary circumstances. The Council moved to put in place alternative working practises to ensure essential services continued to be provided to our residents. It was recognised that the use of interim measures involved accepting a greater level of risk than under normal circumstances but these were unprecedented times and the risks needed to be accepted in order for the Council to deliver essential services. This was also recognised in the establishment of 'Gold' emergency arrangements in relation to cyber as well as the pandemic.
- (vi) Using the cumulative knowledge and experience from the audit review of the systems and controls in place over many years, including the results of previous audit work and the work undertaken to date, it is considered that overall, throughout the Council there remains an adequate internal control environment despite the challenges experienced. The roll-out of new systems to replace legacy systems, designed to take account of current service requirements, emerging risks and new working arrangements, will considerably enhance the internal control systems of the Council.

#### 4.2 Internal Audit Charter

The Internal Audit Charter (Appendix 6) sets out the nature, role, responsibility, status and authority of internal auditing within the Council, and outlines the scope of internal audit work. To ensure that the Charter remains relevant and current, it is reviewed annually, the last review took place in May 2022.

#### 4.3 Internal Audit Strategy

The Internal Audit Strategy (Appendix 7) is a high level document which outlines how the Internal Audit Service will be delivered to meet the requirements contained within the Internal Audit Charter.

#### 4.4 Policy Context

The work of the Internal Audit Service complies with the Public Sector Internal Audit Standards. Internal Audit reviews consider all applicable policies of the Council.

#### **Equality Impact Assessment**

4.5 This report does not require an equality impact assessment, but where applicable equality issues and adherence to corporate policies would be considered in audit reviews.

#### Sustainability and climate change

4.6 Not applicable

#### Consultations

4.7 Consultation on the 2021/22 internal audit plan took place with senior management throughout the Council.

#### Risk assessment

4.8 The work of Internal Audit was based upon a risk assessment which covers all areas of the Council's activity and is continually changing to reflect new initiatives, risk areas and legislation. There was also continuous reassessment of risk as audits were undertaken, plus regular consultation with directors, chief officers and senior managers to ensure that account was taken of any concerns they raised during the year.

#### 5. Comments of the Group Director of Finance and Corporate Resources.

- 5.1 There are no financial implications arising from this report as the costs of providing the audit service are included within the Council's base budgets.
- An effective audit service is important in order to ensure that key internal controls are assessed, thereby aiding the prevention and detection of fraud and other occurrences that could otherwise result in budget pressures. It is noted that the results of internal audit work indicate that, overall, the Council's control framework is adequate, despite the challenges experienced throughout the pandemic and as a result of the cyber attack. In addition, as stated at paragraph 4.3 the roll-out of new systems to replace legacy systems, designed to take account of current service requirements, emerging risks and new working arrangements, will considerably enhance the internal control systems of the Council.

#### 6. Comments of the Director of Legal, Democratic and Electoral Services

6.1 The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk. An adequate system of internal audit is inherent. This report demonstrates how the Council is fulfilling its obligations in this regard.

6.2 The Audit Committee is asked to note the report on Internal Audit's performance and opinion. There are no immediate legal implications arising from the report.

#### <u>Appendices</u>

Appendix 1 - Internal Audit Service Annual Report 2021/22

Appendix 2 - Internal Audit Performance in 2021/22

Appendix 3 - Detailed analysis of internal audit reviews 2021/22

Appendix 4 - Key Financial Systems – analysis of audit findings

Appendix 5 - Definitions of Assurance Levels

Appendix 6 - Internal Audit Charter

Appendix 7 - Internal Audit Strategy 2020-2025

#### **Background documents**

Public Sector Internal Audit Standards 2017 (PSIAS)

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# Audit & Anti-Fraud Division Internal Audit Annual Report 2021/22

June 2022

Finance & Corporate Resources Directorate Audit & Anti-Fraud Division

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#### Introduction

#### Purpose of this report

This report summarises the results of the work performed by Internal Audit during the financial year 2021/22, including the key themes that can be identified across the Council. It also highlights progress made by management in implementing internal audit recommendations.

Based upon the results of this programme of work, an Audit opinion is provided on the Council's systems of risk, governance and internal control. This Audit opinion is a key source of assurance in the preparation of the Council's Annual Governance Statement.

The work of Internal Audit also helps to inform the production of the Annual Governance Statement which sets out the Council's corporate governance arrangements, attached at the end of this document as Appendix 8.

#### Overview of work done

The original plan for 2021/22 included a total of 50 audits. There has been close communication with senior management throughout the year to ensure that the audits actually undertaken continued to focus on high risk areas in the light of new and ongoing developments in the Council, and best use of our resources.

As a result of this liaison, some changes were agreed to the plan during the year as follows: -

Total number of projects per original plan	50
Audits added to the plan	2
Cancelled audits as no longer relevant	2
Deferred to 2022/23 or later	21
Total number of projects per revised plan	29
Projects completed from 2021/22 plan	17
Projects carried forward from 2020/21 plan completed	12

The majority of audits were scoped to provide assurance to management on the adequacy and effectiveness of the Council's internal control environment. Others were geared more towards the provision of specific advice and support to management to enhance the efficiency, effectiveness and economy of the services and functions for which they are responsible. Where Internal Audit identified areas for improvement, recommendations were made to further minimise the level of risk, all of which were agreed by management. If implemented, the actions will further enhance the control environment and the operation of the controls in practice.

#### **Structure of Report**

This report sets out the results of the work performed as follows: -

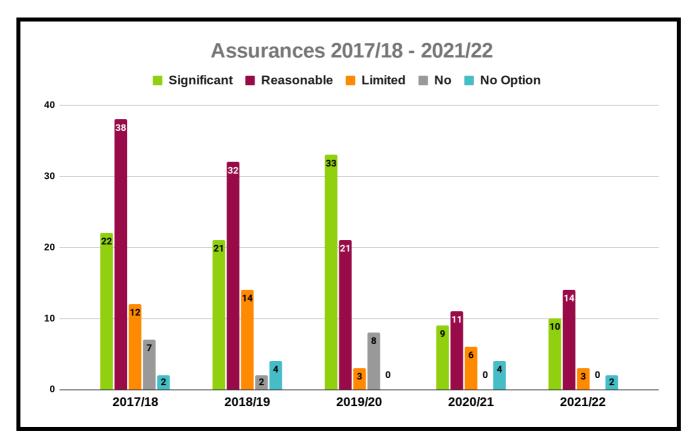
- Overall summary work done by Internal Audit including an analysis of report ratings, priority
  of recommendations and performance of the service.
- Key themes identified during internal audit work in 2021/22.
- Managers' response to internal audit recommendations providing a summary of progress with the implementation of recommendations.
- **Directorate analysis** providing details of assurances for each directorate.

# **Overall Summary**

#### **Assurance Levels**

This report has drawn on the findings and assessments included in all of the reports issued during the period. A summary of the assurances provided for audits completed during 2021/22 is provided in the table below, compared with assurances for audits completed since 2017/18. The 2021/22 data includes 12 of 2020/21 audits which were completed during the year and not previously reported in the 2020/21 statistics.

Assurance	2021/22		2020/21		2019/20		2018/19		2017/18	
	No of Audits	%	No of Audits	%	No of Audits	%	No of Audit s	%	No of Audit s	%
Significant	10	37	9	35	33	58	21	33	22	27
Reasonable	14	52	11	42	21	37	32	48	38	47
Limited	3	11	6	23	3	5	14	18	12	15
No	0	-	0	-	0	-	2	1	7	11
Subtotal	27		26		57		69		79	
No Opinion Given	2		4		8		4		2	
Total	29		30		65		73		81	



The percentage of 'Significant' and 'Reasonable' assurance rated audits has increased since last year (89% compared to 77%), although it should be noted that in the past two years the number of audit reviews completed was significantly lower than originally planned as a result of the pandemic and cyber attack. Overall, the number of reviews receiving a 'significant' assurance rating has remained relatively consistent over the 5 year period. This indicates that the level of assurance over the Council's control environment has remained stable in recent years. Comparisons should be treated with some caution as the differing nature of the risks and associated reviews covered by

Internal Audit each year may slightly skew the figures. See Appendix 3 for a detailed analysis of assurances from reviews completed during 2021/22.

#### **Priority of Recommendations**

Where Internal Audit work identifies areas for improvement, recommendations are made to manage the level of risk. These are categorised as Critical, High, Medium or Low priority. The number of recommendations made during 2020/21 to address critical, high and medium priority issues is shown in the following table:

Categorisation of Risk	Definition	Number	Percentage
Critical	Major issues that we consider could have a significant impact upon not only the system, function or process objectives, but also the achievement of the Council's objectives	0	0
High	Major issues that we consider need to be brought to the attention of senior management.	3	6%
Medium	Important issues which should be addressed by management in their areas of responsibility.	50	94%
Total		53	

A total of 53 audit recommendations were made and agreed, this compares with 34 made in 2020/21 of which 9% were high priority. These figures, as at 31 May 2022, do not include the recommendations from audits still in progress, including 6 draft reports.

Definitions of the report ratings for each audit can be found at Appendix 5.

#### **Internal Audit Annual Opinion**

Internal audit is satisfied that sufficient audit work has been performed to enable an opinion to be given on the adequacy and effectiveness of the Council's risk, governance and control framework. In providing this opinion, it should be recognised that the assurance given represents an assessment of risks to be addressed. The most that Internal Audit is able to provide is adequate assurance that there are no major weaknesses in the system of internal control.

The audit opinion is based upon: -

- Audits undertaken during the year
- Follow up actions in respect of previous years' audits
- Any significant recommendations not accepted by management and the resulting risks
- Effects of any significant changes in the Council's objectives or systems
- Any reliance being placed upon third party assurances

Internal Audit work performed during 2021/22 supports the conclusion of adequate assurance that the Council's control framework is operating effectively. In support of this conclusion: -

- Weaknesses identified in individual audits were not significant in aggregate to the overall system of internal control
- 'High' risk rated weaknesses identified during individual audits are isolated to specific systems or processes
- Appropriate remedial actions have been taken by managers during the year to implement audit recommendations and hence strengthen the Council's control framework
- No audit reviews were classified as providing 'no' assurance

#### **Overall Assurance**

The results of internal audit work indicate that, overall, the Council's control framework is adequate, remains robust despite the challenges the Council has faced during the year and continues to display the levels of assurance to the control, risk and governance environment that have been achieved over recent years. The limitations placed on the ability to undertake audit reviews due to the lack of access to systems and data as a result of the impact of the cyber attack in particular in relation to the key financial systems has meant reliance has needed to be placed on the knowledge formed in previous years. The reviews that have taken place, the governance and management of emerging risks and the interim arrangements introduced to enable the Council to continue to provide key services indicates that the control systems in place have been generally sound.

#### Performance and Effectiveness of Internal Audit

Key Performance Indicators for Internal Audit have been established and targets set as part of the annual planning process. Performance against the targets set for 2020/21 are shown in Appendix 2.

In total, 100% of audits in the revised plan were completed or are in progress (compared to 86% at the equivalent stage in 2020/21). On average draft audit reports were issued within 8 days of completing fieldwork, against our target of 15 days. The performance of the service was impacted by the cyber attack as the continuing impact of the Covid-19 pandemic and the effect both extraordinary circumstances had Councilwide to services and resources.

High levels of satisfaction with audit services have been reflected in the management feedback obtained from questionnaires throughout the year, which were returned after audits were completed. These showed that 81% of managers felt that audits were excellent or exceeded expectations.

#### **Conformance with Standards**

The audit service works in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS), which came into effect in 2013, and the supplementary Local Government Application Note published by CIPFA. On 1 April 2017 An updated version of the PSIAS was published on 1 April 2017.

To meet the requirements of the PSIAS, Internal Audit is subject to a quality assurance and improvement programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service, ongoing performance monitoring and an external assessment at least once every 5 years by a suitably qualified, independent assessor. Under pan-London arrangements a peer review of the Council's audit service was conducted in April 2016. This assessment concluded that overall the internal audit service 'generally conforms' to the criteria as set out in the PSIAS. We were due to undergo an assessment in 2021 however, due to the pandemic all assessments were deferred at that time. Although external assessments have now resumed a decision has been taken to postpone Hackney's assessment until 2023 due to the major impact the cyber attack had on the Council's IT systems and available data. This delay will mean that along with a number of other local authorities we will not fully conform to the standards until the assessment is able to be undertaken. Due to the limited access we currently have to historical data it would not be possible to undergo an external assessment any earlier. We will continue to complete self assessments to ensure compliance as far as is possible in the circumstances in which the Council is currently operating.

## **Key Themes**

Internal auditors have continued to work closely with officers during 2021/22 and have been engaged in open and challenging discussions about issues raised in Internal Audit reports. These discussions have shown good engagement from management and this has helped to ensure the outputs from Internal Audit work assist management in addressing any issues identified and adds value to the organisation. The key themes identified in 2021/22 are set out below.

#### Covid-19 Pandemic

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Although an adequate assurance opinion has been provided, there have been significant changes across the authority as a result of the outbreak of Covid-19 which has impacted on every aspect of our service provision, financial resilience, ways of working and of course the health and welfare of those living and working in the borough and especially the most vulnerable in our society. Our governance arrangements have responded to the crisis, in line with the emergency provisions that were made in the Coronavirus Act 2020, and we have continued to carry out effective governance despite the huge disruption caused by Covid-19. The local Code of Corporate Governance and business continuity arrangements were reviewed in 2021, risk management is planned for review in 2022/23. There may be a need to review the Council's wider governance framework as a result of the changes implemented in response to the pandemic including, but not limited to financial and corporate resilience.

#### Cyber Attack

The loss of data and access to systems as a result of the cyber attack and the challenges this posed when undertaking audit reviews has understandably impacted upon the level of assurance that can be given under what are extraordinary circumstances. The Council moved to put in place alternative working practises to ensure essential services continued to be provided to our residents. It was recognised that the use of interim measures involved accepting a greater level of risk than under normal circumstances but these were unprecedented times and the risks needed to be accepted in order for the Council to deliver essential services. This was also recognised in the establishment of 'Gold' Emergency arrangements in relation to cyber as well as the pandemic. Using the cumulative knowledge and experience from the audit review of the systems and controls in place over many years, including the results of previous audit work and the work undertaken to date, it is considered that overall, throughout the Council there remains an adequate internal control environment despite the challenges the Council experienced during the year. The roll-out of new systems to replace legacy systems, designed to take account of current service requirements, emerging risks and new working arrangements, will considerably enhance the internal control systems of the Council.

#### **Key Financial Systems**

The audit of key financial systems assists the Council's external auditors with their audit planning and provides the necessary confidence that key financial controls in the fundamental systems are operating satisfactorily and support a robust internal control environment.

The Audit Plan 2021/22 included five reviews as part of the continuous review of different aspects of the Council's key financial systems, to enable an assurance opinion to be determined for these significant systems which are core to the Council's achievement of its objectives. Unfortunately as a result of the cyber attack it was not possible to undertake the planned reviews in 2021/22, these have been included in the plan for 2022/23. The findings of audits for similar key areas undertaken in previous years are summarised below. A more detailed analysis is provided at Appendix 4.

	2020/2	2020/21		2019/20		2018/19		3
Assurances for Key Financial Systems	No. of project	%	No. of project	%	No. of projects	%	No. of projects	%
Significant	1	50	6	6 7	6	67	6	60
Reasonable	1	50	3	3 3	3	33	2	20
Limited	-	_	-	-	-	-	2	20
No	-	-	-	-	-	-	-	-
N/a	-	-	-	-	-	-	-	-

Total	2	9	9	10	

#### **Risk Management**

Internal Audit planning continues to rely upon the Council's risk management processes, not only by being embedded in the production of the Annual Audit Plan but also as part of the scoping and execution of each individual audit. In preparing the Internal Audit Annual Plan, the Council's corporate and directorate risk registers are used to ensure that there is focus on those areas where there is significant risk to the Council's achievement of its objectives. Each area of activity is evaluated against the relevant risk register assessment to identify the impact and likelihood of concerns that management have identified, including any existing or anticipated material changes to systems, legislation, resources, etc., and also the last audit assurance rating, when the system was last audited and its financial value. When scoping each audit and producing the terms of reference, the auditors refer to the directorate or divisional risk registers to ensure that key risks are identified and considered, and that no major risks are missed out.

Regular communication has been undertaken with the Corporate Risk Advisor on areas which could be of particular interest. The Corporate Risk Advisor sits with the Internal Audit Team and regularly contributes at Internal Audit meetings to ensure a clear linkage is achieved between management of risks and internal audit, and an emphasis is given to the importance of effective internal controls across the Council.

The Corporate Risk Advisor is informed of all 'high' priority recommendations so that these can be taken into account as part of the regular review of the Council's risk registers.

# Management's Response to Recommendations

#### Implementation of agreed audit recommendations

In order to ensure that managers are responsive to addressing identified system weaknesses and that the Council's control framework is continuously being strengthened, progress with implementing agreed recommendations is tracked. For all high priority recommendations raised since 1 April 2017 and due for implementation by 31 May 2022 results are shown below: -

## **High Priority Recommendations**

Directorate	Implemented (including no longer relevant)	Partially Implemented*	Not implemented/ No response	Not Yet Due	Total*
Adults, Health & Integration	7	1	1	1	9
Chief Executives	1	0	1	0	2
Children & Education (excl Schools)	4	0	0	0	4
Climate, Homes & Economy	53	3	3	2	59
Corporate/Cross-Cutting	0	1	0	0	1
Finance & Corporate Resources	17	2	0	0	19
Total number	82	7	5	3	94
Percentage (%)*	87%	8%	5%	n/a	100%

<sup>\*</sup>Does not include Not Yet Due

The target for 2021/22 is for 90% of high priority recommendations to be implemented by the agreed timescale. The percentage currently stands at 87% fully implemented and 8% partially implemented. This compares with 98% implementation in 2020/21 and 93% implementation in 2019/20.

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#### **Medium Priority Recommendations**

Of the medium priority recommendations made and due to be implemented, 85% were verified as implemented, which compares with 87% in 2020/21 and 83% in 2019/20.

Directorate	Implemented (including no longer relevant)	Partially Implemented*	Not implemented /No Response	Not yet due	Total*
Adults, Health & Integration	34	4	3	0	41
Chief Executives	14	3	9	4	26
Children & Education (excl Schools)	27	3	0	0	30
Climate, Homes & Economy	108	4	12	3	124
Corporate/Cross-Cutting	15	6	0	2	21
Finance & Corporate Resources	100	5	3	2	108
Total number	298	25	27	11	350
Percentage (%)*	85%	7%	8%	n/a	100%

<sup>\*</sup>Does not include Not Yet Due

# **Directorate Analysis**

The number of audits completed from the 2021/22 audit plan for each directorate and the overall report ratings are summarised in the table below (Appendix 5 provides definitions of the assurance ratings).

Directorate	Significant	Reasonable	Limited	No	No Opinion or N/A	Total	2021/22 Overall Assurance	2020/21 Overall Assurance
Cross Cutting	-	-	-	-	-	-	No reviews finalised	Reasonable
Children & Education	-	-	-	-	1	1	N/A	Significant
Adults, Health & Integration	-	1	-	-	-	1	Reasonable	No reviews undertaken
Neighbourhoods & Housing	-	-	-	_	1	1	N/A	No reviews finalised
Chief Executives	1	3	-	_	-	4	Reasonable	No reviews undertaken
Finance & Corporate Resources (including ICT)	1	-	-	-	-	1	Significant	Significant
Schools	5	4	-	-	-	9	Significant/ Reasonable	Reasonable
Total	7	8	-	-	2	17	Significant/ Reasonabl e	Significant/ Reasonable

N.B. This should be read with caution as the same areas are not audited each year.

#### **Schools and Children's Centres**

During the year 14 schools were reviewed plus five from 2020/21. Of these six was given 'Significant' assurance, eight were assessed as 'Reasonable'. Draft reports have been issued to three schools. The general direction of travel has continued to be positive. There were two high priority and 39 medium priority recommendations made to management.

The table below provides an analysis of the common high and medium priority issues emerging from the school audits performed during 2021/22.

Risk Area	Number of high priority issues	Number of medium priority issues
Governance Issues (approved procedures, register of interests, Terms of	1	11
Reference and whistleblowing arrangements)		
Budgets (planning, monitoring, reporting, budget setting & approval)	-	9
Administration and management of monies/bank account	-	2
(includes petty cash arrangements and voluntary fund)		
<b>Purchasing arrangements</b> (includes supplier arrangements, selection, use of purchase orders and contractor arrangements)	1	8
Safeguarding of assets (including asset registers and insurance)	-	6
Payroll issues (including IR35 & self employment)	_	2
Income	-	1
Total	2	39

The table below provides an overview of Schools' recommendations for the period 2017/18 - 2021/22.

# High and Medium Priority Recommendations 2017/18-2021/22

Recommendation Priority	Implemented (including no longer relevant)	Partially Implemented*	Not implemented/ No response	Not Yet Due	Total*
High	38	1	0	0	39
Medium	178	6	20	0	204
Total number	216	7	20	0	243
Percentage (%)*	89%	3%	8%	n/a	100%

<sup>\*</sup>Does not include Not Yet Due

# **Internal Audit Performance 2021/22**

Objective	KPIs	Targets	Actual
To ensure the service provides	Percentage of planned audits completed to final/draft report stage	1) 90% by year end	1) 95% complete or in progress
Value for Money	Average days between the end of fieldwork & issue of the draft report.	2) Less than 15 working days	2) 8 days
Quality  To ensure recommendations	Percentage of significant recommendations made which are agreed	1) 100%	1) 100%
made by the service are agreed and implemented	Percentage of agreed high priority recommendations which are implemented	2) 90%	2) 87% - fully implemented 8% - partially implemented
Client Satisfaction  To ensure that clients are satisfied with the service and	Results of Post Audit     Questionnaires	Responses     meeting or     exceeding     expectations	1) 100% 81% exceeded expectations and excellent)
consider it to be good quality	Results of other     Questionnaires	2) Satisfactory	2) N/A
	3) No. of Complaints / Compliments	3) Actual numbers reported	3) None

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# **Detailed Analysis of Internal Audit Reviews 2021/22**

Internal Audit Annual Plan											
	Progress to 31 May 2022										
Code	Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status						
2020/21 Audits											
2021LBH01	AGS co-ordination 2020/21	N/A	N/A	Adequate	N/A						
2021LBH08	Corporate Response to Covid 19 - PPE - Business Continuity	N/A 0	N/A 6	N/A Reasonable	Final						
2021CACH08	Safeguarding - Children Missing from School - F/up	0	0	Significant	Final						
2021FCR09	Anti-Fraud	0	5	Reasonable	Final						
New review	Consultants role in Procurement	1	9	Limited	Final						
2021CE04	Establishment	0	2	Significant	Final						
2021ICT03	Mobile Device Management & End to End Security				Draft						
2021ICT04	Move to support homeworking during pandemic				WiP						
2021ICT05	GDPR - Privacy by Design				WiP						
2021NH01	Suffolk TMO	2	7	Limited	Final						
2021NH02	Wyke TMO				Draft						
2021NH03	C/Tax & Housing - Cautionary Contact	3	3	Limited	Final						
2021SCH01	Gainsborough School/CC	0	3	Reasonable	Final						
2021SCH03	Queensbridge School & Mapledene CC	0	3	Significant	Final						
2021SCH04	Berger Primary School	0	5	Reasonable	Final						
2021SCH07	St. John the Baptist CE Primary School	0	3	Reasonable	Final						
2021SCH08	St. Matthias CE Primary School	0	3	Reasonable	Final						

Internal Audit Annual Plan										
Progress to 31 May 2022										
2021/22 Audits										
Code	Description	Description  High Medium Audit Priority Recs Recs								
Corporate / Cross Cutting										
2122LBH01	AGS co-ordination 2021/22				WiP					
2122LBH02	Co Management/ Governance (e.g. Hackney Light & Power)				Draft					
Chief Executive's										
2122CEX01	Electoral Services	0	4	Reasonable	Final					
2122CEX02	Grants	0	1	Significant	Final					
2122CEX03	Film Office Charges	0	3	Reasonable	Final					
2122CEX04	Private Sector Hsg	1	7	Reasonable	Final					
Children, Adults &	& Community Health									
Adult Services/Pu	ublic Health									
2122AHI01	Mortuary Statutory Review				On hold due to pandemic					
2122AHI06	Housing with Care	1	3	Reasonable	Final					
Children & Famili	es									
Education										
2122CE02	Unregistered Settings	0	1	N/A	Final					
2122CE04	Early Years Setting -15 hours free for 2 year olds				WiP					
FINANCE & CORE	FINANCE & CORPORATE RESOURCES									
Customer Services										
2122FCR06	Searchlight System Review - Data security				WiP					
2122FCR07	Procurement of Homelessness Provision	0	2	Significant	Final					
Neighbourhoods	& Housing									

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Housing							
2122NH01	Clapton Park TMO				Draft		
2122NH02	Wyke TMO				Draft		
2122NH04	Implementation of new rent account system	N/A	N/A	N/A	Advisory		
Public Realm							
2122NH06	Use of Infrastructure Levy/section 106				ToR		
Schools							
Primary Schools							
2122SCH01	Colvestone				WiP		
2122SCH02	Grasmere	0	6	Reasonable	Final		
2122SCH03	Parkwood	1	4	Reasonable	Final		
2122SCH04	Rushmore	0	1	Significant	Final		
2122SCH05	St Dominic's				Draft		
2122SCH06	St John of Jerusalem				Draft		
2122SCH07	St Mary's CoE	0	1	Significant	Final		
2122SCH08	The Garden School	0	6	Reasonable	Final		
2122SCH09	Thomas Fairchild	0	1	Significant	Final		
2122SCH10	William Patten	0	2	Significant	Final		
Secondary School	ols						
2122SCH11	Clapton Girls Academy Scrutiny	0	3	Significant	Final		
2122SCH12	New Regent's College				WiP		
2122SCH13	Our Lady's	0	5	Reasonable	Final		
2122SCH14	Yesodey Hatorah Senior Girls School				Draft		

Cancelled/Deferred at 31 March 2022								
Code	Description	Status						
2021/22 Audits								
2122AHI01	Mortuary	Cancelled due to Covid						
2122AHI02	Integrated Learning Disabilities Service (ILDS)	Deferred due to cyber attack						
2122AHI03	Direct Payments	Deferred due to cyber attack						
2122AHI04	Residential Care	Deferred due to cyber attack						
2122AHI05	Adults Homecare Procurement	Deferred due to cyber attack						
2122AHI07	Public Health Information Governance	Deferred due to cyber attack						
2122AHI08	Public Health Financial Control	Deferred due to cyber attack						
2122CEX05	Housing Supply Programme	Deferred due to cyber attack						
2122CEX06	Area Regeneration	Deferred due to cyber attack						
2122CE01	LAC Incidentals	Deferred due to cyber attack						
2122CE03	Schools overview report 2020/21	Cancelled due to Covid						
2122NH03	Streetscene	Deferred due to cyber attack						
2122NH05	Tenant Arrears - effect of changes to UC	Deferred due to cyber attack						
2122LBH03	Equal Pay	Deferred due to cyber attack						
2122ICT01	Programme & Projects (ICT)	Deferred due to cyber attack						
2122ICT02	ICT Risk Management	Deferred due to cyber attack						
2122ICT03	FOI	Deferred due to cyber attack						
2122ICT04	Main Financial System Upgrade	Deferred due to cyber attack						
2122FCR01	Commercial Property Income	Deferred due to cyber attack						
2122FCR02	Pension Fund	Deferred due to cyber attack						
2122FCR03	Matrix ICT Contract	Deferred at management request						
2122FCR04	Council Tax	Deferred due to cyber attack						
2122FCR05	NNDR/Business Rates	Deferred due to cyber attack						

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# **Key Financial Systems Analysis of Audit Findings**

5	System			Internal Au	dit Findings		
		2021/22*	2020/21*	2019/20	2018/19	2017/18	2016/17
Main Accou System/Ge	ınting neral Ledger	N/a	N/a	Significant	Significant	N/a	N/a
Capital Asset Accounting/Capital Programme		N/a	N/a	N/a	Significant	N/a	N/a
Treasury M	anagement	N/a	Significant	N/a	Significant	N/a	N/a
Cash Receipting/Banking		N/a	N/a	Significant Self- service Payment Centre	N/a	On line – Significant Bank accounts - Reasonabl e	Reasonabl e
Commercial Property		N/a	N/a	Reasonabl e Debt Mgmt	N/a	N/a	N/a
Procurement		N/a	Reasonable  Contract Performance Monitoring	Reasonabl e Single Tender Action	N/a	Limited e-tendering	Reasonabl e
NNDR	Billing	N/a	N/a	N/a	Significant	N/a	N/a
	Valuation, Liability & Collection	N/a	N/a	N/a	Significant	Significant	N/a
	Liability – Charitable Relief	N/a	N/a	N/a	Reasonabl e	N/a	Reasonabl e
	Liability – Empty Rating	N/a	N/a	N/a	N/a	N/a	Reasonabl e
	Recovery & Enforcement	N/a	N/a	N/a	Reasonabl e	N/a	N/a
	Pool Claim	N/a	N/a	N/a	N/a	N/a	N/a
Housing	Benefit Application	N/a	N/a	N/a	N/a	N/a	N/a
Donofit	Overpayments	N/a	N/a	N/a	Significant	N/a	N/a
Benefit	Reclaim of Grants	N/a	N/a	N/a	N/a	N/a	N/a
	Benefits Admin	N/a	N/a	N/a	N/a	N/a	N/a
	Appeals	N/a	N/a	Significant	N/a	N/a	N/a
	Reconciliation s	N/a	N/a	N/a	N/a	N/a	N/a

	CTRS	N/a	N/a	N/a	N/a	Significant	N/a
Accounts Payable	Central Systems	N/a	N/a	Significant	Reasonabl e	Significant	Significant
	Directorate Systems	N/a	N/a	N/a	N/a		N/a
Payroll	Overall (key controls)	N/a	N/a	Reasonabl e	N/a	N/a	N/a
	Starters and Leavers	N/a	N/a	N/a	N/a		N/a
	Recruitment & Retention	N/a	N/a	Significant	N/a	N/a	N/a
	Variations to Pay	N/a	N/a	N/a	N/a	N/a	N/a
	Computer System	N/a	N/a	N/a	N/a	N/a	N/a
	Processing Payments	N/a	N/a	N/a	N/a	N/a	N/a
	Deductions	N/a	N/a	N/a	N/a	Limited	N/a
	Payroll Tax Management	N/a	N/a	N/a	N/a	N/a	N/a
Accounts Receivabl e	Billing	N/a	N/a	N/a	N/a	Significant	Significant (Rent collection – billing & collection)
	Collection	N/a	N/a	Significant ASC Debt F/up	N/a	Significant	Reasonabl e (HLT debt)
Council	Tax Setting	N/a	N/a	N/a	N/a	N/a	N/a
Tax	Billing	N/a	N/a	N/a	N/a	N/a	N/a
	Valuation, liability, collection	N/a	N/a	N/a	N/a	Significant	N/a
	Discounts and Exemptions	N/a	N/a	N/a	N/a	N/a	N/a
	Recovery	N/a	N/a	N/a	N/a	N/a	N/a
	Reconciliation s	N/a	N/a	N/a	N/a	N/a	N/a

<sup>\*</sup>Audits deferred 2020/21 & 2021/22 as a result of the cyber attack that took place in October 2020 which rendered all systems unaccessible

# **Definitions of Assurance Levels**

The **Overall Assurance** given in respect of an audit is categorised as follows:

Level of assurance	Description	Link to risk priorities
Significant	Our work found some low impact control weaknesses which, if addressed would improve overall control. However, these weaknesses do not affect key controls and are unlikely to impair the achievement of the objectives of the system. Therefore we can conclude that the key controls have been adequately designed and are operating effectively to deliver the objectives of the system, function or process.	There are two or less medium-rated issues or only low rated or no findings to report.
Reasonable	There are some weaknesses in the design and/or operation of controls which could impair the achievement of the objectives of the system, function or process. However, either their impact would be less than critical or they would be unlikely to occur.	There is no more than one high priority finding and/or a low number of medium rated findings. However, where there are many medium rated findings, consideration will be given as to whether the effect is to reduce the assurance to Limited.
Limited	There are some weaknesses in the design and / or operation of controls which could have a significant impact on the achievement of key system, function or process objectives but should not have a significant impact on the achievement of the Council's objectives. However, there are discrete elements of the key system, function or process where we have not identified any significant weaknesses in the design and / or operation of controls which could impair the achievement of the objectives of the system, function or process. We are therefore able to give limited assurance over certain discrete aspects of the system, function or process.	There are up to three high- rated findings. However, if there are three high priority findings and many medium rated findings, consideration will be given as to whether in aggregate the effect is to reduce the opinion to No assurance.
No	There are weaknesses in the design and/or operation of controls which [in aggregate] have a significant impact on the achievement of key system, function or process objectives and may put at risk the achievement of the Council's objectives.	There are a significant number of high rated findings (i.e. four or more).



# **London Borough of Hackney**

# **Internal Audit Charter**

June 2022

#### 1. Introduction

1.1 This Charter sets out the purpose, authority and responsibility of the Council's Internal Audit function, in accordance with the UK Public Sector Internal Audit Standards (PSIAS). The Charter will be reviewed annually and presented to the Audit Committee for final approval.

#### 2. Mission, Definition and Core Principles

- 2.1 The Mission of Internal Audit is to "Enhance and protect organisational value by providing risk-based and objective assurance, advice and insight"
- 2.2 Internal Audit is defined by the Public Sector Internal Audit Standards (PSIAS) 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."
- 2.3 The Core Principles of Internal Auditing which, taken as a whole, articulate internal audit effectiveness, are as follows:
  - Demonstrate integrity
  - Demonstrate competence and due professional care
  - Be objective and free from undue influence, i.e. be independent
  - Be aligned with the strategies, objectives and risks of the organisation
  - Be appropriately positioned in the organisation & adequately resourced
  - Demonstrate quality and continuous improvement
  - Communicate effectively
  - Provide risk based assurance
  - Be insightful, proactive and future-focused
  - Promote organisational improvement

#### 3. Purpose

- 3.1. In a local authority internal audit provides independent and objective assurance to the organisation, its elected members, senior management and in particular to the Chief Financial Officer to help him discharge his responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs.
- 3.2. In addition, the Accounts and Audit Regulations (2015) specifically require an internal audit function and state that a relevant body must 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account public sector internal auditing standards or guidance'. The standards for 'proper practices' in relation to internal audit are laid down in the PSIAS.
- 3.3. The Council's Financial Procedure Rules (FPR 4) state "a continuous internal audit, under the independent control and direction of the Group Director, Finance and Corporate Resources, shall be arranged to carry out an examination of accounting, financial and other operations of the Council."

#### 4. Authority and Access to Records

- 4.1. In undertaking their duties and responsibilities, auditors and investigators assigned to the Audit and Anti Fraud Division shall be entitled to have full access to all of the Council's data, records, cash, stores, property, assets, personnel and information, whether manual or computerised, that it considers necessary to fulfil its responsibilities. Audit staff may enter Council property and have unrestricted access to all locations and officers where necessary, on demand, and without prior notice. Council staff are expected to provide every possible assistance to facilitate the progress of audits and investigations.
- 4.2. Access rights apply equally to third parties and organisations, as permitted through the associated contract and partnering arrangements. Right of access to other bodies funded by the Council should be set out in the conditions of funding.
- 4.3. The Internal Audit function will consider all requests from the external auditors for access to any information, files or working papers obtained or prepared during audit work that have been finalised, which the external auditor would need to discharge their responsibilities.
- 4.4. All records, documentation and information accessed in the course of undertaking audit reviews shall be used solely for that purpose. All audit staff are responsible for maintaining the confidentiality of information received in the course of their work.

#### 5. Responsibility

- 5.1. The PSIAS requires the Internal Audit Charter to define the terms 'board' and 'senior management' for the purposes of internal audit activity. The Audit Committee has been designated as the 'board' and Council Leadership Team (CLT) as 'senior management'. The role of the Chief Audit Executive as described in the PSIAS will be covered by the roles of the Corporate Head of Audit, Anti-fraud and Risk Management and the Head of Internal Audit and Risk Management.
- 5.2. The Council's Head of Internal Audit and Corporate Risk Management is required to provide an annual opinion to the Council and to the Chief Financial Officer, through the Audit Committee, on the adequacy and the effectiveness of the framework of governance, risk management and control for the whole Council. In order to achieve this, the Internal Audit function has the following objectives:
  - To provide a high quality, independent and objective audit service that effectively meets the Council's needs, adds value, improves operations and helps protect public resources.
  - To provide assurance that the Council's operations are being conducted in accordance with external regulations, legislation, internal policies and procedures.
  - To provide assurance that significant risks to the Council's objectives are being identified and managed.

- To provide independent assurance over the risk management, internal control and governance processes.
- To provide advice and support to management to enable an effective control environment to be maintained.
- To promote an anti-fraud, anti-bribery and anti-corruption culture within the Council to aid the prevention and detection of fraud.
- To investigate allegations of fraud, bribery and corruption (this is undertaken by the Audit Investigation Team).
- To promote and develop the risk management processes and awareness across the Council.
- 5.3. There are inherent limitations in any system of internal control and thus error or irregularities may occur and may not be detected by internal audit's work. When undertaking audit reviews, internal audit will provide management with comments and report on failures or weaknesses in internal control systems together with recommendations for remedial action. It remains a management responsibility to maintain an effective system of internal control. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.
- 5.4. The remit of Internal Audit covers the entire framework of governance, risk management and control for the Council.
- 5.5. Where appropriate, Internal Audit may undertake consulting work for the benefit of the Council. Consultancy is defined as "Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include advice, facilitation and training".
- 5.6. Internal Audit may also provide assurance to the Council on third party operations (such as contractors and partners) where this has been provided for as part of the contract.

#### 6. Reporting

- 6.1. The PSIAS require the Head of Internal Audit to report at the top of the organisation and this is done in the following ways:
  - (i) An Annual Report and Annual Audit Opinion which is used to inform the Council's Annual Governance Statement and which concludes on the overall adequacy and effectiveness of the framework of governance, risk management and control. The annual report includes:
    - The opinion
    - A summary of the work that supports the opinion; and
    - A statement of conformance with the PSIAS and the results of the quality assurance and improvement programme derived from the internal or external assessment. Any instances of non-conformance with the PSIAS will be reported to CLT and the Audit Committee and will be included in the Annual Report. If there is significant non-

conformance this may be included in the Annual Governance Statement

- (ii) The Internal Audit Strategy and Charter and any amendments to them are reported to the Audit Committee.
- (iii) The Internal Audit Annual Plan is compiled by the Head of Internal Audit and Corporate Risk Management taking account of the Council's risk framework, which includes calculating a score based on both impact and likelihood, and after input from members of CLT and other senior managers it is then presented to CLT and the Audit Committee for final comment and approval.
- (iv) The Internal Audit budget is reported to Cabinet and Full Council for approval annually as part of the overall Council budget.
- (v) The adequacy, or otherwise, of the level of internal audit resources (as determined by the Group Director of Finance & Corporate Resources) and the independence of the Internal Audit function will be reported annually to the Audit Committee. The approach to providing resources is set out in the Internal Audit Strategy.
- (vi) Performance against the Internal Audit Annual Plan and any significant risk exposures and control issues arising from audit work are reported to the Audit Committee on a quarterly basis.
- (vii) Any significant consulting activity not already included in the Audit Plan which might affect the level of assurance work undertaken will be reported to the Audit Committee.

#### 7. Independence

- 7.1. The Corporate Head of Audit, Anti-Fraud and Risk Management is line managed by the Chief Financial Officer however both the Corporate Head of Audit, Anti-Fraud and Risk Management and the Head of Internal Audit and Corporate Risk Management have free and unfettered access to the following:
  - Group Director, Finance & Corporate Resources (Chief Financial Officer)
  - Chief Executive
  - Chair of the Audit Committee
  - Monitoring Officer
  - Any other member of the Council Leadership Team
- 7.2. The independence of the Corporate Head of Audit, Anti-Fraud and Risk Management is further safeguarded by ensuring that the annual appraisal of the post holder is not inappropriately influenced by those subject to audit. This is achieved by ensuring that the Chief Executive contributes to, and/or reviews the appraisal of the Corporate Head of Audit, Anti-Fraud and Risk Management.
- 7.3. All Council and agency staff working in the Internal Audit and Investigation Teams are required to make an annual declaration of interest to ensure that auditors' objectivity is not impaired and that any potential conflicts of interest are appropriately managed. Auditors are also frequently rotated to prevent over-familiarity or complacency which could influence objectivity. In addition

- stringent procedures are in place relating to the acceptance of gifts and hospitality and the prevention of bribery.
- 7.4. Internal Audit may also provide consultancy services, such as providing advice on implementing new systems and controls. Any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the Audit Committee. To maintain independence, any audit staff involved in significant consulting activity will not be involved in the audit of that area for at least 12 months.
- 7.5. Internal Audit must remain independent of the activities that it audits to enable auditors to make impartial and effective professional judgements and recommendations. Internal auditors have no operational responsibilities or authority over any of the activities audited.
- 7.6. The responsibilities of the Corporate Head of Audit, Anti-Fraud and Risk Management include risk management and counter fraud. To maintain independence in these areas, their role, and that of the team, is clearly defined. For example, the Corporate Risk Advisor within the Audit Service has a co-ordinating role and provides support and advice for the maintenance of the risk registers and the development of the Council's risk framework, including revising the Risk Strategy and assisting directorates with reviewing their risks. In order to provide the necessary safeguards as set out in PSIAS standard 1112, where the Chief Audit Executive has roles beyond internal auditing, when audits are conducted in these areas, the Corporate Head of Audit, Anti-Fraud and Risk Management and/or the Head of Internal Audit & Corporate Risk Management, will remove themselves from the review process of these audits, and all findings and draft reports will be shared at their conclusion with both of these officers and the Group Director, Finance & Corporate Resources.
- 7.7. Internal Audit is involved in the determination of its priorities in consultation with those charged with governance. Accountability for the response to the advice and recommendations of Internal Audit lies with management. Managers must either accept and implement the advice recommendations, or formally reject them accepting responsibility and accountability for doing so. When the Head of Internal Audit and Corporate Risk Management concludes that management has accepted a level of risk that may be unacceptable to the Council, the Head of Internal Audit and Corporate Risk Management must discuss the matter with senior management. If the Head of Internal Audit and Corporate Risk Management determines that the matter has not been resolved, the matter will ultimately be communicated to the Audit Committee.

#### 8. Counter Fraud

- 8.1. Managing the risk of fraud and corruption is the responsibility of management. Internal Audit reviews alone cannot guarantee that fraud or corruption will be prevented or detected. Internal Auditors will, however, be alert in their work to risks and exposures that could allow fraud, corruption or other irregularity to take place.
- 8.2. The Corporate Head of Audit, Anti-Fraud and Risk Management will work together with the Head of Internal Audit and Corporate Risk Management to

- seek to develop proactive anti-fraud work through a series of specifically focussed audits into areas of high risk of fraud and irregularity.
- 8.3. The Investigation Teams will respond to all notifications of fraud and suspected financial irregularity and will undertake investigations to assess the validity of such allegations. Where weaknesses in internal control are identified these will be communicated to Internal Audit in order that appropriate recommendations can be made to strengthen the controls and help prevent such frauds and irregularities reoccurring.
- 8.4. The policies and procedures of the anti-fraud service are detailed in the Council's Anti-Fraud and Corruption Strategy.

#### 9. Due Professional Care

- 9.1. The Internal Audit function is bound by the following standards:
  - Institute of Internal Auditors International Code of Ethics
  - UK Public Sector Internal Audit Standards (PSIAS)
  - CIPFA Statement on the Role of the Head of Internal Audit
  - Seven Principles of Public Life (Nolan Principles)
  - All Council Policies and Procedures
  - All relevant legislation
- 9.2. All internal audit staff are required to sign an annual statement confirming their compliance with the IIA Code of Ethics as included in the PSIAS.
- 9.3. Internal Audit is subject to a quality assurance and improvement programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the PSIAS, ongoing performance monitoring and an external assessment at least once every five years by a suitably qualified, independent assessor.
- 9.4. A programme of Continuous Professional Development (CPD) is maintained for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies. The Head of Internal Audit and Risk Management is required to hold a professional qualification (CCAB or CMIIA) and be suitably experienced.

#### 10. Related Documents

- Internal Audit Strategy 2020 2025
- Internal Audit Annual Plan
- Anti-Fraud and Corruption Policy



# **London Borough of Hackney**

Internal Audit Strategy 2020 - 2025

## Internal Audit Strategy

#### 1. Introduction

1.1. This strategy sets out how the Council's Internal Audit Service will be developed and delivered in accordance with the Internal Audit Charter. The strategy will be reviewed annually and presented to the Audit Committee.

#### 2. Internal Audit Objectives

- 2.1. Internal Audit will provide independent and objective assurance to the organisation, its elected Members, HMT and in particular to the Chief Financial Officer to support him in discharging his responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs.
- 2.2. It is the Council's intention to provide a best practice, cost efficient internal audit service.

#### 3. Internal Audit's Remit

- 3.1. Internal Audit is an assurance function that primarily provides an independent and objective opinion on the degree to which the framework of governance, risk management and control supports and promotes the achievement of the Council's objectives.
- 3.2. Under the direction of a suitably qualified and experienced Corporate Head of Audit, Anti-Fraud and Risk Management and Head of Internal Audit and Corporate Risk Management, Internal Audit will: -
  - Provide management and Members with an independent, objective assurance on the framework of governance, risk management and control and its effectiveness in achieving the Council's objectives and priorities
  - Provide management with a consulting activity designed to add value and improve the Council's operations
  - Assist the Audit Committee to reinforce the importance of effective corporate governance and ensure internal control improvements are delivered
  - Drive organisational change to improve processes and service performance
  - Work with other internal stakeholders and customers to review and recommend improvements to internal control and governance arrangements in accordance with regulatory and statutory requirements

- Work closely with other assurance providers to share information and provide a value for money assurance service
- Promote continuous improvements in risk management and control systems
- Be alert in all audit work to risks and exposures that could allow fraud, corruption, extravagance, waste or inappropriate use of Council resources
- Participate in local and national bodies and working groups to influence agendas and developments within the profession
- 3.3. It is recognised that it is management's responsibility to establish and maintain a sound system of internal control and to prevent and detect irregularities and fraud by ensuring that risks are properly managed. Internal Audit cannot absolve management and senior officers of these responsibilities. The overall aim of Internal Audit is to seek out areas requiring improvement and recommend solutions that will enable the Council to better achieve its objectives.
- 3.4. Internal Audit will ensure that it is not involved in the design, installation and operation of controls so as to compromise its independence and objectivity. Internal Audit will however offer advice on the design of new internal controls in accordance with best practice.

#### 4. Service Delivery and Resources

- 4.1. The Service will be delivered by the in house internal audit team under the direction of the Head of Internal Audit and Risk Management.
- 4.2. Internal Audit must be appropriately staffed in terms of numbers, grades, qualification levels and experience, having regard to its objectives and standards.

#### 5. Internal Audit Planning

- 5.1. Audit planning will be undertaken on an annual basis. The plan should be sufficiently flexible to accommodate changes in risks and priorities that arise during the period covered by the plan. Good practice recommends that the audit plan is reviewed on a regular basis throughout the year to ensure that it remains relevant
- 5.2. Where possible the audit plan will take into account management activities, the external auditor, inspection bodies and other review agencies to ensure the most effective audit coverage is achieved and duplication of effort is minimised.
- 5.3. The annual audit plan and audit coverage will be based on the following: -
  - The Council's risk registers together with Internal Audit's own assessment of risk in operational areas considering impact and likelihood.

- The adequacy of risk management, performance management, internal and external review bodies and other assurance processes within the Council.
- The extent and scope of audit activity in previous years, including the previous audit reports and recommendations made to strengthen controls and enhance systems.
- The requirements of the external auditors and their ability to utilise the work of Internal Audit in forming their opinion of the Council's Financial Statements.
- The requirements of regulations and legislation and external factors such as grant conditions.
- The views of senior managers in the directorates and the assurances received from them regarding internal control, governance and risk management.
- 5.4. The Head of Internal Audit and Corporate Risk Management will attend directorate management team meetings as part of the annual planning process to ensure that management views and suggestions are taken into account when producing the audit plan.
- 5.5. The Internal Audit Annual Plan is based on the following: -
  - (i) Risk Based Systems Audit: Audits of systems, processes or tasks where the internal controls are identified, evaluated and confirmed through a risk assessment process. The internal controls depending on the risk assessment are tested to confirm that they are operating correctly. The selection of work in this category is driven by Directorates' own risk processes and will increasingly include work in areas where Council services are delivered in partnership with other organisations. The results of audit work will be fed back into the risk management process to form a 'virtuous circle'.
  - (ii) **Key Financial Systems:** Audits of the Council's key financial systems. External Audit will have the opportunity to rely on the work of Internal Audit where appropriate.
  - (iii) Probity Audit (schools and other establishments): Audit of a discrete unit. Compliance with legislation, regulation, policies, procedures or best practice is confirmed. For schools this includes assessment against the Schools Financial Value Standard. Coverage is dependent on the assessment of the level of risks.
  - **(iv) Computer Audit:** The review of ICT infrastructure and associated systems, software and hardware.
  - (v) Contract Audit: Audits of the procedures and processes for the letting and monitoring of contracts, including reviews of completed and current contracts.
  - (vi) Fraud: The Audit Investigation Teams, within the Audit and Anti-Fraud Division, will investigate any fraud and irregularity arising during the year

- and also undertake a programme of proactive counter fraud projects to raise awareness of significant fraud issues.
- (vii) Ad-Hoc Work: Due to organisational changes and emerging risks and issues, audit resources may need to be allocated to reviews on an ad hoc basis in areas not envisaged in the annual audit plan. These unforeseen alterations will be agreed by the Head of Internal Audit and Corporate Risk Management and reported to the Audit Committee.

#### 6. Follow-up

- 6.1. Internal Audit will evaluate the Council's progress in implementing audit recommendations against set targets for implementation. In areas where there has been limited or no assurance, follow up reviews may be conducted in the following year. Progress will be reported to the Audit Committee on a regular basis.
- 6.2. Where progress is unsatisfactory or management fails to provide a satisfactory response to follow up requests, Internal Audit will implement the escalation procedure as agreed with management. This entails reporting progress with implementation of high and medium priority audit recommendations to directorate management teams on a regular basis.

#### 7. Reporting

7.1. Internal Audit reports the findings of its work in detail to local management at the conclusion of each piece of audit work. Progress reports are also periodically issued to the Audit Committee. The Head of Internal Audit and Risk Management's annual report is also submitted to the Audit Committee and this contributes to the assurances underpinning the Annual Governance Statement of the Council.

#### 8. Related Documents

- Internal Audit Charter
- Internal Audit Annual Plan

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Title of Report	Annual Fraud & Irregularity Report 2021/22
For Consideration By	Audit Committee
Meeting Date	8 June 2022
Classification	Open
Ward(s) Affected	All
Group Director	Ian Williams, Group Director of Finance and Corporate Resources

#### 1. <u>Introduction</u>

- 1.1. This report introduces the Annual Fraud and Irregularity Report 2021/22. The attached document provides a status report and analysis of reported fraud and irregularity within the London Borough of Hackney.
- 1.2. This report is presented for information and comment and forms part of the Committee's role in overseeing corporate governance.

#### 2. Recommendations

2.1. The Audit Committee is recommended to:

Note the content of this report.

#### 3. Reason(s) for decision

3.1 Not applicable – no decision is required.

#### 4. **Background**

Anti-fraud work is an important part of Hackney's control environment and helps to ensure the proper administration of financial affairs. The risk of fraud is present in many of the activities that the Council undertakes. It is essential that officers are aware of the possible consequences of fraud and the financial implications for services so that an informed decision can be made about the controls in place to mitigate the threat.

It is also vital that Members understand the potential for fraud when holding services to account and when making corporate level decisions.

The report includes accounts of tangible financial outcomes from fraud investigation work carried out in 2021/22 which is summarised in the table below:

Investigation area	Estimated saving arising from enquiries
Tenancy Fraud	£1,786,400
No Recourse to Public	£746,633
Funds	
National Fraud Initiative	£621,101
2020 and other enquiries	
Blue Badge	£33,250
Total	£3,187,384

This report forms part of the evidence supporting the Council's Annual Governance Statement. In line with Financial Procedure Rules (FPR 4.6), this report is presented to the Audit Committee as part of the requirement to report work undertaken by the Audit & Anti-Fraud Division.

#### 4.1 Policy Context

All investigation work is undertaken in compliance with relevant legislation and Council policy, including the Anti-Fraud and Corruption Policy, Member and Officer Codes of Conduct, RIPA Policy, Anti-Money Laundering Policy and Whistleblowing Policy.

#### 4.2 Equality Impact Assessment

For the purposes of this report an Equality Impact Assessment is not applicable, although all investigation work is carried out in compliance with the Council's Equality policies.

#### 4.3 Sustainability

Not applicable – This report contains no new impacts on the physical and social environment.

#### 4.4 Consultations

Not applicable.

#### 4.5 Risk Assessment

Anti-fraud work is subject to risk assessment to ensure that the most significant threats are adequately addressed, and emerging concerns are tackled. The risk of fraud is likely to be greatest where money or other assets are allocated in the course of operational activities, and these should be considered as part of the risk assessment process and recorded on relevant risk registers where appropriate.

#### 5. Comments of the Group Director of Finance and Corporate Resources.

- 5.1. There are no financial implications arising from this report as the costs of providing the investigation service are included within the Council's base budget.
- 5.2. An effective investigation service is important to help ensure that public funds are used appropriately, to enable sanctions where suitable, and to deter fraudsters from targeting the Council.

#### 6. Comments of the Director of Legal, Democratic and Electoral Services

- 6.1. The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk. An adequate system of internal audit is inherent. This report demonstrates how the Council is fulfilling its obligations in this regard.
- 6.2. The Audit Committee is asked to note the report on the Audit Investigation Service's work during 2020/21. There are no immediate legal implications arising from the report.

#### **Appendices**

Appendix 1 - Annual Fraud and Irregularity Report 2021/22

#### **Background documents**

None

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# Audit & Anti-Fraud Service Annual Fraud and Irregularity Report 2021/22

A status report and analysis of reported fraud and financial irregularity within the London Borough of Hackney

June 2022



**Finance and Corporate Resources Directorate Audit and Anti-Fraud Division** 

#### 1. Introduction

- 1.1 This report provides a summary of the work undertaken in respect of anti-fraud activities carried out by the Council's Audit Investigation Team (AIT) and Tenancy Fraud Team (TFT) during the past year. During the financial year 2021/22 the teams received 947 referrals and enquiries in relation to fraud and irregularity.
- 1.2 This reporting year has seen the service start to recover from the disruption caused by the pandemic and the cyber attack. Key activities including work inside residential addresses and in-person interviews have been cautiously restarted and referral volumes have increased. The volume of outcomes from key areas of work have started to recover as a result.

#### 2. Background

2.1 The Council's position on fraud is embedded in a series of policy documents which enhance and reinforce the attention given to this particular aspect of the Council's processes and procedures, namely: -

The Constitution	The Council's Fraud Policies
Members' Code of Conduct	<ul> <li>Anti-Fraud &amp; Corruption Policy</li> </ul>
Officers' Code of Conduct	<ul> <li>Whistleblowing Policy; and</li> </ul>
Financial Procedure Rules	<ul> <li>Anti-Money Laundering Policy</li> </ul>
Standing Orders	
Contract Standing Orders	

- 2.2 Regular reviews of both Member and Officer compliance with the Council's policy in respect of corporate governance arrangements are undertaken and this informs the Annual Governance Statement which is required to be included as part of the final accounts process.
- 2.3 The Council's Anti-Fraud & Corruption Policy reinforces that managers, as 'owners' of the Council's systems and processes, are responsible for ensuring that adequate systems of internal control are in place to prevent or detect fraudulent activity. The primary responsibility for the prevention and detection of fraud therefore rests with managers and staff. AAF's role is to undertake independent assessments of the key risks and associated controls within systems across the organisation. AIT has systems in place to receive, assess and react to potential fraud referrals from all stakeholders.
- 2.4 Managers are required to ensure that all staff receive training in fraud awareness. In addition, all new employees are briefed on the Council's approach and are provided with a copy of the policy as part of the induction process. AAF offers advice and where necessary undertake training in key areas of activity.
- 2.5 The Council has procured an external provider, Navex, to provide a confidential corporate whistleblowing hotline. This facility is available 24/7 to all Council workers. Nominated Officers within the Council have been identified to receive

confidential reports. This facility is also available to Hackney Education and has been rolled out to all grant maintained schools. In addition, there are also a number of fraud hotlines (e.g. Tenancy and Blue Badge) which are maintained for members of the public. An annual whistleblowing report is provided to the Committee separately, most recently in April 2022.

### 3. Anti-Fraud & Corruption Activity during 2021/22

- 3.1 Investigation work is undertaken by teams which specialise in the following operational areas:
  - The Audit Investigation Team (AIT) investigates allegations of fraud and irregularity involving staff, partner organisations and any non-tenancy concern. In addition, the AIT is responsible for investigating allegations of Blue Badge and parking fraud (Section 4) and providing investigative support to the Children's & Education directorate No Recourse to Public Funds Team (NRPF) initiative (Section 5). The team also provides a liaison role between the Council and DWP to facilitate the investigation of Housing Benefit fraud by the DWP (Section 8).
  - The Tenancy Fraud Team (TFT) investigates allegations of subletting and other housing fraud committed against Council and Registered Provider housing stock in the Borough (Section 6);
- 3.2 Table 1 below provides a comparison of all enquiries received in the last year.

**Yearly Comparison of Investigation Work** 

Investigation Type	2021/22	2020/21	2019/20	2018/19	2017/18
AIT referrals	22	57	42	44	41
Parking (Blue Badge)	157	119	220	198	243
Tenancy Fraud	232	120	266	388	461
No Recourse to Public Funds (NRPF)	44	66	89	75	104
Fraud enquiries	492	426	1042	1105	1,237
Total	947	788	1659	1810	2,019

Table1

3.3 A summary of the cases dealt with by AIT during 2021/22, broken down by directorate and referral type, is shown in tables 2 and 3 below.

Breakdown of Referrals by Directorate

Directorate	Brought Forward from 2020/21	Referral received in 2021/22	Case completed during 2021/22	Cases ongoing at 1 April 2022
Chief Executive's Directorate	1	1	2	0
Adults, Health & Integration	8	2	9	1
Children's & Education	3	1	4	0
Finance & Resources	6	6	10	2
Business Grants	37	0	29	8
Neighbourhoods & Housing	7	12	7	12
Total	62	22	32	15

Table 2

**Breakdown of Referrals by Type** 

	Neighbourhoods	Children	n & Adults	Finance	Chief	Total
Description	& Housing	Adults, Health & Integration	Children's & Education	& Resources	Executives	
Theft	0	1	0	1	0	2
Immigration/ID issues	0	0	0	0	0	0
Employee issues	6	0	1	2	1	10
Payments, contracts, procurement	5	1	0	1	0	7
Housing irregularities	0	0	0	0	0	0
Staff parking	1	0	0	0	0	1
Other	0	0	0	2	0	2
Total	12	2	1	6	1	22

Table 3

3.4 An analysis of the principal outcomes arising from AIT investigations during 2021/22 is shown in Table 4 below.

Analysis of Outcomes	2021/22	2020/21	2019/2 0	2018/19	2017/1 8	2016/1 7
Dismissal	1	2	1	7	2	7
Resigned/Left under investigation	2	2	10	8	3	5
Other Disciplinary	1	0	2	1	3	1
Referral to other agency (e.g. Police, UK Border Agency)	7	3	12	12	13	22
Council service or discount cancelled (excl NRPF)	0	26	2	8	10	3
Reports Issued	8	5	10	19	12	14

Table 4

3.5 AIT also dealt with 492 fraud enquiries from outside agencies (e.g. DWP, police, Home Office, other LA's, etc). These requests are largely related to providing information to other public bodies to assist with investigations and in most cases do not involve an investigation by Hackney. The large majority of these cases arise from the transfer of the Housing Benefit investigation function from LBH to DWP in December 2014 (see Section 8).

#### 4. Blue Badge Fraud Team

4.1 AIT is responsible for investigating Blue Badge fraud and other parking dispensation irregularities. Investigations take place in response to allegations of misuse and are also proactively targeted at areas of known significant abuse. AIT officers regularly work with the Police and other enforcement agencies when

investigating blue badge misuse. These enquiries have continued during 2021/22, the number of referrals increased on the peak pandemic period as levels of travel increased. A total of 101 misused permits were recovered during the year, 108 parking tickets were issued and 82 vehicles were removed following misuse. These outcomes represent a significant increase not just on the pandemic period but also on pre-2020 outcomes.

- 4.2 We remain committed to pursuing more severe sanctions for the most serious types of offending (including the use of stolen and forged blue badges) even though delays in the legal system outside Hackney have delayed the progression of some cases recently
- 4.3 The Audit Commission estimated the cost of each fraudulently used Blue Badge to be £100 (which is only equivalent to the cost of on-street parking in the Hackney Central zone of less than 39 hours). Fees of £65 are also payable where a Penalty Charge Notice is issued as part of the enforcement process, with an additional charge of £200 if the vehicle is also removed. The financial value of this work during the year on these conservative measures was £33,520.

Blue Badge and Other Parking Investigations

	2021/22	2020/21	2019/20	2018/19	2017/18
Number of referrals (including cases identified through proactive measures)	157	119	220	203	243
Number of PCNs/removals	108/82	46/31	71/38	29/2	60/44
Number of prosecutions	0	5	1	0	0
Number of Blue Badges and other misused parking permits recovered	101	54	41	41	100
Number of misuse warnings issued	23	20	19	19	28

Table 5

#### 5. No Recourse to Public Funds (NRPF)

5.1 NRPF is a Children's & Education directorate initiative. The team prevents false claims by families who are not entitled to public funds from central government due to their immigration status, but are nevertheless eligible to receive public money from Hackney taxpayers because of local authority obligations under the Children Act 1989. A dedicated fraud investigator is attached to the team to assist with access to information and to provide additional scrutiny of suspect applications. The achievements reported here result from the work of the NRPF team as a whole.

- 5.2 The success of the NRPF team in preventing payments to those that are not in genuine need is a result of collaborative working by the Children's & Education directorate and AAF; one key element of this approach has been the investigator's ability to access information from Hackney records and external data sources that would not ordinarily be available to NRPF staff. Where evidence is identified to show that applicants have alternative means of support available to them, the Council may cease to provide financial assistance, or may prevent a claim being paid from the outset. Some claims have been withdrawn by the applicant or are not pursued by them when they become aware of the Council's verification process.
- 5.3 Table 6 summarises the savings arising from NRPF cases that were prevented or cancelled following the involvement of the AIT investigator in NRPF enquiries (additional cases were addressed without any input by the investigator). The figures are a conservative account of the financial benefit arising from the work because they assume the minimum accommodation cost and do not consider the additional social work costs that arise from Children Act cases. It is also important to recognise that in our experience the NRPF client group is not affluent and in those cases where circumstances are misrepresented to the Council this is more likely to be motivated by need, not greed.

NRPF Investigations 202/21

	2021/	22 2020/21	2019/20	2018/19	2017/18
No. Cla	ims 37	71	87	71	95
cancelled					
Weekly Cost	£14,3	19 £27,477	£40,455	£33,015	£36,765
Annual cost	£746,	633 £1,432,7	729 £2,109,4	39 £1,721,49	6 £1,917,032

<sup>\*</sup> Cost estimated on the basis of an average weekly support package of £387 (previously £465)

Table 6

- Other teams and departments within the Children's and Education directorate have also benefited from direct access to an anti-fraud specialist embedded within the service. Assistance has been provided where concerns have arisen such as child protection, child trafficking and exploitation, and absence from school.
- 5.5 Additional benefits that have arisen from NRPF enquiries are that:
  - The Home Office has resolved some long-standing immigration applications following Council enquiries so that applicants are granted UK immigration status that allows them to support themselves financially in the UK. This also results in a right to claim public funds from central government rather than LBH local funding under the Children Act.
  - There may be a perception among neighbouring boroughs that Hackney is not seen as a destination of choice among potential clients, although this is difficult to quantify. This is significant because the NRPF client group is potentially more transient than the general population which means that in practice they have more discretion as to which Local Authority to approach to seek assistance.

#### 6. Tenancy Fraud Team

- 6.1 AAF currently works with 12 Registered Providers (RPs, i.e. housing associations) to investigate tenancy fraud, with the Council receiving additional nomination rights for each unlawfully sublet tenancy that is recovered. Hackney's pioneering approach of working with our RP partners has previously been held up as best practice by the Audit Commission in their annual report 'Protecting the Public Purse', and has been further recognised by Alarm (the Association of Public Sector Risk Management). Some of the larger RPs have recently developed their own capacity to tackle tenancy fraud in their housing stock, and Council investigators also support these enquiries to ensure that tenancy fraud in Hackney is limited as far as possible. This has contributed to a decline in the number of external referrals to the LBH TFT in recent years, allowing the team to focus its resources on Council owned properties.
- 6.2 AAF started to investigate tenancy fraud in RP stock in 2010/11, and in the Council's housing stock in June 2012. This has resulted in the recovery of more than 900 sublet or misused properties up to 31 March 2022.
- 6.3 Investigations into the LBH housing waiting list and homelessness cases began in August 2013. These enquiries are important to prevent misuse of social housing from the outset, and they can reasonably be expected to reduce the number of time consuming and costly legal actions needed to recover an asset if it is wrongly allocated.
- 6.4 TFT have worked with the RTB Team since 2014 to investigate suspected fraudulent applications and to strengthen anti-fraud arrangements. This led to increased vetting of claims by the RTB team and referral to TFT where concerns were identified.
- 6.5 The work of Council investigators, Housing Officers and Legal staff helps to make sure that limited resources are allocated to those in genuine need, in addition to protecting Council budgets by reducing housing needs costs and preventing social housing being sold at discount to those who do not qualify for Right to Buy. Each Right to Buy purchase attracts a discount on the market value of the property which increases each year. The 20/21 value of the discount was £112,800; in effect limited housing resources must be sold below the market rate, this adds to the long term limited availability of affordable housing resources, and increases cost pressures arising from efforts to maintain capacity.
- Outcomes from tenancy fraud enquiries have started to recover as the pandemic has eased and Council information systems have begun to build back following the cyber attack. Entry to residential dwellings has resumed along with face to face interviews to support enquiries. Court schedules are congested which increases the time to resolve some cases. Nevertheless, thirty four properties were recovered as a direct result of investigations undertaken by the TFT (see Table 7).
- 6.7 The benchmarking data used to determine the cost of tenancy fraud to the public purse was updated during the year by partners including the Tenancy Fraud

Forum and the Cabinet Office, and Hackney data was included in this assessment. The cost of each sublet is now estimated at £42,000 (previously £18,000) which emphasises the need to tackle this type of offending on purely financial grounds, to say nothing of the social consequences for those who are deprived of access to secure and affordable housing. Independent estimates also place the value of each rejected housing waiting list claim at between £4,000 and £18,000 (the lower estimate is used in the calculations set out in table 7 below). Three Right to Buy claims were also denied following investigation, preventing the award of discounts. The financial benefit that has arisen from tenancy investigations during the financial year is estimated at £1,786,400.

**Tenancy Fraud Investigations** 

Tondinoy i rada iiiv	2021/22	2020/21	2019/20	2018/19	2017/18
Number of referrals	206	120	266	214	306
(tenancy fraud) Number of tenancies	34	11	85	63	66
recovered	64 400 000	6460.000	62 570 000	50 545 000	60 770 000
Estimated value of recovered	£1,428,000	£462,000	£3,570,000	£2,646,000	£2,772,000
properties*					
Number of referrals	9	208	54	80	52
(housing application) Number of housing	5	0**	42	42	40
applications	5	U	42	42	40
cancelled					
Estimated value of	£20,000	£0	£168,000	£168,000	£160,000
cancelled applications					
Number of referrals	17	4	30	34	36
(Right to Buy)					
Number of RTBs cancelled or	3	1	15	13	14
withdrawn					
Estimated value of	£338,400	£112,800	£1,657,500	£1,404,000	£1,512,000
RTBs prevented	64 706 400	6570.000	CE 20E E00	64 040 000	64 444 000
Total value all housing	£1,786,400	£572,800	£5,395,500	£4,218,000	£4,444,000
investigations					

<sup>\*</sup>This figure is based on the value of £42,000 per property

Table 7

#### 7. Covid Business Grants

7.1 Audit & Anti-Fraud officers were redeployed during 2020/21 to various Council services to support the pandemic response, including the Business Grants teams to assist with administration of grant applications. In addition, the Audit Investigation Team carried out preventative fraud checks on applications that passed the initial assessment process, this work continued into 2021/22. This involved data-matching 117 applications to identify potential irregularity, the outcomes of which were followed up by investigators.

<sup>\*\*</sup>Additional housing applications may be cancelled when systems can be fully reviewed and updated

7.2 Twenty nine investigations that were started in 2021/22 were concluded during the year. Eight remain active and further legal action is under consideration.

#### 8. Housing Benefit

- 8.1 The responsibility for Housing Benefit investigations was transferred from LBH to DWP on 1 December 2014 as part of the government's Single Fraud Investigation Service (SFIS) scheme. The responsibility for Housing Benefit administration remains with LBH for the time being.
- 8.2 The following impacts have arisen from this transfer:
  - DWP does not have direct access to LBH HB records. All HB investigations
    must proceed via an AAF officer who is employed specifically to receive and
    respond to data requests. DWP provides minimal funding for this work so that
    LBH part-funds the resource to support this activity. Progress has been made
    during the year toward providing DWP staff with direct access to LBH HB
    records, which could reduce the burden on AAF.
  - While the AAF officer assigned to this work has been able to facilitate routine investigations, it has not been possible to review the 1,303 HB NFI matches received in 2021 (see Section 9). Previously, matches were sifted by the 6 officers who transferred to DWP as part of SFIS; DWP do not accept that the identification of fraud is their responsibility under the current arrangements. This impasse is an issue across all local authorities;
  - LBH has less influence over the HB investigation process and how an enquiry should proceed, and there is inevitably less effective communication between the HB administrative and DWP investigative functions;
  - HB and other fraud enquiries (e.g. tenancy, right to buy) are no longer co-ordinated to the same degree due to differing organisational priorities.
     Further down the line, there are concerns about continued access to HB data to support other fraud enquiries.

#### 9. National Fraud Initiative (NFI)

- 9.1 The Cabinet Office conducts a biennial data matching exercise, the NFI. AAF coordinates the provision of data, undertakes investigations in some areas and coordinates responses from other Council teams that are involved in verifying match data. The NFI matches are assessed for investigation according to local priorities and experience of previous NFI data quality. It is important to note that matches are often a result of data quality issues and do not necessarily indicate fraud.
- 9.2 The value of fraud and error identified through the NFI is calculated according to Cabinet Office methodologies. Details of the progress on matches received are shown below in Table 8. Outcomes for the previous 2018 NFI cycle are also provided for comparison.

9.3 Match data was most recently received in January 2021. It should be noted that the information that Hackney was able to provide following the cyber attack was significantly reduced, which has in turn influenced the volume of matches available to review.

#### **NFI 2020 Outcomes**

Type of Match	Total Matches (Recommended)	Number Matches Cleared	Investigation in progress	Value of fraud or error identified	Outcomes NFI 2018
Payroll	69	30	1	0	1
Housing Benefit	1,303	14	17	0	0
Housing tenants	831	47	15	0	54,000
Right to Buy	28	0	0	0	0
Housing waiting list	n/a	n/a	n/a	n/a	0
Concessionar y travel / parking	987	160	7	71 permits cancelled	104 permits cancelled
Creditors	7,098	Sample	0	0	0
Pensions	220	1	0	0	0
Council Tax	n/a	n/a	n/a	n/a	319,205
Council Tax	n/a	n/a	n/a	n/a	116,578
Reduction Scheme Covid 19 business grants	126	30	75	423,672	n/a
Other	27	0	0	0	0
Total	10,689	282	115	£423,672	£489,783

Table 8

#### 10. Other activity

- 10.1 AAF have provided fraud awareness support to the following teams and external partners during 2021/22: -
  - Officers with procurement responsibilities
  - Housing Neighbourhood offices and Registered Providers
  - Children and Young People's Services
  - Business Support (Blue Badge team)
  - School finance officers

- 10.2 It should be noted that not all referrals to AAF result in an investigation. In some instances the allegation will relate to reported practices that are more appropriately dealt with by management action. Similarly there may be suspected irregularity that is more appropriately dealt with elsewhere within the Council and/or key partner organisations.
- 10.3 AAF also assists the police, other local authorities/public sector agencies and partner organisations with enquiries and investigations in the interest of prevention, detection and deterrence of crime. Shared information is released in accordance with data protection legislation.

#### 11. Regulation of Investigatory Powers Act (RIPA)

- 11.1 The Corporate Head of Audit, Anti-Fraud and Risk Management has the corporate responsibility for the Council's RIPA powers. The policy is available on the Council's intranet and has been publicised to all staff.
- 11.2 Use of RIPA by all local authorities was severely curtailed during 2012/13 following new legislation requiring local authorities to obtain approval from a Magistrates Court before surveillance can take place. Hackney has a process in place with local courts.
- 11.3 Update reports on the Council's use of RIPA are provided quarterly to the Audit Committee. No RIPA applications were made or authorised in 2021/22. This is partly a consequence of the legislative change, but more significantly it is reflective of a culture within Hackney that seeks to minimise intrusiveness where possible, while still accepting that surveillance remains a valid investigative technique in certain circumstances. A breakdown of the RIPA authorisations for recent years are shown in Table 10 below.
- 11.4 The Council's RIPA arrangements were most recently reviewed in April 2020, the report commended the arrangements that are in place.

#### **RIPA Authorisations**

Type of Investigation	Number Authorise d 2021/22	Outcomes	Number Authorise d 2020/21	Number Authorise d 2019/20	Number Authorise d 2018/19
ASB	0	n/a	0	0	0
Trading Standards	0	n/a	0	0	0
Housing Benefit	0	n/a	0	0	0
Parking	0	n/a	0	0	0
Total Authorisations	0	n/a	0	0	0

Table 10

#### 12. Money Laundering

12.1 Whilst legislation relating to money laundering does not specifically require the Council to implement formal detection and reporting procedures it is nevertheless considered that such procedures are best practice and they were recommended by the Audit Commission.

12.2 A corporate policy outlining the Council's approach to money laundering is in place which introduces a requirement to identify any cash sums in excess of £9000 received by the Council, and to report any transaction where the funds involved are suspected to originate from criminal activity. Guidelines direct councils to report such occurrences to the National Crime Agency (NCA).

#### 13. Future Developments

- 13.1 The tangible benefits arising from the Council's counter-fraud work increased from £2,378,446 in 2020/21 to £3,187,384 in 2021/22. This is both a considerable one year increase and significantly below the £5,698,149 that was achieved in 2019/20, and is due to the exceptional circumstances arising from the pandemic and the cyber attack. The current year benefits are nevertheless significant.
- 13.2 The Audit and Anti-Fraud service will shortly be undergoing a restructure to ensure that service priorities continue to be aligned with Hackney objectives and to enable all team members to provide optimum benefits to the Council. The restructure plan is subject to change at this stage but the broad aims for the investigation teams will be to:
  - Ensure that staff can be deployed flexibly to meet new challenges, tackle outstanding casework that has arisen through the pandemic and continue working back toward delivering beneficial case outcomes in line with pre-pandemic achievements;
  - Re-emphasise the proactive element of our counter-fraud work so that benefits also arise in other operational areas;
  - Ensure sufficient management capacity across all anti-fraud areas following a number of departures since the pandemic started;
  - In partnership with the DWP, move the capacity to tackle Housing Benefit fraud entirely to that organisation by providing them with access to the necessary data, given that this function is no longer within the Council's remit and we are not compensated for the resource cost of supporting this work.
- 13.3 We will draw on the partnerships that were established during the pandemic response (primarily working with the Business Grants team to administer emergency support in a controlled manner) to assist with innovative work that the Council may need to provide in future (for example, the potential to provide advice and support as part of the cost of living response).
- 13.4 Our ICT capabilities are expected to improve in two important ways during the year. Firstly, a new investigation case management system has just been implemented, this will improve our reporting and information management capabilities. Secondly, the next National Fraud Initiative exercise will begin in October 2022 and it is expected that Hackney will be much better placed to provide data sets for proactive fraud analysis than when this last took place in the immediate aftermath of the cyber attack.

- 13.5 Existing proactive work including Blue Badge and NRPF investigations and the ongoing review of NFI matches will continue. Where the need for greater counter-fraud involvement is identified through our reactive work, we will endeavour to carry out proactive enquiries where feasible.
- 13.7 Our key counter fraud partners, including legal teams, the Police and the Home Office, will continue to face resource challenges in the year ahead. These are likely to impact on the options available to the Council to tackle certain fraud types, but the service will continue to work with our partners, innovate and respond flexibly to these issues.



# Agenda Item 10

## **AUDIT COMMITTEE WORK PROGRAMME 2022/23**

	8 June 2022	Decision	Group Director & Lead Officer
1.	FINANCE UPDATE	For information and comment	lan Williams
2.	PERFORMANCE REVIEW REPORT	For information and comment	Bruce Devile Matthew Powell
3.	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	lan Williams (Pradeep Waddon)
4.	CORPORATE RISK REGISTER	For information and comment	Matthew Powell
6.	FRAUD AND IRREGULARITY ANNUAL REPORT 2021/22	For information and comment	lan Williams (Michael Sheffield)
9	AUDIT COMMITTEE WORK PROGRAMME 2021/22	For information	All

	20 October 2022	Decision	Group Director & Lead Officer
1.	FINANCE UPDATE	For information and comment	lan Williams
2.	PERFORMANCE REPORT	For information and comment	Matthew Powell Bruce Devile
3.	DIRECTORATE RISK REGISTER REVIEW – CHIEF EXECUTIVE	For information and comment	Chief Executive
4.	DIRECTORATE RISK REGISTER REVIEW- FINANCE AND RESOURCES	For information and comments	lan Williams (Matthew Powell)
5.	AUDIT AND ANTI-FRAUD PROGRESS REPORT TO SEPTEMBER 2021	For information and comment	(lan Williams) Michael Sheffield
6.	TREASURY MANAGEMENT UPDATE REPORT	For information and comment	lan Williams (Pradeep Waddon)
7.	AUDIT COMMITTEE WORK PROGRAMME 2021/22	For information	All

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	17 November 2022 (Special)	Decision	Group Director & Lead Officer
1.	Annual Accounts 2021/22	For information and	lan Williams
		comment	(Jackie Moylan)

	18 January 2023	Decision	Group Director & Lead Officer
1.	FINANCE UPDATE	For information and comment	lan Williams
2.	PERFORMANCE REVIEW REPORT	For information and comment	Bruce Devile Matthew Powell
3.	DIRECTORATE RISK REGISTER REVIEW – NEIGHBOURHOODS & HOUSING	For information and comment	Ajman Ali
4.	CORPORATE RISK REGISTER	For information and comment	Chief Executive (Matthew Powell)
5.	TREASURY MANAGEMENT UPDATE REPORT 2021/22	For information and comment	lan Williams (Pradeep Waddon)
6.	REVIEW OF TREASURY MANAGEMENT STRATEGY 2022/23	To approve	lan Williams (Pradeep Waddon)
7.	AUDIT & ANTI FRAUD QUARTERLY PROGRESS REPORT	For information and comment	lan Williams (Michael Sheffield)
8.	CERTIFICATION OF GRANTS & RETURNS 2022/23	For information and comment	lan Williams (Jackie Moylan)
9.	EXTERNAL AUDIT PLAN PROGRAMME 2022/23	For information and approval	lan Williams (Michael Sheffield)
10.	AUDIT COMMITTEE WORK PROGRAMME 2022/23	For information	All

	19 April 2023	Decision	Group Director and Lead Officer
1.	FINANCE UPDATE	For information and comment	Ian Williams
2.	PERFORMANCE REVIEW REPORT	For information and comment	Bruce Devile Matthew Powell
3.	DIRECTORATE RISK REGISTER REVIEW - CHILDREN AND FAMILIES	For information and comment	Jacqui Burke
4.	DIRECTORATE RISK REGISTER REVIEW - ADULTS, HEALTH AND INTEGRATION	For information and comment	Helen Woodland

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5.	TREASURY MANAGEMENT UPDATE REPORT 2022/23	For information and comment	lan Williams (Pradeep Waddon)
6.	INTERNAL AUDIT ANNUAL PLAN	To approve	lan Williams (Michael Sheffield)
7.	AUDIT & ANTI FRAUD QUARTERLY PROGRESS REPORT	For information and comment	lan Williams (Michael Sheffield)
8.	REVIEW OF WHISTLEBLOWING	For information and comment	lan Williams (Michael Sheffield)
9.	AUDIT COMMITTEE – ANNUAL REPORT	For information and comment	Cllr Nick Sharman (Chair)/ Michael Sheffield
10.	AUDIT COMMITTEE WORK PROGRAMME 2022/23	For Information	All

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