

REPORT TITLE: INTERNAL AUDIT PLAN AND FRAUD & CORRUPTION RISK PLAN 2017/18

AUDIT COMMITTEE

7 MARCH 2017

PORTFOLIO HOLDER: CLLR GODFREY – (PORTFOLIO HOLDER FOR FINANCE)

REPORT OF SOUTHERN INTERNAL AUDIT PARTNERSHIP

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WARDS: GENERAL

PURPOSE:

The purpose of this paper is to provide the Audit Committee with the Internal Audit Plan (Appendix 1), incorporating the Fraud & Corruption Risk Plan (Appendix 2) for 2017 – 2018.

The Internal Audit Plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

The plan takes cognisance of the Council's Corporate Risk Register and recently adopted Council Plan 2017-20 and will remain fluid to the changing needs of the Council.

RECOMMENDATION:

That the Committee approves the Internal Audit Plan (Appendix 1 to the report) and the Fraud & Corruption Risk Plan (Appendix 2 to the report) for 2017-18.

IMPLICATIONS:1. COUNCIL STRATEGY OUTCOME

- 1.1 Internal audit plays a vital role in supporting the organisation accomplish its objectives, strategies and portfolio plans by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2. FINANCIAL IMPLICATIONS

- 2.1 The Internal Audit Plan for 2017/18 comprises a total of 310 resource days and the anticipated cost for the financial year is £90,830.

3. LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 None identified.

4. WORKFORCE IMPLICATIONS

- 4.1 None identified.

5. PROPERTY AND ASSEST IMPLICATIONS

- 5.1 None identified.

6. CONSULTATION AND EQUALITY IMPACT ASSESSMENT

- 6.1 None required.

7. RISK MANAGEMENT

- 7.1 The Southern Internal Audit Partnership follow a risk based audit approach in which risks and controls associated with the achievement of defined business objectives are identified and both the design and operation of the controls in place to mitigate key risks are assessed and tested, to ascertain the residual risk to the achievement of managements' objectives. Any audit work intended to provide an audit opinion will be undertaken using this approach.

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<i>Financial / VfM</i>	Internal audit supports the Council to ensure proper financial management through its audit activities and assurance service.	

8. SUPPORTING INFORMATION

- 8.1. The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities, systems or processes under review that:

- The framework of internal control, risk management and governance is appropriate and operating effectively; and
- Risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.

8.2. The Internal Audit Plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

8.3. The Internal Audit Plan has been developed in consultation with officers, taking cognisance of the Council's risk register and the Council Strategy 2017-20.

The plan includes a framework for the provision of both reactive and proactive initiatives to detect fraud and corruption and/or demonstrate that fraud has not taken place. The Fraud and Corruption Risk Plan (Appendix 2) complements the Internal Audit Plan, focussing resource against assessed fraud risks, in addition to new and emerging threats.

8.4. The audit plan will remain fluid and subject to on-going review and amended in consultation the relevant officers, to ensure it continues to reflect the needs of the Council. Any amendments to the plan will be identified through the Chief Internal Auditors continued contact and liaison with those responsible for governance of the Council.

8.5. The Council's 'Internal Audit Charter' ensures the Chief Internal Auditor has sufficient resource necessary to fulfil the requirements and expectations to deliver an internal audit opinion. Significant matters that jeopardise the delivery of the plan, or require changes to the plan will be identified, addressed and reported to the Audit Committee.

## 9. OTHER OPTIONS CONSIDERED AND REJECTED

9.1 None.

### BACKGROUND DOCUMENTS:

#### Previous Committee Reports

AUD149 Internal Audit Plan 2016/17

### APPENDICES:

Appendix 1 – Internal Audit Plan 2017/18.

Appendix 2 – Fraud and Corruption Risk Plan 2017/20

**Internal Audit Plan**

**2017-18**

**Winchester City Council**



**Southern Internal  
Audit Partnership**

A large, thick green graphic element consisting of a vertical bar on the left that curves into a horizontal bar extending to the right.

Assurance through excellence  
and innovation

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## Introduction

The role of internal audit is that of an:

*'Independent, objective assurance and consulting activity designed to add value and improve an organisations operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.*

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities, systems or processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- risk to the achievement of the Council's objectives is identified, assessed and managed to a defined acceptable level.

The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

Internal Audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the relevant Service Directors and Audit Sponsors, to ensure it continues to reflect the needs of the Council. Amendments to the plan will be identified through the Southern Internal Audit Partnership's continued contact and liaison with those responsible for the governance of the Council.

## YOUR INTERNAL AUDIT TEAM

Your internal audit service is provided by the Southern Internal Audit Partnership. The team will be led by Neil Pitman, Head of Southern Internal Audit Partnership, supported by Antony Harvey, Strategic Lead and Natalie Jerams, Audit Manager.

### Conformance with internal auditing standards

The Southern Internal Audit Partnership service is designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. In September 2015 the Institute of Internal Auditors were commissioned to complete an external quality assessment of the Southern Internal Audit Partnership against the PSIAS, Local Government Application Note and the International Professional Practices Framework.

In selecting the Institute of Internal Auditors (IIA) a conscious effort was taken to ensure the external assessment was undertaken by the most credible source. As the authors of the Standards and the leading Internal Audit authority nationally and internationally the IIA were excellently positioned to undertake the external assessment.

In considering all sources of evidence the external assessment team concluded:

*'It is our view that the Southern Internal Audit Partnership (SIAP) service generally conforms to **all** of these principles. **This performance is within the top decile of EQA reviews we have performed.** This is a notable achievement given the breadth of these Standards and the operational environment faced by SIAP.'*

*There are **no instances** across these standards where we determined a standard below "generally conforms", and 4 instances where the standard is assessed as "not applicable" due to the nature of SIAP's remit.'*

### Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

## Council Vision

The 'Council Strategy' outlines Winchester City Council's key ambitions over the coming three years (2017-2020) reflecting the significant level of change impacting on the Council through new Government Policy and Legislation. The Strategy is underpinned through the Council's desired outcomes which are focussed across five key areas:

1 Delivering an <b>Entrepreneurial</b> approach to efficient public services	2 Winchester will be a premier <b>business</b> location	3 Delivering Quality <b>Housing</b> Options	4 Improve the <b>Health and Happiness</b> of our community	5 Improving the quality of the district's <b>environment</b>
<p>1a - Ensure that we have the right governance structure in place to enable the Council to act in an entrepreneurial way</p> <p>1b - Protect and enhance our assets in order to maximise income possibilities</p> <p>1c - Use a strategic asset purchase scheme to generate financial returns</p> <p>1d - Promote digital infrastructure and new channels for our services</p> <p>1e - Create a property company in order to gain General Fund returns</p> <p>1f - Optimise the subsidies WCC funds</p> <p>1g - Ensure the Council maximises key income streams</p> <p>1h - Inspire staff by investing in a collaborative and flexible working environment that leads to the delivery of high quality services</p>	<p>2a - Promote a sustainable economy by enabling major regeneration schemes</p> <p>2b - Prioritise support for the knowledge-based, creative and tourism sectors</p> <p>2c - Make the most of our environment to drive business growth</p> <p>2d - Develop new employment opportunities across the district</p> <p>2e - Work with strategic partners to deliver critical infrastructure projects across the district</p>	<p>3a - Deliver good Housing stock condition and energy performance for City Council owned dwellings that meet the Decent Homes Standard</p> <p>3b - Double the number of Council houses built in the period 2017-20</p> <p>3c - Establish a Housing Company or other specialist vehicle to support development</p> <p>3d - Drive down homelessness across the District and support partner agencies in the drive for an improved life for those in need</p> <p>3e - Provide good access to affordable housing options across a range of tenures, including affordable and sub market rent (within Local Housing Allowance rates) market rent, shared ownership, student housing etc.</p> <p>3f - Become experts in finding innovative solutions to support residents trying to buy their own home</p> <p>3g - Provide residents with direct access to affordable Private Rented Housing (within Local Housing Allowance rates)</p> <p>3h - Be proactive in our tenant engagement, achieving effective representation and insight across all tenant and customer groups</p> <p>3i - Restrict permitted development rights in Winchester so that new HMOs require planning permission from the Council</p>	<p>4a - Ensure that a holistic approach to travel and movement is integrated into all Council plans and strategies, to improve health and reduce emissions</p> <p>4b - Promote active communities by supporting programmes to encourage increased physical activity across the district</p> <p>4c - Work with partners to improve the health of residents in the district</p> <p>4d - Provide new leisure facilities in Winchester that meet the needs of a broad cross section of our communities</p> <p>4e - Encouraging volunteering to support and extend local services</p> <p>4f - Support the delivery of a programme of festivals and events across the district</p>	<p>5a - Protect and enhance the District's rich heritage whilst allowing development to take place which enables our historic environment to evolve over time</p> <p>5b - By working with our partners and by using powers available to us, make Winchester a safer and more pleasant place to live, work and visit</p> <p>5c - Enhance and increase the use of open spaces</p> <p>5d - Work to change attitudes to waste, and significantly improve recycling levels</p> <p>5e - Find creative ways to reduce harmful emissions, based on sound evidence and holistic transport planning</p> <p>5f - Work with strategic partners to continue to develop flood resilience measures</p>



## Council Risk

The Council have a clear framework and approach to risk management. The strategic risks assessed by the Council are a key focus of our planning for the year to ensure it meets the organisation's assurance needs and contributes to the achievement of their objectives. We will monitor the strategic risk register closely over the course of the year to ensure our plan remains agile to the rapidly changing landscape.

No	Risk Title	Risk Description
CR2	Asset Management	Lack of long term planning and prioritisation of maintenance and repairs leading to non-housing assets falling into disrepair resulting in unforeseen expenditure and inability to maximise income or capital receipts.
CR3	Programme Management & Major Projects	Overambitious Council leading to staff being overburdened resulting in projects not being delivered within agreed timescales and anticipated income not received.
CR4	Governance & Control Weaknesses	Weak or ineffective internal control leading to financial loss resulting in damage to the Council's reputation and adverse publicity.
CR5	Financial Stability	Adverse impact of financial risks relating to assumptions made for medium term financial projections leading to an unbalanced budget resulting in financial instability for the Council.
CR7	Environmental Risks	Lack of planning for extreme weather events leading to delays in responding to situations resulting in increased costs and staff resources.
CR8	Commissioning	Failure of a contractor to deliver services leading to delays to the Council or public resulting in increased costs and adverse publicity.
CR9	Transformation	Inadequate and / or lack of dedicated resources allocated to the Transformation Programme leading to delayed progress resulting in the Council being unable to reach or achieve long term objectives.
CR10	Housing Finance	Changes arising from the Welfare and Housing and Planning Bills impacting on tenants and the Council's ability to balance the HRA budget in future years.

## Developing the internal audit plan 2017/18

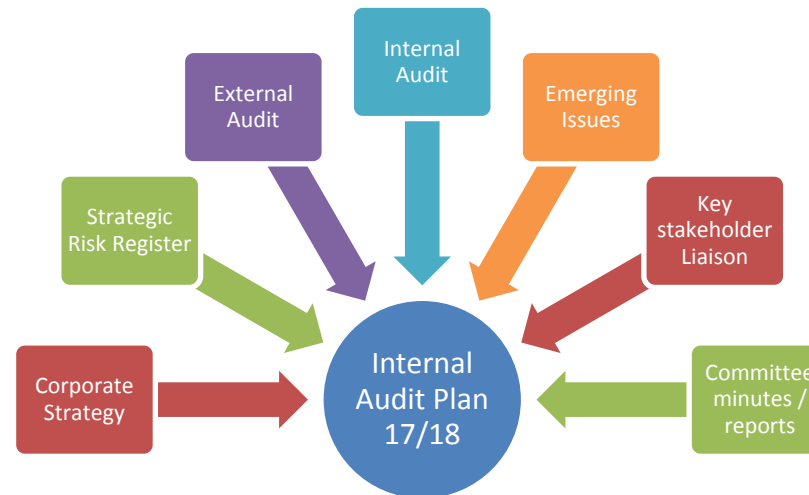
We have used various sources of information and discussed priorities for internal audit with the following groups:

- Joseph Holmes – Corporate Director, Professional Services
- Corporate Management Team
- Heads of Service
- Audit Committee

Based on these conversations with key stakeholders, review of key corporate documents and our understanding of the organisation the Southern Internal Audit Partnership have developed an annual audit plan for the coming year and a projected high level strategic plan (2017 – 2020).

The Council are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers to ensure that duplication is minimised and a suitable breadth of assurance is obtained.



Internal Audit Plan 2017-18

Audit	Risk	Scope	Strategic Risk	Corporate Priority
Programme & Project Management	Overambitious Council leading to staff being overburdened resulting in projects not being delivered within agreed timescales and anticipated income not received.	Review of project management framework and compliance in relation to live / ongoing projects	CR3, CR5	2a, 2e,
Transformation	Inadequate and/ or lack of dedicated resources allocated to the Transformation Programme leading to delayed progress resulting in the Council being unable to reach or achieve long term objectives.	<ul style="list-style-type: none"> <li>• Resource management</li> <li>• Benefits realisation</li> <li>• Efficiency Plan (Transformation Savings)</li> </ul>	CR9	2e, 4c, 5b, 5f
Financial Stability	Adverse impact of financial risks relating to assumptions made for medium term financial projections leading to an unbalanced budget resulting in financial instability for the Council.	Budgetary Control Efficiency Plan <ul style="list-style-type: none"> <li>• MTFS</li> <li>• Income Strategy</li> <li>• Growing the Local Economy</li> </ul>	CR5	1b, 1f, 2c,
Income generation and collection	Ineffective income generation / collection will have an adverse impact of future budget pressures	Estates - rental income and leases, optimise use of subsidies, fees and charges. Income collection (Car Parks (£6m); Estates (£3.5m); Guildhall (£1.2m))	CR5	1f, 1g
Working in Partnership	Working with other organisations with	Governance, rights of access, third		2e, 4c, 5b, 5f

Audit	Risk	Scope	Strategic Risk	Corporate Priority
	different cultures and agendas. Potential for some loss of control / ownership of service delivery.	party assurance, contingency arrangements, exit strategy, hosting arrangements (accountabilities), benefit realisation.		
Housing Finance	Changes arising from legislative change impacting on tenants and the Council's ability to balance the HRA Budget.	Housing & Planning Act 2016; Sale of high value vacant property; New Starter Homes / Register of self builds; Rent setting & collection; New Homes Plan	CR10	3b
Housing Asset Management	Housing stock is not maintained to an appropriate standard	Repair and maintenance, voids, Decent Homes Standards	CR2, CR10	3a
Environmental Services Contract (joint with EHDC)	Working with other organisations. Potential for some loss of control / ownership. Contractual deliverables not realised.	Contract renewal pending 2018	CR8	2e, 4c, 5b, 5d, 5f
Business Continuity & Emergency Planning	Lack of planning for extreme weather events leading to delays in responding to situations resulting in increased costs and staff resources.	<ul style="list-style-type: none"> <li>• Business Continuity Plan</li> <li>• Emergency Plan</li> <li>• Climate change</li> <li>• Energy management</li> </ul>	CR7	4a, 5d, 5e, 5f
HR	Weak or ineffective internal control leading to financial loss resulting in damage to the Council's reputation and adverse publicity	<ul style="list-style-type: none"> <li>• Absence management</li> <li>• Recruitment</li> <li>• Training &amp; Development</li> <li>• Workforce Development</li> <li>• Flexible Working</li> <li>• Volunteers</li> </ul>	CR2, CR3, CR4, CR5, CR8, CR9, CR10	4a
Fraud & Irregularities	Ineffective procedures to detect / mitigate fraud and irregularity or to promote a zero tolerance culture.	To operated in line with the proposed Fraud & Irregularity Business Plan	CR4	

Audit	Risk	Scope	Strategic Risk	Corporate Priority
		<ul style="list-style-type: none"> <li>• Proactive</li> <li>• Reactive</li> <li>• NFI</li> <li>• CIPFA Survey</li> </ul>		
Procurement	Non compliant / effective procurement processes exposing the organisation to reputational / financial risk	Compliance with CPR and legislative requirements (incl. P Cards)	CR4, CR8	
Information Governance	Non compliance with legislative requirements (DPA, FOI, Transparency etc.) exposure to reputational / financial risk.	Prep for General Data Protection Regulation (GDPR) in May 2018	CR4	
<u>Housing Benefits</u>		Welfare reform (Welfare Reform & Work Act 2016) – benefits cap, two child limit, universal credit rollout		
Accounts Receivable/ Debt Management		Effective and efficient administration of debtors and timely collection of debt	CR5	1b, 1f, 2c
Treasury Management	Coverage to meet external audit / regulatory requirements and management concerns	Brexit – credit ratings (limitations on investment options), down grades to UK ratings – possibility of higher borrowing costs		
NNDR		Non collection of rates (implications of retention as a replacement for RSG); applicability of concessions i.e. charitable, empty etc., appeals		
Software licencing / management of	Use of unlicensed software	Effective and efficient software		

Audit	Risk	Scope	Strategic Risk	Corporate Priority
assets	applications and mismanagement of assets	licencing arrangements and management of IT assets.		
Network management	Ineffective security and change management processes	Assurance over the management of the network (17/18 replacement)		
Cyber security	Ineffective defence or appropriate actions in place to react in light of a cyber attack.	Defence against physical/ information assets which could be compromised using IT.		
Bus Service Operator Grant	Certification Work	-	-	
Housing Capital Receipts Return	Certification Work	-	-	
Mayor's Charity	Audit of Final Accounts	-	-	
Management	Planning, liaison, reporting, audit committee, external audit, advice		-	-
Total Days				310

Internal Audit Strategy 2017 - 20

Audit	Risk / Scope	Strategic Risk	Corporate Priority	2017-18	2018-19	2019-20
<i>Strategic Risks</i>						
Programme & Project Management	Assurance over project management framework and compliance in relation to live / ongoing projects (N.B. consideration of the Capital Programme)	CR3, CR5	2a, 2e,	✓		✓
Transformation	Assurance over transformation initiatives including: <ul style="list-style-type: none"> <li>• Resource management</li> <li>• Benefits realisation</li> <li>• Efficiency Plan (Transformation Savings)</li> <li>• Process review (Vanguard)</li> </ul>	CR9	2e, 4c, 5b, 5f	✓		✓
Financial Stability	Assurance over financial risks relating to assumptions made for medium term financial projections. Emphasis on: <ul style="list-style-type: none"> <li>• Budgetary Control</li> <li>• Outcome Based Budgeting</li> <li>• Efficiency Plan <ul style="list-style-type: none"> <li>○ MTFS</li> <li>○ Income Strategy</li> <li>○ Growing the Local Economy</li> </ul> </li> </ul>	CR5	1b, 1f, 2c,	✓	✓	✓

Audit	Risk / Scope	Strategic Risk	Corporate Priority	2017-18	2018-19	2019-20
Corporate Strategy						
<i>Delivering an Entrepreneurial approach to efficient public services</i>						
Asset Management	Assurance over effectiveness and delivery of the Asset Management Plan including repairs and maintenance to non-housing assets (planned & reactive)	CR2, CR10	1b, 1c, 4d		✓	
Digital Agenda	Significant culture shift with the risk of insufficient IT infrastructure, security and stakeholder engagement. To review the process and transition to digitalisation initiatives.		1d		✓	
Alternative delivery models	Unique methods of service delivery with the potential of loss of control / ownership over service delivery. Assurance over governance, rights of access, third party assurance, contingency arrangements, exit strategy, hosting arrangements (accountabilities).		1c, 1e, 2e, 3c, 5b		✓	
Income generation and collection	Effectiveness of income generation / maximisation (Estates - rental income and leases, optimise use of subsidies, fees and charges). Effectiveness of income collection (Car Parks (£6m); Estates (£3.5m); Guildhall (£1.2m))	CR5	1f, 1g	✓		✓
<u>Winchester will be a premier business location</u>						
Working in Partnership	Working alongside different cultures. Potential for some loss of control / ownership of service delivery. Assurance over governance, rights of access, third party assurance, contingency arrangements, exit strategy, hosting arrangements (accountabilities), benefit		2e, 4c, 5b, 5f	✓		✓



Audit	Risk / Scope	Strategic Risk	Corporate Priority	2017-18	2018-19	2019-20
	realisation.					
Economic Development and Regeneration	Effectiveness of ambition to drive economic development and regeneration. Review of strategic approach and delivery including processes and outcomes.		2a, 2c, 2d		✓	
<i>Delivering Quality Housing Options</i>						
Affordable Housing	Assurances over delivery & allocation of affordable housing (rent, buy, shared ownership) across a range of tenures and innovative models to achieve outcomes.		3e, 3f, 3g, 3h		✓	
Housing Finance	Assurance over delivery, process and procedure in place to address legislative change within the Housing & Planning Act 2016: <ul style="list-style-type: none"> <li>• Sale of high value vacant property</li> <li>• New Starter Homes / Register of self builds</li> <li>• Rent setting &amp; Collection</li> </ul> New Homes Bonus Scheme (New Homes Plan)	CR10	3b	✓		✓
Housing Asset Management	Assurance over process and delivery of repairs and maintenance, voids, Decent Homes Standards	CR2, CR10	3a	✓		✓
<i>Improve the health and happiness of our community</i>						
Energy Management & Climate Change	Review and assurance of strategy, policies, procedures and outcomes to include impact of transport policies	CR7	4a, 5e			✓

Audit	Risk / Scope	Strategic Risk	Corporate Priority	2017-18	2018-19	2019-20
<u>Improving the quality of the district's environment</u>						
Environmental Services Contract (joint with EHDC)	Assurances over contractual arrangements and effective outcomes. Ensure effective preparations for renewal in 2018.	CR8	2e, 4c, 5b, 5d, 5f	✓		✓
Development / Building Control	Review of policy and processes of arrangements following the Vanguard process	CR5	5a		✓	
Business Continuity & Emergency Planning	Assurance over planning for extreme weather events that may lead to delays in responding to situations resulting in increased costs and staff resources incl. <ul style="list-style-type: none"> <li>• Business Continuity Plan</li> <li>• Emergency Plan</li> <li>• Climate change</li> <li>• Energy management</li> </ul>	CR7	4a, 5d, 5e, 5f	✓		✓
<u>Governance</u>						
HR	Weak or ineffective internal control leading to financial loss resulting in damage to the Council's reputation and adverse publicity. Assurances to cover: <ul style="list-style-type: none"> <li>• Performance Management</li> <li>• Absence management</li> <li>• Recruitment</li> <li>• Training &amp; Development</li> <li>• Workforce Development</li> <li>• Flexible Working</li> <li>• Volunteers</li> </ul>	CR2, CR3, CR4, CR5, CR8, CR9, CR10	4a, 4e	✓	✓	✓
Fraud & Irregularities	Provision for reactive fraud and irregularity investigation and proactive fraud in accordance with	CR4		✓	✓	✓

Audit	Risk / Scope	Strategic Risk	Corporate Priority	2017-18	2018-19	2019-20
	the 'Anti Fraud Business Plan'					
Procurement	Assurance over compliance with contract procedure rules and legislative requirements (including P Cards)	CR4, CR8		✓		✓
Contract Management	Review of contract management arrangements and compliance across a selection of 'key contracts'	CR4, CR8			✓	
Health & Safety	Effective H&S strategy in place and operating effectively with effective governance, accountability and issue resolution	CR4			✓	
Information Governance	Assurance over information governance arrangements to incl. DPA, FOI, Transparency and preparation for the General Data Protection Regulation (GDPR) in May 2018	CR4		✓		✓
Ethical Behaviours	Assurance over organisational change (austerity) – cultural change, declarations of interest, gifts & hospitality	CR4			✓	
<i>Core Financial Reviews</i>						
<u>Housing rents</u>		CR10			✓	
<u>Housing Benefits</u>				✓		
<u>Council Tax</u>	Coverage to meet External Audit / Regulatory requirements and management concerns					✓
<u>Accounts Payable</u>						✓
Accounts Receivable / Debt		CR5	1b, 1f, 2c	✓		

Audit	Risk / Scope	Strategic Risk	Corporate Priority	2017-18	2018-19	2019-20
<b>Management</b>						
Main Accounting					✓	
Treasury Management				✓		
NNDR				✓		
Payroll						✓
<b>IT</b>						
Software licencing / management of assets	Assurance over the effective and efficient software licencing and management of IT assets.			✓		
Network management	Assurance over the management of the Network (17/18 network to be replaced).			✓		
Applications management	Assurance over inputs, processing, outputs, access controls, interfaces etc.				✓	
Data security and management	Review the arrangements for a sample of areas e.g. Network Security and Cloud Computing				✓	
IT Strategy and assurance mapping	Effective delivery of the IT Strategy and include joint working arrangements with TVBC.	CR9	1d			✓
Cyber security	Assurance against the defence of physical / information assets which could be compromised using information technology.			✓		✓
Mobile devices	Assurance over retention, data security, use of own devices, remote / home working arrangements.				✓	

Audit	Risk / Scope	Strategic Risk	Corporate Priority	2017-18	2018-19	2019-20
<u>Other</u>						
Management	Planning, reporting, Audit Committee, Monitoring, Liaison and Advice	-	-	✓	✓	✓
<u>Business as Usual</u>						
Bus Service Operator Grant	Certification work	-	-	✓	✓	✓
Housing Capital Receipts Return	Certification work	-	-	✓	✓	✓
Mayor's Charity	Audit of final accounts	-	-	✓	✓	✓
Planning & Open Spaces (incl. Community Infrastructure Levy)	Assurance over legislative compliance and conformance to local policy and procedure in addition to the effective use of open spaces. Also to include assurance over the effective utilisation of CIL		4f, 5c		✓	
Risk Management	Assurance over the risk management framework incl. governance, transparency and maturity.				✓	
Licensing	Assurances over safeguarding, income, application process and monitoring.				✓	
Homelessness			3d	-	-	-
Telecommunications				-	-	-
Flexible working				-	-	-
Grant award				-	-	-
Disabled Facility Grants				-	-	-

Audit	Risk / Scope	Strategic Risk	Corporate Priority	2017-18	2018-19	2019-20
Taxation				-	-	-
Community engagement				-	-	-
Markets				-	-	-
Environmental Health				-	-	-
Termination and exit packages				-	-	-
Cash Office				-	-	-
Communications				-	-	-
Additional payments				-	-	-
Street care and drainage				-	-	-
Access and infrastructure				-	-	-
Land charges				-	-	-
Democratic Services				-	-	-
Insurance				-	-	-
City Offices				-	-	-
Museum Trust				-	-	-
Tourism				-	-	-
Fieldfare Leader Funding 2015-				-	-	-

Audit	Risk / Scope	Strategic Risk	Corporate Priority	2017-18	2018-19	2019-20
2021						
Fleet Management				-	-	-

# Fraud & Corruption Risk Plan

2017-18

Winchester City Council



## Southern Internal Audit Partnership

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## 1. Forward

Leaders of public service organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.

Published in October 2014, the CIPFA Code of Practice on Managing the Risk of Fraud & Corruption sets out the principles that define the governance and operational arrangements necessary for an effective counter fraud response.

It is these principles that underpin the Southern Internal Audit Partnership's approach to support the management of the risk of fraud and corruption within Winchester City Council.



Winchester City Council promotes a zero tolerance culture to fraud and corruption:

*'The authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside of the authority....'* (WCC - Anti Fraud & Corruption Policy)

The Council maintains a suite of strategies and policies to support the effective management of the prevention, detection and investigation of fraud and corruption (Anti Fraud & Anti Corruption Strategy; Anti Fraud & Corruption Response Plan; Whistleblowing Policy; and Anti Bribery Policy). This document provides an extension to the Council's existing policies affording a framework of reactive and proactive initiatives to detect fraud and/ or demonstrate assurance that fraud has not taken place.

The Fraud & Corruption Risk Plan compliments the internal audit strategy and annual plan focusing resource against assessed fraud risks in addition to new and emerging threats.

**2. The Changing Face of Fraud**

The changing context in which local government services are delivered, the increasing risk of fraud by motivated offenders, reduced local authority resources and associated changes to existing local control frameworks together create a pressing need for a new approach to tackling fraud perpetrated against local government. The principles of the required approach are outlined in (fig 1).

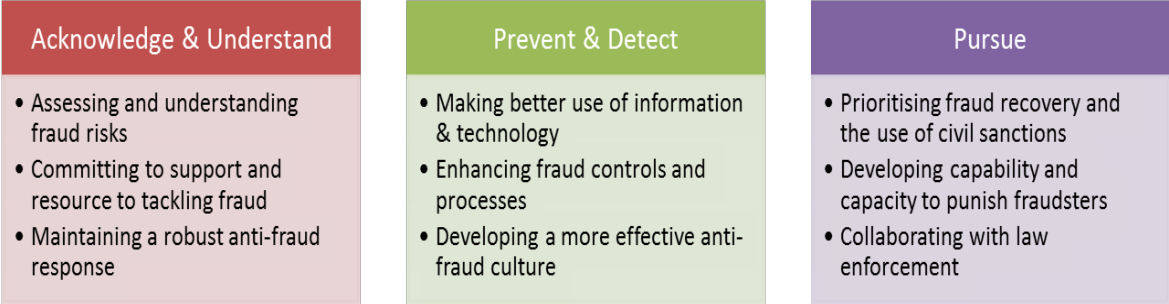
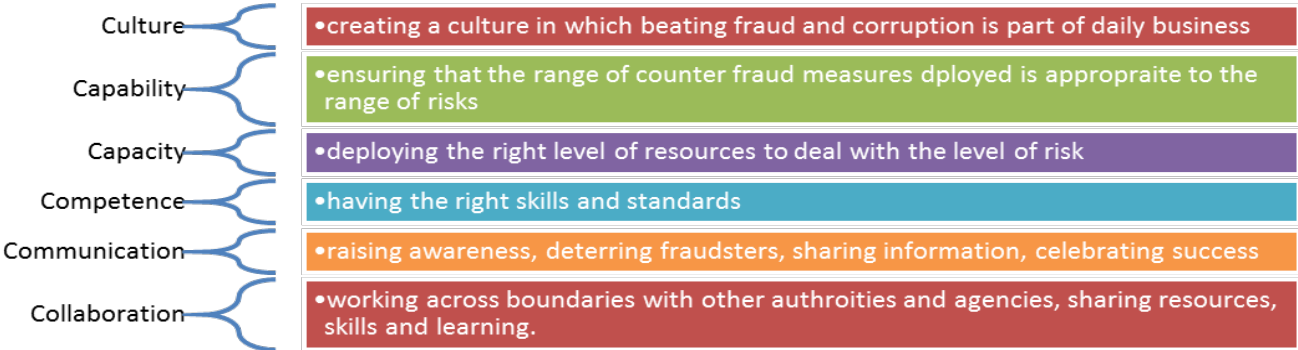


fig 1 (Fighting Fraud & Corruption Locally – The local government counter fraud & corruption strategy)

These principles are underpinned by demonstrable regard to:



### 3. Reactive Fraud Activity

The Southern Internal Audit Partnership will work with Winchester City Council in the effective review and investigation of any reported incidents of fraud and irregularity. All such reviews will be undertaken by professionally accredited (CIPFA CCIP) staff, in accordance with the Council's Anti Fraud & Anti Corruption Strategy and Response Plan.

By its nature such reactive fraud and irregularity work is unpredictable with regard its level and duration. Recent history has demonstrated low levels of required activity in respect of reactive fraud work in Winchester City Council, however, a contingent level of capacity for such eventualities is considered prudent.

### 4. Proactive Approach

Whilst the established process to reactive fraud assists the Council in appropriately responding to notified incidents or suspicions of fraud and irregularity, it is equally important to ensure proactive initiatives are appropriately explored to understand, prevent and detect fraud risks across the organisation.

Such proactive measures have been designed alongside the themes outlined within the 'Six Cs' (culture, capability, capacity, competence, communication and collaboration) and are mapped within Appendix 1.

The Southern Internal Audit Partnerships understanding of Winchester City Council's service activities coupled with research from national surveys / publications and benchmarking with other local authority fraud risks have highlighted a list of areas for consideration as part of our proactive fraud activities for 2017-18 (Appendix 2).

It is also recognised that 2017 is a National Fraud Initiative download year and as such the Southern Internal Audit Partnership will be facilitating this process.

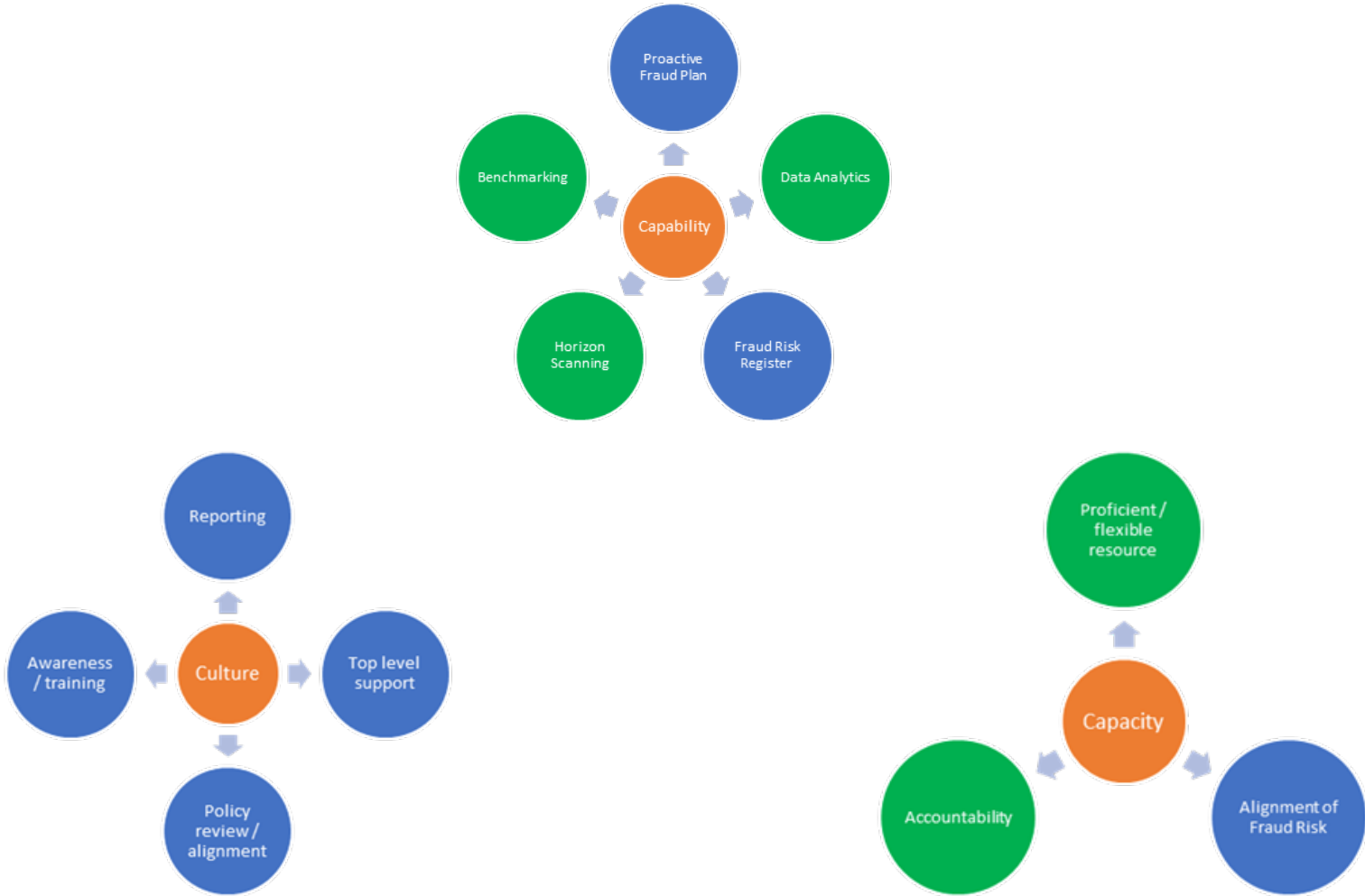
## 5. Fraud Action Plan 2017-18

Many of the aspects contributing to an effective proactive approach to fraud risk management are implicit within the Southern Internal Audit Partnership's established processes to which Winchester City Council are a part. This is demonstrated through our dedicated and qualified fraud team, the tools to which they have access and participation in national and local collaboration groups. Building on intelligence from such collaboration and through discussion with Senior Management the following action plan of proactive fraud activity is proposed for 2017-18.

Activity	Scope	Responsible Officer	Expected Outcome
<b>Fraud Risk Registers</b>	To build on the early development of fraud risk registers and alignment to compliment the existing risk management approach	Iona Bond, Audit Manager (Fraud)	Key fraud risks aligned to the organisation on which the monitor and focus future proactive fraud activity.
<b>National Fraud Initiative</b>	To facilitate the timely delivery of NFI 2017 data matches	Iona Bond, Audit Manager (Fraud)	To monitor investigation of all 'High Recommended' matches as reported in the NFI download in addition to timely responses to queries posed by other participating organisations
<b>Training &amp; Awareness</b>	Develop an effective fraud awareness training programme for Members and Officers	Iona Bond, Audit Manager (Fraud)	Delivery of an agreed stream of training in accordance with organisational priorities.
<b>Social Housing Fraud</b>	Social housing fraud is wide ranging, the scope will focus on fraudulent applications for housing or successions of tenancy, subletting of the property and fraudulent applications under the right to buy / acquire	Iona Bond, Audit Manager (Fraud)	To fully investigate potential fraudulent activity or provide assurance that controls to mitigate recognised social housing fraud risks are working effectively.
<b>Annual Report on Fraud &amp; Irregularity</b>	To produce an end of year report to those charged with governance covering all reactive and proactive fraud initiatives.	Iona Bond, Audit Manager (Fraud)	To present a report to CMT and Audit Committee outlining progress against the 'Fraud Action Plan 2017-18' relaying outcomes, assurance, investigations, sanctions, savings etc. as appropriate.

Six Cs – Matrix

Appendix 1





Appendix 2

**Key Fraud Risks relevant to WCC – National Survey**

(Fighting Fraud & Corruption Locally 2016-19)

Fraud Risk Area	Overview
<b>Social Housing Fraud</b>	Tenancy fraud (incl. subletting); Right to Buy. Maximise the use of legislation (The Prevention of Social Housing Fraud Act 2013) to identify and bring offenders to account.
<b>Council Tax Fraud</b>	Validity of discounts awarded including Single Person Discounts and property exemptions
<b>National Non Domestic Rates</b>	Validity of exemptions (including small business and charitable), empty properties and extensions
<b>Procurement Fraud</b>	Vulnerabilities through price fixing, bid rigging, double invoicing. To include PCards
<b>Blue Badge Fraud</b>	Use of counterfeit / altered badges, use when disabled person not in the vehicle, use of deceased persons badge, badges issued but misused by institutions
<b>Internal Fraud</b>	Allowance / expense claims, misuse of time / resources, conflicts of interest, inappropriate acceptance of gifts & hospitality, manipulation of key systems i.e. payroll, pre-employment fraud, abuse of position etc.
<b>Insurance Fraud</b>	Fictitious claims, including slips and trips
<b>Disabled Facility Grants</b>	Adaptions to homes other than those to which grant is entitled
<b>Cyber and e-enabled fraud</b>	Payment authorisation requests / BACS transfer requests from unsolicited sources, ransom mail etc.
<b>Mandate Fraud</b>	Manipulation of vendor bank details (internal or external)