



To: Audit, Scrutiny and Petitions Board

On: 15 February 2016

Report by: Chief Auditor

Heading: Internal Audit and Counter Fraud Progress and Performance for Period to 31 December 2015

1. Summary

- 1.1 The Internal Audit Annual Plan was approved by the Audit, Scrutiny and Petitions Board on 30 March 2015. Internal Audit measures the progress and performance of the team on a regular basis using a range of performance indicators. This report monitors progress from 1 April 2015 to 31 December 2015, in terms of the delivery of the Audit Plan for the year and compares actual performance against targets set by the Director of Finance and Resources.
- 1.2 The Counter Fraud Team is managed by Internal Audit. It was, therefore, agreed with the Director of Finance and Resources that the number of successful outcomes administered by the team and level of overpayments identified would be included as part of this report.
- 1.3 The report also details progress against local and national initiatives involving Internal Audit and the Counter Fraud Team.
-

2. Recommendations

- 2.1 Members are invited to note the Internal Audit and Counter Fraud Team progress and performance to 31 December 2015.
-

3. **Background**

3.1 The progress and performance of the Internal Audit and Counter Fraud Team is subject to regular monitoring using a number of performance measures. The Director of Finance and Resources has set annual targets for the team to demonstrate continuous improvement. This report measures the progress and performance of both the Internal Audit and Counter Fraud Team for the period from 1 April 2015 to 31 December 2015.

3.2 Internal Audit and the Counter Fraud Team support a variety of local and national initiatives through participation in professional practitioner groups and co-ordination of national initiatives such as the National Fraud Initiative.

3.3 **Internal Audit Team Performance**

(a) **Percentage of audit plan completed as at 31 December 2015**

This measures the degree to which the Audit plan has been completed

Actual 2014/15	Annual Target 2015/16	Audit Plan Completion Target to 31 Dec 2015	Actual to 31 Dec 2015
95.2%	95.0%	66.5%	64.7%

Actual performance is currently below target. This is mainly due to vacancies within the team during the year and also as a result of the high amount of investigation time which has had to be used during the year. This indicator will be kept under close scrutiny by Management and remedial action taken if it is likely that the year end target will not be achieved.

(b) **Percentage of assignments completed by target date**

This measures the degree with which target dates for audit work have been met.

Actual 2014/15	Target 2015/16	Actual to 31 Dec 2015
96.8%	95.0%	96.7%

Actual performance is ahead of the target set for the year.

(c) **Percentage of audit assignments completed within time budget**

This measures how well the time budget for individual assignments has been adhered to.

Actual 2014/15	Target 2015/16	Actual to 31 Dec 2015
96.8%	95.0%	96.7%

Actual performance is ahead of the target set for the year, although again the level is likely to reduce over the remainder of the year.

(d) **Percentage of audit reports issued within 3 weeks of completion of audit field work**

This measures how quickly draft audit reports are issued after the audit fieldwork has been completed.

Actual 2014/15	Target 2015/16	Actual to 31 Dec 2015
96.2%	95.0%	100%

Actual performance is ahead of the target set for the year, although again the level is likely to reduce over the remainder of the year.

3.4

Counter Fraud Team Performance

(a) **Number of Successful Investigations**

This measures the number of successful investigations, including joint investigations with the Department for Work and Pensions, tenancy fraud investigations, undertaken as part of the corporate counter fraud pilot, and referrals to the Procurator Fiscal.

Actual 2014/15	Annual Target 2015/16	Target to 31 December 2015	Actual to 31 December 2015
90	90	67	80

Actual performance is ahead of the target set for the period. It should be noted that all benefit investigative work is transferring to the Single Fraud Investigation Service from 1 March 2016.

(b) **Level of Overpayments Identified**

This details the amount of overpayments identified by the team and includes benefits administered by the Department for Work and Pensions.

Actual 2014/15	Actual to 31 December 2015
£433,891	£424,745

Arrangements are in place within the council to recover from the claimants, the Housing and Council Tax Benefit element of these overpayments.

3.6

National Fraud Initiative

Internal Audit is responsible for the co-ordination of the National Fraud Initiative (NFI) on behalf of the Council. All the services are now actively working on their matches, and internal Audit have an oversight role in this exercise to ensure the work on the matches is progressing adequately. Recorded outcomes from the NFI 2014 are detailed below. It is anticipated that outcomes will increase as matches continue to be investigated.

NFI Match	Outcome	Fraud	Error
Council Tax Single person discount 2013/14	£750,103	870	4
HB/CTR	£196,313	15	4
Residential Care Homes	£211	1	0
Blue Badges Cancelled	70	N/A	N/A

Work has been completed for the 2013/14 Single person discount matches. Work is due to commence on the 2015/16 matches.

3.7 **Scottish Local Authorities' Chief Internal Auditors Group**

The Scottish Local Authorities Chief Internal Auditors Group (SLACIAG) has developed an External Quality Assessment Framework in order to fulfil the requirement of the Public Sector Internal Audit Standards for an external assessment to be undertaken once every 5 years. Renfrewshire Council is due to be reviewed in May 2016 by West Lothian Council.

3.8 **Local and National Initiatives.**

The Housing Benefit investigation work is due to be transferred to the Department for Work & Pensions' (DWP) Single Fraud Investigation Service officially from 1 March 2016. From mid January 2016, all new referrals for housing benefit investigations are being submitted to the DWP for action and arrangements are being made to pass all live housing benefit cases onto them by mid February. The Corporate Counter Fraud resource will then focus on updating the Council's Fraud Strategy and investigating non-benefit fraud such as council tax reduction fraud, tenancy fraud and other corporate fraud, as well as undertaking the role of being the Council's single point of contact with the DWP for all enquiries/information they require from the Council to enable them to undertake housing benefit investigations

Implications of the Report

1. **Financial** - The Council has in place arrangements to recover the any overpayments identified from the work of the Counter Fraud Team and the National Fraud Initiative.

2. **HR & Organisational Development** - None
3. **Community Planning –
Safer and Stronger** - effective internal audit is an important element of good corporate governance.
4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** - None
7. **Equality & Human Rights**
 - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – None
9. **Procurement** - None
10. **Risk** - The progress and performance reported relates to the delivery of the risk-based internal audit plan and the mitigation of the risk of fraud and error.
11. **Privacy Impact** – None

Author: Andrea McMahon – 01416187017