

**To: Audit, Risk and Scrutiny Board**

**On: 21 August 2023**

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**Report by: Chief Auditor**

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**Heading: Internal Audit and Counter Fraud Progress and Performance for  
Period to 30 June 2023**

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**1. Summary**

- 1.1 The Internal Audit Annual Plan was approved by the Audit, Risk and Scrutiny Board on 13 March 2023. 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 2023 to 30 June 2023, 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 In terms of Counter Fraud, no formal performance targets for fraud investigation have been established for the following reasons. A major part of their work involves being the single point of contact for Department for Work and Pension's (DWP) Single Fraud Investigation Service and the Service Level Agreement for this work contains time targets for completing this work. In addition, the types of fraud referrals received from Council services to date are wide ranging and the team's objective is to concentrate on investigating those referrals considered to contain the greatest fraud risk. We are also involved in promoting fraud awareness within the Council.
- 1.3 All of the Internal Audit Team and Counter Fraud Team are working on a hybrid basis and also undertake home/site visits when the need arises. We also provide advice and support where necessary to council.

- 1.4 The report details progress against local and national initiatives involving Internal Audit and the Counter Fraud Team from 1 April 2023 to 30 June 2023
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## 2. Recommendations

- 2.1 Members are invited to note the Internal Audit and Counter Fraud Team progress and performance to 30 June 2023.
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## 3. Background

- 3.1 The progress and performance of the Internal Audit 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. In terms of the Counter Fraud team, there are time targets in place for responding to requests from the DWP's Single Fraud Investigation Service. Due to the diverse nature of fraud referrals no formal performance targets have been established and the outcomes from investigations is regularly monitored by management.
- 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.

## 4. Internal Audit Team Performance

### (a) Percentage of audit plan completed as at 30 June 2023

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

Actual 2022/23	Annual Target 2023/24	Audit Plan Completion Target to 30 June 2023	Audit Plan Completion Actual to 30 June 2023
93.2%	95.0%	19%	21.6%

Actual performance is currently ahead of target.

### (b) Percentage of assignments complete by target date

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

Target 2023/24	Actual to 30 June 2023
95.0%	100%

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.

Target 2023/24	Actual to 30 June 2023
95.0%	100%

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

**5. Review of the 2023/24 Internal Audit Plan**

5.1 All of our staff are currently working on a hybrid basis and utilising the Council's various tools to continue to undertake audit assignments. The priorities for the team this quarter is to undertake any investigations that have arisen and also to complete the work outstanding from 2022/23.

5.2 Our 2023/24 Audit Plan is subject to regular review in light of any risks arising from the Council's organisational recovery or otherwise and also to determine whether any assignments will have to be amended or cancelled as result of being unable, for any reason, to undertake the work planned. No amendments or cancellations to our planned assignments are deemed necessary at this stage.

**6 Counter Fraud Team Progress and Performance**

6.1 In line with the Service Level Agreement, the Counter Fraud Team act as the Single Point of Contact (SPOC) to route potential housing benefit fraud referrals to the DWP, liaise with the Council's Housing Benefit Team and DWP Fraud Officers and retrieve the necessary evidence for the DWP Fraud Officers from the Housing Benefit System. Where a suspicion of fraud arises, the team investigate and report their findings to management. Where appropriate, follow-on action is taken, such as reporting the matter to Police Scotland for further investigation, or directly to the Procurator Fiscal. In addition, they also work jointly work with DWP Fraud Officers on criminal fraud investigations which focuses on the investigation and prosecution of the Local Authority administered Council Tax Reduction Scheme (CTRS) and Social Security benefit fraud.

6.2 Part of the remit of the Corporate Counter Fraud Team is to raise awareness of fraud, and to encourage and promote an anti-fraud culture. A Counter Fraud training course has been developed, and is now available to staff on the ilearn system.

6.3 During this quarter, we have mainly been working on the various fraud referrals received and completing investigations into matches received in January 2023 from the National Fraud Initiative administered by Audit Scotland. As part of our fraud prevention work we have also been validating any bank account or remittance contact changes received from the Council's suppliers and contractors.

6.4 The financial and non-financial results for quarter 1 (April 2023 to June 2023) are noted in the table below.

<b>Financial Outcomes</b>	<b>Quarter 1 (£)</b>
Cash savings directly attributable to preventative counter fraud intervention	1,892
Cash recoveries in progress directly attributable to counter fraud investigations	13,587
Housing Benefit savings directly attributable to counter fraud investigation	0
Housing Benefit Savings Attributable to Joint Working by Counter Fraud and DWP Counter Fraud Officers	11,158
Notional savings identified through counter fraud investigation, (e.g. housing tenancy and future council tax)	4,148
<b>Non-Financial Outcomes</b>	<b>Quarter 1</b>
Housing properties recovered	0
Housing applications amended/cancelled	0
Blue badge misuse warning letters issued	3
Blue Badges Cancelled	2
Licences revoked	0
Supplier/Contractor Checks Undertaken	74

6.5 Our notional savings are based on the methodology prepared by the Cabinet Office and this has been revised from April 2023.

## 7. Local and National Initiatives

### National Fraud Initiative

7.1 Reviews of National Fraud Initiative matches received in by the Council are being co-ordinated by a Counter Fraud Officer and this work has been split between Counter Fraud and Service Staff.

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

- 7.2 This Group ran a 2 day conference "Connections, Collaborations, Catalysts" in June 2023 for Internal Audit and Counter Fraud Staff. The topics focused on this year were counter fraud, data analytics and climate change and the conference was well attended and provided a great networking opportunity with other local authority colleagues.

### **External Quality Assessment**

- 7.3 We are continuing to progress the agreed action plan arising from our second external assessment reviewing how our service undertakes some of its functions.

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### **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** - None
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

12. **COSLA Implications** – None

13. **Climate Risk** - None

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