

To: Audit, Risk and Scrutiny Board

On: 06 November 2023

Report by: Chief Auditor

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

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 September 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 (SPOC) for the 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. The types of fraud referrals received to date are wide ranging and the team's objective is to concentrate on investigating those referrals considered to contain the greatest fraud risk. They are also involved in promoting fraud awareness and assisting with the implementation of adequate fraud prevention measures within the Council.
- 1.3 All of the Internal Audit Team and Counter Fraud Team are currently 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 services.

- 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 September 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 September 2023.
- 2.2 Members are asked to approve the proposed amendments to the Annual Internal Audit Plan for 2023/2024.
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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.
- 3.3 This report measures the progress and performance of both the Internal Audit and Counter Fraud Team for the period from 1 April 2023 to 30 September 2023.

4. **Internal Audit Team Performance**

(a) **Percentage of audit plan completed as at 30 September 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 September 2023	Audit Plan Completion Actual to 30 September 2023
93.2%	95.0%	42.8%	43.9%

Actual performance is slightly 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 September 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 September 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.

(d) **Percentage of audit reports issued within 6 weeks of completion of audit field work**

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

Target 2023/24	Actual to 30 September 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 Our 2023/24 Audit Plan is subject to ongoing review in light of any organisational risks arising, and also to determine whether any assignments will have to be amended or cancelled as result of us being unable, for any reason, to undertake the work planned. As a result we recommend the following amendment at this time:-

a) Administration of Medicines in Schools– 20 Days - A new policy for the administration of medicines in schools is currently being prepared but has not yet been approved. It is likely that this policy will not be actually implemented until early 2024 and therefore it is suggested that this review is deferred until 2024/25 to enable the policy to be embedded into school processes. It is proposed that we add this time to our contingency budget, as a lot of contingency time has been utilised in the first half of 2023/24 for investigations, which will be reported to members of this Board on completion of any proceedings which may arise from this work.

5.2 The Internal Audit Plan progress will continue to be closely scrutinised by management. Currently we are in the process of conducting a 6 monthly review with each of the service senior management teams to discuss the progress of the plan and ensure there are no issues in undertaking the remaining audit plan assignments. Any further proposed amendments will be brought to this Board for approval.

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 with DWP Fraud Officers on criminal fraud investigations which focuses on the investigation and prosecution of the Local Authority administered Council Tax Reduction Scheme and Social Security benefit fraud. In addition to investigation work the team also undertake fraud prevention work.

6.2 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 are continuing to validate any bank account or remittance contact changes received from the Council's suppliers and contractors.

6.3 The financial and non-financial results for the period (April 2023 to September 2023) are noted in the table below.

Financial Outcomes	Period to 30 September 2023 (£)
Cash savings directly attributable to preventative counter fraud intervention	2,892
Cash recoveries in progress directly attributable to counter fraud investigations	43,196
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)	113,127
Non-Financial Outcomes	Period to 30 September 2023
Housing properties recovered	1
Housing applications amended/cancelled	3
Housing Allocation Priority Changed	1
Blue badge misuse warning letters issued	8
Blue Badges Cancelled	2
Supplier/Contractor Checks Undertaken	162

6.4 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

Scottish Local Authorities Chief Internal Auditors Group

7.1 The Local Authorities Chief Internal Auditors Group met in September. and were joined by Audit Committee chairs and vice-chairs for a presentation by a representative from the Chartered Institute of Public Finance & Accountancy body on their publication "Internal Audit Untapped Potential".

Scottish Local Authorities Investigation Sub-Group

7.2 The Local Authorities Investigation Sub-Group also met in September and the Chair of the Scottish Local Authorities Chief Internal Auditors Group attended to assist in the planning of the work programme arising from the Conference held in June 2023.

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 to ensure the actions are completed by the agreed timescale.

7.4 We are also currently undertaking the external quality assessment of Inverclyde Council and plan to have this completed shortly.

Revised CIPFA Guidance – Audit Committees

7.5 We are developing a framework to undertake a self-assessment of our compliance with this guidance for both the Council and Renfrewshire Integration Joint Board

National Fraud Initiative

7.6 We are currently ensuring that all the work which has been undertaken to date on the matches received by the Council has been recorded on the portal by all staff involved in the exercise.

Counter Fraud Training

7.7 Our counter fraud e-learning course was formally launched during this quarter. To date 368 employees have completed the course and we have had positive feedback regarding this course.

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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