

To: Audit, Risk and Scrutiny Board

On: 24 August 2020

Report by: Chief Auditor

**Heading: Internal Audit and Counter Fraud Progress and Performance for
Period to 30 June 2020**

1. Summary

- 1.1 The Internal Audit Annual Plan was approved by the Audit, Scrutiny and Petitions Board on 16 March 2020. 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 2020 to 30 June 2020, 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 DWP's Single Fraud Investigation Service and the Service Level Agreement for this work contains time targets for completing this work. A great deal of effort has also been on increasing fraud awareness amongst employees to prevent fraud from occurring against the Council. 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.
- 1.3 As a result of the COVID-19 Pandemic, the majority of fraud investigation work was suspended during the whole of this quarter and we plan to recommence this work in August 2020. Joint working with the DWP's Single Fraud Investigation service has also temporarily

ceased and we are awaiting a date for this work to recommence. All of the Counter Fraud Team are currently working at home.

- 1.4 The Internal Audit team are also home working full time and are continuing to work on planned audit assignments and providing advice and support where necessary to council services.
- 1.5 The report details progress against local and national initiatives involving Internal Audit and the Counter Fraud Team from 1 April 2020 to 30 June 2020.

2. **Recommendations**

- 2.1 Members are invited to note the Internal Audit and Counter Fraud Team progress and performance to 30 June 2020.

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 2020 to 30 June 2020.

4. **Internal Audit Team Performance**

(a) **Percentage of audit plan completed as at 30 June 2020**

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

Actual 2019/20	Annual Target 2020/21	Audit Plan Completion Target to 30 June 2020	Audit Plan Completion Actual to 30 June 2020
95.4%	95.0%	19%	24.4%

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 2020/21	Actual to 30 June 2020
95.0%	100%

Actual performance is ahead of the target set for the year. It should be noted that target dates have been extended where necessary as it is taking longer to obtain information due to the priorities of services during the pandemic and the practicalities of home working.

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

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

Target 2020/21	Actual to 30 June 2020
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 2020/21	Actual to 30 June 2020
95.0%	94.7%

Actual performance is slightly below the target set for the year. This was due to other work commitments during this quarter.

5. Review of the 2020/21 Internal Audit Plan

- 5.1 All of our staff are currently home working and utilising the Council's various tools and techniques to continue to undertake audit assignments.

- 5.2 We are currently undertaking a full review of the 2020/21 Audit Plan in light of the emerging risks arising from COVID-19 and also to determine whether any assignments will have to be amended or cancelled as result of being unable to visit certain premises or retrieve hard copy documentation. Any amendments or cancellations to our planned assignments will be discussed with members of the Corporate Management Team and then 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. In addition, we also work jointly work with DWP Fraud Officers on criminal fraud investigations which focuses on the investigation and prosecution of the LA administered Council Tax Reduction Scheme (CTRS) and Social Security benefit fraud. All of this work has been currently suspended by the DWP.
- 6.2 Two out of the 3 members of the Counter Fraud Team during this quarter were seconded to the Local Assistance Team which was established to assist Renfrewshire residents during the pandemic. The team was returned to full capacity as of the 4th August 2020.
- 6.3 For all of this quarter in order to protect the health of residents and staff, all council led fraud investigations which require interviews or home visits were suspended. It is hoped to resume some of this work during August after amended procedures to protect the health and safety of both clients and staff have been finalised and agreed upon.
- 6.4 The financial and non-financial results for quarter 1 (April 2020 to June 2020) are noted in the table below. These investigations were finalised during the early part of this quarter:-

Financial Outcomes	Quarter 1 (£)
Cash savings directly attributable to preventative counter fraud intervention	0
Cash recoveries in progress directly attributable to counter fraud investigations	5,403
Housing Benefit savings directly attributable to counter fraud investigation	3,885
Notional savings identified through counter fraud investigation, (e.g. housing tenancy and future council tax)	190,832
Non-Financial Outcomes	Quarter 1
Housing properties recovered	2
Housing applications amended/cancelled	0

Blue badge misuse warning letters issued	0
Licences revoked	0

- 6.5 The remainder of the corporate counter fraud resource is currently being utilised to offer advice on queries which have arisen from Small Business and Retail, Hospitality & Tourism Grant Applications received by the Council and investigate any suspected fraudulent activities in relation to these business grants applications, including referral to Police Scotland where appropriate. To assist in this work, daily lists are being collated and being sent to all Scottish Local Authorities detailing suspected fraudulent applications received throughout Scotland.
- 6.6 Work is also ongoing documenting all our working practices into flowcharts to enable us to have a formal procedural guide and we are currently developing a fraud awareness i-learn package for staff.
- 7. Local and National Initiatives**
- 7.1 The guidance and timetable for the next National Fraud Initiative has just been arranged and we are about to commence actioning planning the tasks that have to be undertaken in order to participate in this exercise.

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

Author: Karen Campbell – 07768354651