



To: Audit, Risk and Scrutiny Board

On: 19 January 2026

Report by: Chief Auditor

Heading: Internal Audit and Counter Fraud Progress and Performance for Period to 31 December 2025

1. Summary

1.1 The Internal Audit Annual Plan was approved by the Audit, Risk and Scrutiny Board on 17 March 2025. 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 2025 to 31 December 2025, 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. 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 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 2025 to 31 December 2025.
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2. Recommendations

- 2.1 Members are invited to note the Internal Audit and Counter Fraud Team progress and performance to 31 December 2025.
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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 are regularly monitored by management. In addition, the Counter Fraud Team are heavily involved in fraud prevention measures within the Council.

- 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 2025 to 31 December 2025.

4. Internal Audit Service Resource

- 4.1 In August 2025, the Assistant Chief Auditor was appointed, permanently to the Chief Auditor's post. One of the Senior Auditors is covering the Assistant Chief Auditor's post on an interim basis. The Senior Counter Fraud investigator retired in July 2025.

- 4.2 To ensure the Internal Audit Service continues to obtain the best from its available resources, the Chief Auditor in conjunction with the Director of Finance and Resources, is currently taking this opportunity to review the team's structure, in terms of workforce planning and resilience and therefore the vacancies within the team have not yet been filled. Due to other work commitments, the completion of this review has been delayed but it is intended that the structure will be finalised by 31 January 2026 to enable a recruitment exercise to commence and have vacant posts filled by 31 March 2026. It should be noted that the Director of Finance & Resources is committed to maintaining the current level of service delivered by Internal Audit and Counter Fraud. Members of this Board

will be notified of any proposed changes in structure once the review has been finalised.

5. Internal Audit Team Performance

(a) Percentage of audit plan completed as at 31 December 2025

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

Actual 2024/25	Annual Target 2025/26	Audit Plan Completion Target to 31 December 2025	Audit Plan Completion Actual 31 December 2025
93.6%	90.0%	66%	61.5%

The current audit plan completion indicator is slightly below target due to the vacancy in the team and also as a result of additional counter fraud duties being undertaken by Internal Audit staff. which will addressed in the near future when the review of our structure is complete. Additional development work has also had to be undertaken to ensure the internal audit team comply with the Global Internal Audit Standards in the Public Sector. This indicator is being monitored closely by the Chief Auditor and audit assignments have been selected for outsourcing to an external contractor in the final quarter of 2025/26.

(b) Percentage of assignments complete by target date

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

Target 2025/26	Actual to 31 December 2025
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 2025/26	Actual to 31 December 2025
95.0%	96.2%

Actual performance is ahead of the target set for the year, although this could 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 2025/26	Actual to 31 December 2025
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.

6. Review of the 2025/26 Internal Audit Plan

- 6.1 Our 2025/26 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.
- 6.2 All the field work for the audit assignments carried forward from last year has been completed and the one remaining report will be issued in early January 2026. We are continuing to work on the assignments in the 2025/26 Internal Audit Plan.
- 6.3 The team have also been involved in a number of audit investigations and therefore a substantial amount of the contingency budget has being spent.
- 6.4 However, at this stage we are not recommending any further amendments to the plan. This may change in the final quarter of the year if we are required to undertake any further investigations. Any proposed amendments to the audit plan will be brought to this Board for approval.

7 Counter Fraud Team Progress and Performance

- 7.1 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.
- 7.2 The Senior Counter Fraud Investigator post remains vacant until the review of our structure mentioned in Section 4 of this Report is completed. The supervisory duties of the team are currently been covered by the Chief Auditor and Interim Assistant Chief Auditor.
- 7.3 The Counter Fraud Officers have been working on the various fraud referrals and are continuing to process the National Fraud Initiative

matches which have been received. In December 2025, additional matches were received that includes data re Clients personal budgets and Residential Care Home fees and we have commenced risk assessing these. A full report on the results of the National Fraud Exercise will be brought to this Board for information once Audit Scotland's national report has been published.

7.4 As part of our fraud prevention work, we are continuing to validate any bank account changes received from the Council's suppliers and contractors and the details supplied by new Housing Applicants.

7.5 The financial and non-financial results for the period (April 2025 to December 2025) are noted in the table below.

Financial Outcomes	Period to 31 December 2025 (£)
Cash savings directly attributable to preventative counter fraud intervention	6,154
Cash recoveries in progress directly attributable to counter fraud investigations	48,742
Notional savings identified through counter fraud investigation, (e.g. housing tenancy and future council tax)	504,411
Housing Benefit Savings Attributable to Joint Working by Counter Fraud and DWP Counter Fraud Officers	0
Other DWP Benefit or Tax Credit Savings identified through other Counter Fraud work or through joint working with DWP	3,731
Non-Financial Outcomes	Period to 31 December 2025
Housing properties recovered	5
Housing applications amended/cancelled	7
Housing Allocation Priority Changed	0
Blue badge misuse warning letters issued	38
Blue Badges Cancelled	12
Supplier/Contractor Checks Undertaken	153

7.6 Our notional savings are based on the methodology prepared by the Cabinet Office.

8. Local and National Initiatives

Scottish Local Authorities Chief Internal Auditors Group

- 8.1 The Local Authorities' Chief Internal Auditors Group met in December 2025 and the focus was on risk within Local Authorities. A presentation was given by our Strategic Risk and Insurance Services Manager on the Business As Usual Risk Assurance Model which is in operation within Renfrewshire Council for Departmental Heads of Services to monitor their business as usual risks.

Global Internal Audit Standards in the UK Public Sector

- 8.2 Work is progressing to ensure we adhere to the new Global Standards in the UK Public Sector which were introduced from April 2025. A revised Internal Audit Charter and Mandate has now been approved, and work is ongoing on an Internal Audit Strategy which will be submitted to the Board in March 2026.

National Fraud Exercise

- 8.3 Counter Fraud and Service Staff are working on the matches received from this data matching exercise. To date £190,267 of corrections and overpayments have been identified by Counter Fraud's investigation of high risk matches from the 2024/25 National Fraud Initiative and these overpayments are in the process of being recovered from claimants. A full report on the results of the National Fraud Exercise will be brought to this Board for information at a later date.

Information Security Group

- 8.4 The Information Security Group, chaired by the Chief Auditor and attended by the Senior Managers from Information Governance, Information Management and Cyber Security teams met in October 2025 and finalised guidance on transcription and discussed other current topical issues such as information security incidents, artificial intelligence risk and cyber security.

Implications of the Report

1. **Financial** - The Council has in place arrangements to recover 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
14. **Children’s Rights** - None

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