

**SOUTH STAFFORDSHIRE COUNCIL**

**AUDIT & RISK COMMITTEE – 3<sup>rd</sup> OCTOBER 2023**

**INTERNAL AUDIT PROGRESS REPORT**

**REPORT OF THE CHIEF INTERNAL AUDITOR**

**PART A – SUMMARY REPORT**

**1. SUMMARY OF PROPOSALS**

1.1 This report informs Members on the internal audit activity carried out since the Audit & Risk Committee held on 11<sup>th</sup> July 2023.

1.2 This report provides scrutiny of the internal audit function during the year.

**2. SUMMARY IMPACT ASSESSMENT**

POLICY/COMMUNITY IMPACT	Do these proposals contribute to specific Council Plan objectives?	
	Yes	The delivery of the Internal Audit Plan provides management with assurances that their service objectives which support the Council’s priorities are being achieved.  The work of Internal Audit covers those priorities contained within the Council’s Plan 2020-2024
	Has an Equality Impact Assessment (EqIA) been completed?	
	No	The delivery of the Internal Audit Plan and Counter Fraud Plan is not considered to have any adverse implications to equal opportunities and diversity policies.
SCRUTINY POWERS APPLICABLE	No	
KEY DECISION	No	
TARGET COMPLETION/ DELIVERY DATE	Delivery of the Annual Internal Audit Plan and Counter Fraud Plan 31/03/2024	
FINANCIAL IMPACT	No	There are no direct financial implications. The current costs of the Internal Audit Service are contained within the Medium Term Financial Strategy as are the costs of insurance covers to mitigate the cost of any financial loss arising from the failure of internal controls.

LEGAL ISSUES	Yes	<p>Section 151 of the Local Government Act 1972 The Accounts &amp; Audit Regulations 2015</p> <p>A sound system of internal audit, and monitoring of the same, assists in compliance with the above statutory duties.</p> <p>The results of Internal Audit's work feed into the Council's Annual Governance Statement.</p>
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	<p>Internal audit objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. Internal Audit will continue to align its work with the Strategic and Operational Risk Registers.</p>
IMPACT ON SPECIFIC WARDS	No	<p>No impact.</p>

## **PART B – ADDITIONAL INFORMATION**

3.1 This report updates the Audit & Risk Committee on Internal Audit activity carried out since the last Committee meeting on 11<sup>th</sup> July 2023.

### **Progress Against the revised Internal Audit Plan and Counter Fraud Plan 2023/24**

3.2 As at 20<sup>th</sup> September 2023, 11% of the Internal Audit Plan 2023/24 has been completed. A further 26% of the planned audit reviews are also in progress, including ongoing project support and advice in relation to the Viv-up employee benefits scheme. Remaining work is scheduled to be completed in Quarters 3 and 4 of the current financial year and preparations for these reviews is currently ongoing.

3.3 Since the last Audit & Risk Committee meeting held on 11<sup>th</sup> July 2023, the following piece of work has been finalised:

- Energy Bill Support Scheme (*Substantial Assurance*).

3.4 In addition, the following piece of work has been completed and is at draft report stage:

- Grant Verification – Disability Facility Grant (DFG).

3.5 In relation to the Counter Fraud Plan for 2023/24, a programme of Continuous Controls Monitoring (CCM) continues to be undertaken. CCM is a series of regular data matching/analysis exercises designed to identify 'red flags' that may indicate fraud or error in the Council's databases, which leads to follow up enquiries by auditors. Review of data sets for the current financial year, up to the end of August 2023, have been undertaken. As part of the analytics work completed invoice

records have been reviewed for potential duplicates with no adverse findings identified. A review of mileage claims for the period above has identified limited potential duplicates, all of which have been cleared following further enquiries with claimants with no adverse findings. Absence data for the period to the end of August 2023 has recently been obtained which will allow review of Purchase Card activity against cardholder absence, this work is to commence shortly, the results of which will be reported at a future meeting of this committee.

- 3.6 Following receipt of Council Tax discount data, in September 2023, a data matching exercise has been carried out comparing recipients of Council Tax discounts to Electoral role data, to identify potential fraudulent/erroneous claims for discounts. This work has been conducted as a pilot exercise as part of the 2023/24 CCM programme. Initial findings have been discussed with the Revenues Team Manager, who has been provided with a copy of the matches. These will be reviewed by Council staff. Dependent on the outcome of the review of the matches, it is anticipated that this exercise could be repeated in future, potentially aligned to significant updates to the electoral role.
- 3.7 The Council takes part in the National Fraud Initiative ('NFI'). The NFI is a biennial data matching exercise, hosted by the Cabinet Office. In October 2022 data sets were uploaded to the Cabinet Office by the Council, including Payroll, Creditors, Council Tax, Housing Benefit, Housing Waiting List and Pensions data. The Cabinet Office runs analytics on the data sets to identify unexpected matches, duplicates and inconsistencies both within the Council's Data, and against other data sets (e.g. other Councils and DWP Deceased Person records), with the purpose of detecting fraud or error.
- 3.8 Internal Audit coordinate the investigation of the Council's matches and has referred matches to the relevant service areas for further investigation. Internal Audit will monitor the Council's review of the matches and outcomes from the exercise will be reported to management and the Audit and Risk Committee at a future meeting. A table summarising the volume of matches for review is detailed below:

<b>Report Group</b>	<b>Number of Potential Matches for Review</b>
Housing Benefit	8
Payroll	12
Housing Waiting List	80
Council Tax Reduction Scheme	226
Creditors	107
<b>Total Matches</b>	<b>433</b>

- 3.9 A new referral has been received relating to a series of cash thefts at a leisure centre in June and July 2023. Evidence has been obtained, and the matter reported to Police. It is pleasing to note Staffordshire Police have promptly commenced a criminal investigation, obtaining information from the internal investigation, and

carried out additional further steps. At the time of writing, efforts are being taken to interview the Subject as part of the Council's own internal investigation, which is conducted separately but in parallel to the Police's criminal process. Giving consideration to the Subject, and to preserve the integrity of both the internal and Police investigations, further information will not be disclosed at this time. A full report will be presented to the Audit and Risk Committee when the investigation comes to a conclusion.

### **Other Activities**

- 3.10 The Internal Audit Manager continues to meet with the Finance Team Manager (Interim S151 Officer) and the Director Legal & Governance (Monitoring Officer) on a regular basis.

### **4 IMPACT ASSESSMENT – ADDITIONAL INFORMATION**

- 4.1 None identified.

### **5 PREVIOUS MINUTES**

- 5.1 Not Applicable.

### **6 BACKGROUND PAPERS**

- 6.1 Not Applicable

### **7. RECOMMENDATIONS**

- 7.1 To note the internal audit activity to date.

Report prepared by: *Susan Bluck*  
*Internal Audit Manager*  
*20<sup>th</sup> September 2023*