

## EXECUTIVE DIRECTOR OF RESOURCES

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	12 October 2020		
TITLE:	INTERNAL AUDIT QUARTERLY UPDATE REPORT		
LEAD COUNCILLOR:	COUNCILLOR EMBERSON	PORTFOLIO:	CORPORATE AND CONSUMER SERVICES
SERVICE:	AUDIT & INVESTIGATIONS	WARDS:	N/A
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### 1. PURPOSE OF REPORT

- 1.1 This report summarises internal audit activity in respect of internal audit and investigations for the period 1 July to the 30 September 2020.
- 1.2 The following document is appended:

Appendix 1 - Internal Audit & Investigations Update Report

### 2. RECOMMENDATIONS

- 2.1 The Audit & Governance Committee is requested to consider the report

### 3. SUMMARY

- 3.1 The primary objective of each audit is to arrive at an assurance opinion regarding the robustness of the internal controls within the financial or operational system under review. Where weaknesses are found internal audit will propose solutions to improve controls, thus reducing opportunities for error or fraud. In this respect, an audit is only effective if management agree audit recommendations and implement changes in a timely manner.
- 3.2 A total of eight audit reviews were completed in the period between July and September 2020.
- 3.3 Five audit reviews received a positive assurance opinion and three received a negative assurance opinion.

### **3.4 Substantial Assurance Opinion Reviews**

- 3.4.1 We have reported that the conditions attached to the **Local Transport Capital Funding (incorporating Live Labs Project)** and **Bus Subsidy Specific Grant Determinations** have been complied with.

### **3.5 Reasonable Assurance Opinion Reviews**

- 3.5.1 Whilst our audit of the **Rent Guarantee Scheme** confirmed that there were satisfactory controls in place, we did highlight that several manual processes are used making reconciliation difficult between manual records (spreadsheets) and the Rents system (Ohms). We also reported that void periods are not routinely recorded for rent guarantee properties
- 3.5.2 The audit of **External Stores** concluded that there were satisfactory contract management controls in place for monitoring service delivery and performance and the client management has a good oversight of the operational risks.
- 3.5.3 Although we conclude proactive action is being taken to strengthen the procedures to secure the **ESFA grant**, our audit concluded that there was a lack of evidence to support the verification of learner eligibilities.

### **3.6 Limited Assurance Opinion Reviews**

- 3.6.1 Our audit of **intercompany transfers** between Brighter Futures for Children (BFFC) and the Council reported that in practice the process has not operated as it was intended and there appears to have been some confusion over roles and responsibilities between RBC and BfFC. At the time of our audit we identified approximately £2m of accounting entries, needing further investigation and correction.
- 3.6.2 The audit of **Staff Vehicle Documentation (Grey Fleet)** flagged a number of areas of concern that need considering, to ensure that the Council is adequately responding to and addressing the various potential risks in this area.
- 3.6.3 A review of compliance with the **Governments Transparency Code** highlighted that the Council is not complying with the publication and statutory requirements of the Transparency Code in all instances.

### **3.7 No Assurance Opinion Reviews**

- 3.7.1 N/A

## **4. CONTRIBUTION TO STRATEGIC AIMS**

- 4.1 The Internal Audit Team aims to assist in the achievement of the strategic aims of the Council set out in the Corporate Plan by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. In particular audit work is likely to contribute to the priority of remaining financially sustainable to deliver our service priorities.

## **5. COMMUNITY ENGAGEMENT AND INFORMATION**

- 5.1 N/A

## **6. LEGAL IMPLICATIONS**

- 6.1 Legislation dictates the objectives and purpose of the internal audit service the requirement for an internal audit function is either explicit or implied in the relevant local government legislation.
- 6.2 Section 151 of the Local Government act 1972 requires every local authority to “make arrangements for the proper administration of its financial affairs” and to ensure that one of the officers has responsibility for the administration of those affairs.
- 6.3 In England, more specific requirements are detailed in the Accounts and Audit Regulations in that authorities must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices”.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 N/A

## **8. BACKGROUND PAPERS**

- 8.1 N/A

## **APPENDIX 1**

### **Internal Audit & Investigations Quarterly Update Report**

## 1.0 OVERVIEW

### 1.1 Purpose & Scope of Report

- 1.1.1 This report provides details of audits finalised, the assurance opinions given, and the number and type of recommendations made. Due to the COVID-19 pandemic and the subsequent cancellation of the Audit & Governance Meeting in April 2020, this report predominately provides the committee with an update on those audits completed and finalised in quarter 4 of the 2019/2020 financial year in addition to those completed in quarter 1 of 2020/2021.

### 1.2 Assurance Framework

- 1.2.1 Each Internal Audit report provides a clear audit assurance opinion. The opinion provides an objective assessment of the current and expected level of control over the subject audited. It is a statement of the audit view based on the work undertaken in relation to the terms of reference agreed at the start of the audit; it is not a statement of fact. The audit assurance opinion framework is as follows:

Opinion	Explanation
No Assurance	"Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited."
Limited	"Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited."
Reasonable	"There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited."
Substantial	"A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited."

- 1.2.2 The assurance opinion is based upon the initial risk factor allocated to the subject under review and the number and type of recommendations we make. It is management's responsibility to ensure that effective controls operate within their service areas. Follow up work is undertaken on audits providing **limited** or '**no**' assurance to ensure that agreed recommendations have been implemented in a timely manner.

## 2.0 HIGH LEVEL SUMMARY OF AUDIT FINDINGS

		Recs			Assurance
2.1	Intercompany Transfers	2	3	1	Limited

- 2.1.1 With the establishment of Brighter Futures for Children (BFFC), the Council implemented the intercompany accounting module on Oracle Fusion, to account for activity and transactions between the two parties.
- 2.1.2 As RBC and BFFC are completely separate organisations with their own bank accounts and VAT registrations, there has to be a physical transfer of cash between the two entities. Transactions should be entered into the intercompany module on Fusion, where the accounting entries for the provider (the organisation who is raising the debtors' invoice, having provided a service) and the receiver (the organisation who will be paying the bill for a service) are specified, along with the VAT rate for the transaction(s) and description of the service. This then links through to Accounts Receivable (AR), Accounts Payable (AP) and the General Ledger (GL) on Oracle Fusion.
- 2.1.3 Processes should run once a day to transfer intercompany transactions over to AR, thus creating a proper VAT invoice for the provider organisation, and all the necessary accounting on that side of the transaction. After the AR process has run, a second process should run to transfer the transactions over to AP, creating the matching payables invoice for the receiver organisation, and all of its accounting entries. The AP invoice should then be picked up and processed by the AP team, to then be included on a BACS run.
- 2.1.4 However, in practice the process has not operated as it was intended and there appears to have been some confusion over roles and responsibilities between RBC and BFFC. At the time of our audit we identified approximately £2m of accounting entries, needing further investigation and correction.
- 2.1.5 We found it difficult to confirm the completeness and accuracy of payments, as there were delays in payment and poor reconciliation controls, to understand what had been paid and when. This in itself had likely contributed to duplicate payments being processed.
- 2.1.6 Controls need to be improved to ensure all transactions are evidenced, checked and formally approved on Fusion. Descriptions and audit trails for each intercompany transfer transaction should be improved, so that the specific charge from the contract for each service can be more readily cross referenced and identified, instead of using the current generic reference to the contract.
- 2.1.7 Clear and regular reconciliations should be undertaken to ensure payments are processed on a timely basis, are complete and accurate. This will help identify issues for immediate resolution and improve contractual confidence.

2.2	Staff Vehicle Documentation	Recs			Assurance
		4	6	1	Limited

- 2.2.1 Under health and safety law, employers have a duty for on-the-road work activities. The Health and Safety at Work Act 1974 details that, as far as reasonably practicable, employers must ensure the health and safety of employees whilst they are at work and that others are not put at risk by work-related driving activities.
- 2.2.2 The Management of Health and Safety at Work Regulations 1999 also detail that health and safety should be managed effectively, including carrying out a risk assessment of employees' health and safety whilst at work, including driving. There are also duties under road traffic laws.
- 2.2.3 The Department for Transport has a work-related road safety checklist which includes checking the validity of staff's licences on recruitment and at regular intervals afterwards and ensuring that staff are sufficiently fit and healthy to drive safely. In addition, employers have a duty of care to ensure vehicle safety, which can include checking a vehicle has a valid MOT certificate and appropriate motor insurance that covers business usage for the amount and type of mileage undertaken.
- 2.2.4 The purpose of the audit was to provide assurance that there were appropriate controls in place to manage key risks relating to checks made on staff using their own vehicles for Council business (this is known as the grey fleet). The main objectives were to review key controls relating to the process for documentation checking for staff using their own vehicles on Council business and to assess whether grey fleet usage was appropriate.
- 2.2.5 The audit has flagged a number of areas of concern that need considering, to ensure that the Council is adequately responding to and addressing the various potential risks in this area. Failure to address these could have significant legal implications for senior officers and the Council corporately, if it cannot demonstrate that it has paid due regard to its statutory responsibilities and taken appropriate action to ensure the safety of grey fleet vehicles, and consequently protection of its own staff, as well as others.
- 2.2.6 There is no up-to-date and agreed Grey Fleet policy in place and consequently it was found that there is a lack of a common understanding of roles and responsibilities. Currently information on grey fleet use and individual driving licences is stored on two different systems: iTrent, the Council's HR and Payroll

system and Fleetwave, the proprietary system used by the Fleet and Transport Team to help support the issues around storage in iTrent. It is apparent that there is confusion about what information should be stored on which system, as well as duplication in cases of information being held on both systems.

- 2.2.7 The existing checking and monitoring process(es) are also very administratively intensive and therefore extremely time consuming for managers, particularly where managers have a number of direct reports and could be considered unnecessarily bureaucratic. We recommended that consideration should be given to the potential cost benefits and advantages of an alternative IT solution provided by a third party, potentially linked to the Council's HR system, to ensure staffing information is valid and up to date.
- 2.2.8 Another issue highlighted was the use and retention of documentation involved in grey fleet checks. Currently this could be located and stored on either or both system (s) as well as possibly also on personal devices or shared drives.
- 2.2.9 The lack of management information also makes it difficult to provide any assurance that current operations and systems provide value for money, as well as demonstrating compliance with statutory requirements.

		Recs			Assurance
2.3	Bus Subsidy Grant	0	0	0	Substantial

- 2.3.1 The Local Authority Bus Subsidy (revenue) grant is a payment made by the Department of Transport to local authorities which is broadly equivalent to money previously paid directly to bus operators for running services to local authorities. The grant also includes an element for running Section 19 community transport services in-house.
- 2.3.2 It is a condition of the grant that the Chief Executive and Chief Auditor sign a declaration that, in all significant respects, the conditions attached to Local Authority Bus Subsidy Revenue Grant have been complied with.
- 2.3.3 In normal circumstances the Authority is required to complete a report on how they have made use of the devolved funds and any decision-making processes that followed. This is normally required by way of completing a short survey. However, the Department made the decision to suspend the need for a survey this year, due to the Covid 19 pandemic.
- 2.3.4 Reading Borough Council's payment for 2019-20 was £74,192 and was received in April 2019. A commitment of £30,350 had been made in the accounts relating to 2018-19 grant, which was also settled during 2019-20 financial year, there was no carry forward remaining.



- 2.3.5 Having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to Local Authority bus subsidy ring-fenced (Revenue) Grant Determination 2019/20 have been complied with.

		Recs			Assurance
2.4	Local Transport Capital Funding 2019/2020	0	0	0	Substantial

- 2.4.1 The Government provides capital funding towards local transport from several different grants. For Reading, the 2019-20 LTP grant allocation was:

- Integrated Transport Block £1,580,000
- Highways Maintenance Block - needs element £1,185,000
- Highways Maintenance Block - incentive element £123,000

- 2.4.2 For 2019-20 all of the highway's grants (£1,308,000) had been utilised against capital projects, however only £416,242 has been spent from this year's allocation of the integrated transport block, leaving a brought forward of £1,163,758 to be carried forward to 2020-21. This is in addition to the brought forward of £1,194,14 from 2018-19 giving a total rolling carry forward of £2,357,973.

- 2.4.3 In addition to these three elements, the Government, through ADEPT (the Association of Directors of Environment, Economy, Planning and Transport) made available £23m for research into trials of new road surfaces and repair technologies known as Live Labs Project. Reading Borough Council was one of seven winning bids to receive £4,750,000 from this funding. Reading's proposal was to utilise existing infrastructure and smart communication technology. Existing sources of data from traffic signal detectors used with mobile phone data in order to provide a multi-model view of real time movement across the Thames Valley. This will link with air quality data to produce a public health exposure model. The data is expected to inform transport, environment and planning projects throughout the Thames Valley region.

- 2.4.4 The Live Labs Project is also funded by other grants, therefore the net expense from this funding is £1,521,812 with £3,228,187 left remaining. It is a condition of the grant(s) that the Chief Executive and Chief Auditor sign a declaration to confirm grant conditions have been complied with. Having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Local Transport Capital Block Funding (Integrated Transport and Highways Maintenance Grants and Live Labs Projects) have been complied with.

		Recs			Assurance
2.5	Rent Guarantee Scheme	0	5	1	Reasonable

- 2.5.1 The Rent Guarantee Scheme is a way of helping people who can't afford a deposit access private rented accommodation. This is achieved where landlords offer their property to the Council, who then match the property to

an eligible applicant. In return the landlord receives a monthly rental payment, paid in advance, a guaranteed deposit equivalent to six weeks rent should the landlord require compensation once the tenant has vacated, and other administrative benefits.

- 2.5.2 Tenants make rental payments to the Council which may be paid from housing benefit and/or privately funded in full or in part. Tenants are also required to pay an agreed monthly payment towards saving for the deposit.
- 2.5.3 Documented procedure notes and supporting documentation are in place outlining the responsibilities of the Council, the tenant and the landlord or their representing agent.
- 2.5.4 Several excel spreadsheets and standalone workbooks are used to record and monitor tenancies and payments of both rent and deposit savings. This made reconciliation difficult between manual records (spreadsheets) and the Rents system (Ohms). Some account anomalies were identified, which have now been remedied.
- 2.5.5 Testing found relevant agreements and contracts had been signed in a timely manner. One exception was found where only two of the three landlords' signatures were present, which is key, as the agreements and contracts outline each party's responsibilities and expectations.
- 2.5.6 We were not able to ascertain the complete financial cost of providing the service, as void periods are not routinely recorded for rent guarantee properties. The Council pays the landlord up to the first seven days of a void period, but as an example, should all 621 properties have been eligible for one week's void payment during a single year, the cost to the Council would have been in the region of £118,800<sup>1</sup>. Similarly, because rental payments are made to landlords in advance, there is a risk of overpayment being made; for example, a tenant abandoning the property and not informing the Council or leaving a property mid-month without prior notification. We were advised there is no central record of overpayments to landlords. However, evidence was provided to show how overpayments are recovered, but there remains a risk that without regular monitoring, overpayments could go undetected for an extended period and thus become that much more difficult to recover.
- 2.5.7 At the time of our review (May 2020) 20.5% of all RGS accounts were more than 2 months in arrears, totalling £431,384 - almost half of the total debt (£865,846). Six accounts with the greatest level of debt totalled £56,067, of which three tenants had made no payments from commencement of the agreement to date.

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<sup>1</sup> Calculated as one-week equivalent using total rental payments made in May 20

2.5.8 Evidence was found of regular chasing for a payment and indeed offers of advice on debt and available benefits. It is possible that the duty of care is understandably prioritised over the chasing of debts and regular payments and although we didn't look at these potentially conflicting priorities, it was recommended that this should be done as a routine task.

2.5.9 Whilst monitoring of tenant contributions towards deposits is undertaken, only 24.5% of tenants were on target with saving for their deposit and at the time of our audit there was a potential liability of £443,265<sup>2</sup>

		Recs			Assurance
2.6	External Stores Contract	0	4	1	Reasonable

2.6.1 Travis Perkins were awarded the stores contract in 2017, valued at approximately £1.3m per annum, to secure the supply chain of materials and plant for the repair of the council's housing stock. Although there had been a positive intent to develop economies of scale under the previous contract to secure financial benefit across the council, the corporate uptake of this was unsuccessful.

2.6.2 Travis Perkins is one of the UK's largest distributors of building materials to the building, construction and home improvement markets and operate a 'managed store service' from their Reading Acre Road branch.

2.6.3 The purpose of this audit was to ensure the contract was being suitably managed, and service delivery, contractual performance and financial risks were being monitored.

2.6.4 The audit concluded that there were satisfactory contract management controls in place for monitoring service delivery and performance and the client management has a good oversight of the operational risks, which is largely due to the experience and expertise of the officers responsible.

2.6.5 It was our opinion that the accounting controls for substantiating materials charged for in the monthly invoice are satisfactory, however further monitoring needs to be undertaken to ensure unit prices being charged under the contract represent value for money, although we are satisfied that Housing have commenced a review to market test the product prices.

		Recs			Assurance
2.7	ESFA Funded Budget	0	5	1	Reasonable

2.7.1 The Education and Skills Funding Agency provides funding via the adult education budget for the purposes of providing adults access to the skills and learning needed to progress in work or equip them for an apprenticeship.

<sup>2</sup> Calculation: the sum of the individual maximum guaranteed deposit, less deposit saved. Some saved deposits are higher than required.

- 2.7.2 The funding rules for using and accounting for the adult education budget are set out by the ESFA in their 'funding and performance management rules 2019 to 2020' document. These rules define the eligibility standards and monitoring requirements, together with the terms and conditions for recuperating funds from the provider. Any clawback of funds by the ESFA due to non-compliance could have financial funding risks for New Directions.
- 2.7.3 The data returns submitted to the ESFA for monitoring purposes of 'individual learning' and 'sub-contractors' records are audited by New Directions beforehand. However, their risk analysis highlights that learner entitlement, eligibility and learner support remain the most likely areas of non-compliance as the Adult Education Board rules for this are complex.
- 2.7.4 The 2019/2020 ESFA AEB Provision Learner Eligibility Guidance Notes states "Learners can be fully funded or co-funded for provision funded by the ESFA. Fully funded means we can draw down 100% of the funding for the learner and they do not have to pay a course fee. Co-funded means we can only draw down 50% of the funding and so the learner should typically pay a fee which equates to 50% of the full course fee. Identifying whether a learner is fully funded or co-funded is very important and must be recorded at enrolment and on the individualised learner record (ILR). To establish a learner's funding eligibility, you must assess their employment status."
- 2.7.5 Although we conclude proactive action is being taken to strengthen the procedures to secure the ESFA grant, the 2019/20 claim could be at risk due to a lack of evidence to support the verification of learner eligibilities. Our findings support the concerns highlighted by New Directions College and is one of reasons that has led to the purchase of a new integrated education and financial system, changes to the operating procedures and the creation of a new post to improve monitoring, better managing enrolment and associated staffing controls.
- 2.7.6 Although we were able to independently substantiate the residency of those learners who reside within Reading Borough Council using Council Tax records, we were only able to confirm that learners were over 18 rather than over the 19 years of age threshold specified by the ESFA. New Directions College recognise that the processes for evidencing eligibilities require review as these records are not currently held.
- 2.7.7 There was a lack of attention to detail during 2019/20 to ensure the applications were completed correctly and that this information was then correctly transferred to the Education Management System to ensure the integrity of data for the ESFA grant. Although 88% of applications had been signed by the learner, we share the concerns that a high proportion of these had been witnessed retrospectively.

- 2.7.8 There is no auditable reconciliation between financial and education records to confirm the payment and/or funding status for each learner.

2.8	Transparency Code	Recs			Assurance
		1	1	0	Limited

- 2.8.1 The Department for Communities and Local Government published the 'Local Government Transparency Code 2015<sup>3</sup>' to allow greater and easier access to data. The Code sets out the various data and summary requirements for each area of information.
- 2.8.2 The purpose of the audit was to benchmark the Council's compliance with the Code and to assess the extent to which the data requirements specified by the Transparency Code were being complied with and whether data was being published on a timely basis as per the timeframes specified in the Transparency Code.
- 2.8.3 The audit highlighted that the Council is not complying with the publication and statutory requirements of the Transparency Code in all instances. All relevant data is not being published, and for some data that was published, this was not published according to the timescales required. Audit testing indicated that in respect of the data required to be published by the Council, only 2 of the 14 relevant sections of the Code had related information published correctly, and as per the required timelines. A further 4 sections had data uploaded, but it was out of date and thus not compliant with the timescales specified in the Code or didn't comply fully with the requirements of the Code. For the remaining 8 sections, no evidence could be found that the information had been published at all.
- 2.8.4 There is a lack of clarity on individual responsibilities, with no overarching corporate oversight and a lack of guidance over the whole process. No reminders are sent before the data is published, and no follow up reminders sent to asset owners or operational employees if any data hasn't been uploaded within the required timeframes. The structure of the Council's website also makes it difficult to find the information required.
- 2.8.5 An analysis of Freedom of Information (FOI) requests revealed that 66 Freedom of Information requests (FOI's) were responded to, which could have otherwise been averted by the publication of this information.

## **VIEWS 2020/20213.0    OTHER ASSURANCE WORK**

### **3.1 Finance Transformation**

<sup>3</sup> the Local Government (Transparency Requirements) (England) Regulations 2015.

- 3.1.1 Internal audit is part of the Finance Transformation Board, to provide advice and challenge on internal control. As part of our involvement with the Board, we are reviewing draft operational procedures for various business processes and providing comments for improvement and advice on internal control.

## 4.0 AUDIT REVIEWS 2020/2021

- 4.1 A review of what needs to be achieved in 2020/2021 with regards to Internal Audit work during these unprecedented times, has taken place and the following risks, have been identified. We are mindful that a proportionate approach to Internal Audit must be taken to allow Reading Borough Council staff to focus on the priorities. Some will be higher risk than others and some were already included as part of the original audit plan. These were identified as part of an early exercise carried out when the Authority went into 'lock-down'. Although some will link in with the assurance frameworks, they're (some) more likely to require an element of detailed testing. We will need to ascertain when best to look at these and seek to take more assurance from the work of others in some areas.

### COVID-19 Audit Risk Considerations

Audit Area	Description
Governance - decision making, delegated powers, risk management.	Assurances over interim arrangement put in place to ensure appropriate governance and decision-making arrangements in the event of deferred, suspended, or cancelled Council meetings
Health & Safety (homeworking/PPE/workspace social distancing).	Assurance over responsibilities to staff whilst home working, effective allocation of PPE, social distancing in the workplace, preparedness for staff returning to the workplace, HSE assessments.
Staff Welfare / Wellbeing / Performance Management:	Arrangements over duty of care for staff welfare during extended period of isolation including consideration of wellbeing and mental health. Also, to consider the effectiveness of performance management during extended periods of homeworking.
Furlough Scheme - Administration	Assurance over arrangements for administering the scheme, including effective communication to managers and staff, identification of qualifying employees, submission of accurate grant claims to central government and sending notifications to the staff affected.
IT / Cyber Security (including homeworking) -	Review of cyber security arrangements, security controls (including remote access). Focus on vulnerabilities of home working and interim arrangements enforced through response to COVID 19

Audit Area	Description
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Procurement	Robustness of procurement and decision-making process, emergency procurements / purchases, compliance with Contract Standing Orders, use of Purchase Cards. Due diligence of new suppliers.
Payments to (Social Care) external providers	Process, due diligence, and impact of payments to providers despite reduced or ceased services.
Expense claims	Although we would expect to see a decline in travel and subsistence, the audit will review additional expenditure claimed as a result of Covid-19 and for working from home. We will review what has been claimed, whether it is appropriate, authorisation obtained, and process followed
Contract Management (Supply Chain)	Considerations of protecting supply chain from fraud - mandate fraud / conflicts of interest / duplicate invoices / inflated claims / product substitution
Market Underwriting	Process, due diligence, and impact of payments to providers despite reduced or ceased services.
Central Government Grants (allocation)	Small Business Rate, relief Retail Hospitality Grants Discretionary Business Grants. Covid-19 Assurance Support - High Prepayment assurance and verification checks with Revs & Bens team
Financial Resilience	Impact of COVID, reassessment of financial risks and impact of assumptions in the MTFS (income, reserves, investments). Implications on future saving programmes / work streams.
Recovery	Assurance over the governance and recovery actions in place to return to business as usual. To consider the potential of increased and sustained demand on services i.e. social care etc.
Enforced alternative operating models / processes for service delivery	To review process(es) that have been adapted to address the priorities driven by COVID to ensure they remain sufficiently robust (governance and control) and full risk considerations have been undertaken. To include consideration of fraud risk - emerging internal / external opportunities (driven by financial hardship)
Emergency Planning/Business Continuity	Establish lessons learnt from response to the first lockdown to ensure preparedness for future events. Service resilience - single points of contact Linked to above - ensure full awareness of service resilience to avoid single points of failure. Assurance over the completeness and effectiveness of internal policies and procures to enable continuity of service. Particular consideration required in areas where staff have been re-designated.

## Audit reviews carried over from 2019/2020

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Car Parks (off street)	X				May-20						
Contract Management	X				Jan-20	Feb-20		0	4	0	Limited
Deferred Income			X								
Additional Payments (Follow up)		X			Sep-20						
Commercialisation				X							
Investment Properties	X				Jun-20						
Continuing Health Care - Follow up	X				May-20						

## Audit reviews scheduled for 2020/2021

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Intercompany accounting	X				Mar-20	Jun-20	Jul-20	2	3	1	Limited
LTF - Blue Badge Scheme - (Grant Certification)	X				Mar-20	May-20	May-20	0	0	0	Substantial
Rent Guarantee Scheme	X				May-20	Jun-20	Aug-20	0	5	1	Reasonable
Staff Vehicle Documentation (Grey Fleet)	X				May-20	Aug-20	Oct-20	4	6	1	Limited
New Directions (ESFA funded adult education budget)	X				May-20	Aug-20	Aug-20	0	5	1	Reasonable
Records Management & Document Retention Policy	X				Jul-20						
Transparency Code Compliance	X				Jun-20	Aug-20	Oct-20	0	4	1	Limited
ADEPT's Live Lab trials Capital Funding		X			Sep-20	Sep-20	Sep-20	0	0	0	Substantial
Local Transport Plan Capital Settlement (Grant Certification)		X			Sep-20	Sep-20	Sep-20	0	0	0	Substantial
Bus Subsidy Grant		X			Aug-20	Sep-20	Sep-20	0	0	0	Substantial



Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Licensing		X			Jun-20						
Stores Contract		X			May-20	Jul-20	Aug-20	0	4	1	Reasonable
Feeder system interface and reconciliation*		X									
Budgetary Control		X			Sep-20						
MOSAIC payment controls (Finance Module)		X			Jul-20						
Housing Revenue Account			X								
Accounts Payable*			X								
Purchasing cards			X		Aug-20						
Collection Fund			X								
Payroll (inc HR/Itrent processes)			X		Oct-20						
Adults Short Stay Placements & Respite Care			X								
Out of area contracts (placements)			X								
Contract Management (Adults)				X							
Sundry Debtors				X							
General Ledger				X							
Governance Arrangements/ AGS				X							

\* Delayed or possibly delayed due to Finance Transformation project

**5.0 INVESTIGATIONS (APRIL - SEPTEMBER 2020)**

**5.1 Small Business Grant Fund - Spotlight Checks**

- 5.1.1 In a response to the COVID-19 pandemic, under the Small Business Grant Fund (SBGF), all businesses in England in receipt of either Small Business Rates Relief (SBRR) or Rural Rates Relief (RRR) in the business rates system were eligible for a payment of £10,000 in line with the eligibility criteria. Where the Council has reason to believe that the information that they hold about the ratepayer is inaccurate, they may withhold or recover the grant and take reasonable steps to identify the correct ratepayer.
- 5.1.2 The investigations team used government fraud prevention tools, which interface with other departments and agencies so that data can be validated to substantiate claims or facts.
- 5.1.3 Three cases are currently being investigated as a potential fraud and are being scheduled for interviews under caution. One claimant has repaid the grant monies in full. In all instances the full £10,000 grant was paid.

**5.2 Grant Funding Schemes Assurance work**

- 5.2.1 The Department for Business, Energy and Industrial Strategy has produced a fraud risk assessment, setting out the inherent risks for each of the business grants currently being delivered, the Small Business Grant Fund (SBGF), the Retail, Hospitality and Leisure Grant Fund (RHLGF) and the Local Authority Discretionary Grants Fund (LADGF).
- 5.2.2 The investigations team will be conducting sample checks to provide post-payment assurance on risk of error and/or fraud and over payment. This work maybe supported by the internal audit team, depending on resource availability.

**5.3 Council Tax Support Investigations**

- 5.3.1 The investigations team have a record total of £18,346 from Council Tax investigations completed where a discount was removed from the current account.

**5.4 Single Person Discount**

- 4.3.1 Work on SPD data matching has been commissioned to start in October 2020

## **5.5     Housing Tenancy Investigations**

- 5.5.1     Since 1st April 2020 officers have commenced investigation into a number of referrals of tenancy fraud. There are fifteen cases still ongoing. Four properties have been returned to stock to date. Three of these cases were tenancy related investigations and one was under the Right to Buy (RTB) scheme. In addition to the notional savings, the RTB case secured a 12-month rental income equivalent to £6,103.00 plus a RTB discount of £ 84,200.
- 5.5.2     The notional saving is £372,000.00, adopting the notional savings multiplier used by the Cabinet Office in its National Fraud Initiative report.

## **5.6     Social Care Fraud & Investigations**

- 5.6.1     The team have been working with Brighter Future for Children on two complex investigations. Both are now with BFfC and await legal updates.
- 5.6.2     Also there is one ongoing direct payment investigation which commenced in August which is linked to potential money laundering offences and this case is still ongoing

## **5.7     Disabled Persons Parking Badges (Blue Badges)**

- 5.7.1     Since April 2020 work on civil enforcement was suspended. We currently have a total of 14 cases with Legal awaiting charging decisions, and a further 4 cases awaiting formal PACE interviews. PACE interviews will re commence as from October 2020.