

# **Internal Audit & Investigations Annual Assurance report**

**For the year ended 31 March 2022**

## 1.0 OVERVIEW

### 1.1 Introduction

- 1.1.1 The Accounts and Audit (England) Regulations require each local authority to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices. Proper practice is defined within the Public Sector Internal Audit Standards<sup>1</sup> (PSIAS) and corresponding Local Government Application Note<sup>2</sup>.
- 1.1.2 The Public Sector Internal Audit Standards requires the Head of Internal Audit (Chief Auditor) to provide a written report to those charged with governance, to support the Annual Governance Statement, which should include an opinion of the overall adequacy and effectiveness of the Council's control environment.
- 1.1.3 This opinion is in turn one of the sources of assurance that the Council relies on for its Annual Governance Statement.
- 1.1.4 Reporting the work of internal audit to the Audit and Governance Committee provides the Committee with an opportunity to review and monitor its activity and gain assurance that its internal audit function is fulfilling its statutory obligations. This is an essential component of corporate governance. The Audit and Governance Committee receives quarterly reports during the year regarding internal audit and investigations activities, which provide a detailed overview of the work undertaken.

### 1.2 Purpose & Scope of Report

- 1.2.1 The report:
- a) includes an opinion on the overall adequacy and effectiveness of the Council's governance arrangements, risk management, and internal control environment
  - b) discloses any qualifications to that opinion, together with the reasons for the qualification
  - c) presents a summary of the audit and anti-fraud work from which the opinion is derived, including reliance placed on work by other assurance bodies
  - d) draws attention to any issues the Chief Auditor judges particularly relevant to the preparation of the Annual Governance Statement.

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<sup>1</sup> Public Sector Internal Audit Standards - Applying the CMLIA International Standards to the UK Public Sector. Institute of Internal Auditors, April 2013 (amended 2016)

<sup>2</sup> CIPFA Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards

### 1.3 Control Environment

- 1.3.1 The Management of the Council is responsible for ensuring that the organisation operates in accordance with the law and proper standards, that public funds are safeguarded, properly accounted for, and used economically, efficiently and effectively.
- 1.3.2 Management is also responsible for ensuring there is a sound system of internal control, which includes arrangements for managing risk. The three key elements of the Council's control environment comprise: *internal control*, *governance*, and *risk management* arrangements. These three elements help ensure that the Council's strategies, plans, priorities, and objectives are met, and that policies and procedures are complied with in order to minimise risk to a reasonable level.

### 1.4 Internal Audit Effectiveness

- 1.4.1 As a prerequisite for giving an assurance opinion on the overall adequacy and effectiveness of the Council's control environment, the Chief Auditor is required to confirm the effectiveness of the Internal Audit Service and its resultant fitness for purpose to carry out work that informs the annual assurance opinion.
- 1.4.2 A self-assessment against the Public Sector Internal Audit Standards (PSIAS) was undertaken in 2021/2022, along with post audit feedback and annual surveys (see section 6.3). In addition, the Chief Auditor and Principal Auditor undertake periodic reviews of the quality of internal audit work completed and review all draft and final reports issued. In delivering the Internal Audit Service, the planning, conducting, and reporting on reviews have been completed in conformance with the requirements of the PSIAS, published by the Chartered Institute of Internal Auditors (CIIA) and the subsequent Local Government Application Note in respect of PSIAS published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 1.4.3 An external quality assessment of the internal audit service has recently been completed by CIPFA, who concluded that RBC's Internal Audit Service fully conforms to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note<sup>3</sup>.
- 1.4.4 The Chief Auditor is therefore able to report for 2021/2022 compliance with the Public Sector Internal Audit Standards and considers the Internal Audit Service to still be effective.
- 1.4.5 Periods of long-term sickness in both the Internal Audit and Investigations Team have been a factor throughout the year and whilst the Corporate Investigations Team is now at full capacity (3.5 FTE), sickness remains a concern in Internal Audit. Therefore, resources remain finite and there is limited resilience in service provision.

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<sup>3</sup> The CIPFA report was at draft stage at the time of writing and will be presented to the next meeting of the A&G Committee.

## 2.0 ANNUAL ASSURANCE STATEMENT

### 2.1 Basis of Assurance Opinion

2.1.1 This opinion is based on an assessment of:

- The design and operation of the underpinning governance and assurance framework.
- The range of opinions arising from risk based and other audit assignments that have been reported during the year taking into account the relative significance of these areas.
- Whether management properly implements actions arising from audit work, to mitigate identified control risks within reasonable timescales.

2.1.2 The Internal Audit Plan for 2021/22 was developed to provide independent assurance on the adequacy and effectiveness of the systems of internal control, governance, and the management of risk. The Plan was approved by the Audit and Governance Committee in April 2021. This Plan did not include resources deployed on reactive and proactive fraud which is referred to in section 7. Progress reports from the Chief Auditor were presented to the Committee at quarterly meetings throughout the financial year.

2.1.3 **We can confirm that the internal audit activity is organisationally independent and that there has been no impairment to independence or objectivity.**

### 2.2 Annual Assurance Opinion for 2021/2022

2.2.1 The Chief Auditor's opinion on the overall adequacy and effectiveness of the Council's risk management systems and internal control environment, including any qualifications to that opinion, is as follows:



Whilst no assurance can ever be absolute, on the basis of work completed during the course of the year, the Chief Auditor has concluded that reasonable assurance can now be placed on the adequacy and effectiveness of the Council's internal control framework within those areas audited in 2021/2022. Whilst this is progress on the last two financial years and the direction of travel is one of improvement, there is still more work to be done.

- 2.2.2 The audit opinion is expressed using the same scale used for internal audit report opinions. The scale ranges from 'Substantial' to 'Reasonable', through to 'Limited' and 'No Assurance'. This opinion is reflective of the number and level of assurance opinions provided throughout the year and the improvements required to the control framework in some of those areas where weaknesses were identified in the past. **The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.**
- 2.2.3 38% of audits undertaken received limited or no assurance in 2021-22, compared to 45% in 2020-21, and 38% in 2019-20 (see section 3). Although this trend has remained consistent over the past five years, we are now starting to see improvement in some of the financial processes within the key financial systems, which is explained in more detail in the following paragraphs.
- 2.2.4 As part of the Finance Improvement Programme, the Accounts Payable workstream is essentially concluded, with ongoing performance monitoring now included as part of the monthly Finance Transformation Board updates. This programme has addressed a number of key audit concerns, such as separation of duties between the setting up and paying of providers, authorisation and control checks on BACS payments, performance monitoring and written procedures on processes to be followed.
- 2.2.5 Work on Accounts Receivable actions continues to develop, particularly around debt management and reporting. This is an area which had previously received a 'limited assurance' or 'no assurance' over several annual audit reviews. The Accounts Receivable function has been moved from a finance function to one that is now managed through the Revenues & Benefits Team. This has taken time in terms of recruitment and training of resources, but there is now a clearer picture of the outstanding debt and action is being taken with regards to current debt that is keeping it under control. Progress in ensuring Adult Social Care debt is promptly tackled is still only at early stages and more work needs to be done by staff in that area, in conjunction with the Debtors' Team, to ensure that progress to date is maintained.
- 2.2.6 After considerable effort going back a number of years, the main bank account reconciliation process has been reviewed, improved, and brought up to date. Given the well documented issues, weaknesses and problems associated with not regularly and routinely achieving this fundamental control in the recent past, this should now give a tentative indication of a welcome improvement in financial control. Although the feeder systems reconciliations were found to be largely up to date, there are still procedural weaknesses that need to be addressed in order to ensure that this trajectory (of improvement) is built on and sustained.
- 2.2.7 The CIPFA Treasury Live system is used to provide cashflow information and the process of regular update, maintenance of audit trails, review and approval is in place. A review of reported borrowing and lending for the financial year 2021/22 found no exceptions with respect to the established criteria.

- 2.2.8 As well as the need for a new Chart of Accounts, the Scheme of Financial Delegation is also being updated, as it is recognised that there needs to be greater clarity about the authority that officers have to make decisions on spending across the Council. Greater clarification will be provided on financial limits of authority, so that in the event that an authorised officer is unable to take a decision, then the decision can be taken by the relevant line manager up to and including the Executive Director. We acknowledge this as a positive development.
- 2.2.9 We have reported in the past that there was poor documentary evidence being maintained to support intercompany journals between RBC and Brighter Futures for Children (BFfC). A review this year reported that those transfer payments that had happened had been well supported; however, in-year reconciliations had not occurred and the 2020-21 grant position was only being finalised in February 2022. At the time of the audit, BFfC had also not regularly requested RBC to transfer over any of the £1.15m of grant funding that has been received in the Council's accounts during the year. Likewise, quarterly recharges to BFFC for statutory posts had not been transferred either. A working protocol is required to formalise roles and responsibilities that promote rigorous, cooperative, and professional working methods, with roles and responsibilities known to both entities.
- 2.2.10 In last year's Annual Assurance Report we reported "*staff resources continue to be an issue, with a very high turnover of staff and reliance on interim staff in a number of key positions within Finance*". Whilst resources remain stretched with the planned implementation of a new finance system, in addition to other critical business as usual work demands, key posts in Finance have now been filled with permanent members of staff. The recruitment and appointment of permanent members of staff at senior levels within the Finance Team, under the direction of the Director of Finance, will hopefully lead to more stability and continuity in the service.
- 2.2.11 The critical project activity over the forthcoming financial year will be the implementation of the new financial system and the successful and timely migration of all financial data. The extraction of financial data from the existing finance system and loading into the new financial system, including finance code conversion, will need to be subject to rigorous testing. At the time of writing, there are still single points of failure with finance systems staffing and limited availability of accounting, accounts receivable, procurement and accounts payable staff to support the design, build and test phases of the project. Finance staff also continue to be stretched providing responses to audit queries, as well as performing day to day financial tasks.
- 2.2.12 The new finance system will be the cornerstone of organising, planning, and controlling financial activities to manage resources efficiently. The build and design element of the project is important; however, at the same time, it is imperative that business processes work with the new system, otherwise efficiencies and improvements will not be achieved.

- 2.2.13 We need to decrease the reliance on spreadsheets and reduce the occurrence of errors, which result in a large volume of transactions being posted to suspense<sup>4</sup>. The emphasis should be on getting it right first time.
- 2.2.14 Some of the key areas for improvement identified during our audit work are set out in section 4. These are reviews where limited assurance has been given and improvements are needed.

### 2.3 Inherent qualifications to the opinion

- 2.3.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve policies, aims and objectives and therefore can only provide reasonable, not absolute, assurances of effectiveness.
- 2.3.2 The assurance opinion provided by the Chief Auditor should be considered in parallel with other sources of assurance, such as External Audit reports, to ensure that the Audit & Governance Committee has an informed decision on the Council's control environment.

## 3 SUMMARY OF AUDIT WORK

- 3.1 The annual 2021/22 Annual Audit Plan was developed in line with the Public Sector Internal Audit Standards for Internal Audit. Although satisfactory progress has been made against the plan during the period, a number of audits had to be deferred, due to resource issues within the Team (long term sick) and the need to factor in unplanned work.
- 3.2 We completed 16 audits (including follow ups), during the year and certified 9 grants. The table below summarises the report classifications.

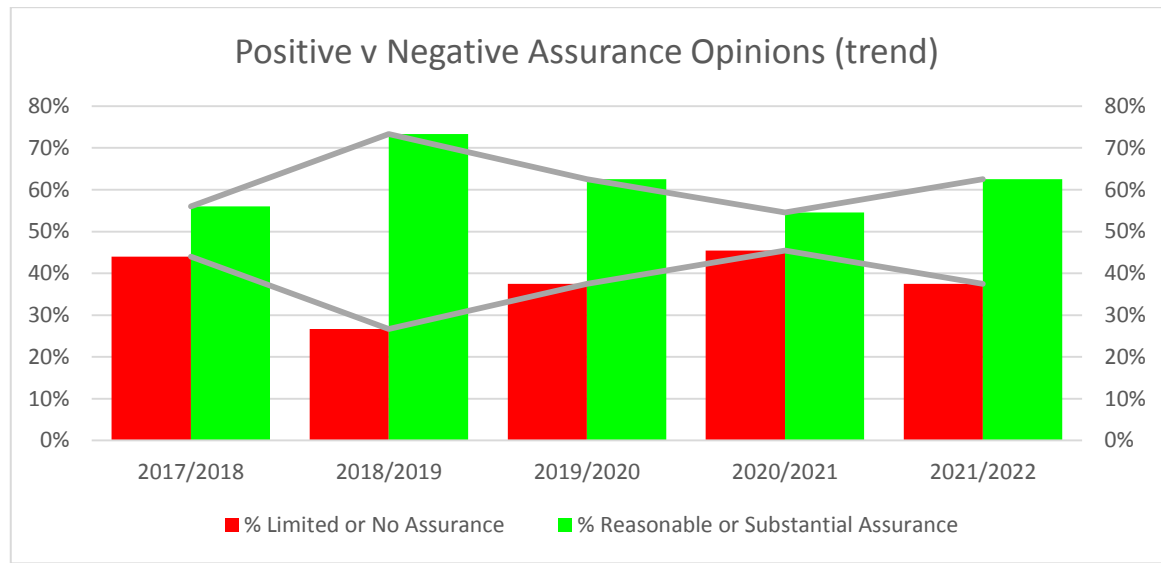
Report Classification (2021/22)	No. of Audits
Substantial Assurance	4
Reasonable Assurance	6
Limited Assurance	5
No Assurance	1
<b>Total<sup>5</sup></b>	<b>16</b>
Grant Claims certified	9
No of projects in progress and yet to be finalised	3
<b>No of audits deferred</b>	<b>8</b>

<sup>4</sup> A suspense account is a temporary resting place for an entry that will end up somewhere else once its final destination is determined

<sup>5</sup> This is in addition to the work undertaken for BFfC, which is reported separately to their Audit & Risk Committee

3.3 Full details of the audit work we have completed that has informed this opinion are in **Appendix A**, together with the assurance levels we have been able to provide for each review. As well as the results of our own work, we have also considered other sources of assurance available to us for example, management assurance statements, internal oversight function reporting and independent inspections and reviews. Graph 1 below represents the percentage of (positive v negative) audit assurance opinions over the past 5 financial years.

Graph 1



### 3.4 Priority of Recommendations

- 3.4.1 At the time of writing, we have made a total of 100 audit recommendations in our reports (both draft and finalised), of which 18 (18%) were classified as a high priority.
- 3.4.2 In the following sections we have set out the high-level key findings identified during our audit work for 2021/2022, which have helped inform the overall assurance opinion.
- 3.4.3 Details of each individual report's ratings and the priority of recommendations arising from each audit can be found at Annex 1.



## 4 AREAS FOR IMPROVEMENT

- 4.1 Some of the key areas for improvement identified during our audit work throughout the year are set out below:
- i. Although a limited assurance opinion was given, we are satisfied that there is an aspiration by Adult Social Care to review and re-evaluate *Adult Social Care Contract Management* procedures in order to ensure that contracts are appropriately managed and monitored. A complete review of all block and spot contract documentation is required and we found the file structure on the Shared Drives and audit trails for the contract files to be poor. Given this, we recommended that a reconciliation of provider information held on the Mosaic system should be carried out with other relevant data records, as the completeness of the existing contract register requires both consolidating and updating to ensure there is improved oversight of contracts.
  - ii. One area which remains a high risk for internal audit and will therefore be subject to further testing throughout the next year, are payments made to *Social Care Providers* through the financial module of the MOSAIC system. An overpayment of circa £1m was triggered after inflationary increases were incorrectly applied. We found a lack of a common understanding of roles and responsibilities and ownership of processes. There was no adequate control / workflow process around the treatment of inflationary uplifts, with no independent review to check for accuracy, and changes being made manually and therefore subject to increased risk of error and potential fraud, albeit no evidence of fraud was uncovered. In addition, amendments within Mosaic were unable to be reviewed in real time, so issues could take several days to identify and then a further several days to ensure they were corrected.
  - iii. Our audit of *Payments to Voluntary Sector Providers* reported there was reliance on a number of key individuals and a high degree of manual intervention, with limited resilience and a lack of shared understanding of the process between the services.
  - iv. Our audit of *Facilities Management* recognised that the service has a good understanding of the improvements required for ensuring both planned and responsive repairs are completed on timely basis. However, overseeing of the scheduling and monitoring of the status of repairs, especially for works completed by an external contractor, needs improving. We raised concerns regarding the completeness and accuracy of information on the property database and asset register on Planet FM, which is the principal tool used to ensure all repair obligations are identified. There are no regular or periodic reconciliation procedures or cleansing exercises to ensure the record of properties on Planet FM matches the primary records held by the Valuation Team, which record the Council's repair obligations.

- v. We have reported in the past that there was poor documentary evidence being maintained to support *Intercompany Journals* between RBC and Brighter Futures for Children (BFfC). A review this year reported that those transfer payments that had happened had been well supported; however, in-year reconciliations had not happened and the 2020-21 grant position was only being finalised in February 2022. At the time of the audit, BFfC had also not regularly requested RBC to transfer over any of the £1.15m of grant funding that had been received in the Council's accounts during the year. Likewise, quarterly recharges to BFfC for statutory posts had not been transferred either. A working structure was required to formalise roles and responsibilities that promoted rigorous, cooperative, and professional working methods, with roles and responsibilities known to both entities.
- vi. Our follow-up audit of *Staff Vehicle Documentation (Grey Fleet) vehicle documentation* recognised that progress has been made since our last review in 2020, such as the development of a new policy for grey fleet. However, there was a lack of consistency of data between iTrent and Fleetwave in relation to grey fleet checks conducted and driver designations, with a lack of timely updating of iTrent and issues relating to information contained within iTrent reports.

*Note: an audit is a snapshot at one moment in time and therefore weaknesses may have been rectified and improvements made since the audit review. These audits will be subject to audit follow up during the next 12-18 months or sooner.*

## 5.0 CORPORATE GOVERNANCE & RISK MANAGEMENT

### 5.1 Corporate Governance

- 5.1.1 The governance framework consists of the systems, processes, culture and values by which the Council is directed and controlled, and the activities through which it is accountable to, engages with and leads its communities. This enables the Council to monitor the achievement of its strategic objectives and to determine whether those objectives have led to the delivery of appropriate services and value for money.
- 5.1.2 A significant part of this framework is the internal control system, which is designed to provide reasonable, not absolute, assurance that risks to achieving the Council's objectives are managed to an acceptable level. An effective internal control system is continually reviewed and updated to ensure risks to achieving objectives are identified, prioritised and managed effectively, efficiently and economically.
- 5.1.3 It is important that the Council is meeting its statutory responsibilities as it is required to review its governance arrangements at least annually; this is partly informed by senior managers within the Council who are responsible for developing and maintaining the governance environment. Each year, as part of the Annual Governance statement (AGS), we ask each Assistant Director to undertake a governance self-assessment of their service areas and for the Executive Directors to complete a Directorate Governance Statement. The results of this exercise are used to inform the Council's AGS.
- 5.1.4 There also remain key pieces of work to be completed and work has commenced on a review of the Council's Constitution including Financial Regulations and the Scheme of Financial Delegation.
- 5.1.5 The take-up of the Cyber Security training, which is currently available for all staff and councillors through a Learning Pool e-learning package, has improved, with the completion percentage rate being reported quarterly to the Audit & Governance Committee.
- 5.1.6 In the past, there have been several limited assurance reports in relation to information governance, and work is ongoing to address the underlying issues around Freedom of Information (FOI), Data Transparency and Records Management. Whilst we have not undertaken follow up audits, we have taken assurance from the work of the Information Governance (IG) Board and the adoption of the Information Management Strategy by Policy Committee on 7 March 2022 (Minute 83 refers). The Information Management Strategy sets out the Council's approach to information management and governance. The Strategy has been presented to all Directorate Management Teams. Staff wide communication and information drop-in sessions to brief and respond to staff queries are planned.

5.1.7 At the beginning of the 2021/2022 financial year, an assessment by Internal Audit of the Council's governance arrangements against the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), entitled "Delivering Good Governance in Local Government (2016)", concluded that the Council's governance framework complies with the CIPFA/SOLACE framework and associated principles, although there were areas for improvement, such as the need to periodically review partnership protocols, improved budget holder guidance and the strengthening of data quality and governance.

## 5.2 Risk Management

5.2.1 Managing risk is the responsibility of everyone and should be at the heart of the Council's culture and values and reflected in the behaviours of staff and elected Members. The risk specialist role is fulfilled by the Senior Health, Safety and Risk Management Adviser, supported by other specialist areas such as the Chief Auditor, Emergency Planning and Insurance.

5.2.2 The Risk Registers help maintain transparency, in line with the principles of corporate governance, which in turn help demonstrate that risk management is an integral and explicit part of the Council's overall management arrangements. The Corporate Management Team (CMT) manages and reviews the Council's strategic risks, and status update reports are provided to the Audit & Governance Committee. Whilst much progress has been made in recent years at a corporate level, further improvement needs to be made in keeping risk management reporting and risk registers at a Directorate level up to date.

5.2.3 Internal Audit have used the Council's Corporate Risk Register to inform the audit planning process and at the same time can provide assurance that appropriate measures are being taken to manage the Council's key business risks.

## 6.0 Resource availability, allocation & jobs completed

6.1 For 2021/2022, the planned and actual resource availability is summarised in table A below. This sets out the resource of 1771 days, of which 1169 was for planned audit time. The actual resource availability for the year was 1,766 days of which 1106 days was for planned reviews, with the difference between the planned and actual audit time, was predominately down to staff absence.

Table A Resource (Planned v Actual)	Planned (Days)	Actual Totals (Days)	Variance + / - days	% Complete
<b>Total Available Time</b>	<b>1771</b>	<b>1766</b>	<b>-5</b>	<b>100%</b>
<b>Planned time</b>				
RBC	819	794	-25	97%
BFFC	350	312	-38	89%
	<b>1169</b>	<b>1106</b>	<b>-63</b>	<b>95%</b>
<b>Non-Audit Work</b>				
Risk Management (1)	8	12	4	150%
Emergency Planning (2)	4	4	0	100%
Assisting Corporate Investigations (3)	39	22	-17	56%
Insurance (4)	12	73	61	608%
Elections (5)	8	10	2	125%
<b>Other:</b>				
Annual Leave	226	219	-7	97%
Staff Absence	35	48	13	137%
Training (6)	24	23	-1	96%
Internal Seminars/Courses (7)	40	40	0	100%
Staffing (8)	74	101	27	136%
Management (9)	24	11	-13	46%
Administration (10)	102	95	-7	93%
External Group Meetings (11)	6	2	-4	33%
	<b>602</b>	<b>660</b>	<b>58</b>	<b>110%</b>

1. Facilitation of risk registers, training etc.
2. Assisting emergency planning during COVID-19 response and winter storms.
3. Management of the Corporate Investigations Team
4. Management of Insurance Team and involvement in Leisure Contract, RPA Schools Building work and Rowe Court
5. Staff assisting and working on Elections
6. Professional training support, external courses & seminars,
7. Internal courses/training.
8. One to ones, appraisals, team meetings
9. Budget monitoring, performance monitoring, health & safety.
10. Updating office procedures, research, and preparation for internal audits.
11. External Audit Group Meetings

## 6.2 Performance of the Internal audit Service

- 6.2.1 The Public Sector Internal Audit Standards documents the expected professional standards for internal audit in Local Government and are the applicable standards against which the quality of internal audit in local government is assessed. The Chief Auditor monitors compliance against the Code, by self-assessment and/or external review.
- 6.2.2 Our performance during the year in relation to the performance indicators agreed for the Internal Audit Service is shown in table B below: -

Table B: Key performance Indicators for Internal Audit

Key Performance Indicators		Actual			
		Target	2019/20	2020/21	2021/22
	Client Satisfaction	90% or above	-	88%	98%
i.	Production of final report within 10 days of receipt of management responses	90%	87%	85%	95%
ii.	Management responses received within 15 days of issue of draft report	75%	61%	37%	46%
iii.	Number of projects completed within agreed budgeted days relative to total number of projects undertaken	75%	56%	56%	62%
iv.	Number of audit projects completed relative to those in the (revised) plan	75%	62%	82%	75%
v.	Actual spending of controllable budget	100% or less	90%	98%	98%
vi.	% Of working days lost to sickness	2.0%	1.01%	5.51%	5.53%

- 6.2.3 Line 'iv' shows that we have completed 75% of work we set out to achieve, which is satisfactory, given staff sickness and unplanned work added throughout the year. The percentage of days lost to sickness is high and has been predominately due to the long-term sickness of one member of staff. Client satisfaction is assessed following the return of post audit satisfaction surveys and although the overall percentage of satisfaction is very high (98%) the actual response rate (17%) is low.

### 6.3 Annual Quality Review

- 6.3.1 Following completion of an internal audit review, managers are asked to rate Internal Audit's performance throughout the various stages of the audit process. The ratings being unsatisfactory, satisfactory, good, and very good.
- 6.3.2 A total of eight questions are asked against three stages of the audit process: pre audit arrangements, audit visit, and post audit. The summaries of findings are detailed in the table below.

How would you rate our performance?		Satisfaction %
Pre-audit arrangements	Explaining the audit process	94%
	Consultation and scoping the audit	97%
Audit visit	Conduct and professionalism of the auditor	100%
	The auditor obtaining an understanding of your business needs	97%
	Opportunity to discuss the findings during the audit	97%
Post Audit	Usefulness of recommendations	100%
	Clarity and fairness of the report	100%
	Were your comments taken into account	97%

- 6.3.3 In addition to the set questions, managers are asked where the audit added value, and a summary of responses is detailed in the table below.

Where did the audit add value	Number of responses
Provided assurance on existing controls	7
Identified areas of improvement	6
Improved procedures and processes	3
Highlighted areas of good practice	2
Escalated issues to senior management	2

- 7.1 Best practice advises that the results of corporate investigations, including the number and types of investigations undertaken, should be reported annually. Progress on investigations is reported every quarter to the Audit & Governance Committee with a summary on the types of investigations in progress. Table C below provides a high-level overview of investigations undertaken compared to previous financial years.
- 7.2 The counter fraud resource consists of four experienced investigators; however, the Covid-19 pandemic, sick leave and vacancies have impacted on the Corporate Investigations Team considerably over the past 12 months, with only two officers in post for a considerable time throughout the year.
- 7.3 The Investigations Team deals with benefit, housing tenancy, blue badge and internal fraud etc. and has had a successful year, demonstrating the value that they bring to Reading Borough Council.
- 7.4 This is apparent when we take into account that the Team have identified approximately £1.28m in notional and cashable savings (see Table C below for more detail) with reduced resources and during the pandemic. The deterrent effect of this activity should not be underestimated.

Table C Annual Summary of Investigations	2019/20	2020/21	2021/22
<b>Housing tenancy Fraud</b>			
No. Housing Tenancy Referrals investigated	49	43	28
Properties Recovered	7	9	11
Estimated saving from Recoveries <sup>1</sup>	£651,000	£837,000	£1,023,000
Prosecutions Secured	0	0	0
Application under the Proceeds of Crime Act	0	0	0
Value of POCA/Compensation award	0	0	0
<b>Right to Buy Fraud</b>			
No. of RTB applications investigated	34	43	29
No of RTB applications refused as a result of investigation <sup>2</sup>	9	3	1
Estimated savings from preventing sale of property <sup>3</sup>	£585,000	£270,511	£92,199
<b>Parking Fraud</b>			
Blue badge referrals	52	12	14
Blue Badges recovered	6	2	2
Prosecutions secured	8	2	1
PCN's issued	8	0	0
Estimated annual savings <sup>4</sup>	£3,450	£1, 350	£1,150
<b>Single Person Discount</b>			
Value of fraudulent overpayments identified <sup>5</sup>	£208,632	£112,601	£121,978

2019/20

2020/21

2021/22



<b>Council Tax Support</b>			
No. CTAX Referrals investigated	73	66	75
Prosecutions	0	1	0
Add pens	2	0	0
Value of fraudulent overpayments identified	£9,732.64	£6,071	£19,478
Value of add pens	£1,386.98	0	0
<b>Social Care</b>			
No. Social Care Referrals investigated	3	2	2
Financial value of cases <sup>6</sup>	£62,000	£47,000	Not known
<b>Business Grants (Covid-19)</b>			
No. Grants checked <sup>7</sup>		1278	539
Value of fraudulent overpayments identified		2	0
Prosecutions		0	1
Financial value of cases		£20,000	£10,000
<b>Internal Investigations</b>			
No. Internal Referrals	0	1	1
Number of cases investigated	0	1	1
Cases prosecuted	0	0	0
Financial value of cases	0	0	0
<b>Other:</b>			
Adult Social Care trace of undisclosed capital <sup>8</sup>		£34,000	

## Notes:

- <sup>1</sup> Notional £93,000 (previously £18,000) per property recovered based on average four-year fraudulent tenancy - this includes temporary accommodation for genuine applicants; legal costs to recover property; re-let cost; and rent foregone during the void period between tenancies. The notional savings multiplier is used by the Cabinet Office in its National Fraud Initiative report.
- <sup>2</sup> Social housing tenants who were not entitled to right to buy because of their status in the UK, or who had secured multiple tenancies unlawfully.
- <sup>3</sup> The notional saving for a Right to Buy (RTB) application that has been withdrawn is calculated by the Cabinet Office based on the region in which the property is based, the increases in the maximum RTB cap and the changes in average house prices (RTB discount of £84,200 Plus the rental income for the period of 12 months, which RBC would have lost if RTB approved)
- <sup>4</sup> £575 is the notional value applied by the Cabinet Office per blue badge cancelled to reflect lost parking and congestion charge revenue.
- <sup>5</sup> Following a data matching exercise, matching address records against tracing and occupier lookup databases to determine the strength of residency for all individuals in a household within the borough, investigations officers worked with Council Tax reviewing the very-high, high and medium risk matches. Very high- and high-risk categories have been completed and medium risk are still being reviewed by CTAX.
- <sup>6</sup> One case is closed and referred for FAB team to invoice for the alleged lost funds circa £3,000. The second is pending Interview Under Caution with the estimated value of the fraud at £44,000K (on going case).
- <sup>7</sup> The investigations team used government fraud prevention tools, which interface with other departments and agencies so that a sample data can be validated to substantiate claims or facts
- <sup>8</sup> Assisted ASC to track and recover undisclosed capital.

**ANNEX 1: Detailed analysis of internal audit reviews 2021/22**

SUBSTANTIAL ASSURANCE REVIEWS				Recs		
Title	Start	Draft	Final	H	M	L
Parks & Grounds Maintenance	Dec-21	Jan-22	Jan-22	0	0	0
Business Grants (Post Payment) Assurance	Jun-21	Jul-21	Aug-21	0	0	0
Treasury Management	Feb-22	May-22		0	2	0
Housing Benefits	Jul-21	Sep-21	Nov-21	0	1	0

REASONABLE ASSURANCE REVIEWS				Recs		
Title	Start	Draft	Final	H	M	L
Climate Change Strategy	Nov-21	Jan-22	Feb-22	0	5	0
Housing Allocation Scheme	May-21	Sep-21	Nov-21	0	4	5
Accounts Receivable	Dec-21	May-22	May-22	0	4	0
Feeder system interface and reconciliation	Oct-21	Jan-22	May-22	0	7	3
Transitions from children to adults	Dec-21	Feb-22	Apr-22	0	2	3
Corporate Governance Review	Jan-21	Jun-21	Sep-21	0	0	0

LIMITED ASSURANCE REVIEWS				Recs		
Title	Start	Draft	Final	H	M	L
Staff (Grey Fleet) Vehicle Documentation - (Follow up Audit)	Aug-21	Sep-21	Nov-21	4	3	0
Facilities Management	Apr-21	Jun-21	Jul-21	2	6	1
Contract Management (Adults)	Jun-21	Aug-21	Sep-21	2	2	0
Payments to Voluntary Sector Organisations	Nov-21	Dec-21	Jan-22	0	2	0
Intercompany accounting	Oct-21	Nov-21	Mar-22	2	5	0

NO ASSURANCE REVIEWS				Recs		
Title	Start	Draft	Final	H	M	L
Adult Social care Payments	Sep-21	Nov-21	Jan-22	7	11	0

GRANTS

Recs

Title	Start	Draft	Final	H	M	L
Travel Demand Management Grant	Apr-21	Jun-21	Jun-21	0	2	0
Local Transport Plan Capital Settlement	Oct-21	Oct-21	Oct-21	0	0	0
Bus Subsidy Grant	Dec-21	Dec-21	Dec-21	0	0	0
Emergency Active Travel Grant	Apr-21	May-21	Nov-21	0	3	0
Compliance & Enforce Surge Grant	May-21	May-21	May-21	0	0	0
Green Homes BEIS Grant Phase 1a	Oct-21	Oct-21	Oct-21	0	0	0
Community Testing Funding Grant	May-21	Jun-21	Jul-21	0	0	0
Arts Council Grant	Jun-21	Jun-21	Jul-21	0	0	0
Arts Council Grant round 2	Dec-21	Dec-21	Jan-21	0	0	0

#### PLANNED AUDITS CARRIED OVER TO 2022/2023

Title	Start	Draft	Final	Recs		
				H	M	L
Freedom of Information (Follow up Review)	Jun-22	Jul-22				
Records Management & Document Retention						
Accounts Payable						
Furlough Administration						
Client Contributions Adult Care	Nov-21	Mar-22	Jun-22	1	5	6
Transparency Code Compliance (Follow up)	Jun-22	Jul-22				