

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

**For the year ended 31 March 2023**

## 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.

### 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.

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<sup>1</sup> Public Sector Internal Audit Standards - Applying the CMIIA 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

- 1.3.2 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 An external assessment of the internal audit service conducted by the Chartered Institute of Public Finance and Accountancy (CIPFA) in the spring of 2022 concluded that the Council's Internal Audit function 'generally conforms' to the requirements of the Public Sector Internal Audit Standards. The Assessor concluded that, "*Reading Borough Council has a professional and well-respected internal audit service that is effective and not only follows best practice, but is itself a good example of best practice in local government internal audit*"
- 1.4.3 As well as the external assessment, post-audit feedback and an annual survey (see section 7.6) have been completed. In addition, the Chief Auditor and Principal Auditors undertake periodic reviews of the quality of internal audit work completed and review all draft and final reports issued.
- 1.4.4 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 and the subsequent Local Government Application Note in respect of PSIAS published by CIPFA.
- 1.4.5 The Chief Auditor is therefore able to report for 2022/23 compliance with the Public Sector Internal Audit Standards and considers the Internal Audit Service to be effective.
- 1.4.6 There have been periods of long-term sickness in the internal audit team and resources remain finite, with limited resilience in service provision.

## 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 2022/23 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 2022. This Plan did not include resources deployed on reactive and proactive fraud which is referred to in section 8. 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 2022/2023

2.2.1 Audit work has been undertaken to obtain all information and explanations considered necessary to provide sufficient assurance that the control environment is both reasonable and effective. 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 be placed on the adequacy and effectiveness of the Council's internal control framework within those areas audited in 2022/2023.

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 26% of audits received limited or no assurance in 2022-23, compared to 38% in 2021-22, and 45% in 2020-21 (see section 3).

- 2.2.4 One of the most significant areas to influence the annual assurance opinion, are the results of audits of the key financial processes and systems within the Council. These include, but are not limited to, the General Ledger, Accounts Payable (Creditors), Accounts Receivable (Debtors), Payroll, and Bank Reconciliation. Through regular audits over several years, we have seen a gradual improvement in the control environment within these key financial systems and processes. Whilst it is not feasible to audit every system or financial process annually, with the frequency dependent on available resources, informed by a risk assessment, all areas except for *intercompany accounting* arrangements between RBC and Brighter Future for Children (BFfC) have now received a positive audit assessment (opinion)<sup>3</sup>.
- 2.2.5 The General Ledger represents the Council's main accounting system which currently operates via Oracle Fusion. Several feeder systems interface with the General Ledger and as per last year, we were able to provide *reasonable assurance* over several key functions where significant issues have been raised in the past, primarily around the management of journals and the operation of holding/suspense accounts.
- 2.2.6 The Chief Accountant and the Finance Business Partner have introduced control features since April 2022 to manage Holding/Control Accounts, key reconciliations, and critical information to assist with the development of the new financial system Chart of Accounts. A Finance Dashboard, which is a new initiative introduced this year, identifies all required reconciliations, and tracks their progress via a RAG status for each monthly accounting period across the year. It should also be noted that the Dashboard remains a work in progress to some extent, as the aim is to capture a range of performance management data for financial services, such as the percentage of invoices paid within 30 days. However, once in place, it will help provide and improve corporate oversight.
- 2.2.7 Journal control remains robust with well-defined segregation of duties and appropriate approval/authorisation of journals. There are clear descriptions and supporting documentation to journals; together with timely processing of journals during 2022/2023.
- 2.2.8 There is now a clearer picture of outstanding debt and action is being taken to keep current debt under control, however, progress in ensuring Adult Social Care debt is tackled promptly requires further development.
- 2.2.9 The governance arrangements underpinning budgetary control have improved. Equally the Medium-Term Financial Strategy (MTFS), which was approved by Council in February 2023, delivered a balanced budget in 2023/24 without the need to draw on reserves and set out a provisionally balanced budget for 2024/25.
- 2.2.10 A review of governance arrangements in place for monitoring the Council's Housing Revenue Account (HRA), undertaken in 2021/2022, flagged several areas for improvement. A subsequent follow-up review this year recognised that substantial progress has been made since the last audit, that previous gaps in control are being more effectively managed, which means that relevant risks for the Council are now being mitigated more robustly.

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<sup>3</sup> Substantial or Reasonable Assurance = Positive Opinion, Limited or No Assurance = Negative Opinion

- 2.2.11 The first stage of the Financial Transformation Programme has concluded, addressing several key audit concerns, such as separation of duties between the setting up of providers and the paying of invoices, bank reconciliation, budget and performance monitoring. The critical project activity over the next few months will now 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.
- 2.2.12 The new finance system (e5) had a planned go-live date of 1st April 2023; however, this date has been extended and at the time of writing, the system project is ongoing, including the mapping of the new chart of accounts and the extensive testing required (including User Acceptance Testing) prior to go-live which is anticipated will be during autumn 2023.
- 2.2.13 The new finance system will be at the cornerstone of organising, planning, and controlling financial activities to manage resources efficiently and it is imperative that business processes work with the new Finance System, otherwise efficiencies and improvements will not be achieved. This new system will provide the general ledger, accounts payable and accounts receivable functions for both the Council and Brighter Futures for Children. Underpinning this will be the implementation of new and improved processes around the purchase-to-pay cycle including a new Portal to help manage purchase order workflows, an enhanced debt management process to streamline our processes for collecting debt and a new budget forecasting platform 'Collaborative Planning' which will automatically be linked to the e5 finance system to enable at least hourly updates to budget forecasts.
- 2.2.14 In addition, there will be a refreshed and simplified general ledger coding structure, a reviewed Scheme of Delegation to ensure appropriate levels of spend authorisations are in place, and enhanced controls around access to sensitive financial information. Debtors' and Creditors' master data records will be brought up to date, and individual user access rights will be reset.
- 2.2.15 The above must be reinforced with written procedures and training support for both budget holders and users.
- 2.2.16 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 to the control environment 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 and reporting by the council's monitoring officer on information governance, to ensure that the Audit & Governance Committee has an informed decision on the Council's control environment.

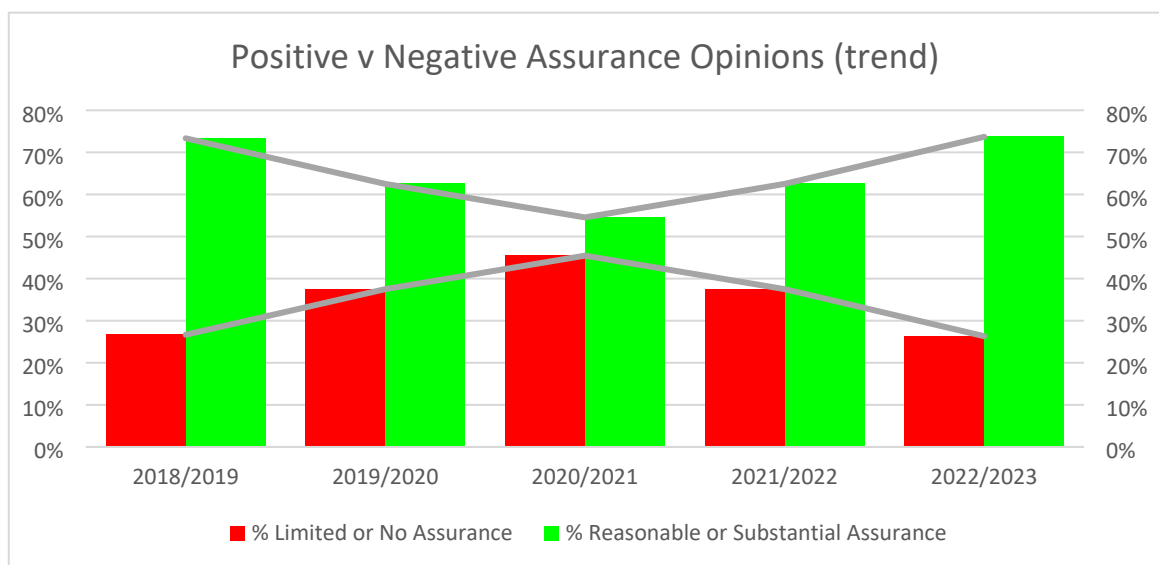
### 3 SUMMARY OF THE AUDIT WORK

- 3.1 The annual 2022/23 Annual Audit Plan was developed in line with the Public Sector Internal Audit Standards for Internal Audit. We will have completed 22 audits (including follow-ups) once all audits have been finalised and certified 9 grants. The table below summarises the report classifications.

Report Classification (2022/23)	No. of Audits
Substantial Assurance	3
Reasonable Assurance	11
Limited Assurance	5
No Assurance	0
<b>Total<sup>4</sup></b>	<b>19</b>
Grant Claims certified	9
No of projects in progress, but yet to be finalised	3

- 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 shows an improvement in the percentage of positive opinions given, compared to previous financial years. It should also be noted that the negative assurance opinions given during the 2022/2023 financial year do not relate to any of the Council's key financial systems.

Graph 1



### 3.4 Priority of Recommendations

<sup>4</sup> This is in addition to the work undertaken for BfFC, which is reported separately to their Audit & Risk Committee

- 3.4.1 At the time of writing, we have made a total of 92 audit recommendations in our reports (both draft and finalised), of which 10 (11%) 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 2022/23, 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 LIMITED ASSURANCE REVIEWS

- 4.1 Some of the key areas for improvement identified during our audit work throughout the year are set out below:
- i. An audit of **Direct Payments** identified process weaknesses, such as payment account setups not being authorised and checked, along with delays in the monitoring of user accounts, with only 53% of accounts being reviewed on time.
  - ii. Our review of **Housing Repairs** (responsive maintenance) found data quality to be poor, with a lack of compliance and inconsistencies with various processes.
  - iii. Our audit of **Cyber Security** identified that there are weaknesses in respect of the internal configuration of the ICT estate. The roadmap to address the risks identified does not yet have clearly assigned priorities, timelines and resources including budgets to systematically address those risks, making compliance with the government Cyber Essentials benchmark difficult to achieve.
  - iv. Our audit of **Deputy & Appointeeship** concluded that there was a poor control framework in relation to the transfer of clients' funds from private to RBC designated deputy and appointee bank accounts and a high volume of manual processes.
  - v. We concluded that processes that underpin the administration of **Deferred Payments** required improvement. Inadequate internal processes, combined with poor communication and coordination between Adult Social Care and Legal Services, has resulted in deferred payment applications not being processed on a timely basis.

***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, such as updating the Council's Financial Regulations and ensuring that the Finance System reflects the Scheme of Financial Delegation.
- 5.1.5 A follow-up review benchmarking the council's compliance with the Local Government Transparency Code 2015 noted that good progress had been made, but there was still work to be done to be fully compliant and ensure that this remains the case.
- 5.1.6 Likewise, a follow-up review of Freedom of Information (FOI) compliance earlier in the year reported that processes are now more automated; guidance has been published and performance monitoring has improved. Notwithstanding these measures, performance across the council remained disappointingly low. The council aspires to meet the 90% response rate expected by the Information Commissioner and this has been included as a Corporate Plan KPI.

## 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 now 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 helps 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 A new risk policy and reporting framework was introduced during 2022/2023 and has been supported by external training delivered by the Council's Insurers.
- 5.2.4 Internal Audit has 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 ASSURANCES FROM OTHER SERVICES**

### **6.1 Corporate Peer Review**

- 6.1.1 A Corporate Peer Challenge exercise was carried out at the council's request by the Local Government Association (LGA) in June 2022. In addition to other subject areas, the peer review focused on governance, culture and financial planning. The key assurances taken from the LGA report were that the council's model of governance is well-established, seen to work for the council and is valued and supported, recognising the work in place to review the Constitution and the Delegations Register. Their report recognised the council's financial position and financial management arrangements have recovered and strengthened significantly in recent years, but the financial base, whilst sound, remains vulnerable.
- 6.1.2 There were no adverse findings in the report which would have impacted on the overall assurance opinion provided.

### **6.2 External Audit**

- 6.2.1 The Council's External Auditor (EY) presented the draft Audit Plan for 2020/21 summarising their assessment of the key control risks around clearing of suspense accounts, bank reconciliation and starters and leavers. These were issues which were known and reported at the time, by Internal Audit.

### **6.3 Information Governance**

- 6.3.1 Effective information governance is a key requirement for the Council which has duties to be both open and transparent whilst at the same time protecting the confidential information it holds about people and businesses. How it collects, uses, stores, shares and destroys personal data is governed by the Data Protection Act. The Council also has to comply with the Freedom of Information Act, the Environmental Information Regulations and the Access to Information Act in relation to its records. Compliance is monitored by the Information Commissioner who has wide ranging powers including the ability to impose considerable financial penalties for breaches of the Data Protection Act.
- 6.3.2 Data is playing an increasing role in designing, delivering and transforming public services to improve outcomes for customers and drive efficiencies within current financial constraints.

- 6.3.3 The Assistant Director of Legal and Democratic Services has provided quarterly update reports throughout the year on the actions in progress to improve the Council's policies, systems, and processes around Information Governance. Near misses and data breaches reported have informed the assurance opinion.

## 7.0 Performance of the Internal Audit Service

- 7.1 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.
- 7.2 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	Target	Actual		
		2020/21	2021/22	2022/23
i. Client Satisfaction	90% or above	88%	98%	86%
ii. Production of final report within 10 days of receipt of management responses	90%	85%	95%	81 %
iii. Management responses received within 15 days of issue of draft report	75%	37%	46%	39%
iv. Number of projects completed within agreed budgeted days relative to total number of projects undertaken	75%	56%	62%	70%
v. Percentage of audit projects completed relative to those in the (revised) plan	75%	82%	75%	81%
vi. Actual spending of controllable budget	100% or less	98%	98%	110%
vii. % Of working days lost to sickness	2.0%	5.51%	5.53%	12%

- 7.3 Line 'v' shows that we have completed 81% of work we set out to achieve, which is admirable, given staff sickness and unplanned work added throughout the year. The percentage of days lost to sickness (vii) is very high and was predominately due to the long-term sickness of two members of staff.
- 7.4 Client satisfaction is assessed following the return of post-audit satisfaction surveys. The overall percentage of client satisfaction has dipped slightly (86%), when compared to the previous year (98%). A more detailed analysis is shown in sections 7.6 and 7.7 below.

7.5 Actual spend against the budget shows a 10% overspend, which is attributable to agency spend, which was required to cover the staff absence.

## 7.6 Post Audit Surveys

7.6.1 Following completion of an internal audit review, managers are asked to rate internal audits performance throughout the various stages of the audit process. The ratings being unsatisfactory, satisfactory, good, and very good.

7.6.2 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.

		Satisfaction
Pre-audit arrangements	Explaining the audit process	90%
	Consultation and scoping the audit	90%
Audit visit	Conduct and professionalism of the auditor	83%
	The auditor obtaining an understanding of your business needs	88%
	Opportunity to discuss the findings during the audit	88%
Post Audit	Usefulness of recommendations	88%
	Clarity and fairness of the report	85%
	Were your comments taken into account	83%
	Average overall satisfaction rate	86%

## 7.7 Annual Reviews

7.7.1 Every two years we undertake a survey, with this year's survey carried out in May 2023, which asked managers to assess the importance and quality of the service provided.

7.7.2 Managers were asked to rate a total of 42 questions against 6 service areas; the summaries of the findings are detailed in table C below on a scale of either 1 to 4 (where 1 is excellent and 4 is poor) or 1 to 5 (where 1 is strongly agree and 5 is strongly disagree).

Table C: Annual Quality Review

Importance Score	Service area	Performance Score
79%	Audit Services	74%
91%	Audit Staff	85%
90%	Conduct of Audits	87%
89%	Audit Reporting	84%
83%	Customer Service	90%
86%	Overall rating of Internal Audit	84%
86%	Authority specific topics	83%

Response rate 25% (13 of 170)

- 7.7.3 In addition to the set questions, six free text fields were made available for individuals to provide further comments.
- 7.7.4 The detail supporting the results are set out in Annex B of the report.

## 8.0 Counter Fraud Activity

- 8.1 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.
- 8.2 The counter-fraud resource consists of 3.5 FTE's, all of whom are experienced investigators. Amongst other things, the team will investigate referrals relating to Council Tax Reduction, Single Person Discount, Social Care (Direct Payments), Tenancy Fraud, Blue Badges, etc. The team has had a successful year, demonstrating the value that they bring to Reading Borough Council. This is apparent when we take into account that the team have identified approximately £1.5M in notional and cashable savings (see table C below for more detail). The deterrent effect of this activity should not be underestimated.

<b>Table C Annual Summary of Investigations</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b>Housing Tenancy Fraud</b>			
No. Housing Tenancy Referrals investigated	43	28	46
Properties Recovered	9	11	8
Estimated saving from Recoveries <sup>5</sup>	£837,000	£1,023,000	£744,000
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	43	29	26
No of RTB applications refused as a result of investigation <sup>6</sup>	3	1	6
Estimated savings from preventing sale of property <sup>7</sup>	£270,511	£92,199	£563,448
<b>Parking Fraud</b>			
Blue badge referrals	12	14	10
Blue Badges recovered	2	2	2

<sup>5</sup> Using the notional savings multiplier is used by the Cabinet Office in its National Fraud Initiative report. Notional £93,000 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.

<sup>6</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>7</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)

<b>Table C continued</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Prosecutions secured	2	1	0
PCN's issued	0	0	5
Estimated annual savings <sup>8</sup>	£1,350	£1,150	£1,150
<b>Single Person Discount</b>			
Value of fraudulent overpayments identified <sup>9</sup>	£112,601	£121,978	-
<b>Council Tax Support</b>			
No. CTAX Referrals investigated	66	75	56
Prosecutions	1	0	0
Add pens	0	0	0
Value of fraudulent overpayments identified	£6,071	£19,478	£15,821
Value of add pens	0	0	0
<b>Social Care</b>			
No. Social Care Referrals investigated	2	2	35
Financial value of cases <sup>10</sup>	£47,000	£44,000	£153,121
<b>Business Grants (Covid-19)</b>			
No. Grants checked <sup>11</sup>	1278	539	0
Value of fraudulent overpayments identified	2	0	0
Prosecutions	0	1	0
Financial value of cases	£20,000	£10,000	0
<b>National Fraud Initiative (NFI)</b>			
Matches received <sup>12</sup>	-	-	4119
Cases investigated	-	-	667
Financial value of cases	-	-	£41,211
<b>Internal Investigations</b>			
No. Internal Referrals	1	1	4
Number of cases investigated	1	1	4
Cases prosecuted	0	0	0
Financial value of cases	0	0	0
<b>Other:</b>			
Adult Social Care trace of undisclosed capital <sup>13</sup>	£34,000		

<sup>8</sup> £575 is the notional value applied by the Cabinet Office per blue badge cancelled to reflect lost parking and congestion charge revenue.

<sup>9</sup> Data matching exercise, matching address records against tracing and occupier lookup databases to determine the strength of match. For 2023/2024, data will be sent monthly to Experian to provide matches on changes and new SPDs to avoid having large annual reviews.

<sup>10</sup> Whilst no fraud was identified in 2022/2023, £153k in surplus funds was recovered in 2022/2023.

<sup>11</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>12</sup> Total RBC Matches 4,119. Total Creditors matches 3,255 (2,191 being potential duplicate addresses which is high given the suppliers' use of legitimate multiple payment sites and the fact that the period covered is over two years).

<sup>13</sup> Assisted ASC to track and recover undisclosed capital.

**ANNEX A: Detailed analysis of internal audit reviews 2022/23****SUBSTANTIAL ASSURANCE REVIEWS**

Title	Start	Draft	Final	Recs		
				H	M	L
Accounts Payable	Mar-23	May-23	Jun-23	0	1	2
Budget Monitoring	Feb-23	Mar-23	Apr-23	0	1	1
Housing Revenue Account (Follow up)	Nov-22	Jan-23	Jan-23	0	0	0

**REASONABLE ASSURANCE REVIEWS**

Title	Start	Draft	Final	Recs		
				H	M	L
Commercial Assets & Investments	Sep-22	Jan-23	Feb-23	0	4	2
Waste Operations	Apr-22	Jun-22	Jun-22	0	2	0
Rent Accounting	Apr-22	Jun-22	Aug-22	0	6	4
Salary Sacrifice schemes	Jul-22	Sep-22	Oct-22	0	2	4
Client Contributions Adult Care (Follow Up)	Feb-23	Apr-23	May-23	0	0	0
Inflationary Uplifts (Follow up)	Nov-22	May-23	May-23	0	0	0
Freedom of Information (Follow up)	Jun-22	Jul-22	Aug-22	0	0	0
Transparency Code (Follow up)	Jun-22	Jul-22	Aug-22	0	0	0
re3 waste PFI Contract	Jul-22	Sep-22	Nov-22	0	5	1
General Ledger	Jan-23	Mar-23	May-23	0	6	1
Purchasing cards	Sep-22	Dec-22	Feb-23	0	0	0

**LIMITED ASSURANCE REVIEWS**

Title	Start	Draft	Final	Recs		
				H	M	L
Housing Repairs	Nov-22	Mar-23	Apr-23	2	8	4
Deputyship and Appointeeship	Jun-22	Sep-22	Nov-22	5	3	3
Deferred Payments	Apr-22	Jun-22	Jul-22	1	8	0
Direct Payments	Oct-22	Nov-22	Feb-23	2	6	3
Cyber Security	Aug-22	Dec-22	May-23	2	3	2

**NO ASSURANCE REVIEWS**

Title	Start	Draft	Final	Recs		
				H	M	L
NIL						

GRANTS				Recs		
Title	Start	Draft	Final	H	M	L
Local Transport Plan Capital Settlement	Apr-22	Oct-22	Oct-22	0	0	0
Green Homes BEIS Grant	Nov-22	Nov-22	Nov-22	0	0	0
Covid-19 NHS Test and Trace Support Payment Scheme Grant	Jun-22	Jul-22	Aug-22	0	1	0
Covid-19 Test and Trace LA service support grant	Jun-22	Jul-22	Aug-22	0	0	0
Covid-19 LA Contain Outbreak Management Fund grant [COMF]	Jun-22	Jul-22	Aug-22	0	1	0
Rough Sleeping Initiative and Protect and Vaccinate Grant cert	Jun-22	Jun-22	Jun-22	0	0	0
Crime & Reduction Grant	Aug-22	Aug-22	Aug-22	0	0	0
Bus subsidy grant (covid) - certification	Nov-22	Nov-22	Nov-22	0	0	0
Adult Weight Management grant	Jan-23	Feb-23	Feb-23	0	0	0

PLANNED AUDITS STILL TO BE FINALISED				Recs		
Title	Start	Draft	Final	H	M	L
Leavers and Movers processes	Jan-23	Mar-23				
Adult Social Care Debt	Feb-23					
Provider Payments (Adult Care) Follow up	Jan-23	May-23				



**ANNEX B: Detailed analysis of Annual survey**

## Internal Audit Performance

<b>Internal audit undertakes work in several different areas. In respect of the following areas, where would you like to see them concentrate their efforts and how well do they currently perform?</b>	<b>Performance</b>
Advice and guidance on policies/procedures	75%
Review of compliance with policies/procedures	80%
Internal Control Reviews	78%
Review of completed capital projects	75%
Value for money reviews	63%
Review of security of corporate assets	80%
Audit of IT systems and controls	69%
Facilitating the risk management process	72%
Investigation of allegations	79%

## Audit Staff

<b>Based on your contact with internal audit staff in the past year how well do you rate them in the following areas?</b>	<b>Performance</b>
Professionalism	90%
Positive attitude	90%
Unbiased and objective	85%
Ability to establish positive rapport	88%
Knowledge of key policies and procedure	88%
Knowledge of the operation	75%
Knowledge of the IT system	80%

## Audit reporting

<b>The final product of an audit is the report. How do you rate our reporting process?</b>	<b>Performance</b>
Reports are well written and easily understood	83%
Reports are factually correct	86%
There is no delay in issuing reports	88%
Conclusions are appropriate and supported by adequate evidence	86%
Recommendations are constructive, practical and cost effective	78%
Responses to issues raised are appropriately reflected in the report	83%

## Conduct of audits

<b>Based on your experience how well does Internal Audit plan and carry out individual audits?</b>	<b>Performance</b>
The timing of audits is appropriate	85%
Audit objectives and procedures are discussed prior to commencement of the audit	90%
Opportunity is given to change/comment on the audit brief	87%
Audit's focus on significant risks	88%
Business concerns and perspectives are adequately considered during the review	83%
Auditors take care to minimise disruption to operations	90%
Auditors' requests for information are reasonable	88%
Auditors discuss issues with managers as they arise	88%
The auditor offers a closure meeting to discuss audit findings	87%

## Customer service

<b>The Internal Audit service aims to have a flexible and approachable manner, how do you rate:</b>	<b>Performance</b>
The degree of interaction with Internal Audit management	93%
Fostering of service department participation	92%
Response to special requests	95%
The extent to which Internal Audit meet your needs	80%

## Authority specific topics

<b>Authority specific topics</b>	<b>Performance</b>
Does the current style of audit report meet your requirements	86%
Time allocated to individual audits is sufficient	88%
Audit role in combating fraud and corruption	78%
Audit's role in contributing to the improvement of governance	83%
Audit's role in contributing to the improvement of control processes	82%
Audit's role in contributing to promoting appropriate ethics and values within the organisation	83%