

Audit & Corporate Governance Committee update



South
Cambridgeshire
District Council

Introduction

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Document overview

The purpose of this document is to provide an update to the Committee on key audit and governance themes.

The Chair suggested, at the July 2021 meeting, that a slot at the beginning of future meetings was allocated to check in on key areas of governance and provide any updates. If there are no updates in a particular area to report, that can be noted and taken as assurance in itself.

This document provides summary updates for the Committee. Statistics are included to help provide an overview of work in progress and these are taken from the last financial quarter.

Your team

Head of Finance and Section 151 officer
Head of Shared Internal Audit
Corporate Fraud Manager
Monitoring Officer
Senior Democratic Services officer

Committee information

[Calendar of meetings](#)

[Committee Membership and Functions](#)

Accountancy Progress

Asset Register

The Asset Register has all the 2018/19 information in it apart from any possible updated valuations needed as a result of the work undertaken identifying the surplus pieces of HRA land. This work has been now been completed and the Council's valuer will be reviewing the parcels of land and providing his valuation. The valuation work is expected to commence on 20th September.

Internal Audit will shortly be carrying out their review of the asset register. The scope of the audit has been agreed and the work is likely to be carried out during October.

The 2018/19 accounts work was due to recommence from 17th September. There are a few non asset register queries to complete and the asset work will recommence once the valuer has provided his valuations on the surplus land the accounts have been updated (if necessary) and the fixed asset auditor is able to complete her work. Expected completion is either late November or early December.

2019/2020

The 2019/20 accounts audit is due to start in Mid-January for six weeks. Work on the 2019/20 accounts is complete apart from the fixed assets which cannot be added until the 2018/19 position is agreed. There will need to be a short gap between completion of 2018/19 and 2019/20 for this work to be completed and the audit planning work to be undertaken.

The Council have employed an additional resource to assist with the accounts and that resource will be concentrating on the 2019/20 accounts ensuring that they are presented for audit on time. Getting an additional resource to assist with the asset register has proved rather more difficult as expected and it has been concluded that we use an existing resource who has previously worked on the asset register for this.

The timeline for the 2020/21 accounts audit will now fall into 2022/23 and we will then need to plan for the 2021/22 audit.

External Audit update

EY Contact

Suresh has now left EY as announced at the last committee meeting. His replacement is now confirmed to be Janet Dawson.

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ARGA

The government has proposed making the replacement to the Financial Reporting Council the [new system leader for local audit](#), following the Redmond Review.

The Audit, Reporting and Governance Authority (ARGA), announced as a replacement for the FRC last year, will be strengthened with new powers to oversee the local government audit system.

ARGA would provide annual reports on the state of local audit and take over responsibility for the updated Code of Local Audit Practice.

PSAA Audit Lot Proposals

Local authority procurement body Public Sector Audit Appointments will [reassess its proposal](#) to increase the number of audit lots following response from the sector.

Governance Risk and Control updates

Planning Performance

We have been reviewing Planning Performance Data for Q2 2021 (Apr – Jun) which was finalised at the end of August for MCHLG. This is an opportunity to evaluate controls and processes which were implemented in May, following our previous review which was reported to Overview and Scrutiny.

Carbon Management

The Council has collected carbon emission data to report its third set of annual GHG emissions accounts, for the reporting period 1st April 2020 – 31st March 2021. They have been drawn up according to the principles outlined in the latest Environmental Reporting Guidelines issued by the Government's Departments for Environment, Farming and Rural Affairs,

(DEFRA), and Business Energy and Industrial Strategy (BEIS).

We reviewed information presented in the annual report, the spreadsheet calculations, and sample tested available supporting data for accuracy. As a result of this work, we are able to confirm that calculations and formulas have been accurately applied.

Phishing risks

The National Anti-Fraud Network has highlighted recent targeted Office 365 Phishing scams. Once fraudsters get access these accounts, they can then intercept emails to facilitate mandate fraud (changing bank details to direct large payments to their own fraudulent bank accounts).

Our own ICT network controls are designed to prevent unauthorised devices accessing our network, frustrating any fraudsters attempting this scam. Fraudsters are always thinking of new scams, so it is important to stay vigilant and our ICT team issue regular reminders to employees.

Legislation changes

ISA240

The Financial Reporting Council announced amendments to ISA240, which outlines external auditors' responsibilities on detecting fraud and misstatements in financial statements.

Under current arrangements the Audit Committee Chair is asked for written statements about the authority's arrangements for fraud.

Changes strengthen how auditors are required to assess and respond to fraud risks and place greater emphasis on auditors applying professional scepticism. The changes come into effect from December 2021 and will be used in audits of 2022-23 accounts.

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Counter Fraud update

Statistics – our quarterly position

We have included some fraud statistics below from the recent quarter. The purpose of these is to provide the Committee with an overview of the work in progress, and specific individual details are not disclosed due to sensitivity and risk of compromising any investigations in progress.

Reports of suspected fraud received

Analysis by the source of intelligence:



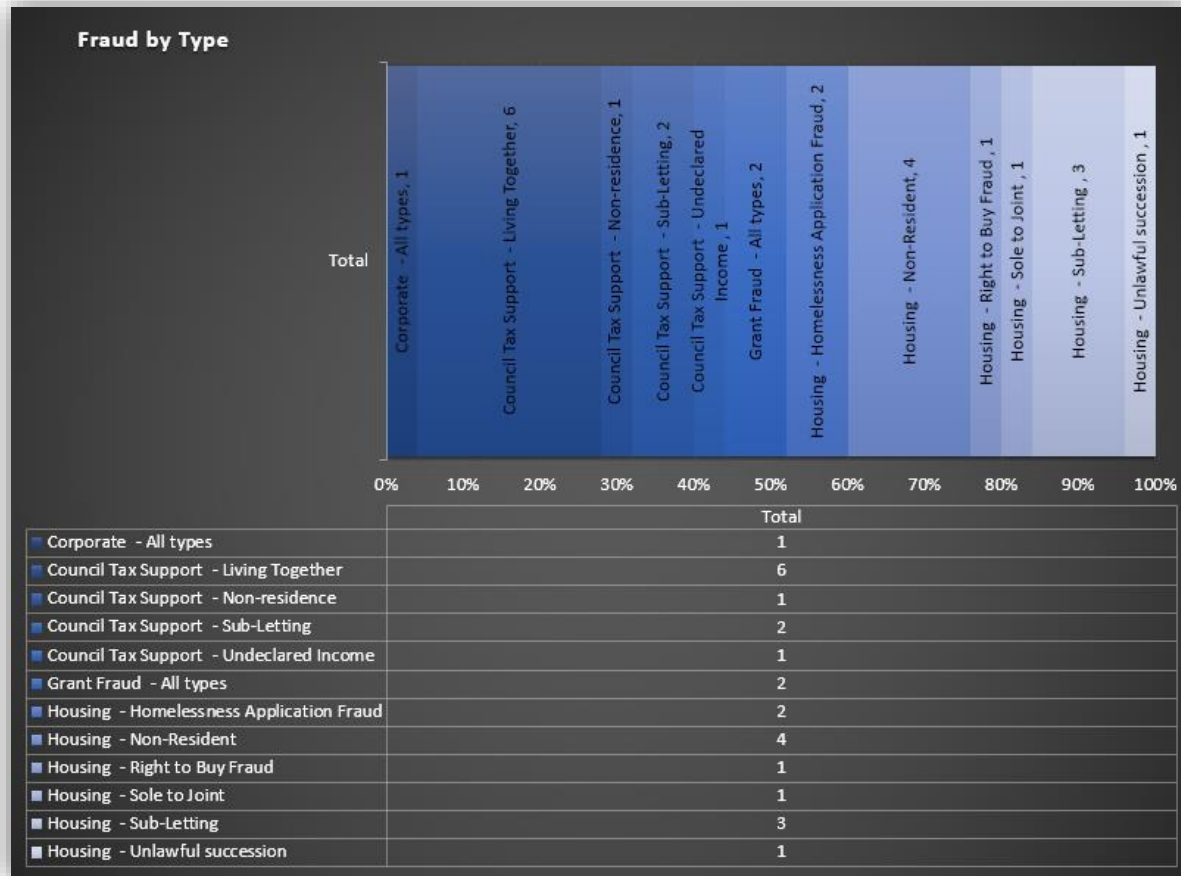
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Fraud by type

Analysis by fraud type:



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Investigations in progress (as at 30 June 2021)

Case Status	Number of Cases	Key
Live Investigation	24	Open investigations
Interview Under Caution (IUC)	Zero	Number of IUC's from live investigations
Sanction decision	Total Zero	Cases submitted to sanctions panel.
Criminal Prosecution Administrative Penalty Caution Prosecution and Civil action Civil Warning Letter No Further Action Notice to quit (Secure or flexible tenancy) Notice of proceedings for possession (intro tenancy) / Notice to Seek possession (secure and flexible)	N.A.	

Investigations Closed

Closure Reason	Number
A10 Fraud proven but no further action	
A11 Not investigated, passed for visit	
A13 Not investigated - not on benefit	
A4 Closed - claimant error only	
A5 Closed- no fraud established	1
A7 Not investigated - passed to DWP	

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Proactive work – Prevention

Prevention is an important aspect of our Counter Fraud arrangements.

Education		
Workshop Attendees April 2020-April 2021	31	
Campaign work	Zero	
Verification checks		
Right to buy verification enquiries reported	17	Visits - 15
Outstanding RTB Docs/Visit	2	2
Homelessness verification enquiries reported	Zero	
General housing verification enquiries	Zero	
Ermine Street	1	
Locta	Zero	
DWP SPOC enquiries		
LAIEF's	8	
General		
DPA requests	1	
National Fraud Initiative Matching		
NFI Biennial exercise		
Closed – Already Known	1	
Closed – No issue	284	
NFI Annual exercise CT / SPD		
Closed – No issue	37	

Cases of RIPA used in period:	0
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Useful Links

Link	Details
Public Sector Audit Appointments	PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme.
EY.com	EY is our current externally appointed auditor

Training opportunities

Counter fraud:

We are currently working on developing training material on counter fraud. Resources are being collated, from LGA materials, to enhance member knowledge of fraud and corruption within Local Government.

Examples have been used to provide practical application of how fraud and corruption may present itself, and key information has been provided around member responsibility to contribute to the counter fraud effort.

Note

This document will contain links to external websites where it provides more information. We are not responsible for the content of external websites.