



Committee update March 2022

Introduction

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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.

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 and Finance

Local Audit Procurement

The Audit and Corporate Governance Committee discussed the next appointment period of the External Auditor at the [December meeting](#).

Public Sector Audit Appointments (PSAA) has set the length of the compulsory appointing period as the five consecutive financial years starting 1 April 2023. It will cover the audits of the accounts from 2023/24 to 2027/28.

Public Sector Audit Appointments has now [announced](#) that 470 of the 475 qualifying bodies signed up to their national auditor procurement scheme for the five-year accounting period from 2023-24 to 2027-28.

This outcome is an even higher proportion than the 98% acceptance level for the current scheme which covers the audits for financial years 2018/19 to 2022/23.

Director of Local Audit Appointment

The Financial Reporting Council (FRC) has [announced](#) the appointment of the FRC's first Director of Local Audit.

The Director of Local Audit will play an integral role in establishing a new local audit unit, ahead of the FRC assuming the "Systems Leader" role for local authority financial reporting and audit, as part of its transition to the Audit, Reporting and Governance Authority (ARGA).


In May 2021, the Government proposed ARGA take on this role in responding to Sir Tony Redmond's independent review.

Last year, the government rejected the review's main recommendation of having a standalone system leader for local audit, with Whitehall preferring a separate department within the reformed regulator.

ARGA will provide annual reports on the state of local audit and take over responsibility for the updated Code of Local Audit Practice - the guidelines councils are required to follow.

Governance, Risk and Control

Internal Audit updates

Review	Summary of report and actions
 <p>Grant assurance – Wet Led Pub scheme</p> <p>Current: Full assurance</p> <p>Previous: New review</p>	<p>We completed the Christmas Support Payment for Wet Led Pubs Post Payment Assurance Verification process (PPAS).</p> <p>The BEIS assurance and individual scheme guidance sets out that Local Authorities have a responsibility to provide assurance to both themselves and the Department that they have followed the eligibility guidance, and so minimised the risk of errors/fraud and over/irregular payments.</p> <p>In response to BEIS sampling methodology, we provided evidence of pre and post assurance checks.</p> <p>This provided assurance that the business:</p> <ul style="list-style-type: none"> • Meets the criteria of the grant scheme; • Was not in administration, insolvent or struck off the Companies House register on the date the grant was awarded; and • The business was trading at the eligibility date <p>Further testing is planned for the other grant schemes.</p>

National Fraud Initiative

The Council completed the extract of [Council Tax and Electoral Register](#) data in December. We reviewed and quality assured the data prior to uploading it to the secure Cabinet Office system. The data was very good quality which provides information governance assurance. The matches will be processed throughout 2022.

Business Grant Assurance

The Department for Business, Energy and Industrial Strategy (BEIS) announced two new funding schemes to support those

businesses affected by the pandemic.

Details were published on our [grants and funding web-page](#).

We process the applications the Cabinet Office National Fraud Initiative and Spotlight system as pre-assurance checks to help mitigate the risk of fraud and error. This was unplanned activity, and we have focussed on this work to ensure payments can be allocated as promptly as possible.

We have now processed 6298 grants to date through the National Fraud Initiative bank verification system, which provides assurance that grant applications were made from legitimate businesses

Energy Rebate Scheme

The Department for Levelling Up, Housing and Communities announced that households which are in Council Tax bands A to D will receive a £150 rebate to help with the rising cost of energy. Councils will be making this payment on behalf of the Government.

We are committed to ensuring that rebates are only paid to those that are genuinely entitled. Whilst we understand that most people are honest there are, unfortunately, some people or groups that will deliberately attempt to commit fraud to misdirect funds for their own personal gain or to fund more serious crime.

Reducing fraud is important to us as it affects the services and assistance that we can provide to families and our broader communities when they need it the most.

To provide assurance that rebates are only made to those who are truly eligible we will be completing pre-assurance checks. In some cases this may mean that there is a slight delay in payment, however we believe this is necessary to pay any assistance to where it is genuinely needed.

If you suspect fraud, please report it to fraud@scams.gov.uk

More information about the rebate scheme has been [published on our website](#).

Reviews in Progress and forward planning

Our current planned assurance and follow-up reviews include:

- VAT (Value Added Tax)
- Capital – Asset Register
- Payroll

External assurance

The Driver and Vehicle Licensing Agency (DVLA) completed their first audit of the Council data processing. They confirmed that we make in the region of 150 enquiries per year through the National Anti-Fraud Network, typically for enquiries on Abandoned Vehicles.

The review concluded a “Green” rating from their RAG system, “*No issues were observed; or any non-conformance is minor*”, and this provided assurance on validity of requests and subsequent data handling.

Overall assurance

The internal audit work and assurance mapping enables us to form an opinion on the internal control environment, governance and risk management arrangements.

There is currently a Reasonable level of assurance overall, which is similar level to the previous year.

Counter Fraud update

Successful prosecution for council tax support fraud

A woman from Oakington was convicted and fined £80.00 and costs of £960.00 after pleading guilty to one count of council tax support fraud. The claimant had failed to declare capital savings and bank accounts to the Council falsely claiming £4292.91 in council tax support between the period of 12 June 2014 and 16th April 2020.

Promoting cases of fraud detection helps to prevent further fraud, and the Council issued a [press release](#) on our website.

Council finance bosses say the case is a reminder to the individuals to read the eligibility criteria carefully and to be truthful when making claims for assistance.

The claimant appeared in Huntingdon Magistrates' Court on 2 March 2020 and pled guilty to the offence laid by the district

council. She was ordered to pay a victim surcharge in addition to already paying back the full amount owed to the Council.

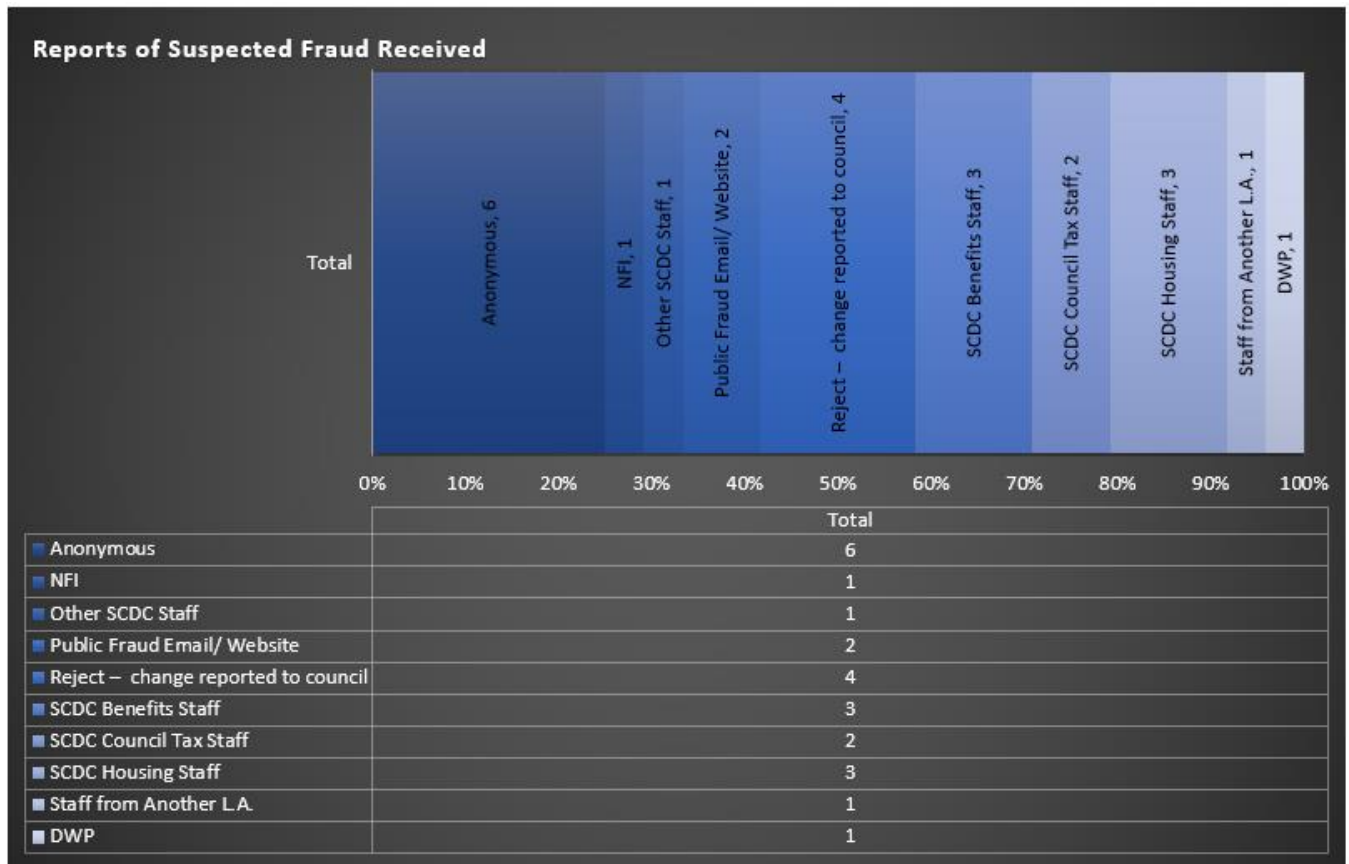
Cllr John Williams, South Cambridgeshire District Council's Lead Cabinet Member for Finance, said: "The case highlights why it is so important that any persons claiming assistance grants or support must tell the truth. Our teams are always happy to speak to residents about the benefits system or grant schemes and answer any queries. We want to help people claim what they're entitled to, but won't tolerate anyone claiming financial assistance that they should not be getting. If you're claiming benefits and you think your circumstances have changed, talk to us. If you don't you could end-up in court."

Fraud Team 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.

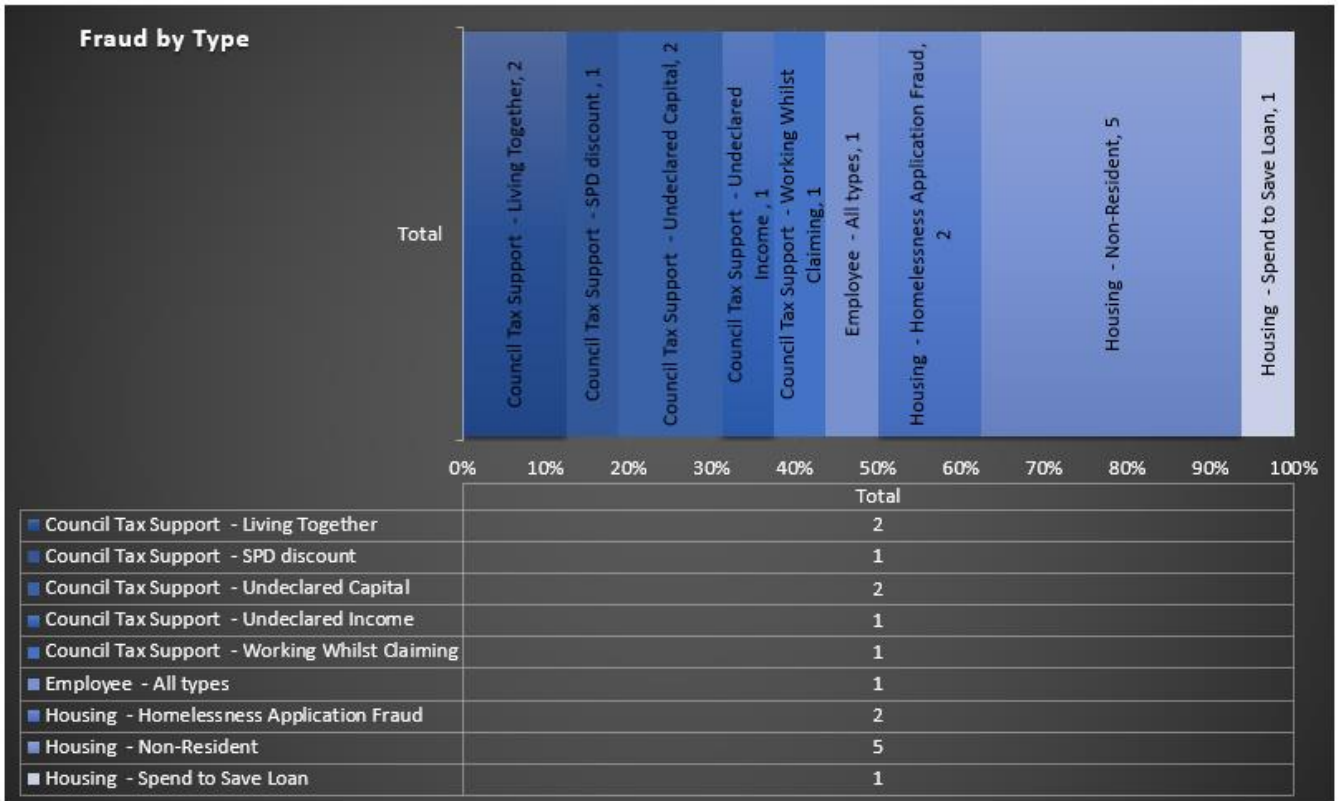
Reports of suspected fraud received

Analysis by the source of intelligence:



Fraud by type

Analysis by fraud type:



Investigations in progress (as of 30 September 2021)

Case Status	Number of Cases	Key
Live Investigation	52	Open investigations
Interview Under Caution (IUC)	NA due to FTA and Covid Closure	Number of IUC's from live investigations
Sanction decision	1	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)	1	

Investigations Closed

Closure Reason	Number
A10 Fraud proven but no further action	1 NATIS referral
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 (Department for Work and Pensions)	4

Proactive work – Prevention

Prevention is an important aspect of our Counter Fraud arrangements.

Education		
Workshop Attendees	Nil	
Campaign work	Ongoing to develop “can fraud be your friend campaign”.	
Other	Omicron- Advice to Business – Prevent	Advice – Licensing Taxi Lockers
Verification checks		
Right to buy verification enquiries reported	5	7 completed
Outstanding RTB Docs/Visit	Zero	
Homelessness verification enquiries reported	2	
General housing verification enquiries	Zero	
Ermine Street	Zero	
Locta	Zero	
DWP SPOC (Single Point of Contact) enquiries		
LAIEF’s	3	
General		
Data Protection Act requests - External	Zero	
National Fraud Initiative Matching		
Biennial exercise		
Closed	472	
Annual exercise CT (Council Tax) / SPD (Single Person Discount)		
Closed – No issue	37	

RIPA (Regulation of Investigatory Powers Act) update

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 (Ernst & Young) is our current externally appointed auditor
Cabinet Office NFI (National Fraud Initiative)	The National Fraud Initiative is a data matching exercise which helps public sector organisations to prevent and detect cases of fraud and error.

Training and development

The new UK Information Commissioner begins their five-year term. Further information is available on their [website](#).

Note

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