

REPORT TO: Audit and Corporate Governance
Committee

01 December
2022

LEAD OFFICER: Head of Shared Internal Audit

Governance Risk and Control Update

Executive summary

1. This report provides an update on topical news items which contribute to the Committee understanding of Corporate Governance Matters.

Key Decision

2. This is not a key decision because this is being presented to the Audit and Corporate Governance Committee in accordance with their terms of reference.

Recommendations

3. The Audit and Corporate Governance Committee is requested to note the report.

Reasons for Recommendations

4. The updates keep the Committee informed of key relevant matters.

Details

5. None.

Considerations

6. None.

Options

7. None.

Implications

8. In the writing of this report, there are no significant implications or risks to the Council.

Background Papers

9. Background papers used in the preparation of this report:
 - Committee Terms of Reference

Appendices

10. Appendices to this report include the update report.

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Committee update December 2022

Introduction

Overview and background

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](#)


Governance, Risk and Control

Internal Audit updates

Internal Audit reviews provide assurance on the Governance Risk and Control environment, and this contributes to the Annual Governance Statement.

Below are a summary of reviews completed in the last quarter:

Review	Assurance and actions		Summary of report
Grant Assurance – Restart PPAS 	Assurance: Current: Previous: Actions: Critical High Medium Low	Full New review 0 0 0 0	The Council issued Business Support Grant Funds on behalf of the Department for Business, Energy & Industrial Strategy (BEIS). We completed Post Payment Assurance Sampling (PPAS) reviews for the following schemes: Restart and Additional Restrictions Grant While it is not possible to completely eradicate the risk of fraud, this review provided assurance that adequate checks were undertaken to ensure recipients were eligible with the scheme conditions, and appropriate checks were made to minimise the risk of fraud and error.
Grant Assurance – ARG PPAS 	Assurance: Current: Previous: Actions: Critical High Medium Low	Full New review 0 0 0 0	

Review	Assurance and actions		Summary of report
Disabled Facility Grants 	Assurance: Current: Previous: Actions: Critical High Medium Low	Full Reasonable 0 0 0 0	<p>This grant funding enables the Council to carry out improvements to housing stock and disabled adaptations. Grants awarded during 2021/2022 were created in the new 'Tascomi' system, jointly procured between the 3C Councils.</p> <p>Our testing provided assurance that:</p> <ul style="list-style-type: none"> • grants recipients were eligible; • applications were supported by a qualified and independent medical referral; • applications were processed promptly; • suppliers and contractors were appropriately procured; • project cost variations were appropriately approved; • financial records were complete; • projects were managed by the HIA; and • grants were used for capital expenditure as set out in the MHCLG conditions. <p>It has been a challenging period to award grants. Factors include fewer people coming forward for assessments, vulnerable users self-isolating due to Covid-19, and occupational therapists being redeployed to work in critical care; and contractors catching up on pre-pandemic work. An underspend of £35,200 was carried forward into 2022/2023.</p> <p>The team plans to employ a project officer to raise awareness and encourage more eligible people to apply for grant funding.</p>

Reviews in Progress and forward planning

We maintain a dynamic audit plan. Our current planned assurance and follow-up reviews include:

Audit	Assurance type	Progress update	Scope and description
Corporate Plan Objectives			
Asset Management – Land records	Data quality and analytics	This work is in progress.	Review of land records held on the asset register for assurance records are complete.
Capital – Asset Register	Benefits realisation	This work is in progress.	Provide independent assurance that the implementation is completed and that there is capacity for the system to be effectively maintained.
Carbon Management Strategy	Risk based	Testing is concluded.	Review to provide assurance that Strategy continues to reflect best practice.
Corporate complaints and feedback	Governance	Testing is concluded.	Review of the complaints process to provide assurance that it is effective in helping the Council to continuously improve its services.
Customer Portal	Making resources count	This work is scheduled for later in the year.	System review and consider if there are any further opportunities for improvement.
Housing – Allocations	Compliance	This work is in progress.	Review of processes and policies.
Risk management	Follow-up	This work is in progress.	Follow-up review to ensure that actions from the previous review have been implemented successfully. We will also provide advice on the Risk Management Framework.
Core Assurance Work			
Grant assurance - Energy Rebate Schemes	Grant assurance	This work is scheduled for later in the year.	We anticipate that we will need to provide assurance to Central Government on the Energy Rebate Scheme.
Payroll – Core controls	Key Financial System	This work is scheduled for later in the year.	An annual review focussing on the key controls that support the system.

Other consultancy activities

National Fraud Initiative

The Council participates in a national data matching service known as the National Fraud Initiative (NFI), which is run by the Cabinet Office. Data is extracted from Council systems for processing and matching. It flags up inconsistencies in data that may indicate fraud and error, helping councils to complete proactive investigation. Historically this process has not identified significant fraud and error at South Cambridgeshire District Council, and this provides assurance that internal controls continue to operate effectively.

We have extracted and processed data from our systems and submitted this to the Cabinet Office secure portal. We are currently summarising the work completed to help improve the data quality for future exercises.

Business Grants HMRC data

HMRC has required that we share data for the Business Support Grants paid during the pandemic, as the payments were taxable. This is a complex exercise and requires processing of over 8000 records to the HMRC standards. We are on schedule to complete this submission by the target deadline.

Other updates

We are also providing consultancy advice, on internal controls for grant and payment schemes such as Energy Rebate and Ukraine Homes, the Transformation programme and the Risk Management Framework.

CIPFA has recently produced revised guidance on Audit Committees, and we will use this to assess effectiveness and opportunities for improvement in governance arrangements.

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 period.

Counter Fraud update

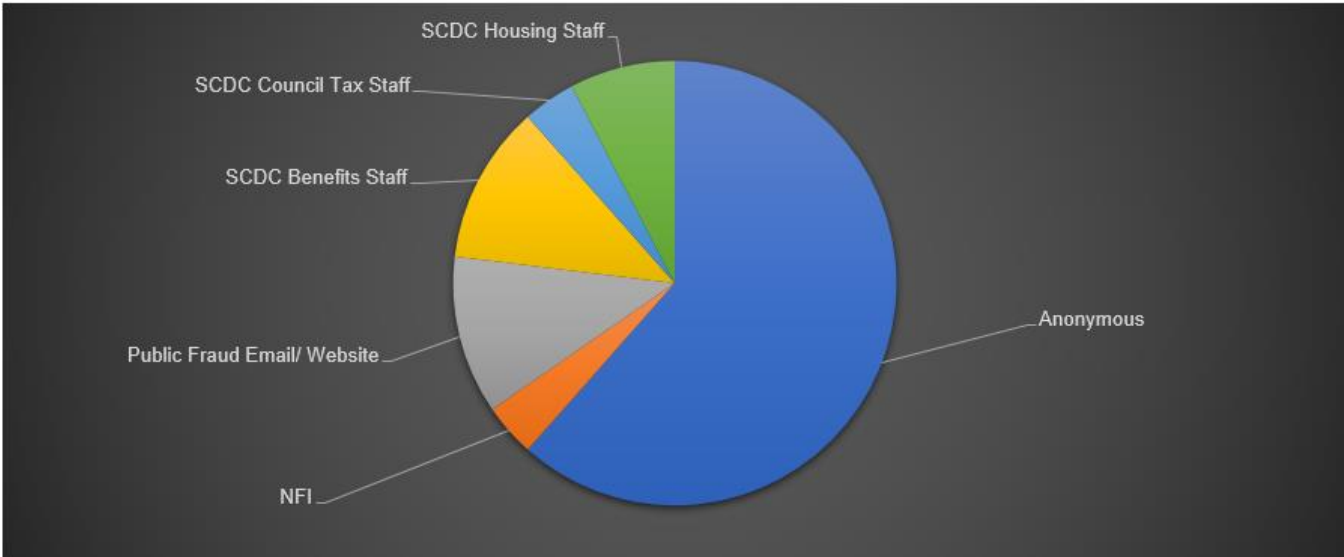
Fraud Team Statistics – our quarterly position

We have included fraud statistics below from the recent quarter. The purpose of these is to provide the Committee with an overview of the work in progress. 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:

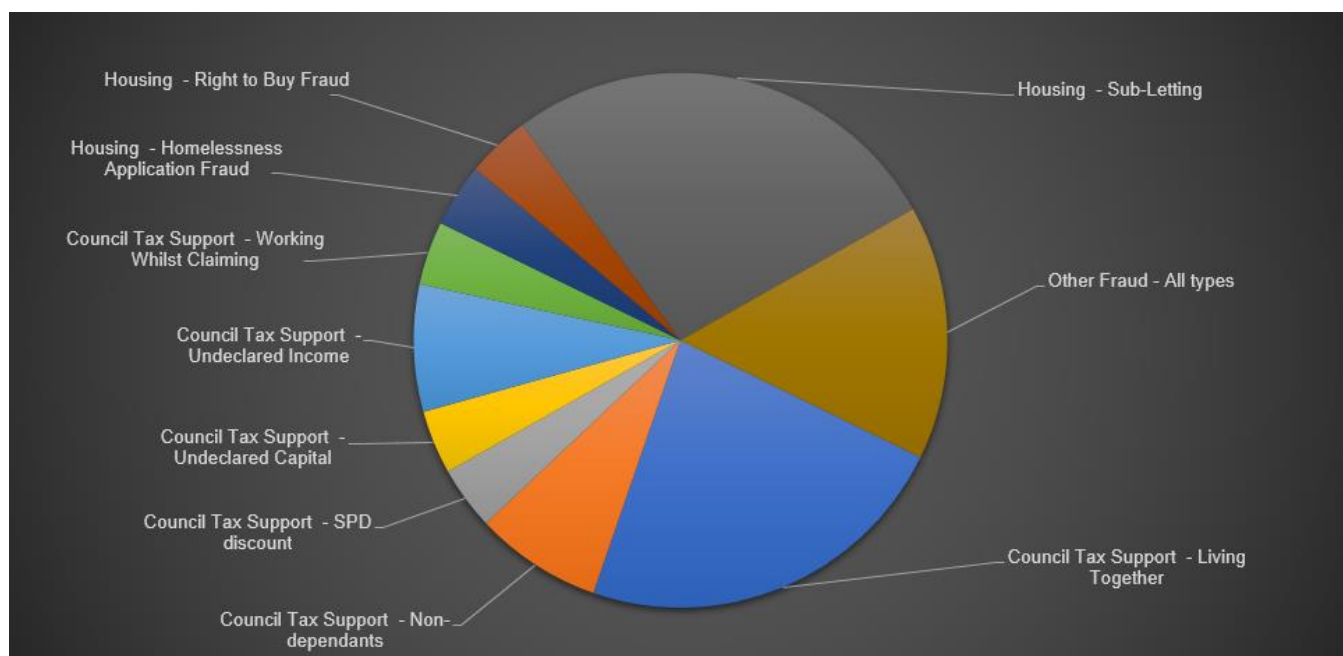
Source category	Count Q2
Anonymous	16
NFI	1
Public Fraud Email/ Website	3
SCDC Benefits Staff	3
SCDC Council Tax Staff	1
SCDC Housing Staff	2
Grand Total	26



Fraud by type

Analysis by fraud type:

Type category	Count Q2
Council Tax Support - Living Together	6
Council Tax Support - Non-dependants	2
Council Tax Support - SPD discount	1
Council Tax Support - Undeclared Capital	1
Council Tax Support - Undeclared Income	2
Council Tax Support - Working Whilst Claiming	1
Housing - Homelessness Application Fraud	1
Housing - Right to Buy Fraud	1
Housing - Sub-Letting	7
Other Fraud - All types	4
Grand Total	26



Proactive work – Prevention

Prevention is an important aspect of our Counter Fraud arrangements.

Education		
	Prevention advice to businesses.	Advice to Licensing. Housing Tenancy
Workshop Attendees	NIL	NIL
Campaign work	NIL	NIL
Right to buy verification enquiries reported	5	
Outstanding Right To Buy (RTB) Documents / Visit	0	
Homelessness verification enquiries reported	0	
General housing verification enquiries	1	
Ermine Street	0	
Local Authority Data Sharing Hub (LoCTA)	26	
DWP SPOC (Single Point of Contact) enquiries		
Local Authority Information Exchange (LAIEF)	5	
General		
Data Protection Act requests - External	3	
National Fraud Initiative Matching (NFI)		
Biennial exercise - Records closed	160	
Annual exercise CT (Council Tax) / SPD (Single Person Discount) – Records closed		

Whistleblowing

Referrals received in the period:	1
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RIPA (Regulation of Investigatory Powers Act)

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.

Note

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