

REPORT TO: Audit and Corporate Governance
Committee

26 July 2023

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 July 2023

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
Taxi Licensing – NR3S Implementation 	Assurance: Current: Reasonable Previous: New review Actions: Critical 0 High 0 Medium 2 Low 0	From July 2023 it will be a statutory requirement for all licensing authorities to use a database. This is called the National Register of Refusals and Revocations and Suspensions (NR3S). The overall purpose is to provide a consistent means for all licensing authorities to make decisions on whether an individual is 'fit and proper' to hold a licence, so improving public (and road) safety for all users of taxi and private hire services in the UK. The Licensing Team demonstrated that they were compliant with the new statutory requirement. They also had experience with the new system, as they were using an earlier version since 2018. We identified two medium actions to help adapt to the new system.	
Asset Management – Land Records 	Assurance: Current: Full Previous: New review Actions: Critical 0 High 0 Medium 0 Low 0	We completed a review of the Council land holdings. One aspect considered was data quality, and whether records were complete. We can provide assurance that the Council has used proportionate and reasonable methods to record parcels of land. The second consideration was valuation. We can provide assurance that the Council has completed a thorough review of their nil value land assets and commissioned a valuation. The valuation report was shared with the Finance team, and they can use this to help maximise the Council's return from their assets.	

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

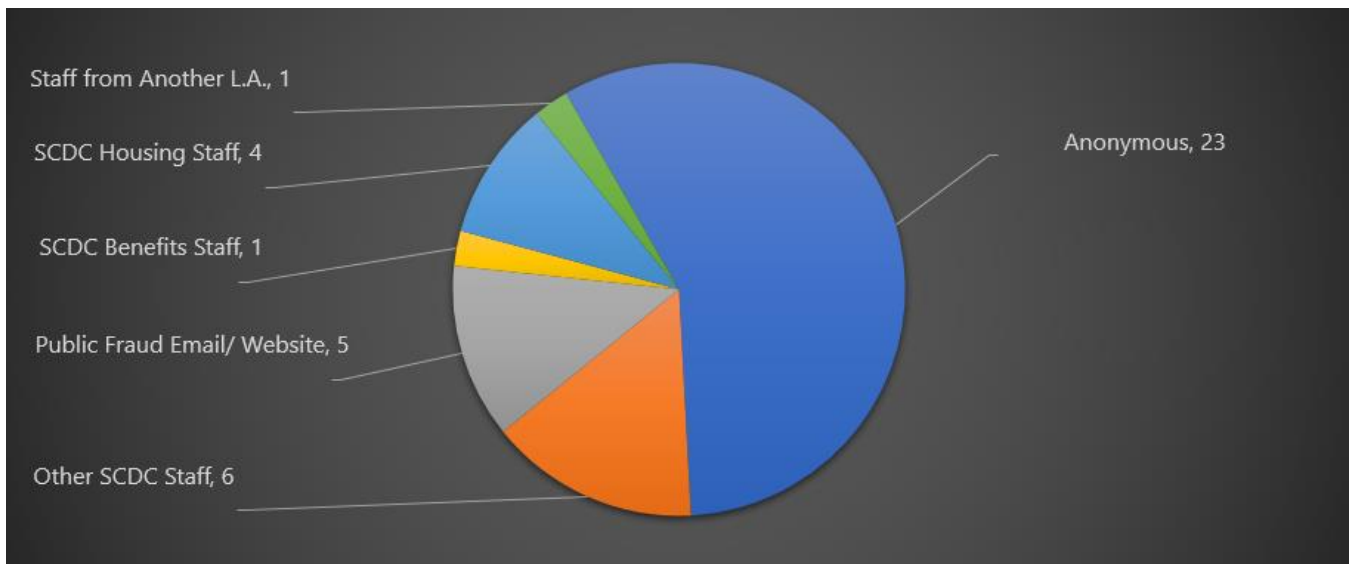
Fraud Team Statistics – our quarterly position

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:

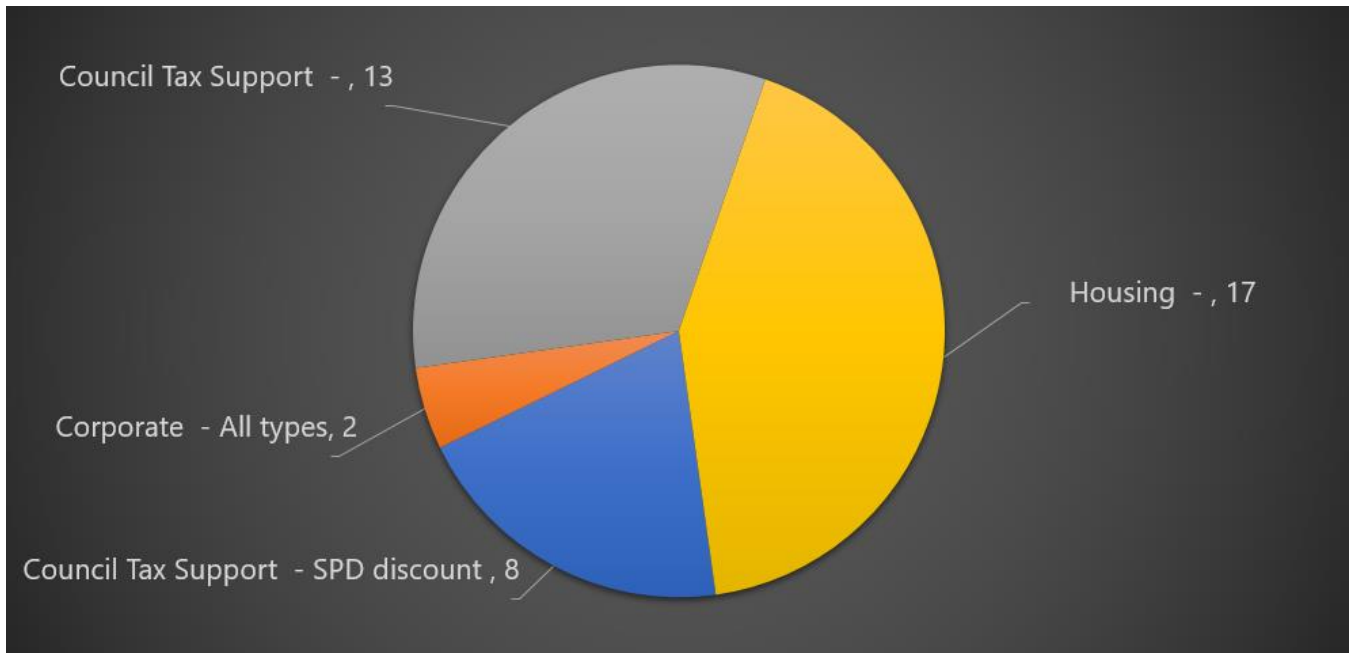
Source category	Count Q4
Anonymous	23
Other SCDC Staff	6
Public Fraud Email/ Website	5
SCDC Benefits Staff	1
SCDC Housing Staff	4
Staff from Another L.A.	1
Grand Total	40



Fraud by type

Analysis by fraud type:

Type category	Count Q4
Council Tax Support	13
Council Tax Support - SPD discount	8
Housing	17
Corporate - All types	2
Grand Total	40



Investigations in progress (as of 30th September 2022)

Case Status	Number of Cases	Key
Live Investigation	63	
Interview Under Caution (IUC)	1	
Sanction decision		
Criminal		
Prosecution	1	
Administrative Penalty		
Caution		
Prosecution and Civil action		
Civil	0	
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)		

Investigations Closed

Closure Reason	Number
A14 Uneconomical to investigate	2
A10 No criminal Action, referred for Civil Action.	
A11 Not investigated, passed for visit	
A13 Not investigated - not on benefit	1
A4 Closed - claimant error only	
A5 Closed- no fraud established	1
A7 Not investigated - passed to DWP	

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	
Campaign work	Key Amnesty
Right to Buy verification enquiries reported	
Right to buy verification enquiries reported	4
Outstanding Right To Buy (RTB) Documents / Visit	0
Homelessness verification enquiries reported	0
General housing verification enquiries	0
Ermine Street	0
Local Authority Data Sharing Hub (LoCTA)	0
DWP SPOC (Single Point of Contact) enquiries	
Local Authority Information Exchange (LAIEF)	6
General	
Data Protection Act requests - External	0
National Fraud Initiative Matching (NFI)	
Biennial exercise - Records closed	227
Annual exercise CT (Council Tax) / SPD (Single Person Discount) – Records closed	

Whistleblowing

Referrals received in the period:	0
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RIPA (Regulation of Investigatory Powers Act)

Cases of RIPA used in period:	0
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Training and development and risk insight

External Audit timetables

The National Audit Office have produced a report on the [timeliness of local auditor reporting on local government in England](#), which provides a factual update on local auditor reporting. The number of local audits completed on time has reduced from 97% in 2015-16, to 12% in 2021-22. Local audit issues were highlighted in Sir Tony Redmond's review, published in 2020. The Audit, Reporting and Governance Authority (successor to the Financial Reporting Council) will lead local audit when they become operational from 2024.

Since our previous Committee report Public Finance have highlighted that the Director of local audit at the Financial Reporting Council informed the Parliament's levelling up committee that the [backlog could reach 1000 accounts](#) this year.

New crackdown on fraud introduced by the Home Office

The Central Government highlighted that the new [failure to prevent fraud offence](#) will make it easier to prosecute a large organisation if an employee commits fraud for the organisation's benefit. If fraud is committed by an employee of an organisation, the organisation must be able to demonstrate it had reasonable measures in place to deter the offending or risk receiving an unlimited fine. Further guidance on the legislation and reasonable measures will be published later.

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.