

**REPORT TO:** Audit and Corporate Governance  
Committee

29 September  
2022

**LEAD OFFICER:** Head of Shared Internal Audit

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## 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 September 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](#)


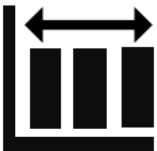
[Committee Membership and Functions](#)




# 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
Financial Management Code 	<b>Assurance:</b> Current: Full Previous: New review <b>Actions:</b> Critical 0 High 0 Medium 0 Low 2		<p>The CIPFA Financial Management Code supports good practice in financial management and sustainability. The code comes into full effect for the financial year 2021/2022. Local authorities are expected to be fully compliant.</p> <p>Our assessment provides assurance that the Council:</p> <ul style="list-style-type: none"> <li>• is compliant with all seven sub-sections of the Code;</li> <li>• has a robust set of reports and guidelines; and</li> <li>• there is sufficient stakeholder engagement regarding forward business planning.</li> </ul> <p>We recommended that the Council consider utilising CIPFA's Financial Resilience Index tool to benchmark to peers, as this will help support their medium-term financial strategy.</p>
Counter fraud Whistleblowing 	<b>Assurance:</b> Current: Full Previous: Full <b>Actions:</b> Critical 0 High 0 Medium 1 Low 0		<p>We completed a review of our framework for reporting concerns by referencing guidance and tools from the whistleblowing charity Protect.</p> <p>Our framework continues to be compliant. The review helped us to produce a revised Policy, which is being presented to the Audit &amp; Corporate Governance Committee.</p> <p>We are now producing communications material to help promote the Policy throughout the Council.</p>

Review	Assurance and actions		Summary of report
<p>Legal Services – Follow-up</p> 	<p><b>Assurance:</b> Current: Previous: <b>Actions:</b> Critical High Medium Low</p>	<p>Full Limited  0 0 0 0</p>	<p>We reviewed the implementation status of the four High level actions from our previous review.</p> <p>All of the actions were implemented. This included implementing improvements to accounting procedures, commissioning of work and reporting.</p> <p>Consequently, the assurance has improved from Limited to Full assurance.</p>
<p>Carbon management – Data Quality</p> 	<p><b>Assurance:</b> Current: Previous: <b>Actions:</b> Critical High Medium Low</p>	<p>Full Reasonable  0 0 0 0</p>	<p>We completed a data quality assessment of the annual report to Climate and Environmental Committee on the Authority's carbon emissions for 2021/22.</p> <p>We reviewed emissions figures, supporting calculations and sample tested available source data.</p> <p>As part of the review process, we have also shared advice and tips on data collection, management and presentation where we identified opportunities for improvement.</p> <p>It is the fourth year of reporting, and there is evidence of improvements to the control environment. There are no recommendations following our review.</p>
<p>Grant Assurance – OHLG PPAS</p> 	<p><b>Assurance:</b> Current: Previous: <b>Actions:</b> Critical High Medium Low</p>	<p>Full New review  0 0 0 0</p>	<p>We have completed Post Payment Assurance Sampling (PPAS) reviews for the Department for Business, Energy &amp; Industrial Strategy (BEIS) for the following Business Grant Schemes: Omicron Hospitality &amp; Leisure Grant</p> <p>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.</p>

## Reviews in Progress and forward planning

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

- Capital – Asset Register
- Asset management – Land records
- Corporate Complaints and Feedback
- Carbon Management - Strategy
- Accounts Payable – Master data
- Disabled Facility Grants
- Grant assurance – Restart PPAS

Our testing of the Capital Asset Register, and the Accounts Payable – Master data, are nearly concluded.

## 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.

We maintain resource to undertake unplanned and responsive investigations. We have received two referrals in this period, and do not anticipate these will have a significant impact on our audit plan.

We have commenced a review of Asset Management – Land records, which was requested by the Committee at the previous meeting.

We are also providing consultancy advice, on internal controls for grant and payment schemes such as Energy Rebate and Ukraine Homes, and emerging risks.

# Counter Fraud update

## 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 \(as of 30<sup>th</sup> June 2022\)](#)

Case Status	Number of Cases	Key
Live Investigation	131	
Interview Under Caution (IUC)	3	
<b>Sanction decision</b>	0	
<b>Criminal</b> Prosecution Administrative Penalty Caution <b>Prosecution and Civil action</b> <b>Civil</b> 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	13
A10 Fraud proven but no further action	1
A11 Not investigated, passed for visit	
A13 Not investigated - not on benefit	
A4 Closed - claimant error only	
A5 Closed - no fraud established	
A7 Not investigated - passed to DWP (Department for Work and Pensions)	

## Proactive work – Prevention

Prevention is an important aspect of our Counter Fraud arrangements.

<b>Education</b>		
	Prevention advice to businesses.	Advice to Licensing. Housing Tenancy
Workshop Attendees	NIL	
Campaign work	NIL	
Other		
<b>Verification checks</b>		
Right to buy verification enquiries reported	11	
Outstanding Right To Buy (RTB) Documents / Visit		
Homelessness verification enquiries reported		
General housing verification enquiries		
Ermine Street		
Local Authority Data Sharing Hub (LoCTA)		
<b>Department of Work and Pensions Single Point of Contact (DWP SPOC)</b>		
Local Authority Information Exchange (LAIEF)	5	
<b>General</b>		
Data Protection Act requests - External	3	
<b>National Fraud Initiative Matching (NFI)</b>		
<b>Biennial exercise</b> - Records closed		
<b>Annual exercise CT (Council Tax) / SPD (Single Person Discount)</b> – Records closed		

## **Whistleblowing**

Referrals received in the period:	2
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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
<a href="#">Public Sector Audit Appointments</a>	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.
<a href="#">EY.com</a>	EY (Ernst & Young) is our current externally appointed auditor
<a href="#">Cabinet Office NFI (National Fraud Initiative)</a>	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

### New Central Government Counter Fraud Department

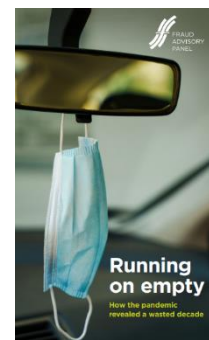
The [Public Sector Fraud Authority](#) (PSFA) has been launched by the government.

The PSFA will be made up of counter fraud and data experts, using best-in-class tools and advanced analytics to help departments and public bodies protect public money.

It be focused on ministerial departments and public bodies, but it will share practices and make available standards to the wider public sector such as Local Government.

### Fraud Advisory Panel

The [Fraud Advisory Panel issued a report](#) that summarised the national fraud risk impact from the pandemic across the public sector.



## Note

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