

REPORT TO: Audit and Corporate Governance
Committee

12 October 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 October 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](#)

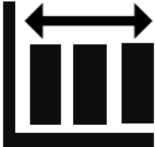
[Committee Membership and Functions](#)

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
Grant assurance – Disabled Facility Grant 	Assurance: Current: Full Previous: Full Actions: Critical 0 High 0 Medium 0 Low 1		<p>This funding enables the Council to carry out improvements to housing stock and disabled adaptations. In 2022/23, a total of £729,973 was allocated to the Council.</p> <p>We reviewed a sample of grants, plus their supporting documentation. This provided assurance that:</p> <ul style="list-style-type: none"> • grants were only awarded to eligible applicants; • applications were supported by a qualified independent medical referral; • applications were processed promptly; • suppliers and contractors were appropriately procured, and awarded based on value for money; • any project cost variations were appropriately reviewed and approved; • financial records were completed and reconciled; • projects were effectively managed by the HIA; and • grants were used for capital expenditure as set out in the MHCLG conditions. <p>We agreed a low-level actions to assist with record keeping and reporting on the new system.</p> <p>The Home Improvement Agency has also worked with the Legal team in response to recent case law. This will help alleviate the current challenge of meeting disabled people's needs by increasing the amount that can be funded by a DFG.</p>

Review	Assurance and actions		Summary of report
Capital – Asset Register	<p>Assurance:</p> <p>Current: Reasonable</p> <p>Previous: New review</p> <p>Actions:</p> <p>Critical 0</p> <p>High 2</p> <p>Medium 0</p> <p>Low 0</p>		<p>The Council maintains a Fixed Asset Register which lists capital items (e.g., property, plant and equipment) and their values. The balance in the draft 2020/21 Statement of Accounts is £575,936,000. The largest categories are Council Dwellings and Other Land and Buildings.</p> <p>The external auditors annual review highlighted opportunities for improvement. Our review focused on the progress in delivering these improvements, plus lessons learnt during the implementation of the new system.</p> <p>Data has been migrated from an excel spreadsheet onto a new dedicated system, the CIPFA Asset Register module (AMS). The new system is more resilient and is being used appropriately.</p> <p>Information regarding purchases, disposals, improvements, and revaluations is taken from the main accounting system, plus service heads, and valuation bodies where appropriate, and entered into the AMS. Sample reconciliations between both systems are completed. This provides assurance that there have been positive improvements.</p> <p>Only one member of the team had access to the AMS, and was familiar with the processes involved, creating a single point of failure. We have agreed two high level actions to develop procedure notes and train other members of the team for improved resilience and continuity.</p>

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.



Independent member update

At the previous [Audit & Corporate Governance Committee meeting](#) it was decided to progress with the process for appointing an Independent Member.

The next stage was to consider this at [Civic Affairs Committee](#). Following debate, the committee agreed to recommend that Council changes the Constitution to allow the appointment of an Independent Member to the Audit and Corporate Governance Committee, noting that they should:

- a) not have voting rights;
- b) be on the electoral roll; within the Cambridgeshire area; and
- c) the recruitment process to be delegated to the Audit & Corporate Governance Committee

A report has been prepared for review at [Council](#) on the 5th October, as it requires a change to the Constitution. This will enable officers to commence the process for appointing an Independent Member with powers which are based on best practice guidance.

CPCA Single Assurance Framework

We are working with colleagues across the Cambridgeshire County to share best practice on performance management, governance and risk management. This is helping the Cambridgeshire & Peterborough Combined Authority to develop their new Single Assurance Framework, and will assist with partnership working in future.

Audit plan updates

Following the previous committee meeting we have met with Human Resources and are developing our plan for a review of Human Resources – Learning & Development. We have also been requested by the S151 Officer, on behalf of [DLUHC](#), to provide interim assurance on grant expenditure for the [Changing Places](#) fund.

Risk Management

We are working with the Performance Management team to help review and make improvements to the Risk Management framework, advising on best practice and completing data analytics. This also helps us to conclude how effectively risk management is embedded when completing our opinion for the Annual Governance Statement.

A six-monthly update report on Strategic Risks is on the agenda for the Committee.

Counter Fraud update

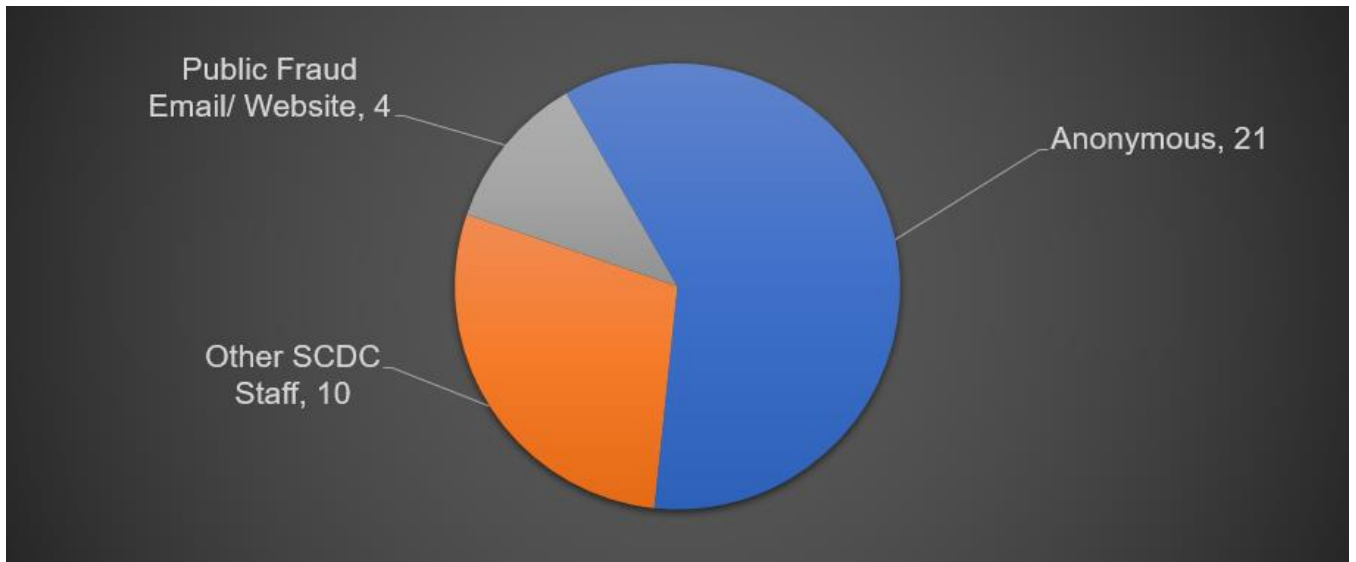
Fraud Team Statistics – our quarterly position

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:

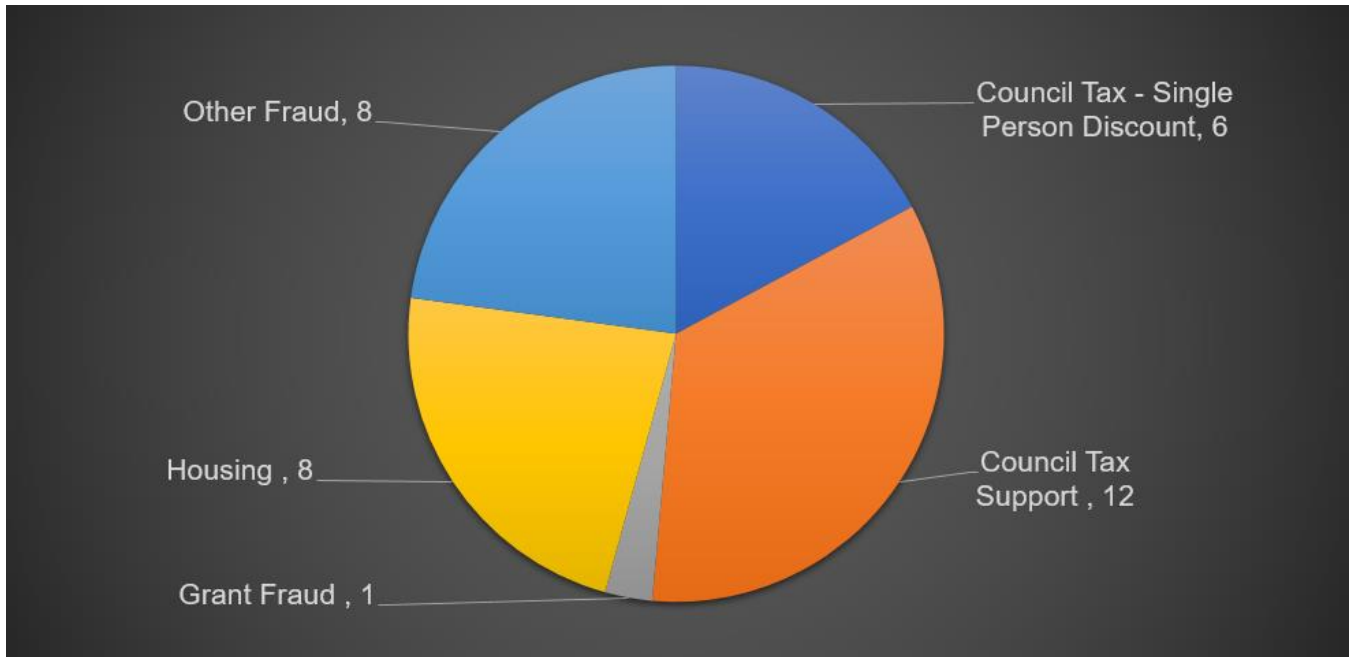
Source category	Count Q1
Anonymous	21
Other SCDC Staff	10
Public Fraud Email/ Website	4
Grand Total	35



Fraud by type

Analysis by fraud type:

Type category	Count Q1
Council Tax - Support	12
Council Tax - Single Person Discount	6
Housing	8
Grant Fraud	1
Other Fraud	8
Grand Total	35



Investigations in progress

Case Status	Number of Cases	Key
Live Investigation	52	
Interview Under Caution (IUC)		
Sanction decision		
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)		

Investigations Closed

Closure Reason	Number
A14 Uneconomical to investigate	7
A10 No criminal Action, referred for Civil Action.	0
A11 Not investigated, passed for visit	0
A13 Not investigated - not on benefit	0
A4 Closed - claimant error only	0
A5 Closed- no fraud established	13
A7 Not investigated - passed to DWP	5
A17 Would not affect benefit entitlement	3

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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Training and development and risk insight

Below are topical updates that the Committee may find useful.

Future pandemic and extreme weather among key threats to UK

The [BBC reported](#) that a future pandemic and extreme weather caused by climate change are among the key risks facing the UK, according to a new [government register](#).

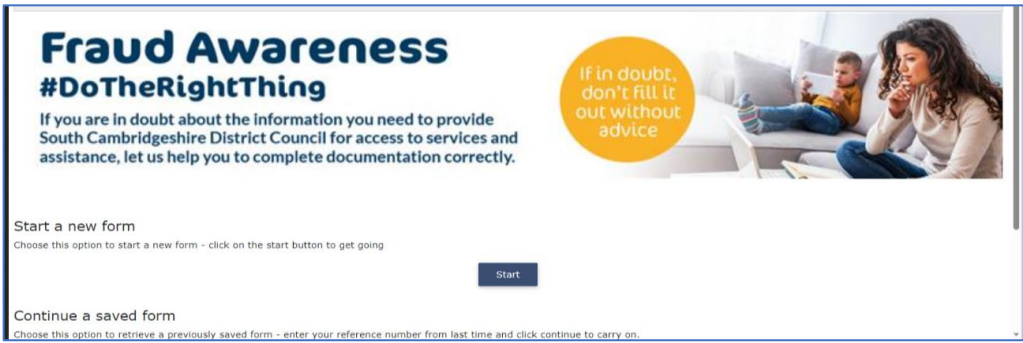
It has been published to help the UK prepare for "worst-case scenarios" of some of the most serious threats. It updates the previous version published in 2020.

OFLOG

The [Office for Local Government \(Oflog\)](#) was launched in July. Their vision is to provide authoritative and accessible data and analysis about the performance of local government, and support its improvement.

Fraud prevention update

Prevention is an important aspect of our Counter Fraud arrangements. These are some of the activities currently in progress:

Campaign	<p>The general fraud campaign is being developed to include a banner style insert on online applications:</p> 
Verification	<p>Officers continue to work with colleagues across the business to undertake verification work and respond to any fraud related enquiries and provide advice.</p>
Relaunch of Trust ID planning	<p>Trust ID is a cloud-based application which provides assurance that identification documents are genuine. Customers are asked to use a link to take pictures of identification and a live picture of themselves. A report is then produced to indicate if the identification is genuine and can be accepted in support of applications for services.</p>

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.