

REPORT TO: Audit and Corporate Governance
Committee

19 March 2024

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 March 2024

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
Safeguarding - Modern Slavery 	Assurance: Current: Previous: Actions: Critical High Medium Low	Full New review 0 0 1 4	<p>The Council has an important role to play in tackling modern slavery. Proposed changes in legislation will require public sector organisations to publish their modern slavery statement on the Government’s online registry.</p> <p>We reviewed the Council’s arrangements for tackling Modern Slavery against the four key areas published within the Local Government Association (LGA) guidance “Council guide to Modern Slavery”.</p> <p>They have demonstrated a range of activities have taken place within all 4 themes of council activity – identifying and referring victims; supporting victims; disruption and prevention; and mitigating the risk of modern slavery in council supply chains. The Council have been proactive in tackling modern slavery. Examples include producing a training presentation which will be rolled out to staff and working with a range of partner agencies to raise awareness.</p> <p>The Council has published a 2023-2024 Modern Slavery Statement in advance of legislation becoming mandatory. We have agreed one medium and four low level recommendations to assist in the council’s arrangements for tackling modern slavery and promoting their Modern Slavery Statement.</p>

Review	Assurance and actions		Summary of report
Procurement – Declarations of Interest 	Assurance: Current: Previous: Actions: Critical High Medium Low	Reasonable New review 0 0 2 4	<p>The Code of Conduct requires employees to declare potential conflicts of interest. Supplier, payroll and Companies House data was supplied to the Cabinet Office as part of the National Fraud Initiative exercise. Comparing these datasets can indicate potential conflicts of interest which should be managed by our Council policies.</p> <p>Our data analytics and review did not highlight any significant areas of concern.</p> <p>We reviewed policies and procedures, and this identified potential compliance risks with the Code of Conduct. We agreed actions with Monitoring Officer to review the process and promote the policies with employees. Raising awareness will also help mitigate the risk of non-compliance with the Code.</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.



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. Nationally it is estimated that this work has identified £1.69 billion of local authority fraud, errors and overpayments since 1996. 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 recently completed the data submission for the 2023/2024 exercise. This includes extracting, checking and processing data from Council systems; plus reviewing compliance with data protection regulations. Relevant datasets in this exercise include: Council Tax and reductions and the Electoral Register. This exercise provided assurance about the quality of data we hold, and our information governance. The data supplied to the Cabinet Office can be used in various counter fraud work, such as the CCFI exercise highlighted later in this report.

Continuous improvement

The Public Sector Internal Audit Standards (PSIAS) require that Internal Audit develops and maintains a quality assurance and improvement programme that covers all aspects of the Internal Audit activity. This includes periodic internal assessments, plus external assessments that are conducted by a qualified, independent assessor. In 2018 CIPFA independently verified that we “Generally Conform” with the Public Sector Internal Audit Standards (PSIAS) and the accompanying Local Government Application Note (LGAN), which was the top level.

New [Global Internal Audit Standards](#) have just been issued following a consultation and review in 2023. It is possible that there will be a refreshed PSIAS to reflect any professional changes. The implementation date for the new standards is likely to take 12-24 months. We will keep up to date with standards revisions so they can be adopted promptly.

We completed our annual internal review which provides assurance that we continue to meet the existing standards. We are preparing for an external review and will consider the best approach based on the emerging guidance.

We have been maintaining continuous professional development in the team.

One of our team objectives is to build upon our existing data analytical skills, and we have recently undertaken some Power Query and Power BI training to consolidate our existing knowledge.

We attended workshops from the Institute of Internal Auditors annual conference. Areas of development included topics across themes such as Artificial Intelligence, sustainability, procurement, governance, risk, and data analytics.



Audit Committee - Independent Member

Following the recent meeting of [Civic Affairs Committee](#), to agree the term of “resident” as “a person who lives or has their home in Cambridgeshire”, we have started the process for recruiting an Independent Member of the Audit & Corporate Governance Committee.

Our progress:



We expect the advert to go-live shortly, with the aim of appointing the Independent Member for the new Municipal Year.

Counter Fraud update

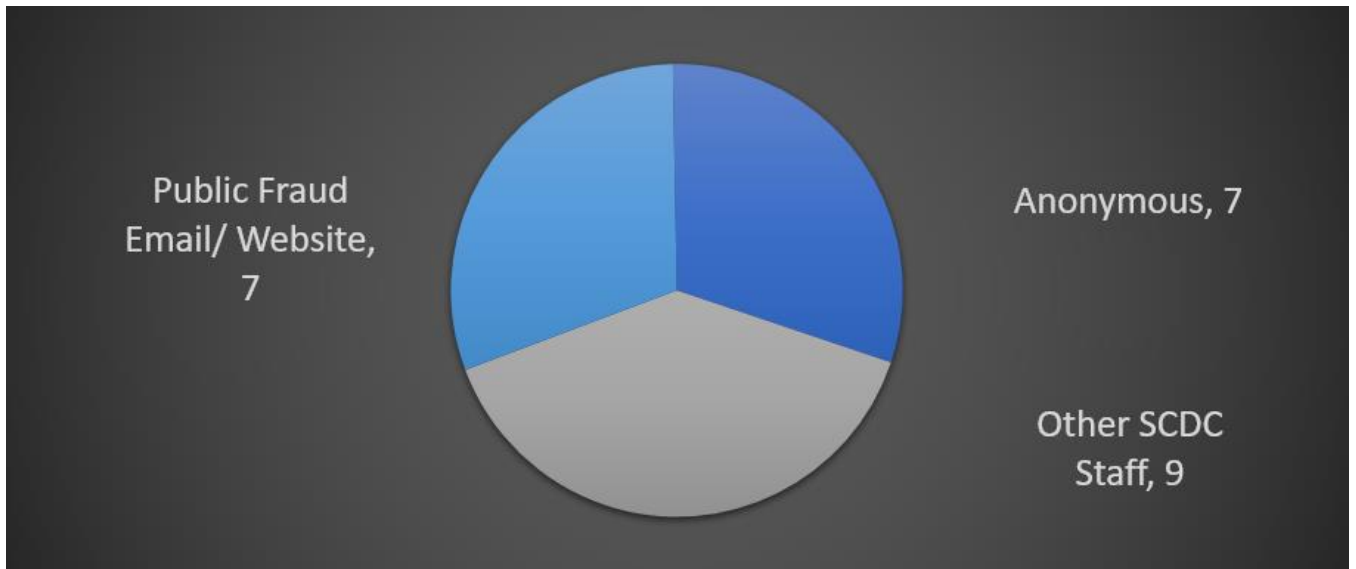
Fraud Team Statistics – our quarterly position

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:

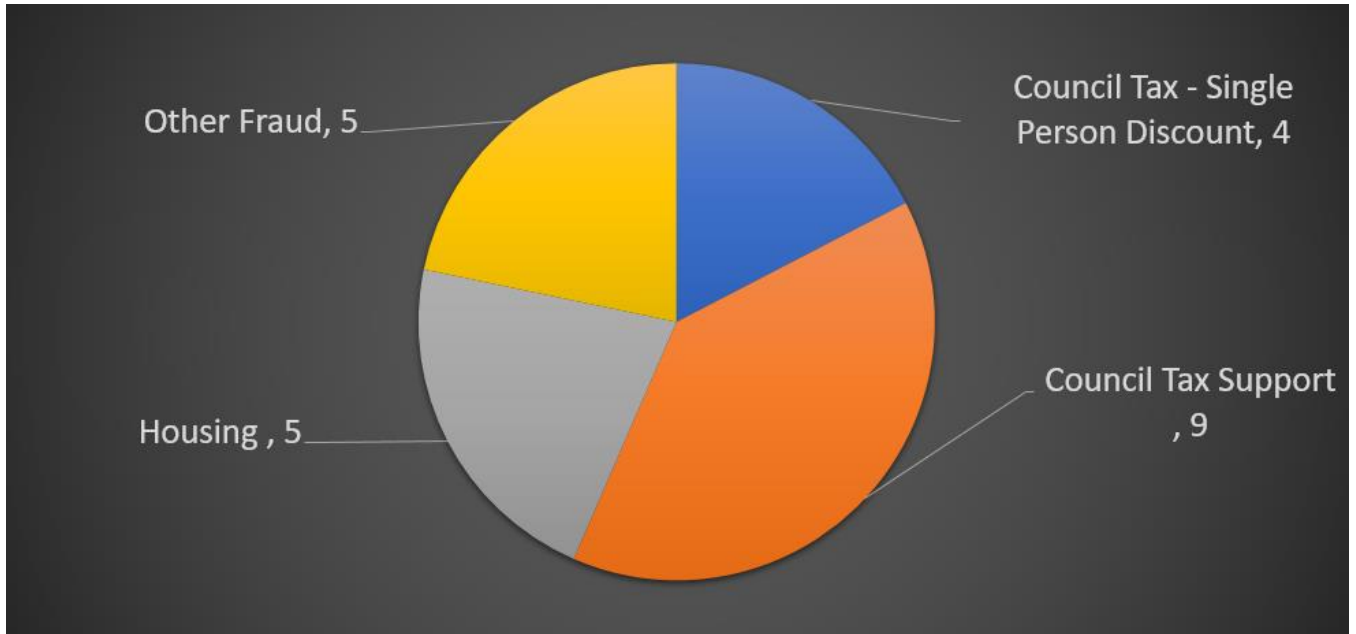
Source category	Count Q3
Anonymous	7
Other SCDC Staff	9
Public Fraud Email/ Website	7
Grand Total	23



Fraud by type

Analysis by fraud type:

Type category	Count Q3
Council Tax - Support	9
Council Tax - Single Person Discount	4
Housing	5
Other Fraud	5
Grand Total	23



Investigations in progress

Case Status	Number of Cases	Key
Live Investigation	62	
Interview Under Caution (IUC)	2	
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)	Cases have been progressed to an outside agency.	

Investigations Closed

Closure Reason	Number
A14 Uneconomical to investigate	
A10 No criminal Action, referred for Civil Action.	
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	
A17 Would not affect benefit entitlement	

Proactive work – prevention

Education	
Workshop Attendees	
Campaign work	In November 2023 we launched the campaign #DoTheRightThing . More information on this below.
Verification checks	
Right to buy verification enquiries reported	
Outstanding RTB Docs/Visit	
Homelessness verification enquiries reported	
General housing verification enquiries	
Ermine Street	
Locta	
DWP SPOC enquiries	
LAIEF's	
General	
DPA requests	
National Fraud Initiative Matching (NFI)	
Records completed: Biennial	800
Records completed: Annual Recheck	1849

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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Preventative Work: #DoTheRightThing campaign is launched

Fraud Awareness #DoTheRightThing

If you are in doubt about the information you need to provide South Cambridgeshire District Council for access to services and assistance, let us help you to complete documentation correctly.

If in doubt,
don't fill it
out without
advice



Residents are being urged to #DoTheRightThing when filling in forms to access services and benefits in a campaign launched during International Fraud Awareness Week.

South Cambridgeshire District Council has added a reminder at the start of all its online web forms via a new graphic saying: 'if in doubt don't fill it out without advice.'

The #DoTheRightThing graphic is on all forms involving a monetary benefit or a benefit in kind, such as Benefits, Council Tax, Elections, Housing, Licensing and Planning, to remind residents of the importance of completing forms correctly.

The #DoTheRightThing campaign is being launched in [International Fraud Awareness Week](#) which runs from November 12-18.

Cllr John Williams, Lead Cabinet Member for Resources, said: "Fraud costs councils money and precious time and may take away services from people in need. For example, housing fraud costs people in need a roof over their head and lengthens council waiting lists. We hope our campaign urging people to #DoTheRightThing will ensure people stop and think before completing forms for monetary or any other type of gain. Public sector fraud is ultimately borne by taxpayers, so any measures that reduce fraud in a cost-effective way are to be welcomed."

**Fraud Awareness
#DoTheRightThing**

If you are in doubt about the information you need to provide South Cambridgeshire District Council for access to services and assistance, let us help you to complete documentation correctly.

- ⊗ Avoid conviction
- 🏠 Avoid losing your tenancy
- 👤 Avoid having debt recovery taken against you

If in doubt,
don't fill it
out without
advice

If you need advice, talk to one of our teams.
www.scambs.gov.uk/your-council-and-democracy/contact-us/

 South Cambridgeshire District Council

Preventative Work: AppCheck

We have been participating in a free trial of a system called AppCheck, which means we can review Housing applications at the start of the process.

AppCheck is provided by the National Fraud Initiative as an application verification system. It helps reduce the number of fraudulent and erroneous applications by validating information provided at the point of application against the NFIs comprehensive data sets.

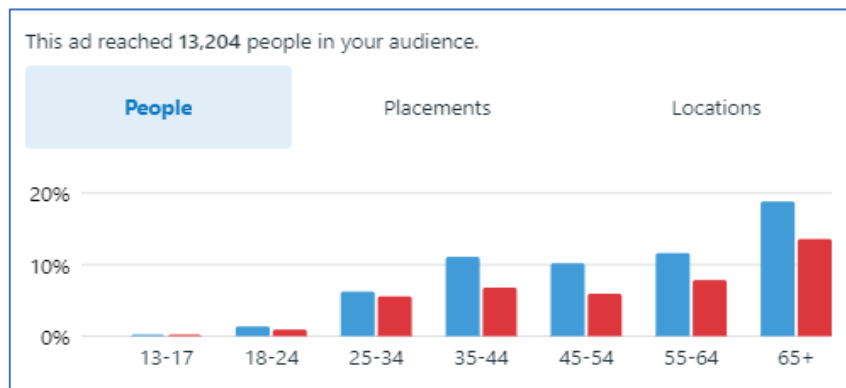
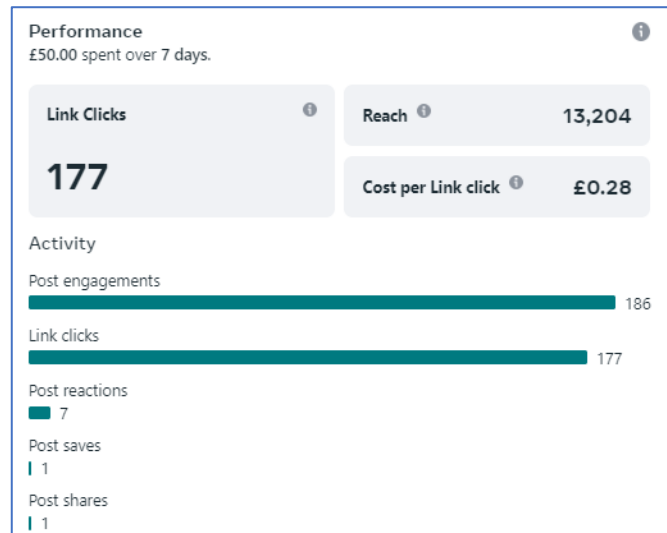


Preventative Work: Engagement

Our Campaign statistics show an increase in engagement.

In January 2024, we boosted our efforts to encourage people to seek advice, especially considering the financial challenges that often follow the Holiday season.

These screenshots show how we are using tools to measure our engagement.



Council Tax Counter Fraud Initiative (CCFI)


The Council has been progressing the CCFI project since early August 2023. This is a County Council funded project aimed at verifying that Council Tax Single Persons Discounts (SPD's) are being correctly claimed, using a data matching exercise on a number of data sets.

Where the data matching highlights an issue, a letter is sent to the charge payer requesting that they provide evidence that they are entitled to the SPD. If they are unable to do so or do not respond within the 28 days given, the SPD is removed.

Reported 'savings' achieved are based on the additional Council Tax due from the date the charge payer was ineligible to the end of the current financial year plus two years from 1st April 2024.

The cumulative savings achieved to date are around £477,000. The additional Council Tax income to the District council is around 15% of the backdated amount and 15% of the yearly forward-looking amount.

Other updates in brief

Best practice	<p>Following our own successful work in February 2023, we were contacted by Dudley Council for support and advice on running a similar Key Amnesty initiative.</p> 
Continuous Professional Development	<p>Investigating Officers have all undertaken training or refresher training to use Authorised Officer Powers and successfully completed assessments.</p>
Home Affairs Committee	<p>The Home Affairs Select Committee met on 17 January 2024 to discuss how fraud supports organised crime and terrorism. They examined what modern fraud looks like in the UK and how effective current strategies are at protecting the public from this form of crime; and examined the links of fraud to serious organised crime and terrorism.</p>

Training and development and risk insight

Below are topical updates that the Committee may find useful.

Treasury Management

The Centre for Governance & Scrutiny have produced a [guide on Treasury Management](#). This guide is designed to provide advice to councillors, and the officers who support them, on how the way that councils manage and control their financial assets. This work, usually known as “treasury management”, is key to councils’ ability to manage public funds in a responsible way.

This guide explores the basics of treasury management in local authorities and suggests how such issues might be scrutinised. It covers how you might approach ongoing scrutiny of the council's treasury management policies and practices, in the context of focusing on those areas where scrutiny might add most value in what is a complex regulatory environment.



Sector Risk Profile

The Regulator of Social Housing sets out the main risks facing the social housing sector and some of the actions registered providers should be taking to manage those risks in their [annual risk profile report](#).

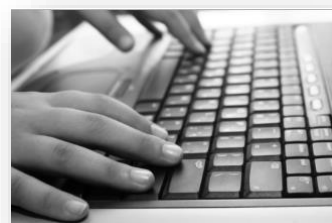
The report intended to help boards have a better understanding of those risks, in an increasingly complex and diverse sector.



Oflog tasked with creating early warning system

This [news article](#) introduces the draft Office for Local Government [Corporate Plan](#).

[Oflog](#) will have three strategic objectives: increase society’s understanding of council performance, warn authorities that risk serious failure and support sector-wide improvements.



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	EY (Ernst & Young) is our current externally appointed auditor
KPMG	KPMG is our future 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.