

## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 7 February 2018  
**Report for:** Information  
**Report of:** Audit and Assurance Manager

### Report Title

**Audit and Assurance Report for the Period October to December 2017.**

### Summary

**The purpose of the report is:**

- **To provide a summary of the work of Audit and Assurance during the period October to December 2017.**
- **To provide ongoing assurance to the Council on the adequacy of its control environment.**

### Recommendation

**The Accounts and Audit Committee is asked to note the report.**

### Contact person for access to background papers and further information:

**Name:** Mark Foster – Audit and Assurance Manager  
**Extension:** 1323

**Background Papers:** None

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**TRAFFORD**  
**COUNCIL**

# **Audit and Assurance Service Report October to December 2017**

**Date:** February 2018

## **1. Purpose of Report**

This report summarises the work of the Audit and Assurance Service between October and December 2017 and highlights progress against the 2017/18 Internal Audit Plan to date. At the end of the year, these quarterly reports will be brought together in the Annual Head of Internal Audit Report which will give the opinion on the overall effectiveness of the Council's control environment during 2017/18.

## **2. Planned Assurance Work**

Key elements of the 2017/18 Work Plan include:

- Fundamental Financial Systems reviews.
- Facilitating the completion of the Annual Governance Statement for 2016/17.
- Continued input to risk management arrangements and provision of guidance.
- Review of corporate procurement and value for money arrangements.
- ICT audit reviews.
- Anti fraud and corruption work.
- Ongoing advice to services and input / advice in respect of key projects across the Council.
- School audits and other establishment audit reviews.
- Grant claim certification work
- Audit reviews of other areas of business risk.

## **3. Main areas of focus – Q3 2017/18**

Work in this quarter included a particular focus on the following :

- Audit review work in respect of fundamental financial systems including the issue of a number of audit opinion reports.
- Progression of a number of IT Audit reviews.
- Progression of audit reviews in relation to the STAR Shared Procurement Service.
- Issue of reports and ongoing work in relation to a number of other audit reviews from the Internal Audit Plan.
- Continued progression of work supporting the National Fraud Initiative.
- Receiving an external assessment from CIPFA to assess conformance with the Public Sector Internal Audit Standards.

## **4. Summary of Assurances for 3rd Quarter 2017/18**

There were 11 internal audit opinion reports issued in the quarter, 9 final reports and 2 at draft stage. A number of other audit reports were in progress, to be formally issued in quarter four. A listing of audit report opinions issued including overall findings is shown in Section 5.

In respect of the 9 final reports issued, at least "Adequate" Opinions (Medium or above) were given in relation to all the reports. For all final reports issued, where applicable, agreed action plans are in place to implement the recommendations made.

## 5. Summary of Audit & Assurance Opinions Issued – Q3: 2017/18

(See Appendix 4 for definitions of opinion levels, report levels and report status)

REPORT NAME (DIRECTORATE) / (PORTFOLIO) by Coverage Level (1-4)	-OPINION -R/A/G -Date Issued	COMMENTS
<b>FINAL REPORTS</b>		
<b>Level 4 Reports :</b>		
Accounts Receivable / Debt Recovery (T&R) / (Corporate Resources)	<b>High (GREEN)</b> (2/10/17)	Key controls relating to central processes for Accounts Receivable and Debt Recovery continued to be maintained effectively. Although no recommendations have been made it is acknowledged that there are a number of developments planned by Exchequer Services, particularly in relation to the development of management information reporting to services.
Non Domestic Rates (NDR) (T&R) / (Corporate Resources)	<b>High (GREEN)</b> (9/10/17)	Based on the controls reviewed, a high level of assurance has been maintained with a good level of control found to be in place, with no recommendations made in this review.
Financial System IT Access Controls – follow up (T&R) / (Corporate Resources)	<b>High* (GREEN)</b> (17/10/17)	The original audit was undertaken by the External Auditor, Grant Thornton. The follow up audit found that a number of controls have either been introduced or enhanced by the Council to reduce the key business risks relating to the applications under review, with further work in progress. This further follow up review in relation to SAP financial system access controls confirmed that in relation to the 3 previous recommendations reviewed, satisfactory controls were in place.
STAR Shared Procurement Service – The Chest Procurement Portal (T&R) / (Corporate Resources)	<b>Adequate** (GREEN)</b> (21/10/17)	The audit was completed by Rochdale Council on behalf of Stockport, Trafford and Rochdale Councils. There is satisfactory control over the e-tendering process within The Chest procurement portal. The system meets the principal objectives of providing an externally hosted and secure e-sourcing portal, enabling a range of procurement routes, advertising of procurement opportunities and providing bidders with relevant information with which to submit bids and to receive those bids. Areas for improvement identified included issues in relation to IT access controls.
<b>Level 2 Reports:</b>		
Aids and Adaptations (CFW) / (Adult Social Care)	<b>Medium (GREEN)</b> (8/12/17)	It is acknowledged that as part of a Transformation project, a number of key service improvements have been delivered including the implementation of a number of contracts. A number of areas for improvement were identified relating to financial / performance monitoring in relation to current delivery arrangements and further streamlining of systems and processes.
Payments to Care Leavers (CFW) / (Children and Families)	<b>Medium (GREEN)</b> (20/12/17)	Controls in place relating to financial payments made to care leavers have improved following the introduction of the ContrOCC system in 2017. A number of areas for improvement were identified in relation to some aspects of the monitoring and authorisation of payments and audit trails within the system. Work has been carried out by Exchequer Services in conjunction with the CFW Transitions Team to assist with assessments so that relevant state benefits and other sources of finance can be identified and administered to Care Leavers in the first instance. A formal procedure is being developed to support this.

<b><u>Level 1 Reports:</u></b>		
<b>Broadheath Primary School (CFW) / (Children and Families)</b>	<b>Medium/High (GREEN)</b> (13/10/17)	Overall, a good standard of internal control and governance was found to be in place across most areas covered by the audit. Some recommendations were made including in relation to lettings, inventory maintenance and the school fund.
<b>Wellfield Infant and Nursery School (CFW) / (Children and Families)</b>	<b>Medium (GREEN)</b> (22/11/17)	Systems and controls were found to be adequate across most areas covered. A number of recommendations have been made including in relation to income collection; ordering and payments and inventory maintenance.
<b>Partington Children's Centre (CFW) / (Children and Families)</b>	<b>Medium/High (GREEN)</b> (28/11/17)	Overall, a good standard of internal control and governance was found to be in place across most areas covered by the audit. ... As part of forming this opinion account has been taken of the good progress made in implementing previous recommendations made at Stretford Children's Centre audit, which have also been implemented at Partington.
<b><u>DRAFT REPORTS</u></b>		
<b><u>Level 4 Reports:</u></b>		
<b>Housing Benefits/Council Tax Reduction (T&amp;R) / (Corporate Resources)</b>		Draft report issued in December 2017 with report to be finalised for issue in January 2018.
<b>IT Software Licensing (T&amp;R) / (Corporate Resources)</b>		Draft report issued in December 2017 with report to be finalised for issue in January 2018.
<b><u>OTHER REPORTS IN PROGRESS</u></b>		
<b><u>Level 4 Reports:</u></b>		
<b>IT Service Desk (T&amp;R) / (Corporate Resources)</b>		Draft findings shared with management and report to be issued in Quarter 4.
<b>STAR Procurement – Financial Vetting of Suppliers (T&amp;R) / (Corporate Resources)</b>		Draft findings shared with management and report to be issued in Quarter 4.
<b><u>Level 2 Reports:</u></b>		
<b>Schools Catering - follow up (T&amp;R) / (Corporate Resources)</b>		* Draft findings shared with management and report to be issued in Quarter 4.
<b><u>Level 1 Reports:</u></b>		
<b>English Martyrs' RC Primary School (CFW) / (Children and Families)</b>		Draft findings shared with school and report to be issued in Quarter 4.
<p><i>*Denotes this is a follow up audit – i.e. the main focus of the review was a follow up of recommendations made as part of a previous internal audit review</i></p> <p><i>** An "Adequate Opinion" was provided which is considered equivalent to an opinion of "Medium" per the Trafford Council framework and the opinion is therefore shown as "Green".</i></p>		

## **6. Other Assurance Work**

There is a significant amount of work undertaken by the Service that does not result in an audit opinion report being issued. Work in the quarter has included the following:

- Working with CLT to refresh the strategic risk register and report an updated version to the Accounts and Audit Committee in December 2017.
- Ongoing work in liaison with other services to follow up data matches provided by the Cabinet Office following submission of data as part of the National Fraud Initiative. Outcomes from work undertaken during 2017/18 are shown in Appendix 3 with a final update to be included in the 2017/18 Annual Head of Internal Audit Report.
- Working to assist management by contributing to an ongoing contract monitoring review of the One Trafford Partnership.
- Presentation provided to school governors at the Trafford Governors' Forum meeting in November 2017. This covered guidance to schools on internal control in terms of the recommended use of a recently updated Control Risk Self-Assessment form and associated guidance.

## **7. Impact of Audit Work – Improvements to the Control Environment**

**Key indicators of the impact of Audit and Assurance are: (a) Acceptance of Recommendations (b) Implementation of them.**

### **Acceptance of Recommendations**

From the final audit opinion reports issued during the quarter, 99% of recommendations have been accepted (87 out of 88 recommendations made). In the year to date 98% have been accepted (244 out of 249 recommendations) against a service target of 95%.

### **Implementation of Audit Recommendations**

Final audit reports are followed up to assess progress in implementing improvement actions identified through audit recommendations. Recommendations made by the Audit and Assurance Service are followed up by a number of means.

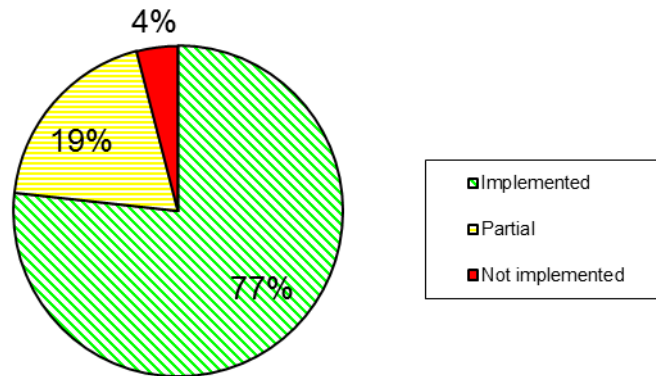
As listed under final reports in Section 5, a follow up audit was completed in relation to SAP Financial System IT Access Controls.

In respect of a number of audits previously completed, managers were requested to provide an update on progress in implementing recommendations made. Outcomes are as follows:

- Parking Enforcement Contract Monitoring (EGEI) - Of the 7 recommendations previously made, 6 have been implemented with the implementation of the remaining recommendation in progress.
- Section 106 Planning Agreements / Community Infrastructure Levy (EGEI) - Of the 4 recommendations previously made, 3 have been implemented with the remaining recommendation in progress.
- Stretford Children's Centre (CFW) - Of the 13 recommendations previously made, 11 have been implemented with the 2 remaining recommendations in progress.
- Brentwood School (CFW) - Of the 8 recommendations previously made, 7 have been implemented with the remaining recommendation in progress.
- Brooklands Primary School (CFW) - All 13 recommendations previously made have been implemented.
- St. Joseph's RC Primary School (CFW) - All 13 recommendations previously made have been implemented.
- Blessed Thomas Holford College (CFW) – All 10 recommendations previously made have been implemented.

An overall analysis of audit recommendations followed up in 2017/18 (up to 31 December 2017) is shown below.

### Implementation of audit recommendations - 2017/18 follow ups



## 8. Performance against Audit & Assurance Annual Work Plan

### Appendix 1 shows an analysis of time spent to date against planned time for the 2017/18 Operational Internal Audit Plan

As at the end of quarter three, 773 audit days were spent against 728 planned allocated days.

As part of the Internal Audit Plan, a target of 40 audit opinion reports was set to be issued during 2017/18. As at 31 December 2017, 23 opinion reports were issued to final or draft stage; a further 4 reports have been shared with management for initial comments; and a further 8 reviews had commenced where reports are due to be issued in Q4. A number of other reviews are due to commence in Q4 with further reports to be issued during the period. The number of actual reports issued by the end of March 2018 and work in progress will be set out in the Annual Head of Internal Audit Report 2017/18.

## 9. Planned Work for Quarter 4, 2017/18

### Areas of focus include :

- Issue of final audit reports (to include agreed action plans) in relation to the reviews listed in Section 5 where reports have been issued as draft or are in progress.
- Progression of other audit reviews as listed in Appendix 2.
- Continue to work as part of the Information Security Governance Board (ISGB) to progress assigned actions in relation to the General Data Protection Regulations (GDPR) Action Plan.
- Completion and approval of the 2018/19 Internal Audit Plan.
- Supporting CLT in the further update of the Strategic Risk Register with a report due to be shared with the Accounts and Audit Committee in March 2018.
- Following the external assessment of Internal Audit by CIPFA against the Public Sector Internal Audit Standards, receive the final report and share with CLT and the Accounts and Audit Committee.



## 2017/18 Operational Plan: Planned against Actual Work (as at 31 December 2017)

<u>Category</u>	<u>Details</u>	<u>Planned Allocated Days 2017/18</u>	<u>Planned Days (up to 31/12/17)</u>	<u>Actual Days (as at 31/12/17)</u>
<b>Fundamental Systems</b>	<b>Completion of fundamental financial systems reviews: (See Appendix 2 for opinion reports issued and planned to be issued during 2017/18).</b>	230	170	162
<b>Governance</b>	<p><b>Corporate Governance Review / Collation of supporting evidence and production of the 2016/17 Annual Governance Statement (AGS).</b> Corporate Governance Code updated and 2017/18 AGS approved by the Accounts and Audit Committee in September 2017.</p> <p><b>Further work planned for the rest of 2017/18 includes:</b></p> <p><b>Ethical governance</b> – ongoing work with Legal and Democratic Services to review procedures and guidance in respect of declaring interests, gifts and hospitality.</p> <p><b>Ongoing advice / assurance in respect of governance issues.</b></p>	40	33	29
<b>Corporate Risk Management</b>	<p><b>Facilitating the updating of the Council's strategic risk register and other actions to support the Council's Risk Management Strategy including provision of guidance.</b></p> <ul style="list-style-type: none"> <li>- Strategic Risk update report completed in June 2017 and reviewed by CLT in July 2017. Refresh of the strategic risk register commenced in October 2017 with report agreed by CLT in November 2017 and shared with Accounts and Audit Committee in December 2017/. Further update planned for March 2018.</li> <li>- Risk management guidance on the intranet has been updated to reflect updated Policy, Strategy and guidance.</li> </ul>	25	17	18
<b>Anti-Fraud and Corruption</b>	<p><b>Investigation of referred cases:</b> (Summary of work completed during the year to be set out in Annual Head of Internal Audit Report and reflected where applicable in quarterly updates).</p> <p><b>Co-ordinate the Council's activity in respect of the National Fraud Initiative:</b> (See update in Appendix 3).</p> <p><b>Other work to support the Ant-Fraud and Corruption Strategy, including where applicable working with other relevant services to review</b></p>	100	75	98

	<p><b>existing policies and guidance supporting the overarching strategy.</b> (Audit is currently liaising with Legal Services to consider further).</p>			
<b>Procurement / Contracts/ Value for money</b>	<p><b>Review of procurement / contract management arrangements including systems in place and associated arrangements to secure value for money (Work will include liaison with the STAR Procurement Service and partner authority auditors).</b></p> <p>See Appendix 2 for reports completed and planned.</p>	80	50	57
<b>ICT Audit</b>	<p><b>Audit reviews to be completed in line with the ICT audit plan.</b></p> <p>See Appendix 2 for work undertaken/planned.</p>	70	48	41
<b>Schools</b>	<p><b>Providing assurance on the control environment within schools, supporting schools in ensuring awareness of requirements within the DfE Schools' Financial Value Standard (SFVS).</b> <b>Undertake School Audit reviews (Issue of at least 15 Audit Opinion Reports).</b></p> <p>See Appendix 2 for audit opinion reports issued and planned. (As at 31/2/17, 9 final reports issued; 1 review where draft findings have been shared; 1 review where audit visit completed and 4 other reviews have commenced).</p>	170	125	147
<b>Assurance – Other Key Business Risks</b>	<p><b>Audits selected on the basis of risk from a number of sources including senior managers' recommendations, risk registers and internal audit risk assessments. Reviews include authority wide issues and areas relating to individual services, establishments and functions. Includes:</b></p> <ul style="list-style-type: none"> <li>- Audit reviews</li> <li>- Follow up reviews including further audits and gaining assurance from service updates.</li> </ul> <p>See Appendix 2 for audit opinion reports issued and other work completed / planned.</p>	230	140	107
<b>Grant claims checks / Data Quality</b>	<p><b>Internal audit checks of grant claims / statutory returns as required.</b></p> <p><b>Checks completed to date have covered:</b></p> <ul style="list-style-type: none"> <li>- Public Health</li> <li>- Local Growth Fund.</li> <li>- Integrated Transport and Highways Maintenance Grant</li> <li>- Disabled Facilities Grant.</li> </ul> <p>Also work ongoing in liaison with other GM Local Authorities in relation to changes in the future approach for reviewing funding claims in relation to the Stronger Families programme. (Review work to be undertaken in Quarter 4).</p>	35	25	30
<b>Service Advice / Projects</b>	<p><b>General advice, both corporately and across individual service areas.</b></p>	60	45	84

	<p><b>Support and advice to the organisation in contributing to working groups and projects in relation to governance, risk and control issues.</b></p> <p><b>To date this has Included:</b></p> <ul style="list-style-type: none"> <li>- contributing to work of the Information Security Governance Board;</li> <li>- contributing to the development of the Digital Strategy.</li> </ul>			
<b>TOTAL</b>		<b>1040</b>	<b>728</b>	<b>773</b>

**Audit Opinion Reports Issued and Planned 2017/18 (as at 31 December 2017)**

<b>Category</b>	<b>Audit Opinion Reports</b>	<b>Status (where progressed by Q3)</b>	<b>2017/18 IA Plan</b>
<b>Fundamental Systems</b>	<ul style="list-style-type: none"> <li>-Accounts Receivable &amp; Debt Recovery (T&amp;R)</li> <li>- Treasury Management (T&amp;R)</li> <li>- Council Tax (T&amp;R)</li> <li>- Payroll (T&amp;R)</li> <li>- Income Control (T&amp;R)</li> <li>- NDR (T&amp;R)</li> <li>- Benefits/Council Tax reduction (T&amp;R)</li> <li>- Accounts Payable (T&amp;R)</li> <li>- Liquid Logic/ContrOCC system (CFW/T&amp;R)</li> <li>- Direct Payments (CFW)</li> </ul>	<ul style="list-style-type: none"> <li>Final report issued 2/10/17</li> <li>Final report issued 18/9/17</li> <li>Final report issued 10/7/17</li> <li>-</li> <li>Planning commenced</li> <li>Final report issued 9/10/17</li> <li>Draft report issued</li> <li>-</li> <li>Review re Adult Services in progress</li> <li>Planning commenced</li> </ul>	<ul style="list-style-type: none"> <li>Completed.</li> <li>Completed.</li> <li>Completed.</li> <li>Timing to be agreed.</li> <li>Draft report to be issued Q4</li> <li>Completed.</li> <li>Final report to be issued Q4</li> <li>Commence planning Q4.</li> <li>Draft report to be issued Q4</li> <li>Draft initial findings by Q4</li> </ul>
<b>Procurement /Contracts /Value for money</b>	<ul style="list-style-type: none"> <li>- Contracts Register (STAR Authorities – Rochdale lead) (T&amp;R)</li> <li>- Financial vetting of firms (STAR Authorities – Trafford lead) (T&amp;R)</li> <li>- STAR Quality Management System (STAR Authorities – Stockport lead) (T&amp;R)</li> <li>- Social Value in Procurement (STAR authorities – Trafford lead) (T&amp;R/Authority Wide)</li> <li>- Contract Procedure Rules (STAR Authorities – Stockport lead) (T&amp;R/Authority-Wide)</li> <li>- The Chest Procurement Portal (STAR Authorities – Rochdale Lead)</li> <li>- One Trafford Partnership (EGEI)</li> </ul>	<ul style="list-style-type: none"> <li>-</li> <li>Initial findings shared with management.</li> <li>Planning commenced</li> <li>-</li> <li>In progress</li> <li>Final report issued 21/12/17</li> <li>Ongoing contribution to a Council review.</li> </ul>	<ul style="list-style-type: none"> <li>Timing to be agreed (Rochdale).</li> <li>Final report to be issued Q4</li> <li>Draft report to be issued by Q4 (Stockport).</li> <li>Commence in Q4.</li> <li>Final report to be issued Q4 (Stockport)</li> <li>Completed.</li> </ul>
<b>ICT Audit</b>	<ul style="list-style-type: none"> <li>- SAP financial system access controls (T&amp;R)</li> <li>- IT Change Management follow-up audit (T&amp;R)</li> <li>- Software Licensing (T&amp;R)</li> <li>- Cyber Security (T&amp;R)</li> <li>- ITrent System IT Application Controls (T&amp;R)</li> <li>- IT Service Desk (T&amp;R)</li> </ul>	<ul style="list-style-type: none"> <li>Final report issued 17/10/17</li> <li>-</li> <li>Draft report issued.</li> <li>-</li> <li>-</li> <li>Initial findings shared with management</li> </ul>	<ul style="list-style-type: none"> <li>Completed.</li> <li>Commence in Q4.</li> <li>Final report to be issued Q4</li> <li>Commence in Q4.</li> <li>Commence in Q4.</li> <li>Final report to be issued Q4.</li> </ul>
<b>Schools</b>	<ul style="list-style-type: none"> <li>- Barton Clough Primary School</li> <li>- Well Green Primary School</li> <li>- Our Lady of the Rosary RC Primary School</li> <li>- Wellfield Junior School</li> <li>- Moss Park Infant School</li> <li>- Bollin Primary School</li> <li>- Wellfield Infant and Nursery School</li> <li>- St. Hugh's RC Primary School</li> <li>- Broadheath Primary School</li> </ul>	<ul style="list-style-type: none"> <li>Final report issued 24/4/17</li> <li>Final report issued 23/5/17</li> <li>Final report issued 23/5/17</li> <li>Final report issued 27/6/17</li> <li>Final report issued 28/6/17</li> <li>Final report issued 27/7/17</li> <li>Final report issued 22/11/17</li> <li>Final report issued 27/9/17</li> <li>Final report issued 13/10/17</li> </ul>	<ul style="list-style-type: none"> <li>Completed.</li> <li>Completed.</li> <li>Completed.</li> <li>Completed.</li> <li>Completed.</li> <li>Completed.</li> <li>Completed.</li> <li>Completed.</li> <li>Completed.</li> </ul>

	<ul style="list-style-type: none"> <li>- English Martyrs' RC Primary School</li> <li>- Stamford Park Infants School</li> <li>- The Firs Primary School</li> <li>- St. Margaret Ward RC Primary School</li> <li>- Bowdon Church School</li> <li>- Trafford High School</li> </ul> <p>(Note all school reports relate to CFW Directorate)</p>	<p>Initial findings shared with school</p> <p>Audit visit completed</p> <p>Planning commenced</p> <p>Planning commenced</p> <p>Planning commenced</p> <p>Planning commenced</p>	<p>Final report to be issued Q4.</p> <p>Final report to be issued Q4.</p> <p>Draft report to be issued Q4.</p> <p>Draft report to be issued Q4.</p> <p>Draft report to be issued Q4.</p> <p>Draft report to be issued Q4.</p>
<b>Assurance – Other Key Business Risks</b>	<ul style="list-style-type: none"> <li>- Housing Waiting List (EGEI)</li> <li>- Corporate Health and Safety (T&amp;R/Authority-wide)</li> <li>- Schools Catering – follow up (T&amp;R) *</li> <li>- Coppice Avenue Library – follow up (T&amp;R) *</li> <li>- Let Estates (EGEI) *</li> <li>- Taxi Licensing – follow up (EGEI) *</li> <li>- Flixton House (T&amp;R)</li> <li>- Altrincham Crematorium (T&amp;R)</li> <li>- Old Trafford Library (T&amp;R)</li> <li>- Trafford Town Hall - Catering Income (T&amp;R)</li> <li>- Planning Enforcement (EGEI)</li> <li>- Strategic Growth Team (EGEI)</li> <li>- Partington Children's Centre (CFW)</li> <li>- Music Service (CFW)</li> <li>- Client Finances system (T&amp;R/CFW)</li> <li>- Foster Care payments (CFW)</li> <li>- Section 17 Payments – Children (CFW)</li> <li>- Out of Borough School Placements – follow up (CFW)</li> <li>- Aids and Adaptations (CFW)</li> <li>- Payments to Care Leavers (CFW)</li> </ul>	<p>Final report issued 5/6/17</p> <p>Final report issued 21/7/17</p> <p>Initial findings shared with management.</p> <p>Final report issued 8/8/17</p> <p>Planning commenced</p> <p>Final report issued 26/5/17</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>Final report issued 28/11/17</p> <p>-</p> <p>-</p> <p>-</p> <p>In progress</p> <p>Final report issued 8/12/17</p> <p>Final report issued 20/12/17</p>	<p>Completed</p> <p>Completed</p> <p>Final report to be issued Q4.</p> <p>Completed</p> <p>Commencing Q4.</p> <p>Completed</p> <p>Timing to be agreed.</p> <p>Commence in Q4</p> <p>Commence in Q4</p> <p>Commence in Q4</p> <p>Agreed to reschedule to 2018/19</p> <p>Timing to be agreed.</p> <p>Completed.</p> <p>Timing to be agreed.</p> <p>Commence planning Q4.</p> <p>Commence planning Q4.</p> <p>Timing to be agreed.</p> <p>Final report to be issued Q4.</p> <p>Completed.</p> <p>Completed.</p>

**NATIONAL FRAUD INITIATIVE – OUTCOMES FROM WORK IN 2017/18**

The Audit and Assurance Service continues to co-ordinate the Council's participation in the National Fraud Initiative (NFI). The NFI is a nationwide data matching exercise. It is designed to help participating bodies identify possible cases of error or fraud and detect and correct any consequential under or overpayments from the public purse. The main exercise is carried out once every two years at minimal cost to the organisations involved and is firmly established as the United Kingdom's premier public sector fraud detection exercise.

In respect of the latest 2016/17 NFI exercise, the Audit and Assurance Service co-ordinated the submission of Council data to the Cabinet Office in October 2016 and the subsequent matches were received in January 2017. Up to 11 January 2018, a total of 2,991 matches have been reviewed by officers across a range of Council services, including a substantial portion by the Council's Counter Fraud and Enforcement Team. This has resulted in the identification and correction of 522 errors, and the detection of 1 fraud, totalling £247,615, with £115,853 in the process of recovery, and potential ongoing annual increases in income of £25,888.

Of the above total, total Housing Benefit overpayments being recovered as a result of the 2016/2017 NFI exercise amounted to £45,802. In addition to this there has been a further £8,204 in overpaid Council Tax Support that has been identified and is in the process of recovery.

There has also been work undertaken to investigate potential Council tax Single Person Discounts, via matching Council tax data against other data sets such as the electoral register, housing waiting lists, concessionary travel passes and parking permits. To date this has resulted in 90 Council Tax discounts being removed, with £42,257 in the process of recovery and creating potential future additional annual Council tax liability (noted above) of £25,888 based on the annual level of discounts. In addition, the investigation of these matches has revealed a further £19,590 in overpaid Housing Benefit / Council Tax Support that is also in the process of recovery.

The fraud identified related to one employee found to have been working without leave to work in the UK. At the time the individual was initially recruited, they had been granted the right to work in the UK and been issued with a National Insurance Number. This right to work, and remain in the UK, subsequently expired and over the period during which the individual did not have the right to work in the UK, their total earnings from their Council employment were £131,703. Initial queries to the individual to produce valid documentation in support of their right to work resulted in the individual no longer attending work and refusing all attempts made to contact them. Despite classification of this case as fraud, it should be noted that the Council did not suffer a financial loss as, had this individual not been employed, another would have been employed to undertake this role.

Other non-financial outcomes from the current exercise to date include the cancellation of 381 Blue Badges due to the holder now being deceased, and ongoing review of applicants on the Council's Housing Waiting List.

A final update from this exercise will be reflected in the Annual Head of Internal Audit Report 2017/18.

## POINTS OF INFORMATION TO SUPPORT THE REPORT:

### Audit Opinion Levels (RAG reporting) :

#### Opinion – General Audits

High – Very Good	Green
Medium / High – Good	Green
Medium – Adequate	Green
Low / Medium - Marginal	Amber
Low – Unsatisfactory	Red

An opinion is stated in each audit report to assess the standard of the control environment.

### Report Status:

#### Draft reports:

These are issued to managers prior to the final report to provide comments and finalise agreed responses to audit recommendations.

#### Final reports:

These incorporate management comments and responses to audit recommendations, including planned improvement actions.

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### Breadth of coverage of review (Levels 1 to 4)

Provides an indication as to the nature / breadth of coverage of the review in terms of which aspects of the organisation's governance and control environment it relates to. Levels are as follows:

- **Level 4 : Key strategic risk or significant corporate / authority wide issue** - Area under review directly relates to a strategic risk or a significant corporate / authority wide issue or area of activity.
  - **Level 3 : Directorate wide** - Area under review has a significant impact within a given Directorate.
  - **Level 2 : Service wide** - Area under review relates to a particular service provided or service area which comprises for example a number of functions or establishments.
  - **Level 1 : Establishment / function specific** - Area under review relates to a single area such as an establishment.
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