



# **Internal Audit & Counter Fraud Quarterly Report**

**Quarter 1 2024/25  
April to June 2024**

## 1 Introduction

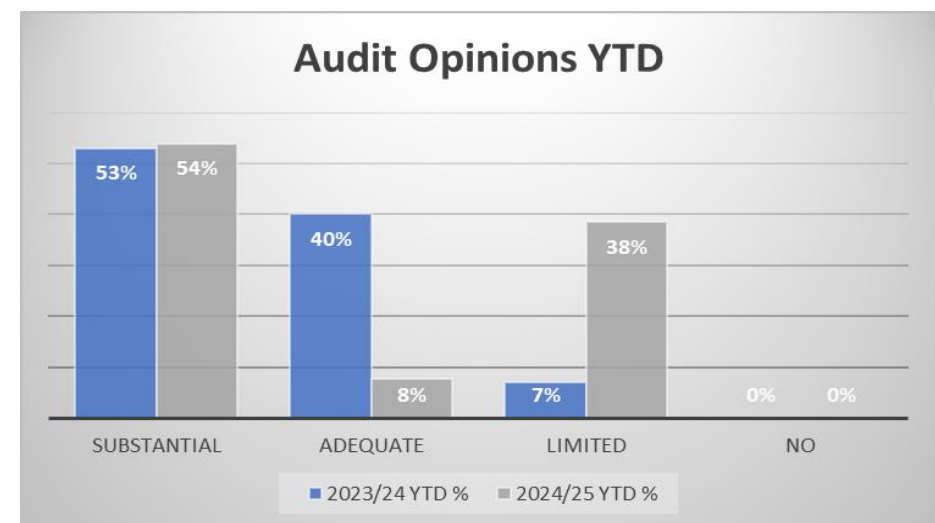
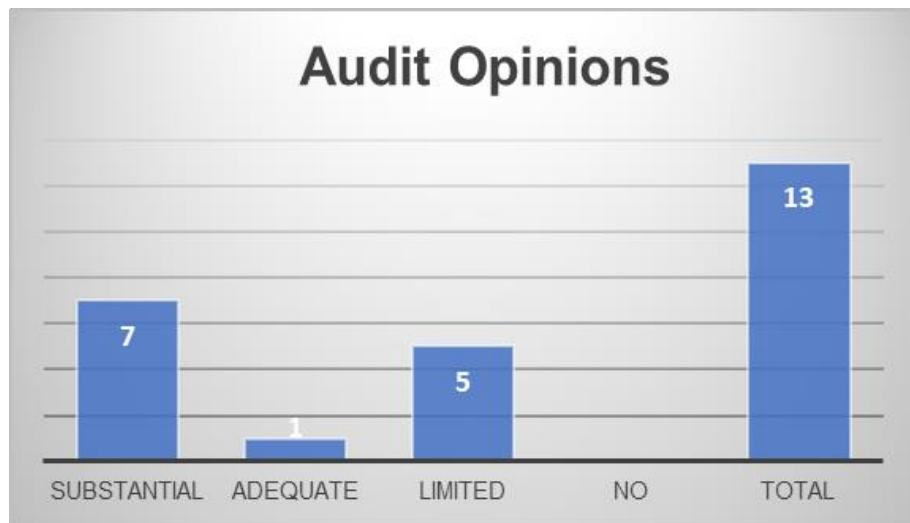
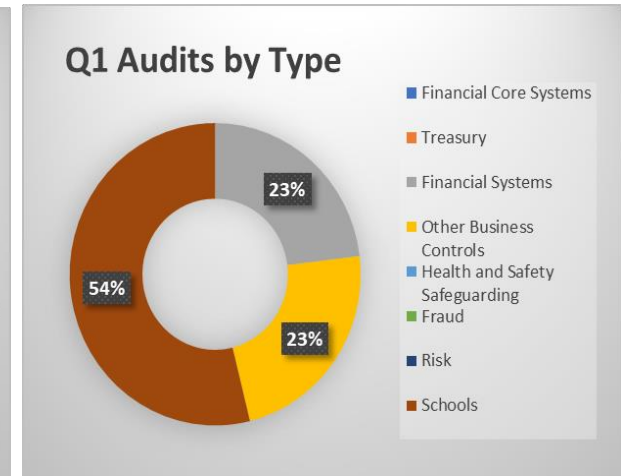
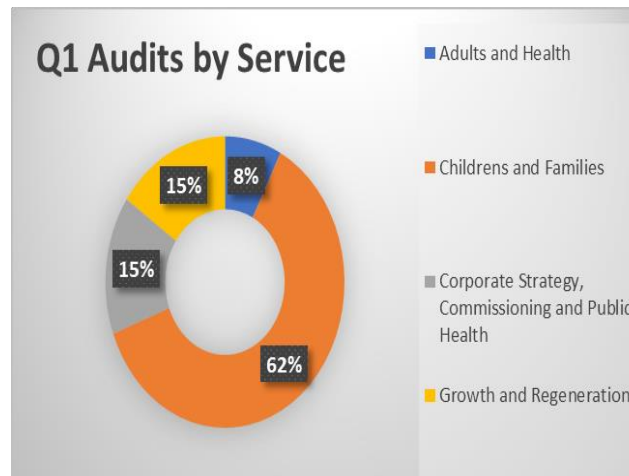
This report sets out the work of Internal Audit completed in the period shown above, both relating to last year's plan and the first quarter of the current one. All work included has reached a finalised state and, except where shown otherwise, management have accepted the findings and agreed to implement the recommendations, or, in the case of employee investigations, any disciplinary action has been through the required stages and any appeal time. A number of audits are awaiting finalisation and will be reported in the next quarter.

Where an assurance opinion was appropriate these reflected the standard framework below

Opinion	Definition - Control Adequacy	Definition - Control Application
Substantial Assurance	A robust framework of all key controls exists that is likely to ensure that objectives will be achieved.	Controls are applied continuously or with only minor lapses.
Adequate Assurance	A sufficient framework of key controls exists that is likely to result in objectives being achieved but the overall control framework could be stronger.	Controls are applied but with some lapses.
Limited Assurance	Risk exists of objectives not being achieved due to the absence of a number of key controls in the system.	Significant breakdown in the application of a number of key and/or other controls.
No Assurance	Significant risk exists of objectives not being achieved due to the absence of key controls in the system.	Serious breakdown in the application of key controls.

All audit work attracts recommendations intended to achieve at least an adequate level of control. All audits resulting in a negative - "limited assurance" or "no assurance" - opinion are followed up as a matter of course, whereas confirmation of progress in implementing agreed recommendations in other reports is sought periodically.

## 2 Internal Audit Assurance Map and Quarterly Dashboard



### **3 Planned Audit Work Completed in the Period**

#### **3.1 Financial System and Service Audits**

	<u>Audit</u>	<u>Opinion</u>	<u>Recommendations</u>		
			Fundamental	Significant	Merits Attention
	<b><u>Core Financial Systems</u></b>				
	<b><u>Other Financial Systems and Processes</u></b>				
	<b><u>Client Financial Affairs (Welfare &amp; Exchequer)</u></b>				
001	Adult Social Care Debt Collection (Client Financial Affairs)	<p><b><u>Limited Assurance</u></b></p> <p>The audit undertaken focussed on analysis of a sample of cases from the first contact with a social worker to debt collection, to complement current workstreams looking to gain assurance that processes minimise the amount debt accrued and maximise collecting debt. Potential improvements to control and process, both in social care and client financial affairs were identified. In some instances, the sensitive nature of some of the work may be used as an “excuse” for not following appropriate recovery. Whilst flexibility is needed, clear practice for those collecting the debt would be beneficial. Better communication is needed, both internally between services and with clients and their families or representative.</p>	0	10	0

	<b>Homes &amp; Neighbourhoods</b>				
002	District Heating	<p><b><u>Limited Assurance</u></b></p> <p>A number of key controls are not working effectively. Many of these issues were identified in the previous review 2020 , and despite having been agreed have not been addressed,</p> <p>The intention of the schemes is to break-even but this is not happening. In the 2023/24 financial year, the expenditure was £787k against income of £191k, a loss of £596k. In 2022/23 the shortfall was approximately £1m.</p> <p>When gas prices increased significantly, the charges made to tenants did not.</p> <p>Accordingly, general tenants- with heating bills- are subsidising those tenants / leaseholders living in district heating schemes via the HRA. This problem was masked to some extent by the way income and expenditure were coded in SAP.</p> <p>District heating customers did not receive energy support payments when these were offered to other customers in 2022/23. The Council may be able to collect a rebate in the 2024-25 financial year, which may amount to £650k in total, which it may be appropriate for the HRA to look to retain. No evidence was available to suggest that the District Heating Team had taken steps to access these funds.</p> <p>Besides the financial position, a number of other issues were identified,</p> <ul style="list-style-type: none"> <li>• the contract for management support expired in January 2023 and a new procurement process was not</li> </ul>	3	10	1

		<p>initiated until recently. The current provider has continued to provide services without a contract in place;</p> <ul style="list-style-type: none"> <li>• there is a lack of documented procedures;</li> <li>• vulnerability criteria for financial assistance have not been subject to regular review;</li> <li>• high credit balances have not been subject to regular review;</li> <li>• the boiler and meter infrastructure is at the end of its working life; and</li> <li>• Usage has often been based on estimates owing to a failure to take regular meter readings.</li> </ul> <p>The problems appear to have been exacerbated, at least in part, due to the departure of key personnel.</p> <p>The agreed Action Plan provides for more straightforward issues to be completed by the end of July 2024. Procurement and charging actions will require more time into 2025 to resolve.</p>			
	<b><u>Childrens and Families</u></b>				
<b>003</b>	In House Residential Homes	<p><b>Limited Assurance</b></p> <p>The Service, Finance and HD-One are already aware of many of the issues raised in the report and have actively been putting procedures in place to provide better control and reduce risk around cash handling and usage, and record keeping and accounting. Some homes already have good procedures in place, but problems persist in others which audit testing confirmed.</p>	4	9	1

		Recommendations focussed on the development of adequate policies and procedures that all homes can implement and manage. Additional purchasing cards are being introduced to enable reduced cash usage, and opportunities for young persons to access p-card based services, rather than cash are being explored..			
	<b><u>Other Business Controls</u></b>				
	<b><u>Homes &amp; Neighbourhoods</u></b>				
004	Gas Servicing	<b>Substantial Assurance</b> No Issues identified.	0	0	1
	<b><u>Legal, Governance &amp; Commissioning</u></b>				
005	NHS Digital – Data Security & Protection Toolkit	<b>Substantial Assurance</b> Certification of annual compliance with the Toolkit by the SIRO (Service Director, Legal & Governance) is a prerequisite of Adult Social Care and Public Health staff being able to access data held by the NHS to undertake their roles.  The mandatory requirements of the National Data Guardian’s 10 Data Standards where work remains ongoing relate to <ul style="list-style-type: none"> <li>an under-performance in the completion of (refresher) information governance mandatory training, currently at about 50%, so well short of</li> </ul>	0	1	1

		<p>the 95% agreed with the Information Commissioner, and</p> <ul style="list-style-type: none"> <li>• data and cyber security awareness should be included and evidenced in the induction process for new staff.</li> </ul> <p>(These standards, which represent good practice anyway, are applicable to all IT users- not just those with NHS accesses)</p>			
006	e-tendering	<p><b>Substantial Assurance</b> No major issues identified.</p>	0	1	2

### **3.2 Follow - Up Audit Work Completed in the Period**

	<u>Follow Up Audit</u>	<u>Opinion</u>	<u>Outstanding Recommendations</u>		
			Fundamental	Significant	Merits Attention
	<b><u>Childrens Services</u></b>				
	SENDACT Update	<p><b>Limited Assurance</b> A significant amount of work carried out in the service and across the whole of learning is evident. Some of these changes will not be seen in the data for some time due to the nature of time lag in the reporting. Implementation depends on culture change across the department and all interested parties and it is recognised that this will require time to embed. To date compliance rates have increased by 22% and there have been no complaints that relate to cases submitted since the audit which is</p>	1	9	7



		favourable. Restructuring and a total review of controls, process and procedure has taken place. It will be difficult to establish a more even day to day workflow until the backlog of cases is dealt with. Resource for achieving this has been problematic which has led to a slip in the original agreed timescales. It was agreed to re-visit in December 2024 when structure and control re-design should have more of an effect on the data output.			

### **3.3 School Audits**

007 - 010	Substantial Assurance	4
011	Adequate Assurance	1
012 - 013	Limited Assurance	2
	No Assurance	0

## **4 Investigations and other Audit Activity**

### **4.1 Skills & Regeneration**

#### Multiply Grant Year 2 2023/24 Validation

As required by WYCA, an audit statement with a 10% sample check of participants across the five organisations delivering the Scheme confirmed evidence provided supported compliance with the eligibility criteria prior to sign off by the Director of Finance.

### **4.2 Family Support & Child Protection**

#### Stronger Families Programme

As reported in previous quarters, there has been a change in qualifying criteria for this claim and it was found that data integrity was not adequate and on this basis most of the claim could not be submitted as eligible for SFP support. Concerns were raised by the Government that claim amounts in the last three quarters of 23/24 were exceptionally small. Development of a new process to ensure data integrity has been carried out working closely with Somerset Council who are recognised government data champions. This has rectified the issues, and the most recent quarter claim was more in line with the expected forecasts. Further work is continuing between the data team and Children Services to embed the new process.

### **4.3 Corporate**

#### **Draft Annual Governance Statement 2023/24**

Co-ordination of the Annual Review of the Control and Governance Framework and compilation of the Draft Statement in conjunction with the Chief Executive and Executive Directors.

### **4.4 Future School Audits**

A new audit framework is being developed using the School Financial Value Standard (SFVS) to provide assurance on school financial arrangements. This will be presented to the School Business Managers at their autumn quarterly forum. The new framework will take effect in September and will reduce the number of school audits required thus releasing Internal Audit resource whilst ensuring overall assurance is maintained.

### **4.5 Audit Recommendation Follow-Up**

A new process for audit recommendation follow-up has been introduced this year. Assurance will now be obtained at Senior Leadership Team level by Internal Audit with any themes across services or outstanding audit/individual recommendations that are classified fundamental or significant being escalated to Executive Team. These will then be reported quarterly through Corporate Governance and Audit Group.(starting at quarter 2)

## **5. Counter Fraud Work**

### **5.1 Housing and Blue Badge Fraud**

Investigation Type	New Referrals	Ongoing	Closed Prosecutions	Closed: No Fraud Proven or Warning Issued	Applications Cancelled	Properties Returned
Right To Buy	10	21	-	22	12	6
Tenancy Fraud	7	13	-	-	-	-
Blue Badge	55	42	6	58		

### **5.2 Adult Social Care – West Yorkshire Financial Exploitation and Financial Abuse Team**

**WYFEAT – Adult Social Care (1<sup>st</sup> April 2023 – 29<sup>th</sup> February 2024)**

Referrals Received	Investigations	Pre-Investigations	Safeguarding Only	Yet to be designated	Closed	Value (£): Total figure since 2017
35	2	0	1	5	0	2,764,935.90

### **6. Regulation of Investigatory Powers Act investigations**

None this period.