



Internal Audit & Counter Fraud Quarterly Report

**Quarter 1 2025/26
April – June 2025**

1 Introduction

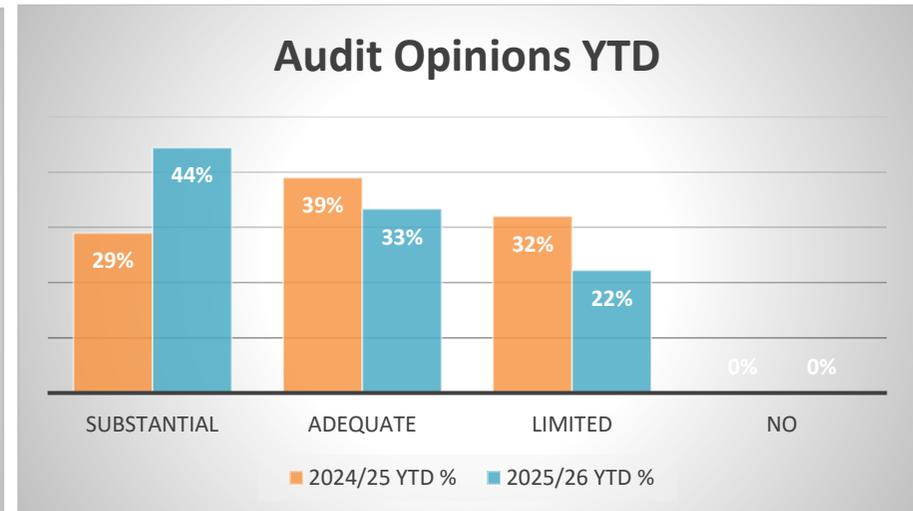
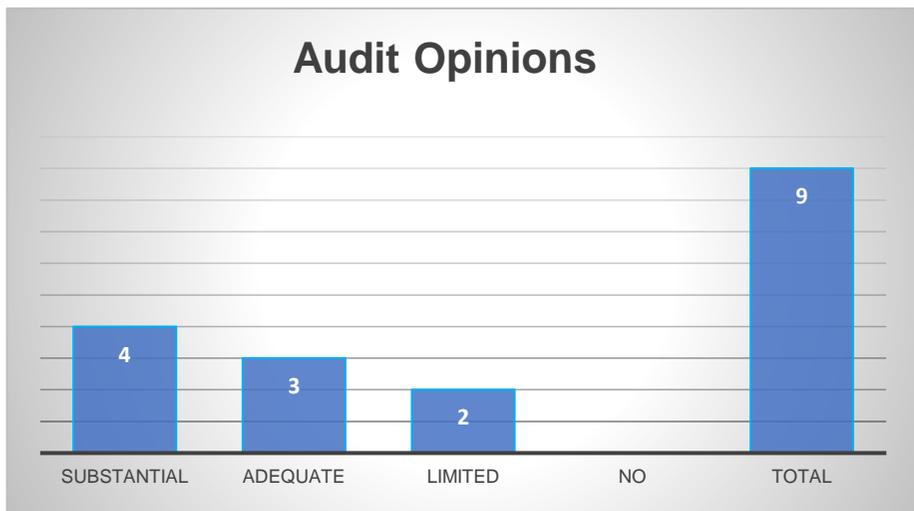
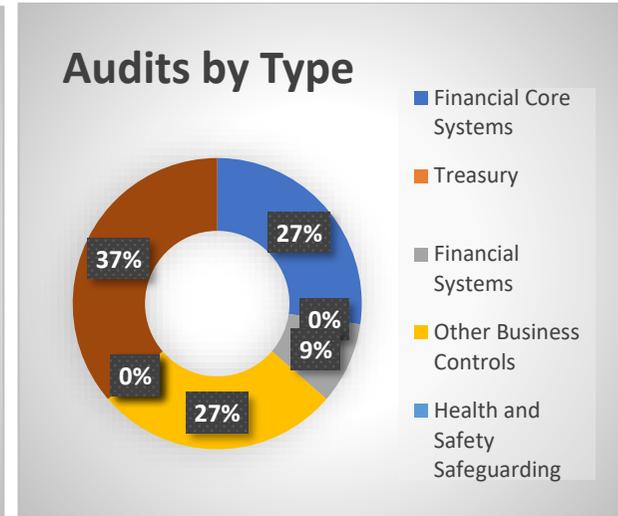
This report sets out the work of Internal Audit completed in the period shown above. All work included has reached a final, except if shown otherwise, management have accepted the findings and agreed to implement the recommendations, or, in the case of employee investigations, any disciplinary action 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>Reference</u>	<u>Audit / Objectives</u>	<u>Opinion</u>	<u>Recommendations</u>		
			Fundamental	Significant	Merits Attention
	• <u>Core Financial Systems</u>				
	<u>People Services / Finance</u>				
001	2024/25 Plan - Accounts Receivable The audit sought to assess the progress in generating income more efficiently and effectively as well as the adequacy of controls in system administration.	Adequate Assurance The total receivables balance at the 01/02/2025 was £12.03m. This figure represents both the extension of credit in a commercial sense, coupled with the recovery of fees and charges levied retrospectively in an enforcement or regulatory sense. There are over 100 sales offices (departments) that generate invoices with receivables balances on them. The top 20 make up £11.05m of the total figure (92%). Since the previous audit, the systems and processes related to the raising, monitoring, and writing-off of debt have remained largely unchanged. The total receivables position remains similar to the previous audit too, and while there has been some progress in addressing the recommendations made, the extent of this has	0	3	2

		<p>been somewhat limited. A corporate project team from transformation, data and insight and finance has identified improvements, most notably, looking at facilitating payment at the point of order and the creation of a new dashboard. (although the latter has been postponed temporarily due to data protection concerns.)</p> <p>The Debt Recovery team appear to be operating effectively, and no concerns have been identified. However, the volume of debts on long-term hold remains an area of concern, especially when debts are sent back for the Service to pursue, with minimal progress made against resolving them, or writing them off. Arguably the process is too decentralized and too many staff are involved. Testing indicated that there is a lack of consistency in how debts are monitored, with varying levels of detail and monitoring being undertaken.(e.g. finance team consistently taking information about debt outstanding and age profiles to management teams)</p>			
	<u>People Services</u>				
002	<p>2024/25 Plan</p> <p>WY Pension Fund Contributions</p> <p>The Section 151 Officer asked for further work on the audit he had initiated in 2024/25 as new details and data were provided to the auditor, to provide assurance that the</p>	<p>Substantial Assurance</p> <p>Payroll and Ledger, and Ledger and Accounts Payable to the Pensions Fund were reconciled successfully. The accuracy of transactions back to individual employees was assessed as substantially correct, both for employer's and employees' contributions, compliance testing not being able to cover all possible eventualities.</p>	0	0	3

	systems and procedure for deductions and payment of contributions in SAP are robust for employees in the Fund.				
	<ul style="list-style-type: none"> • <u>Other Financial Systems and Processes</u> 				
	<u>Highways & Streetscene</u>				
003	<p>2024/25 Plan –</p> <p>Highway Infrastructure Accident Damage Recovery</p> <p>The audit sought to confirm recovery arrangements maximise the income obtained.</p>	<p>Adequate Assurance</p> <p>The Council has the power to recover the remedial cost of damage done to highways infrastructure such as bollards, signs, barriers, street lighting and traffic signals arising from road traffic collisions. Sums are recoverable from the insurers of those responsible and is invoiced accordingly. Around £75k is invoiced annually.</p> <p>Overall, the systems and procedures were found to be operating effectively, although scope exists for the adoption of a more robust stance towards loss adjustors, and utilising the court path, where appropriate.</p>	0	4	0
	<ul style="list-style-type: none"> • <u>Other Business Controls</u> 				
	<u>Learning & Early Support</u>				

	School Absence (not progressed) An audit to test that the controls and systems that are currently in place are sufficient to mitigate risk.	Management originally requested an audit to test that the controls and systems that are currently in place are sufficient to mitigate risk. Subsequently, it was learned that an improvement plan has been developed to address some of the issues about which concerns had been raised. To enable the changes to become embedded it was agreed that audit checks will be undertaken in the second half of the year.			
	<u>Legal, Governance & Commissioning</u>				
004	2024/25 Plan Data Sharing & Security A compliance audit was undertaken to determine that data sharing meets corporate requirements.	Limited Assurance – Data sharing agreements typically contain the responsibilities and requirements for both parties, either arising from a commercial contractual relationship or between two or more agencies to enable them to facilitate and develop their roles and objectives. A data sharing agreement is a requirement of the Information Sharing Policy and whilst not a legal requirement, it is best practice advocated by the Information Commissioner's Office. A review of data sharing agreements did not consistently provided assurance that agreements exist, are legal and secure, that all parties have signed the agreements, and the council are proactively checking third parties are complying with their responsibilities. Further work is required to ensure that the central register is complete and accurate. This process will require input from all teams across the Council. Information Governance Team (IGT) are fully aware of the issues and are actively offering services support to resolve them. Responsibility for compliance ultimately lays with	2	4	0

		<p>the Information Asset Owners (generally Service Directors). The fundamental recommendations relate to making sure that current data sharing agreements are held for each arrangement, and are due for completion by the end of the calendar year 2025.</p> <p>The IGT and IG Board will work with Service Management to implement the recommendations.</p>			
005	<p>NHS Data Protection & Security Toolkit</p> <p>Annually the Director of Legal & Governance as the Senior Information Risk Officer is required to certify that prescribed information governance and technical standards and arrangements are in place and are operating effectively, so that the NHS continues to make patient data available for various tasks to staff in Adult Services and Public Health. An independent review of the self-assessment process and evidence recording as required is undertaken by Internal Audit.</p>	<p>Adequate Assurance –</p> <p>The audit concluded that there was sufficient evidence to verify the status and level of progress to be reported to the NHS. The main area of contention continues to be a lower than required participation rate in (data compliance) refresher training of between 60-70%, rather than the 95% threshold set by the ICO. The IG Team have recently launched an in-house developed training solution as well as addressing the needs of the dispersed workforce and it is planned that this will improve the situation.</p>	0	4	2

	<u>Development Services</u>				
006	<p>Housing Register (Waiting List)</p> <p>The audit sought to confirm the currency and integrity of the database of applicant details and verify the banded outcome of assessments.</p>	<p>Limited Assurance -</p> <p>The online application process is undertaken on the Choose & Move software. Applicants requiring assistance to register can contact Housing Solutions Service, or Homes and Neighbourhood staff for existing Council tenants. There are a high volume of live applicants -more than 20,000, with 1,223 (6%) of these representing the highest priority of housing needs (Bands A/B). There has been a 33% increase in applications in the 3 years since the last audit, (circa 15,000 in 2021).</p> <p>Sample testing of live applications was undertaken to determine whether the evidence on file substantiated the bands allocated. The audit trail supporting decision taking was often incomplete and hard to follow. Environments with a limited or incomplete audit trail to evidence outcomes tend to be more prone to error and fraud, and this area is at a high risk of potential fraud associated with subsequent Right to Buy applications. There appears to be a growing number of applicants using Artificial Intelligence to produce evidence required as part of the application process that could be counterfeit documents - teams currently struggle to respond accordingly.</p> <p>NFI data matching identified that there is an issue with updating deceased persons application status, especially as two applications had been renewed after the date of death, casting some doubt on the integrity of the renewals process. Applicants can remain on the Register for years, no one is excluded from bidding and part of the process includes providing advice to secure alternative</p>	0	7	1

		<p>rented accommodation. The current software provides no automated closure function which would reduce the resources required to monitor and follow up live applications. Findings continue to suggest that many applications may be out of date, due to applicants moving on and/or changes in circumstances. Review and renewal processes are meant to be undertaken annually and for banding with medical element half yearly. This is not always pro-actively pursued as a matter of routine, so it was recommended that a solution is sought to introduce an effective regime to rectify this shortcoming.</p>			
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3.2 Recommendation Follow - up Audit Work Completed in the Period

See attached appendix.

3.3 School Audits

Reference	Opinion	No.
007 -009	Substantial Assurance	3
0	Adequate Assurance	0
0	Limited Assurance	0
0	No Assurance	0

3.4 Significant and Fundamental Recommendation Themes – cumulative

<u>Fundamental/Significant Recommendation Themes</u>	<u>No. of audits identified</u>
Information management - GDPR	3
Information management – data protection-DPIA	6
Contract Management	7
Cash Handling	4

4 Investigations and other Audit Activity

4.1 Corporate

National Fraud Initiative 2024/25

Work is ongoing to complete checks arising from the highest risk areas across the set of exception reports covering the various datasets submitted. A final summary report will be prepared for inclusion in the next quarterly report.

Following legislative action to address data protection concerns a supplementary exercise is due to commence in September concerning data relating to adult social care, specifically residential accommodation and direct payments (personal care budgets).

4.2 Finance

DWP Assessment Verification

The DWP require confirmation from Benefits management of compliance with the terms of reference allowing access to data in a shared portal to facilitate assessment and payment of claims. Management's IG & IT self-assessment was reviewed and it was concluded that it was completed thoroughly with appropriate supporting evidence. There are some minor issues of non-compliance re part of the baseline security/access.

4.3 Skills & Regeneration

Multiply Grant Verification 2023/24

The annual and last verification exercise confirmed the eligibility of 105 learners and the funding provision to improve adult numeracy skills to approved suppliers in accordance with the grant conditions and consequently no further action was required.

4.4 Learning

School absence

Some progress made in identifying that an action plan exists, but this has not made sufficient progress to review. Intention is to assess formally in Quarter 4. (25/26)

5. Counter Fraud Work

5.1 Housing Fraud

Investigation Type	Cases Brought Forward	New Referrals	Ongoing	Closed Prosecutions	Closed: No Fraud Proven or Warning Issued	Applications Cancelled	Properties Returned and Application Cancelled
Right To Buy	17	8	20		2	2	1
Tenancy Fraud	15	5	18		2		
Multi-Agency/Service Cases	1	1	2				

There has been a large increase in Right to Buy applications in general since June 2024. The amount of RTB applications has reduced this quarter and there is no current backlog in checks. However, due to the high volume of credit checks processed by the fraud team in Q4 2024/25, this has presented an increase in the number of referrals being made for investigation by the Fraud Team in Q1 2025/26

The frauds being encountered are becoming more complex, and cases are becoming longer. Often searches suggest fraud is being committed in other aspects of the suspects lives, resulting in increasing referrals to the Police and other government agencies.

5.2 Council Tax and Business Rate Fraud

Investigation Type	Cases Brought Forward	New Referrals	Ongoing	Closed Prosecutions	Closed: No Fraud Proven	Closed: Referred to Other Government Agency
Council Tax	2	1	3			
Business Rates	4		4			
COVID Grants	1		1			

5.3 Accounts Payable Fraud

Investigation Type	Q1	YTD	Ongoing	YTD Fraud Attempted	YTD Fraud Successful	YTD Monies Reclaimed
Payment Fraud	0	0	0			

No main system fraud this period. 1 reported case in a school.

5.4 Adult Social Care – West Yorkshire Financial Exploitation and Financial Abuse Team

WYFEAT – Adult Social Care (April – March 2026 cumulative)

Referrals Received	Investigations	Pre-Investigations	Safeguarding Only	Yet to be designated	Closed	Value (£): YTD
7	1	3				

5.5 Blue (Parking) Badge Fraud

Cases Brought Forward	New Referrals	Ongoing	Closed - Prosecutions	Closed: No Fraud Proven or Warning Issued
31	57	48	10	30

5.6 Other Investigative Work

Investigation Type	YTD
Money Laundering Cases	2
HR Investigations	1

6. Regulation of Investigatory Powers Act investigations

None this period.

Officer refresher training was undertaken in conjunction with Legal Services in July 2025 for the Corporate Fraud Team as well as those involved in regulatory and enforcement roles and Internal Audit. The overall conclusion was that local authorities should rarely if ever find it necessary and proportionate to require authorisations of requests by a magistrate.