

# NORTH YORKSHIRE COUNCIL

## AUDIT COMMITTEE

18 MARCH 2024

### INTERNAL AUDIT AND COUNTER FRAUD PROGRESS REPORT

#### 1.0 PURPOSE OF THE REPORT

- 1.1 To inform Members of the progress made to date in delivering the 2023/24 internal audit programme of work, and the other related services provided to the Council by Veritau (information governance and counter fraud). The report also highlights any issues likely to impact on the programme of work throughout the remainder of the year.

#### 2.0 BACKGROUND

- 2.1 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). The Council has formalised its arrangements for internal audit within an Audit Charter, which was approved by the Audit Committee in March 2023. In accordance with these standards and the Audit Charter, the Head of Internal Audit is required to report to the Council on the programme of internal audit work and to highlight any emerging significant risks and/or control issues.

#### 3.0 PROGRESS

##### Internal Audit

- 3.1 The 2023/24 internal audit work programme was approved by this Committee at its meeting on 26 June 2023.
- 3.2 **Annex 1** to this report provides an update on the progress made to 29 February 2024 to complete the work programme. This annex includes a summary of completed work and work in progress.
- 3.3 Six audits have been finalised since our last report to the Committee, and a further eight audits are at the draft report stage. Seventeen audits are in progress with more than half of these nearing the final stages of fieldwork at the time of writing this report. A further eleven audits are at the planning stage and due to be undertaken in the next quarter along with some other assurance work.
- 3.4 Progress in some areas is not as advanced as we would have liked at this stage in the year. This is due to a combination of factors including the detail and depth of some of the work required, some delayed starts, some emerging work requests, and the challenges of completing audit work alongside the many other competing priorities facing the Council. However, our ongoing and planned audit work in the next quarter will provide sufficient coverage and enable us to provide our annual opinion to the June Committee.

## **Counter Fraud**

- 3.5 Veritau's counter fraud team (CFT) investigates cases of suspected fraud or malpractice. Council officers and the public can report their concerns directly to the team through a telephone hotline, email, or by post. Veritau also maintains a whistleblowing hotline for employees to report concerns. To date, the team has received 363 reports of potential fraud, and investigative work has helped the Council to recover £125.6k in losses.
- 3.6 Details of the work completed to date are provided in **annex 2**. This includes activity to promote awareness of the risks of fraud, work with external agencies, and information on the level of fraud reported to date.

## **Information Governance**

- 3.7 Veritau's Information Governance Team (IGT) continues to handle a significant number of information requests received in accordance with the Freedom of Information Act 2000 (FOI) and Data Protection Act 2018 (DPA). The number of FOI requests received between 1 April 2023 and 31 January 2024 was 1,776 compared with 951 requests received by the former County Council during the corresponding period in 2022/23. The number of requests received in 2023/24 and answered within 20 working days is currently 73% (2022/23 – 83%). The IGT also coordinates the Council's subject access requests (SARs) and has received 291 such requests between 1 April 2023 and 31 January 2024 compared to 223 requests received by the former County Council during the corresponding period in 2022/23.
- 3.8 Veritau acts as the Council's Data Protection Officer and provides advice and support to the Council on all aspect of data protection. The IGT also reviews compliance with the legislation and liaises with the regulator, the Information Commissioner's Office (ICO). Other work includes reviewing data protection impact assessments, preparing data sharing agreements, recording data security incidents and investigating serious data security incidents. Further details about the work of the IGT will be included in the annual information governance report, which will be presented to the June meeting of this committee.

## **4.0 IMPLICATIONS**

- 4.1 This report is for information only. There are no local member, financial, human resources, legal, equalities or climate change implications.

## **5.0 RECOMMENDATIONS**

- 5.1 Members are asked to note the progress made in delivering the 2023/24 Internal Audit programme of work and the other assurance related services provided by Veritau.

MAX THOMAS  
Head of Internal Audit

Report prepared and presented by Max Thomas, Head of Internal Audit

Veritau - Assurance Services for the Public Sector  
County Hall  
Northallerton

29 February 2024

Annex A - Internal Audit Progress Report  
Annex B - Counter Fraud Progress Report

# INTERNAL AUDIT PROGRESS REPORT

Date: 18 March 2024

Annex 1





## BACKGROUND

- 1 Internal audit provides independent and objective assurance and advice about the council's operations. It helps the organisation to achieve its overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.
- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Public Sector Internal Audit Standards (PSIAS), CIPFA guidance on the application of those standards in Local Government and the CIPFA Statement on the role of the Head of Internal Audit.
- 3 In accordance with the PSIAS, the Head of Internal Audit is required to report progress against the internal audit plan (the work programme) agreed by the Audit Committee, and to identify any emerging issues which need to be brought to the attention of the committee.
- 4 The internal audit work programme was agreed by this committee in June 2023. The plan is flexible in nature and work is kept under review to ensure that audit resources are deployed to the areas of greatest risk and importance to the council.
- 5 The purpose of this report is to update the committee on internal audit activity up to 29 February 2024.



## INTERNAL AUDIT PROGRESS

- 6 A summary of specific internal audit reviews currently underway, as well as work finalised in the year, is included at appendix A.
- 7 Six audits have been finalised since our last report to this committee. A further eight audits are currently at the draft report stage.
- 8 Seventeen audits are currently in progress. More than half of these are nearing the final stages of fieldwork. Where appropriate, discussions on the emerging findings are, or will take place with relevant officers, prior to draft reports being issued. We are currently planning a further eleven audits and have identified areas to 'top up' our assurance on, in advance of providing our annual opinion.
- 9 Progress in some areas is not as advanced as we would have liked at this stage in the year. This is due to a combination of factors including the detail and depth of some of the work required, some delayed starts, some emerging work requests, and the challenges of completing audit work alongside the many other competing priorities facing the Council. However, our ongoing and planned audit work in the next quarter will provide sufficient coverage and enable us to provide our annual opinion to the June Committee.

- 10 Internal audit assurance gathering is being undertaken in a variety of ways. In this first year of the new council a key priority has been to understand and assess the financial and other systems that are providing the councils key governance and internal control frameworks. Some of this work has been very detailed as it involves reviewing arrangements in all geographical areas of the new organisation. In other instances, we have been undertaking more specific and targeted work, to update our knowledge, and help to provide information to support our opinion.
- 11 The work programme showing current priorities for internal audit work is included at appendix B where we categorise work as 'do now', 'do next' and 'do later'. These timescales are subject to change and work priorities may also change during the year depending on the ongoing consideration of risk.
- 12 We have been meeting regularly with officers to provide support and advice, further understand council arrangements, discuss risks and confirm areas of ongoing and future work.
- 13 In determining which audits will actually be undertaken, the priority and relative risk of each area will continue to be considered as will ensuring coverage of each of the 11 key opinion assurance areas.
- 14 Appendix C summarises the key findings from the completed audits and the actions agreed with officers to address the identified control weaknesses<sup>1</sup>. Appendix D lists our current definitions for action priorities and overall assurance levels.



## **FOLLOW-UP OF AGREED ACTIONS**

- 15 All actions agreed with services as a result of internal audit work are followed up after the agreed implementation deadline to ensure that issues are addressed.
- 16 The dates for completion of agreed actions are included, where appropriate, as part of Appendix C reporting. In some instances, ongoing internal audit work in the same area will pick up the progress being made.
- 17 We currently have no matters to report to the Committee as a result of our follow up work in respect of North Yorkshire Council.
- 18 In 2024/25 (when more action completion deadlines will have passed, and more audits completed for the new council) we will expand the information provided on follow ups to show further details about the status of overdue actions.



## **PROFESSIONAL STANDARDS**

- 19 The Public Sector Internal Audit Standards (PSIAS) are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF). New IIA professional standards were published in January 2024 and will apply from 9 January 2025.

---

- 20 The UK Public Sector Internal Audit Standards Advisory Board (IASAB) is currently reviewing the implications for the PSIAS. Any subsequent changes to the UK's PSIAS, and their implementation, will be subject to consultation and appropriate transitional arrangements.

## APPENDIX A: INTERNAL AUDIT WORK IN 2023/24

### Audits in progress

Audit	Status
Creditors	Draft report issued
Yorwaste performance management	Draft report issued
Review of care provider data	Draft report issued
Killinghall School	Draft report issued
Schools themed audits – Business continuity	Draft report issued
General ledger	Draft report issued
Health and safety	Draft report issued
Childrens direct payments	Draft report issued
Budget monitoring	In progress
Treasury management	In progress
Sundry debtors and debt recovery	In progress
Income collection and receipting	In progress
Revenues	In progress
Housing benefits	In progress
Risk management	In progress
Governance arrangements (constitution, schemes of delegation, decision making and call-in arrangements)	In progress
Transparency code	In progress
Staff registers of interests	In progress
Housing stock conditions surveys	In progress
Housing rents	In progress
Children leaving care	In progress
Early years payments	In progress
Court of Protection – new financial processes	In progress
IT access controls	In progress
ICT governance	In progress
Transformation plans	Planning
Contract management	Planning
Contract waivers	Planning
Governance and council companies	Planning
Liberty protection safeguards	Planning
CCTV	Planning

<b>Audit</b>	<b>Status</b>
Information governance security sweeps	Planning
Business continuity	Planning
Climate change	Planning
Schools themed audits – Ring fenced funding	Planning
Schools themed audits – Purchasing	Planning

### **Final reports issued**

<b>Audit</b>	<b>Issued</b>	<b>Opinion</b>
Main accounting	June 2023	Substantial Assurance
Developing stronger families	June 2023	No opinion given
Creditors	July 2023	Substantial Assurance
Fairburn CP School	July 2023	No opinion given
Pension fund – investments	August 2023	Substantial Assurance
Schools themed audits - schools ICT	September 2023	Limited Assurance
Pension fund - income	September 2023	Reasonable Assurance
Schools themed audits - related party transactions	October 2023	Reasonable Assurance
Debtors	October 2023	Reasonable Assurance
Information security incident – adult social care system (Liquid Logic and ControCC)	November 2023	No opinion given
Liquidlogic (adult social care system)	November 2023	Substantial Assurance
Highways performance management	November 2023	Substantial Assurance
Highways Ringway contract demobilisation	November 2023	Substantial Assurance
Payroll	December 2023	No opinion given
Aftercare services for mental health (s117)	December 2023	No opinion given

## Other work completed in 2023/24

Internal audit work has been undertaken in a range of other areas during the year, including those listed below.

- Grant certification work:
  - Local Enterprise Partnership (LEP) growth hub,
  - Local transport grant
  - Bus subsidy operators grant
  - Sustainable warmth
  - Supporting Families
  - Pooling of housing capital receipts
  - Bus recovery fund
- Consultation on grants schemes including UK shared prosperity fund, local electric vehicle infra-structure capital fund & weekly food waste collections
- Direct support to the NYC finance function
- Completing financial appraisals
- Follow up of agreed actions to previously raised audit findings
- Targeted assurance work, including:
  - Museums financial procedures, specific social care cases and capital expenditure schemes
  - Specific areas raised by council management and/or council officers.
  - A range of areas and questions in respect of maintained schools
- Consultative engagements, including:
  - Financial improvement board
  - Task and finish group on high-cost placements
  - Providing regular support and advice in respect of financial systems matters.
- Additional assurance gathering to inform our opinion:
  - Updating our knowledge on the control and risk management arrangements of the council within the 11 key areas for our annual opinion. Targeted reviews covering areas such as performance. Reviewing key council documents, and also relevant information on internal control and governance matters included in council agendas.

## APPENDIX B: CURRENT PRIORITIES FOR INTERNAL AUDIT WORK

Audit	Timing		
	Do now	Do next	Do later
<b>Strategic and Corporate risks</b>			
Council plan and performance		✓	
Council transformation plans and savings programme	✓		✓
Budget management, monitoring and reporting	✓		✓
Governance	✓		✓
People management		✓	
Information governance			✓
Information security incident reviews	✓	✓	✓
Records management			✓
Project management		✓	
Council complaints		✓	
Risk management	✓		✓
Climate change	✓		✓
Health and safety	✓		
Asset management		✓	
Procurement	✓		✓
Contract management	✓	✓	✓
Contract procedure compliance	✓		
Capital expenditure	✓		✓
Business continuity	✓		
Partnerships			✓
Staff registers of interests	✓		
Council companies and other commercial operations	✓		
Combined authority and devolution		✓	
Transparency code	✓		
CIPFA financial management code		✓	
<b>Technical / Project Risks</b>			
Support and advice for council and service transformation	✓	✓	✓
Involvement in specific service areas developments	✓	✓	✓
Project advice / implementation	✓	✓	✓
ICT governance	✓		✓
ICT access controls	✓		
ICT change management		✓	
ICT cyber security		✓	
ICT disaster recovery			✓
ICT other work		✓	✓
<b>Financial Systems</b>			
Main accounting system	✓	✓	✓
Creditor payments	✓	✓	✓
Sundry debtors, including debt recovery	✓	✓	✓

Audit	Timing		
	Do now	Do next	Do later
Payroll		✓	
Income collection and receipting	✓		
Treasury management	✓		
Revenues	✓		✓
Benefits	✓		✓
Rents	✓		✓
<b>Service Area Related</b>			
Community infrastructure levy and s106 agreements			✓
Other planning areas		✓	
Housing stock condition surveys	✓		
Homelessness			✓
Housing regulation			✓
Economic development			✓
Licensing		✓	
Waste		✓	
Highways		✓	
Developing stronger families	✓		✓
Children's direct payments	✓		
Children leaving care	✓		
High needs and special educational needs			✓
Early years payments	✓		
Maintained schools	✓	✓	✓
Schools themed audits	✓	✓	✓
Schools financial value standard			✓
Adult learning		✓	
Visits to care providers	✓	✓	✓
Social care financial assessments		✓	
Safeguarding		✓	
Adults' direct payments			✓
Court of Protection	✓		
Payment to care providers – provider portal		✓	
Liberty protection safeguards	✓		
Continuing healthcare (adults)		✓	
Public health		✓	
<b>Pensions Fund</b>			
Pensions expenditure		✓	
Pensions income		✓	
Pensions investments		✓	
Attendance at pensions board	✓	✓	✓
<b>Other assurance work</b>			
Follow-up of previously agreed management actions	✓	✓	✓
Gaining understanding on the evolving systems and processes at the new council	✓	✓	✓
Continuous audit planning and additional assurance gathering to help support our	✓	✓	✓

Audit	Timing		
	Do now	Do next	Do later
opinion on the framework of risk management, governance and internal control			
Continuous assurance work, including data analytics and data matching projects	✓	✓	✓
Attendance at, and contribution to, governance- and assurance-related working groups	✓	✓	✓

## APPENDIX C: SUMMARY OF KEY ISSUES FROM AUDITS FINALISED SINCE THE LAST REPORT TO THE COMMITTEE

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
Information security incident	No opinion given	<p>We were asked by the Senior Information Risk Owner (SIRO) to support an investigation following an information security incident. The scope of our audit review was limited to</p> <ul style="list-style-type: none"> <li>establishing the causes of the incident</li> <li>ensuring that any lessons learnt are captured to minimise the risk that similar instances occur in the future</li> </ul>	November 2023	<p>A system update resulted in inaccurate data overwriting or removing previously accurate data held in a connected system.</p> <p>Action had already been taken by the service to identify the records affected and to begin the process of updating and correcting details.</p> <p>General recommendations were made to help to minimise the risk of a similar incident occurring again.</p>	<p>Management accepted the findings of the investigation.</p> <p>All required data corrections were made by December 2023. Communication was also shared with all users of the system in November.</p>
Liquidlogic (social care system)	Substantial Assurance	<p>The Liquidlogic system holds business critical and sensitive care information. We reviewed the system to ensure:</p> <ul style="list-style-type: none"> <li>access and authentication measures ensure that users are only able to see data they should have access to</li> <li>changes made to the system are in line with the council's change management policy</li> <li>the performance of the system is managed in line</li> </ul>	November 2023	<p>Appropriate access and authentication measures are in place. There are effective controls in place to ensure unauthorised users cannot gain access to the system, such as two factor authentication and enforcing strong passwords.</p> <p>Change management processes and procedures are in place that are in line with ISO 27001. The impact of changes is assessed by a change management board and changes must be authorised before they are implemented. Any potential downtime of the liquid logic system is communicated to the relevant</p>	No management actions.

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
		with ISO 20000 (Service Management Controls)		<p>users. A back up of the system is taken before a change has been implemented.</p> <p>The performance of the system is monitored against key performance indicators agreed with the service. These include the uptime of the system and the transaction time. The system is regularly reviewed, and monthly supplier meetings are held.</p>	
Highways performance management	Substantial Assurance	<p>We reviewed the arrangements in place to ensure that:</p> <ul style="list-style-type: none"> <li>relevant performance measures are in place to inform management of the performance of the service against NYC strategic and corporate objectives and statutory compliance requirements</li> <li>an effective process or framework is in place to address the performance of the service, including suitable review and reporting arrangements</li> </ul>	November 2023	<p>NY Highways performance information is linked to the relevant objectives and ambitions in the Council Plan. NY Highways has also translated the high-level objectives of the contract and the business into outcome-based performance measures.</p> <p>The number and relevance of performance indicators appeared appropriate to inform the Council.</p> <p>Arrangements are in place at NYC for appropriate challenge on performance.</p> <p>There is currently no framework document for NY Highways setting out the different areas of reporting and links to the aims of NY Highways and/or NYC. The framework should set out how performance is to be managed covering statutory information, agreed Contract KPIs, and the performance of the service, staff and contractors. It may also be used</p>	<p>1 x Priority 3 action was agreed.</p> <p><b>Responsible Officer:</b> NY Highways Commercial Manager</p> <p>A performance management framework will be created by NY Highways and agreed with North Yorkshire Council.</p> <p>The action is planned to be completed by 31 March 2024.</p>

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
				to monitor other areas of the business including Critical Success Factors (targets for projects and initiatives in the year ahead), Freedom of Information requests, sickness and complaints.	
Highways Ringway contract demobilisation	Substantial Assurance	<p>We reviewed the arrangements following the end of the previous highway maintenance contract with Ringways to ensure:</p> <ul style="list-style-type: none"> <li>• an appropriate demobilisation plan was in place</li> <li>• regular communication between the council and the former contractor was scheduled during the demobilisation period.</li> <li>• once the contract had ended, both parties promptly identified their outstanding issues under the contract and agreed a settlement for each.</li> <li>• an appropriate settlement agreement was reached by both parties.</li> </ul>	November 2023	<p>An appropriate demobilisation plan was in place. The plan was split into five separate workstreams, and all tasks were completed by June 2021 (the contract ended 31 May 2021).</p> <p>The demobilisation process was also supported by a risk identification and management process, and was overseen by a project team including all relevant people. Regular communication from 2018 to 2023 was undertaken. We examined minutes of the meetings held, which showed that risks were regularly reviewed and updated appropriately.</p> <p>A settlement agreement was prepared involving both North Yorkshire Council's and Ringway legal representatives. Specialist legal advice was sought by the Council. The settlement agreement was agreed by both parties and signed in August 2023.</p>	No management actions.

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
Payroll	No opinion given	<p>Management identified some issues relating to an overpayment made in February 2023. The overpayment was subsequently repaid. We reviewed the specific issue and related system controls to:</p> <ul style="list-style-type: none"> <li>understand the reasons why the internal control framework did not identify and prevent the overpayment</li> <li>ensure any weaknesses were addressed to prevent future occurrences</li> </ul>	December 2023	<p>Our work did not identify any further overpayments.</p> <p>The cause of the overpayment was identified and found to relate to specific arrangements in place for Local Government Reorganisation.</p> <p>We highlighted three areas where Payroll controls could be improved covering unit field restrictions in the payroll system, control checking and exception reporting.</p>	<p>2 x Priority 2 actions and 1x Priority 3 action were agreed.</p> <p><b>Responsible Officer:</b> Head of HR Central Services and Employment Support Service</p> <p>ESS are to review arrangements (and work with the payroll system supplier if/as required) to refine system processes in respect of the three areas for improvement.</p> <p>The date for completion of these three actions action is 31 March 2024.</p>
Aftercare services for Mental Health (section 117 Mental Health Act 1983)	No opinion given	<p>A previous audit report on mental health aftercare services was issued in June 2021, and covered a wide range of areas.</p> <p>The objective of this audit was to:</p> <ul style="list-style-type: none"> <li>establish whether actions from the June 2021 audit had been progressed satisfactorily, and</li> </ul>	December 2023	<p>Good progress has been made in completing the previously agreed actions. Twenty three actions have been completed, and of the thirteen that remain, eight require the implementation of a software based dashboard solution.</p> <p>The introduction of a dedicated section 117 team has had a positive impact on the management of cases. A higher number of aftercare plans are in place and there was more accurate data recording. Some gaps still remain such as</p>	<p>4 x Priority 2 actions and 2x Priority 3 actions were agreed.</p> <p><b>Responsible Officer:</b> Service Manager section 117 aftercare</p> <p>A revised action plan reflecting the current position and key actions was agreed. It is planned</p>

System/area	Opinion	Area reviewed	Date issued	Comments	Management actions agreed
		<ul style="list-style-type: none"><li data-bbox="533 284 965 472">undertake further testing of current cases to ensure that aftercare plans were in place and reviews were being carried out in a timely manner.</li></ul>		the need to conduct reviews in a timely manner.	for all actions to be completed by 31 July 2024.

## ANNEX D: AUDIT OPINIONS AND PRIORITIES FOR ACTIONS

<b>Audit opinions</b>	
Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.	
<b>Opinion</b>	<b>Assessment of internal control</b>
Substantial assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

<b>Priorities for actions</b>	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

# COUNTER FRAUD PROGRESS REPORT

Date: 18 March 2024

Annex 2



OFFICIAL





## BACKGROUND

- 1 Fraud is a significant risk to the public sector. The government estimated that between £33.2 and £58.8 billion of public spending was lost to fraud in 2020/21<sup>1</sup>. Financial loss due to fraud can reduce a Council's ability to support public services and it can cause reputational damage.
- 2 Veritau provides a corporate fraud service to the Council which aims to prevent, detect and deter fraud and related criminality. We employ qualified criminal investigators to support departments with fraud prevention, proactively identify issues through data matching exercises, and investigate any suspected fraud. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases.
- 3 The purpose of this report is to update the Audit Committee on counter fraud activity conducted on behalf of the Council in 2023/24.



## COUNTER FRAUD MANAGEMENT

- 4 The counter fraud team work to raise awareness of fraud risks amongst Council staff, and the public. International Anti-Corruption Day was marked in December by providing information to employees about the risks of bribery and money laundering faced by the Council. This followed earlier exercises during International Fraud Awareness Week in November, and Cyber Security Awareness Month in October.
- 5 Veritau is responsible for maintaining and promoting the whistleblowing policy for the Council. We maintain records of all whistleblowing concerns raised and working with officers in Human Resources, we help to ensure that all whistleblowing concerns are identified and appropriately addressed. Whistleblowing training to managers is due to take place in March 2024.
- 6 In January, the counter fraud team attended the adult social care leadership governance meeting. This provided an opportunity to discuss specific fraud threats, provide an update on ongoing work, and identify targeted training opportunities for officers.



## MULTI-AGENCY WORK

- 7 The National Fraud Initiative (NFI) is a large-scale data matching exercise that involves all Councils and other public sector bodies in the UK. The results of the 2022/23 data matching exercise (7,900 data matches) are currently being reviewed by the counter fraud team and other services across the council. To date, 12 matters have been identified for further investigation.

---

<sup>1</sup> Tackling fraud and corruption against Government, HM Treasury / Cabinet Office

- 8 The Council provides information to the Department for Work and Pensions (DWP) to facilitate the investigation of Housing Benefit fraud. Veritau also refer relevant matters to the DWP for investigation. In cases involving Council Tax Reduction we can jointly investigate with the DWP. Veritau has established contacts with the DWP's local investigation team. Five joint working cases have been identified to date.

## INVESTIGATIVE WORK

- 9 Since April 2023, the counter fraud team has received 363 referrals of potential fraud. These relate to adult social care fraud, Council Tax and NNDR discount/exemption fraud, Council Tax Reduction fraud, housing fraud, parking badge misuse, and internal and third-party fraud.
- 10 The counter fraud team has completed 106 investigations this year. Investigative work has resulted in 26 warnings being issued, and two attempted frauds have been prevented. A further matter was referred to the police and an application for a school's admission place was stopped. The team has 153 ongoing investigations.
- 11 To date, investigative work has helped the Council to achieve £125.6k in savings.
- 12 The team works closely with Council staff who can report fraud directly to investigators. Members of the public can also contact Veritau directly to report fraud on 0800 9179 247, or by email to: [counter.fraud@veritau.co.uk](mailto:counter.fraud@veritau.co.uk).
- 13 A summary of investigative work can be found in appendix A, below.

## APPENDIX A: SUMMARY OF INVESTIGATIVE WORK 2023/24

The table below shows the success rate of investigations and levels of savings achieved through counter fraud work in 2023/24.

	<b>2023/24 (As at 29/02/24)</b>
Amount of actual savings (quantifiable savings - eg repayment of loss) identified through fraud investigation	£125,614
% of investigations completed which result in a successful outcome (for example payments stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked)	35.8%

Caseload figures for the period are:

	<b>2023/24 (As at 29/02/24)</b>
Referrals received	363
Number of cases under investigation	153
Number of investigations completed	106
Number of verifications completed <sup>2</sup>	10

<sup>2</sup> Verification cases are reviews of applications for school placements.

Activity	Work completed or in progress
Fraud detection and investigation	<p>The service promotes the use of criminal investigation techniques and standards to respond to any fraud perpetrated against the Council. Activity to date includes the following:</p> <ul style="list-style-type: none"> <li>• <b>Adult Social Care fraud</b> – The team has completed 10 investigations in this area and 17 cases are ongoing. Fraud in this area relates to deprivation of capital, financial abuse, direct payment fraud, and abuse of position. Work in this area has generated £13.5k in savings for the Council.</li> <li>• <b>Council Tax and NNDR fraud</b> – Council Tax and NNDR fraud often involves false applications for discounts and exemptions from liabilities. The team have completed 42 investigations and 19 cases are ongoing. Work in this area has generated £77.8k in savings for the Council and identified an issue with a business receiving Small Business Rate Relief in which they were not entitled resulting in a liability of £31.9k being raised.</li> <li>• <b>Council Tax Reduction fraud</b> – 35 Council Tax Reduction investigations have been completed and 40 cases remain under investigation. Fraud in this area can occur when claimants provide false information when they apply, or fail to declare changes to their circumstances, relating to income or capital. Twelve cases resulted in the customers receiving warnings. Work in this area has resulted in £33.5k of savings for the Council.</li> <li>• <b>External (or third party) fraud</b> – Fraud in this area can relate to financial crime or error perpetrated against the Council, eg mandate fraud, cybercrime, or supplier over charging. Six investigations have been completed with an invoice raised in one case. 13 cases remain under investigation.</li> <li>• <b>Housing fraud</b> – There are four investigations ongoing in this area. These cases relate to sub-letting of council properties and potential abuse of the housing allocation system. Three cases have been closed in the current year with no fraud found.</li> <li>• <b>Internal investigations</b> – Nine internal investigations have been completed with individuals leaving Council employment in three cases. There are 15 ongoing investigations.</li> <li>• <b>Local assistance fund</b> – This funding supplies household goods and necessities to those in need. The counter fraud team investigate the submission of fraudulent applications and misuse of the scheme. One investigation was completed in this area and one investigation is ongoing.</li> </ul>

Activity	Work completed or in progress
	<ul style="list-style-type: none"><li data-bbox="481 261 2036 400">• <b>Parking fraud</b> – Parking fraud includes abuse of the blue badge scheme, such as the use of forged or altered badges. Five investigations have been completed in this area with one case resulting in a formal written warning being issued and fraud was prevented in another case in which a photocopied badge was secured and subsequently destroyed. One investigation is ongoing.</li><li data-bbox="481 424 2036 528">• <b>School admissions</b> – Veritau support Council officers to verify applications for school placements where there is a discrepancy in home address records. Ten cases have been completed resulting in the cessation of one incorrect application.</li></ul>