

Cheltenham Borough Council
Audit Committee – 23 March 2016
Internal Audit Monitoring Report

Accountable member	Cabinet Member Corporate Services, Councillor Jon Walklett
Accountable officer	Robert Milford, Head of Audit Cotswolds
Ward(s) affected	All
Key/Significant Decision	No
Executive summary	<p>The Council must ensure that it has sound systems of internal control that facilitate the effective management of all the Council's functions. The work delivered by Audit Cotswolds, the Council's internal audit service, is one of the control assurance sources available to the Audit Committee, the Senior Leadership Team and supports the work of the external auditor.</p> <p>The Annual Internal Audit Opinion presented to Audit Committee provides an overall assurance opinion at the end of the financial year. This Internal Audit Monitoring Report, however, is designed to give the Audit Committee the opportunity to comment on the work completed by the partnership and provide 'through the year' comment and assurances on the control environment.</p>
Recommendations	The Audit Committee considers the report and makes comment on its content as necessary

Financial implications	<p>None specifically arising from the recommendation</p> <p>Contact officer: Sarah Didcote</p>
Legal implications	<p>None specifically arising from the report recommendation.</p> <p>Contact officer: Peter Lewis, Head of Legal Services, One Legal <i>peter.lewis@tewkesbury.gov.uk, 01684 272012</i></p>
HR implications (including learning and organisational development)	<p>None specifically arising from the recommendation</p> <p>Contact officer: Julie McCarthy</p>
Key risks	<p>That weaknesses in the control framework, identified by the audit activity, continue to threaten organisational objectives, if recommendations are not implemented.</p>
Corporate and community plan Implications	<p><i>“Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.” (Chartered Institute of Internal Auditing UK and Ireland).</i></p> <p>Therefore the internal audit activity impacts on corporate and community plans.</p>

Environmental and climate change implications	Relevant to particular audit assignments and will be identified within <i>individual reports</i> .
Property/Asset Implications	None specifically arising from the recommendation Contact officer: David Roberts@cheltenham.gov.uk

1. Background

- 1.1 The Annual Audit Plan 2015/16 was aligned with the corporate and service risks facing the Council as identified in the consultation with the Senior Leadership Team and supported by such systems as the risk registers. The role and responsibilities of internal audit reflect that it is there to help the organisation to achieve its objectives, part of the plan has been aligned to elements of this strategy. However, to inform the audit plan we have also reviewed other key documents, such as the Medium Term Financial Strategy, change programme agendas and updates to the business plan, many of which contain risk assessments
- 1.2 There is also a benefit to supporting the work of the External Auditor (Grant Thornton). This is in the form of financial and governance audits to support such activities as value for money.
- 1.3 The audit plan also considered risks that may evolve during the year. The consultation process has sought to identify these areas considering where internal audit could support and add value to the risk control process. This report identifies work we have completed in relation to the planned audit work.

2. Reasons for recommendations

- 2.1 The environment in which Cheltenham BC and other Local Authorities now operates has presented significant drivers for change. The continual effort to meet the organisational objectives within a constrained budget has resulted in core systems coming under review for change e.g. the GO Shared Services impacting on core financial systems and shared services generally impacting on core governance arrangements.
- 2.2 Therefore Internal Audit needs to be responding to the changing environment and the areas where the organisation now requires assurances. This prompts the requirement to keep to a more flexible and risk based plan.
- 2.3 It should also be recognised that the service is a partnership, so co-ordinating resources across multiple organisations is critical to the success of the partnership.
- 2.4 This report highlights the work completed by Internal Audit and provides comment on the assurances provided by this work.

3. Internal Audit Output

The internal audit service is continuing to review its operational procedures and processes to ensure they align with the Public Sector Internal Audit Standards (PSIAS).

- 3.1 In support of internal audit standards compliance, and to aid with the complexities of managing an internal audit service over seven clients, we are procuring an IT system. Audit management software systems have been demonstrated and tenders evaluated. A preferred supplier was selected by the project team and two members of the team have visited sites in order to see the preferred system in operation. We held a clarification meeting with the supplier's representatives and a final decision has been made and the contract awarded. We will now commence the design and build of the system to our specifications.
- 3.2 **Background**

Below summarises some of Internal Audit's work in progress to date:

Core Governance

Fieldwork on Governance Compliance has been completed, the report has been issued and we are awaiting Management response.

Risk Management audit has commenced.

Core Financials

Council Tax, NNDR, Benefits (across three councils) – work is progressing.

Treasury Management and Bank Reconciliation audit has been finalised. A **High** assurance has been given for Treasury Management and **Satisfactory** assurance given for Bank Reconciliation.

Transactional testing for Accounts Payable has been completed. The report has been finalised with GOSS Management Team.

Accounts Receivable audit has been finalised and a **High** assurance has been given.

Main Accounting audit has been finalised and a **High** assurance has been given to both Main Accounting System and VAT processes.

Payroll report is being drafted.

Risk Based

Contract Management – the Draft report is with IA Management for review.

Business Continuity Management, Accommodation Strategy & Property Management and Security audits (across three councils) are all in progress.

Task force review and Safeguarding – fieldwork has commenced for both of these audits.

- 3.3** Progress against the 2015/16 audit plan, updated with progress and assurances given, is set out in **Appendix 1**.
- 3.4** Executive summaries of finalised audits in can be found in **Appendix 2**
- 3.5** The assurance levels are set out in **Appendix 3**
- 3.6** The Counter Fraud update is in **Appendix 4**

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Appendices	<ol style="list-style-type: none">1. Audit Plan Progress2. Executive Summaries3. Assurance levels4. Counter Fraud Update

Appendix 1

Subject	Outline	Status	Assurance
Performance Management		Draft report issued - currently with Head of Audit Cotswolds	
Governance Compliance – Members Allowances		Final	Satisfactory
Data Protection & Control of Data		Final	Satisfactory
Payment Channels & Income Streams		Final	Limited
Social Media		Final	Satisfactory
Transparency		Final	High
CORE GOVERNANCE			
Annual Governance Statement	Support and review of the AGS	Complete	Satisfactory
Risk Management	Review of the training for service managers	In progress	
Performance Management	Focus on performance of projects and programmes and in particular the role and responsibilities of SLT and Cabinet.	In progress	
Governance Compliance	HR policy application by service managers: <ul style="list-style-type: none"> • Recruitment & Selection including induction • Capability, Grievance and Disciplinary • Training schemes 	Draft Report issued – awaiting Management response	
ICT	Application audits Shared service support and review		
CORE FINANCIALS			
NNDR	Year 2 module of 3 year programme	In progress	
Benefits	Year 2 module of 3 year	In progress	

	programme		
Council Tax	Year 2 module of 3 year programme	In progress	
GOSS - Finance	Review on: <ul style="list-style-type: none"> • Accounts receivable • Main Accounting • Treasury Management & Bank Reconciliation • Payroll • Accounts Payable (transactional testing) 	Final Final Final Report being drafted Final	High High High Satisfactory
GOSS - HR	Review on: <ul style="list-style-type: none"> • Absence Recording • Staff Allowances • Shared Services Allowances • Job Evaluation Process 	Draft memos being updated following Management review	
GOSS – Procurement, Insurance, Health & Safety	Procurement	To commence	
RISK BASED			
Ubico Client Function	Follow-up to the 2013 audit review with the addition of an examination of client side cost covering client services provided by Gloucestershire Waste Partnership	In progress	
Business Continuity Management	Overall plans, service plans and service manager engagement	In progress	
Accommodation strategy and property management	Review of strategy and property management	In progress	
Security	Review of buildings and personnel security	In progress	
Audit Committee Effectiveness	Review of Audit Committee against appropriate guidance and standards	Work deferred until after Elections	
Contract management	Review of key contracts including tender processes Plus review of contractor use	Draft Report with IA Management for Review	
Task force review	Review of processes and procedures used in the	Fieldwork	

	Cheltenham Development Taskforce project	commenced	
Safeguarding Adults and Children	Support the Safeguarding peer review and audit	Fieldwork commenced	
CONSULTANCY			
REST project support	Support and on-going advice regarding the REST project	On-going	
20:20 vision	Support and on-going advice regarding the 20:20 project	On-going	
Other change projects	Support for other projects	N/A	
Other Audit Work			
Management	Audit Committee, governance and risk groups, high level programmes, etc	N/A	
Follow-ups	Assessment of recommendation implementation	N/A	
Contingency	Operational contingency	N/A	
Art Gallery & Museum follow-up	Follow-up of the recommendations made in the Art Gallery report	In progress	
Car parking follow-up	Follow-up of the report submitted to Audit Committee in September 2015	Delayed due to long term absence of the Head of Audit Cotswolds. Follow up is planned to commence April 2016.	

Executive Summary for Social Media	
Assurance	Satisfactory
Overview and Key Findings	
<p>This audit was carried out as part of the risk based audit programme planned for 2014/15 as approved by Audit Committee at Cheltenham Borough Council April 2014.</p> <p>The purpose of the audit review is to provide Members and senior officers with sufficient levels of assurance that the social media risk management process and internal control framework are effective. Our work has identified certain areas of control weakness, therefore we have suggested recommendations to strengthen the overall control environment.</p> <p><u>Background</u> Social media is the term used for online tools, websites and interactive media that enable users to interact with each other by sharing information. Social media increases the Council's audience, improves the accessibility of our communication and increases our community engagement. There are multiple examples where the use of social media by public sector organisations has had a positive impact on both community engagement and organisational reputation. CBC have a combined following on all social media platforms of approximately 8000 'followers/subscribers'. With this level of reach there are increased reputational risks for the Council which if not controlled, hold the potential to escalate beyond the Council's existing risk management procedures.</p> <p><u>Key Recommendations</u></p> <p><u>Social Media Guidance/Policy:</u></p> <ul style="list-style-type: none"> • The Council's Social media guidance documents were last reviewed in 2012, the guidance should be updated to include clear links to existing relevant ICT and HR policies with the information communicated to all staff • Employees with personal social media accounts should take extra caution in their social media activities, particularly when the personal social media account makes clear that the individual is a Council employee. • Guidelines on the 'liking'/'following' process for corporate social media accounts should be included in the updated Social Media Guidance. • The approval process for the creation of service area accounts should be documented within the updated Social Media guidance. • Social media guidance should be updated to outline security, password, and acceptable use guidelines for officers administering Council social media accounts on personal devices (smartphones, tablets, home computer etc.). <p><u>Review and update the Council's social media security, recovery and business continuity arrangements to address the following risk and control areas:</u></p> <ul style="list-style-type: none"> • All Council-owned social media accounts should be registered using a Council email address with key account details logged on a central register for business continuity and disaster recovery purposes. <p><u>Conclusion</u> Based on testing completed, we offer an audit assurance opinion level of Satisfactory Assurance. The system of expected control although sound, has elements of weakness thus increasing system objective risks. The implementation of recommended actions within this report will increase the assurance level of the Council's risk management and internal control of Social Media.</p> <p><u>Management Response</u> I welcome this audit report into the council's use of social media that has found that the council uses multiple social media platforms to communicate with over 8,000 people with many examples of best practice and that overall our system of control is "sound". I am happy with the report's recommendations that we should update both the social media guidance for staff and our social media security arrangements so that we minimise any reputational or security risks from our continued use of social media.</p>	

Executive Summary for Data Protection	
Assurance	Satisfactory
Overview and Key Findings	

Audit Objectives and Scope

This review was part of the 2014/15 audit plan agreed by audit committee. The audit was included in the internal audit plan to provide assurance over the systems of control and risk management for Data Protection at Cheltenham Borough Council. This audit focussed on 3 objectives:

i) The adequacy and effectiveness of internal controls operating in respect of Data Protection:

- Data privacy impact assessments linked to 3rd party access to council data.
- Security and access to data. The controlled movements and transfer of data.
- Registering of systems and the maintenance of the registration.

ii) To ensure that the processes are meeting the requirements of internal policy, procedural standards and targets:

- Policies and procedures in place to support effective management of Data Protection arrangements.
- Links to PSN requirements.
- Data protection roles including training & induction. Evidence of training and refresher training across all staff
- Liability for and ownership of data when it is used by a third party e.g. a 'contracted out service'.
- Links to records management

iii) To ensure that the processes are meeting external codes of practice, professional good practice and statutory regulations as applicable:

- Sharing of data.
- Data protection links to transparency requirements.
- Data request management / control & performance to local / national requirements.
- CCTV and recorded data.
- Data protection reporting processes.

Background

To deliver services effectively, the Council needs to collect, process and hold personal and sensitive data relating to past and prospective employees, suppliers, clients and customers. The Data Protection Act 1998 requires organisations which handle personal data to manage the information securely and responsibly (this includes the destruction of information held safely when no longer required). Data protection covers a vast range of areas across the organisation and therefore the scope of this audit represents areas of risk that have been agreed with management.

Overall Observations and Key Findings

We found strong and robust internal controls in place including policies, procedure, use of usernames, passwords and segregated levels of access. There are however, some areas of weakness and non-compliance with existing controls that if left unmonitored could increase the overall risk profile for the Council. Implementation of the audit recommendations will help to mitigate the stated risks.

The following high priority observation has been made:

1. There is the potential vulnerability of Council data leaving the organisation without appropriate encryption arrangements in place. It has been agreed with the Council's in-house IT provider for the existing internal controls around file uploading to be reviewed and strengthened where necessary.

The following medium priority recommendations have been made:

1. The Council should seek to align its Clear Desk and Clear Screen Policies with the Forest of Dean District Council, awareness of the benefits and best practice should be circulated to staff.
2. The confidential waste contract should be reviewed to ensure the current arrangements offer the greatest value for money, taking advantage of links with strategic partners.
3. The Council should proactively provide all staff with specific data protection training in addition to the existing ICT induction training, with refresher training available at appropriate intervals.

Conclusion

We have met our objectives by reviewing the systems of internal control and risk management in place for Data Protection in accordance with the scope agreed by management. We offer a **Satisfactory** level of assurance, the system of expected control although sound, has elements of weakness thus increasing system objective risks, and, compliance is generally good but there is evidence of non-compliance with some of the controls. Recommendations have been made, that if addressed should help to add value to the controls already in operation.

Management Response

We have reviewed the Audit Report and agree with the observations and recommendations made. We will ensure the proposed actions are put into place to mitigate and manage the risk exposures identified.

Executive Summary for Accounts Receivable

Assurance

High

Overview and Key Findings

The Accounts Receivable (AR) review was conducted as part of the core audit programme for 2015/16 as approved by the relevant Audit Committees and Boards in March 2015.

This review will now be carried out over a 3 year cycle, with 2015/16 being the second year of this cycle. The focus of the review this year was on:

- Income Streams (Garden Waste, Trade Waste and Licensing processes)

The audit review also covered:

- The management of processes undertaken by GOSS on behalf of the client organisations
- That processes comply with Financial Rules and other Client based policies and standards
- An assessment of the GOSS performance levels and KPIs

Our review can confirm that sound processes and procedures are in place over the areas reviewed to ensure GOSS provides effective service delivery on behalf of the client organisations. We can also confirm that Financial Rules are being complied with as are client policies.

Examination of the Income Streams element of this review has identified that although processes undertaken by the GOSS AR team are sound, there are process inefficiencies for the administration of Green Waste Service. We also found errors made by client officers who have access to the Smart Client element of ABW. The relevant clients have been advised and the AR team are working to resolve the issues identified.

There are no KPIs in the 2015/16 GOSS Service Delivery Plan relating to the AR service, although there are internal performance schedules which form the basis for performance monitoring.

Other indications of GOSS performance is through (i) the monitoring/addressing of customer complaints; any performance concerns identified are reviewed and addressed for staff development, and (ii) the liaison meetings held between the GOSS AR Team and those service areas involved with the production of large subscription invoice runs. These discussions help to identify any issues / concerns to ensure the smooth running of the process. Our review of this area did not identify any areas of concern.

Based on the work completed, we can confirm that the control framework of the areas reviewed within GOSS AR is sound and that processes and procedures enable business objectives to be achieved. Several errors were identified within the client areas which The GOSS AR team are helping to correct to prevent further occurrences. One recommendation has been made that if addressed will add value and improve the overall control environment. Therefore, our opinion is that of a **High** level.

Management Response

We welcome the positive comments that have been made in relation to the current performance of the Accounts Receivable service.

The issues that have been raised relating to the service users are valuable points and we hope that these can be taken forward in future service specific audits to ensure that improvements can be made. GOSS AR will continue to support users and provide training when required. Some refresher training has already been arranged with staff at CBH.

The recommendation is in the process of being addressed. At present the system default is for the rounding to be on the last instalment. The user has to amend this to first at the point of setting up the payment plan. Advice is currently being sought from the System Administrator to see whether the default value can be amended from last to first. This would resolve the issue and the payment plan letter will display correctly.

Executive Summary for Accounts Payable (Transactional Testing)

Assurance

Awaiting assurance score from SWAP

Overview and Key Findings

The transactional testing for Accounts Payable (AP) was carried out as part of the core audit programme planned for 2015/16 as approved by the Audit Committees and Boards of the Audit Cotswolds' client organisations.

The South West Audit Partnership (SWAP) are the auditors for the AP module (GOSS Controls) as AP is processed by GOSS based at the Forest of Dean District Council (FoDDC) they also test the controls in place for the BACS payment batches. At the point of issuing this memo we have been advised that SWAP plan to commence the AP testing in January 2016 and we will receive a copy of their report (including the assurance level for the GOSS controls) once this has been completed.

In 2015/16 Audit Cotswolds performed AP transactional testing for all its clients and included:

- Payments are made in accordance with Financial Rules
- Appropriate authorisation of purchase orders and supplier invoices
- An assessment of the usage of Purchase Orders

We reviewed a random sample of invoices for the period 1st April – 30th September 2015. Where the sample did not contain individual transaction amounts falling within each approval limit, as stated by the Financial Rules, one additional transaction was randomly selected for each limit.

It's understood it is GOSS policy to make payment as soon an invoice is approved or matched to a purchase order. As part of this testing payments were deemed to be late if payment was made 30 days after an invoice was received by the service area. Our testing has identified 95% of invoices were paid within these 30 days, although not always within the supplier's terms set out on the invoice. We can confirm invoices had been authorised in line with the Financial Rules.

We are aware that a 'No purchase order, no payment' policy was approved by Senior Management Team at CBC (implemented April 2015), to increase the use of purchase orders and to ensure compliance with financial rules (although there are exceptions in the policy in respect of when a purchase order is not required e.g. utilities and subscriptions). Testing suggested that the policy has not increased the use of purchase orders during the first 6 months of this year. Consideration should be given to reminding officers of the policy and the potential lateness of payments to customers of non-compliance with this policy.

A further investigation to determine whether any invoices had been paid twice was undertaken for each client. Testing identified, in almost all incidences, duplicate payments were due to AP receiving duplicate copies of the invoice a few days apart, generally four to seven days; caused by service areas emailing the invoice and also submitting a paper copy. In all but one instance the invoice number on the second processed invoice was different to the first invoice number, which allowed the payment of the second invoice. The other invoice was processed twice as a different supplier ID had been used.

It was found that in the majority of cases the duplicate was approved by a different officer to the first, although there were two occasions when the approval was carried out by the same officer.

Conclusion

We can confirm that transactional testing has shown that invoices are paid in a timely manner, they are authorised appropriately and payments are made in accordance with the Financial Rules. Testing has identified there is still a need to increase the use of purchase orders by all clients to ensure compliance with Financial Rules.

There is a risk of making duplicate payments caused by AP receiving duplicate invoices, which could be avoided if all invoices are emailed rather than posted as discussed above.

Management Response

Since the inception of Accounts Payable being co-located in Coleford, performance levels of the timeliness in paying supplier invoices has improved year on year.

GOSS Management have put significant resource into training and reviewing processes for the use of purchase orders – it is therefore disappointing that this resource has not been rewarded with an improvement in the level of take-up in the use of purchase orders. Over the coming months, reports will be written to help establish which areas are not using the purchase order management element of the system to its full extent in order for Management Teams at clients to be able to 'police' the use more effectively.

Executive Summary for Main Accounting System & VAT Processes

Assurance	Main Accounting System – High VAT Processes – High
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Overview and Key Findings

The review on the Main Accounting System including VAT processes was conducted as part of the core audit programme for 2015/2016 as approved by the relevant Audit Committees and Boards of the Audit Cotswold client organisations.

The focus of the audit was on:

- The management of processes undertaken by GOSS on behalf of the client organisations: Cheltenham Borough Council (CBC), Cotswold District Council (CDC), West Oxfordshire District Council (WODC), the Cheltenham Trust, Ubico, and Cheltenham Borough Homes (CBH).

- Compliance of processes with Financial Rules and other client based policies and standards
- A follow up recommendations from the previous year's audit
- Review of Key Performance Indicators (KPIs) of GOSS performance

Based on the work completed we have concluded that there are sound controls operating within GOSS for the Main Accounting System, and with regard to VAT processes.

Our only comments relate to:

- the signing of VAT returns by the checking officer to evidence the check, and
- the development of ABW guidance resources and design of training materials

We have been able to issue High Assurance Level opinions for both the Main Accounting System and VAT processes. Other than the two issues mentioned above there are no other matters to which we need to draw the attention of management.

Management Response

Recommendations agreed, as per action plan.

Executive Summary for Treasury Management and Bank Reconciliation

Assurance

**Treasury Management – High
Bank Reconciliation – Satisfactory**

Overview and Key Findings

The review on Treasury Management and Bank Reconciliation was conducted as part of the core audit programme for 2015/2016 as approved by the relevant Audit Committees and Boards of the Audit Cotswold client organisations.

The focus of the audit was on:

- The management of processes undertaken by GOSS on behalf of the client organisations
- Compliance of processes with Financial Rules and other client based policies and standards
- A follow up recommendations from the previous year's audit

Based on the work completed we have concluded that there are sound controls operating within GOSS over Treasury Management activities and are able to offer a 'High' assurance opinion.

Original testing undertaken in October 2015 found that formal monthly bank reconciliation statements were not being completed although staff were identifying, examining and correcting un-reconciled items on an on-going basis. We were advised that a bank reconciliation template was being developed which has the facility to be signed off by the compiler and the verifier/certifier and would be shortly implemented. We revisited this in early January 2016 and found that work was still in progress. We subsequently revisited at the beginning of March 2016 and can confirm that monthly reconciliations are now being completed and there is evidence to support these reconciliations. But there is no evidence to support independent sign off of them. We understand the Corporate Finance Team are addressing this and will ensure a clear audit trail is progressed.

Due to the work now being undertaken by the Corporate Finance Team and our recent testing we are able to offer an assurance opinion to that of a 'Satisfactory' level. However, it must be noted that independent sign off of the bank reconciliation is a key financial control against fraud and error, so must be undertaken to provide assurance that the system is working effectively.

Management Response

Processes within the Treasury Management function are well established and are operating well. The recommendations made with regard to the Bank Reconciliation function are accepted and will be implemented shortly to further strengthen processes.

Assurance Levels

Assurance levels for all audits follow a standard methodology to ensure reliability and validity of Internal Audit opinion. The table below set out the rationale for the opinion and suggested management action timescales.

Assurance Level	IA Opinion – Controls	IA Opinion – Compliance
High	The system of control is sound and designed to achieve system objectives	Controls are complete, consistently applied and compliance is good
Satisfactory	The system of expected control although sound, there are opportunities for improvement to further reduce system objective risks	Compliance is generally good but there is evidence of non-compliance with some controls
Limited	The system of controls falls below expectation as weaknesses are increasing system objective risks	There is sufficient evidence of non-compliance which puts the system objectives at risk
Poor	The system of control is weak thus significantly increasing system objective risk	There is significant non-compliance with controls leaving the system vulnerable to abuse or fraud which significantly increases the system objective risks

Counter Fraud Update

Project Update for March / April Audit Committees

1. Cotswold District Council and West Oxfordshire District Council

S113 Secondment Agreements have now approved by appropriate legal teams and signed by all parties to enable both Counter Fraud Investigators to conduct work as needed for both authorities.

Two Cotswold cases of alleged theft and corruption against the Council are being investigated.

2. Cheltenham Borough Council

The Counter Fraud Officers currently undertake the single point of contact role and act as the Department of Work and Pensions liaison following the transfer of Benefit Fraud investigation to the Single Fraud Investigation Service, Department for Work and Pensions. The team also investigate any allegations related to Council Tax Reduction Scheme offences on behalf of the Revenues and Benefits Department. Agreed financial contribution made annually by the Council for this work – secured to 2020.

- 141 fraud referrals received
- 83 referred on to the single fraud investigation service for investigation
- 34 cases opened within the team
- 4 cases referred to a Housing Provider for further action
- Remaining 20 cases closed

Investigation cases involving Council Tax Reduction Scheme dealt with by the team

Overpayments identified (open cases after 01/04/15) = £16,737.95

- 3 prosecutions – all sentenced
- 2 prosecutions – listed for trial
- 2 Administrative Penalties (Fines generated for the Council £796.04)
- 2 Formal Cautions
- 5 on-going investigations

The Housing List review is almost complete and has resulted in 25 cancelled applications and 6 band reductions. Currently 150 queries are outstanding with Housing Options. Each cancelled application represents a property which can be reallocated to another eligible family. For each reallocation, a figure of £18,000.00 per annum can be identified as a loss avoidance figure because there is no need for temporary accommodation to be utilised.

A sample single person discount review has also been undertaken for the Revenues (Council Tax) Department. 50 cases were subjected to more robust verification; discounts were removed retrospectively and for the financial year 2016/2017 which generated £37,000.00 for the Council. Council Tax Penalties were not administered but could have been where appropriate generating £70.00 per account – approximately £3,000.00 in total.

Service of Court documents on behalf of Housing Benefit debt recovery:

- Customer debt of £634.28 paid in full
- Customer debt of £870 paid, arrangement agreed for outstanding £300
- Customer debt of £905.58, arrangement agreed & £211.30 paid to date
- Customer debt of £1858.46, arrangement of £40 per month agreed.

3. GO Shared Services

Sample of debts checked via the National Anti-Fraud Network to assist in debt recovery on behalf of the Accounts Receivable Team to reduce the number of debts passed for write off. This was a small sample of 24 cases to test the merits of Accounts having direct access to the system on behalf of each client Authority within GOSS.

Utilising only the free consent data check on the system, further information was found in 18 cases out of 24 – including email addresses, phone numbers and confirmation in many cases that the debtor was still resident at the address held, and also indications that some customers may have used a false name when

registering.

4. Internal Investigation Referrals

Internal Audit undertakes work for Cotswold, West Oxfordshire and Cheltenham – any internal cases referred to Internal Audit are referred to the team where criminal offences are identified. Reports and recommendations are being referred to the appropriate Director at suitable intervals.

5. Cheltenham Borough Homes

Tenancy Fraud work has been on-going for approximately 18 months. This has been successful and Cheltenham Borough Homes have contributed financially towards the fraud unit for 2015/2016.

- 2 Right to Buy Applications prevented
- 8 properties recovered
- 5 on-going investigations
- 5 prosecutions – all sentenced
- 2 prosecutions – listed for trial

A corporate strategy is being developed with regard to referral mechanisms, investigating and reporting.

6. Tewkesbury Borough Council

S113 Secondment Agreements have been approved by the appropriate legal teams and have been signed by all parties.

Work to commence with the Head of Revenues and Benefits and a retained Fraud Investigator with regard to the Housing List review and single person discount fraud drive in March 2016.

7. Gloucestershire County Council

Meetings held with the Head of Audit Risk Assurance and Insurance Services and key team members. The Head of Audit Risk Assurance and Insurance Services is a member of the Project Board.

S113 Secondment Agreements are with the legal department to enable the team to attend County and investigate reactive fraud cases as appropriate with a view to County pursuing prosecutions themselves. The County currently undertake a number of internal investigations but the cases are handed to the Police and the Crown Prosecution Service. The hope is that we can assist with this process being considered internally when appropriate.

8. Stroud District Council and Gloucester City Council

I have met with the Head of Internal Audit however he is leaving on 1 April 2016 and the service is joining with County. Therefore discussions to be held with the Chief Finance Officers following the commencement of the shared service to ensure both Councils are fully updated.

9. Forest of Dean District Council

A meeting with the Head of Internal Audit Team is to be arranged to discuss the project and appropriate engagement.

10. Housing Associations / Registered Social Landlord's

Severn Vale and Two Rivers have approached the team with regard to work. There is currently a work stream with the legal department to develop the best legal framework for this; either a Partnership Agreement or Goods and Services Contracts.

A meeting is to be planned in the new financial year to discuss tenancy fraud work with the team and liaison with Revenues and Benefits / Housing Teams within the authority.

11. Training

22 March 2016 - HR, Audit and Investigation staff across the County in relation to undertaking Employment / Internal Investigations,

Criminal Procedure and Investigations Act; refresher and updates being planned and rolled out across the County for all Enforcement, Legal and Audit members of staff (April / May 2016).

Regulation of Investigatory Powers Act; refresher and updates being planned and rolled out across the County for all Enforcement, Legal and Audit members of staff.

Proceeds of Crime Seminar planned provisionally for 3 May 2016 with Barristers from Albion Chambers for

all Enforcement, Legal and Audit members of staff across the County.

12. Data Warehouse / Case Management System

We are working with Procurement on the tender documentation – we are also discussing the project with the Head of ICT due to the size of IT involvement.

One Legal are being consulted with a view to drafting the legal documentation for data sharing / storing across the county.

This also involves a large work stream with regard to Fair Processing notices on the internet and paperwork across all partnership Councils.

13. Policies

Counter Fraud and Anti-Corruption Policy agreed by Audit Committee at Cotswold District Council and Cheltenham Borough Council; scheduled for 31 March 2016 at West Oxfordshire District Council.

Cabinet approval at Cotswold District Council received, on the agenda at Cheltenham and West Oxfordshire in April 2016.

A new Regulation of Investigatory Powers Act policy has been drafted to cover staff obtaining Communications data; approval across the partnership to be commenced

The team have been given responsibility for the Whistle Blowing Policy which needs to be redrafted for use across all partners. We are also looking at the Money Laundering and Proceeds of Crime Policies (if they exist).

14. Procedures

The investigation referral procedure needs to be worked on and adopted accordingly across the county and the partners.

We are working on a Lone Working Procedure for the team. We have researched and found appropriate lone working devices and pending legal agreement these will be obtained.

15. Other work streams

Work has also been planned in relation to a generic document pack for Gloucestershire for criminal investigation to include all the relevant investigation, interview under caution and prosecution processes.

A new referral inbox for county use; this will be advertised as we update the relevant intranet / internet pages to be used by staff, members or the general public. We are also trying to find an appropriate fix re telephone referrals.

Paperwork received in relation to signing the memorandum of understanding with HM Revenue and Customs – liaison with all enforcement teams.

A work stream to engage the Police and enter into an appropriate joint working mechanism is to be commenced.

Work on transparency reporting for fraud work – again this involves capturing information from around the organisations across the different sites.

Staff and Member Awareness Training Plan to be commenced.

16. Budget

This is now up to date for 2015/2016. Agreements for 2016/2017 to be finalised.