



WYCOMBE
DISTRICT COUNCIL
SUMMARY

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| Report For: | Audit Committee |
| Meeting Date: | Audit Committee 9 Jan 2020 |
| Part: | Part 1 - Open |
| If Part 2, reason: | Choose a reason |

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|--|---|
| Title of Report: | Business Assurance Manager's Half Yearly Report |
| Officer Contact: Direct Dial: Email: | Michael Howard 01494 421357 mike.howard@wycombe.gov.uk |
| Ward(s) affected: | All |
| Reason for the Decision: | The Business Assurance Manager provides regular reports on the progress of the work undertaken in the Internal Audit, Risk and Corporate Investigation Division. |
| Proposed Decision/Recommendation: | That: The Business Assurance Managers half yearly report for the period ending 30 th September 2019 be NOTED. |
| Sustainable Community Strategy/Council Priorities - Implications | Risk: N/A Equalities: N/A Health & Safety: N/A |
| Monitoring Officer/ S.151 Officer Comments | Monitoring Officer: The Business Assurance Manager's report contributes to the Councils suite of arrangements for effective governance and the management of risk. S.151 Officer: There are no direct financial implications of this report. |
| Consultees: | N/A |
| Options: | N/A |
| Next Steps: | N/A |

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|--------------------|------------|
| Background Papers: | N/A |
| Abbreviations: | N/A |

INTERNAL AUDIT, RISK MANAGEMENT AND CORPORATE INVESTIGATIONS

BACKGROUND

The Division consists of three service elements, Internal Audit, Risk Management and Corporate Investigations.

SUMMARY OF THE WORK OF INTERNAL AUDIT

Background

The purpose of this report is to provide the Committee with an update on the progress on delivering the Audit Programme that was agreed by this Committee at its meeting on 31st May 2018.

With the exception of two planned reviews it is anticipated that the 2019/20 Audit programme will be delivered by the end of February 2020, in readiness for the introduction of the new Buckinghamshire Council in April 2020.

We have appointed Mazars, who will be providing the Internal Audit Service for 2019/20.

Scheduling of the remaining programme is outlined below:

| AUDIT REVIEW | START DATE |
|---|---|
| Licencing Scheme – Houses in Multiple Occupation. | Complete |
| Commercial Leases | Complete |
| Treasury Management | Complete |
| Revenue and Capital Budgeting | Work in progress |
| Council Tax Support and Housing Benefits. | 9 th December 2019 |
| Council Tax and NNDR | Work in progress |
| Fixed Assets and Inventories | Work in progress |
| Parking Services | TBC |
| Human Resources and Payroll | 2 nd December 2019 |
| Creditors | 20 th January 2020 |
| Corporate Debt Management & Income | 13 th January 2020 |
| Assurance Review - Fit for Competition | TBC |
| Waste Management Contract | Deferred due to operational circumstances. |
| IR 35 (Off Payroll Working Rules) | To be undertaken as part of a joint Council approach. |

Attached at appendix A to this report is a description of the audit opinions that is used when assessing the effectiveness of the system of internal control.

SUMMARY OF THE WORK OF RISK MANAGEMENT ACTIVITY

At a strategic level, a review of the content of the current strategic risk register was undertaken to align to the recently refreshed Corporate Plan, with a view to greater clarity and focus of the key strategic risks facing the Council.

SUMMARY OF THE WORK OF THE CORPORATE INVESTIGATIONS TEAM

Background

The Team continues to review and refine operational processes in order to best maximise the resources available. This has resulted in the way in which the Team promotes itself both internally and externally and we will continue to pursue other avenues in order to raise its profile.

The table below provides an illustration of the types and number of referrals that the Team has received, up to September 2019, and those which after the completion of a risk assessment have been taken on for investigation. A comparison has been made as regards the same period in 2018/19.

| Type of Fraud | Categories | 2018/19 TOTAL (Sept) | 2019/20 TOTAL (Sept) |
|--|---|-------------------------------------|-------------------------------------|
| CTR | Number of referrals received | 37 | 18 |
| | Number of referrals investigated | 25 | 10 |
| | Number of referrals that failed the risk assessment stage | 12 | 8 |
| SPD, DISCOUNTS AND EXEMPTIONS | Number of referrals received | 20 | 16 |
| | Number of referrals investigated | 18 | 9 |
| | Number of referrals that failed the risk assessment stage | 2 | 7 |
| Internal Fraud/Procurement | Number of referrals received | 1 | 1 |
| | Number of referrals investigated | 1 | 1 |
| | Number of referrals that failed the risk assessment stage of referrals closed | 0 | 0 |
| Tenancy Fraud | Number of referrals received | 0 | 1 |
| | Number of referrals investigated | 0 | 0 |
| | Number of referrals that failed the risk assessment stage | 0 | 1 |
| Housing Option Fraud (false allocation of social housing) | Number of cases received | 7 | 4 |
| | Number of cases investigated | 5 | 4 |
| | Number of referrals that failed the risk assessment stage | 2 | 0 |
| NNDR Fraud | Number of referrals received | 3 | 6 |
| | Number of referrals investigated | 1 | 2 |
| | Number of referrals that failed the risk assessment stage | 2 | 4 |
| Environmental | Number of referrals received | 3 | 4 |
| | Number of referrals investigated | 2 | 4 |
| | Number of referrals that failed the risk assessment stage | 1 | 0 |
| DPA requests from Thames Valley Police | Number of queries | 34 | 15 |
| | Number of queries | 10 | 6 |

Sanctions and Prosecutions

There are three types of sanctions that can be administered:

Caution - this is a formal, final warning that is issued by Corporate Investigations and stays on a person's record with WDC for a period of 5 years and is used for less serious cases. A caution can only be sanctioned if the offence is admitted during an interview under caution. In these cases, the recovery of any overpayment is sought as well. A caution can be cited in court should the claimant be found guilty of a further benefit offence

Penalty - this is a "fine" and the value of the fine is calculated by taking up to 50% of the total CTR overpayment. The fine can be no greater than £1000 with a minimum of £100 and can be used where it's not in the public interest to proceed with a prosecution. A fine can be sanctioned without a full admission of guilt being made. The penalty is in addition to the reclaiming of the original overpayment and is collected through a sundry debtor invoice.

Prosecution - for the more serious cases the Council's Legal Department will pursue criminal court proceedings against the person involved.

All cases put forward for deterrent actions are monitored and, as necessary, further advice is sought from the Council's Legal Service.

A higher level of evidence is required on those cases where either a Caution or Penalty is offered. If a person does not accept a Caution or a Penalty, the normal course of action would be for the case to be considered for legal proceedings.

Where possible, the local media has been made aware of successful prosecutions but coverage is dependent on other items of news at the time. Reports of these cases are intended to have a deterrent effect. In addition, successful prosecutions are reported on the Council's website and intranet site.

Successful prosecution

In August, the Team undertook a successful prosecution using the Fraud Act in relation to the use of a false passport as part of the application process to obtain a hackney carriage and drivers licence. This case resulted in 120 hours unpaid work as well as awarding the Council a contribution to its costs of £1,400.

Council Tax Reduction and Discretionary Housing Payments

The monetary value of the overpayments identified as a result of an investigation into Council Tax Reduction was £12,000

In addition the Team levied 3 penalties, equating to £1,500.





Council Tax Single Person Discount

The monetary value of Single Person Discounts to which there was no valid eligibility was £8,000.

AUDIT OPINION

Note 1 - Overall opinion

The Internal Audit opinion used is based on 4 levels covering an evaluation of the internal control framework that key controls exist and are applied consistently.

| Level | Symbol | Evaluation Assessment | Testing Assessment |
|--------------------|---|--|---|
| Full |  | There is a sound system of internal control designed to achieve the system objectives. | The controls are being consistently applied. |
| Substantial |  | Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk. | There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk. |
| Limited |  | Weaknesses in the system of internal control design are such as to put the system objectives at risk. | The level of non-compliance puts the system objectives at risk. |
| Nil |  | Control is generally weak leaving the system open to significant error or abuse. | Significant non-compliance with basic controls leaves the system open to error or abuse. |

Note 2 - Priority ratings

Internal Audit priority ratings are based on 2 levels:-

- Priority 1- Fundamental: - action we consider essential to ensure that the Authority is not exposed to any immediate significant risk.
- Priority 2- Significant: - action we consider necessary to avoid exposure to significant risks.

It is management responsibility to ensure full implementation of the agreed action plan.