

Internal Audit Activity Progress Report

2020-2021



(1) Introduction

All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that a relevant authority “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

The Internal Audit Service is provided by Audit Risk Assurance under a Shared Service agreement between Gloucester City Council, Stroud District Council and Gloucestershire County Council and carries out the work required to satisfy this legislative requirement and reports its findings and conclusions to management and to this Committee.

The guidance accompanying the Regulations recognises the Public Sector Internal Audit Standards 2017 (PSIAS) as representing “proper internal audit practices”. The standards define the way in which the Internal Audit Service should be established and undertake its functions.

(2) Responsibilities

Management are responsible for establishing and maintaining appropriate risk management processes, control systems (financial and non financial) and governance arrangements.

Internal Audit plays a key role in providing independent assurance and advising the organisation that these arrangements are in place and operating effectively.

Internal Audit is not the only source of assurance for the Council. There are a range of external audit and inspection agencies as well as management processes which also provide assurance and these are set out in the Council’s Code of Corporate Governance and its Annual Governance Statement.

(3) Purpose of this Report

One of the key requirements of the standards is that the Chief Internal Auditor should provide progress reports on internal audit activity to those charged with governance. This report summarises:

- The progress against the 2020/21 Revised Risk Based Internal Audit Plan, including the assurance opinions on the effectiveness of risk management and control processes;
- The outcomes of the Internal Audit activity during the period November and December 2020; and
- Special investigations/counter fraud activity.

(4) Progress against the 2020/21 Internal Audit Plan, including the assurance opinions on risk and control

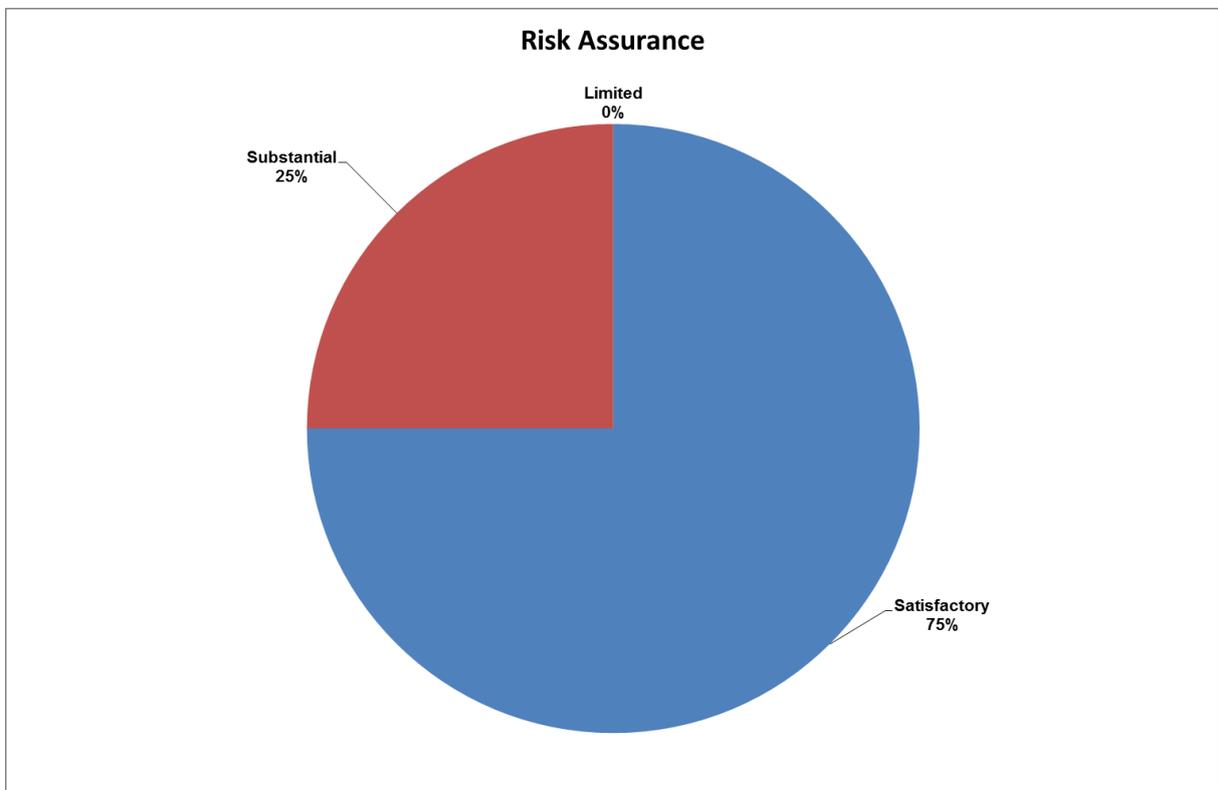
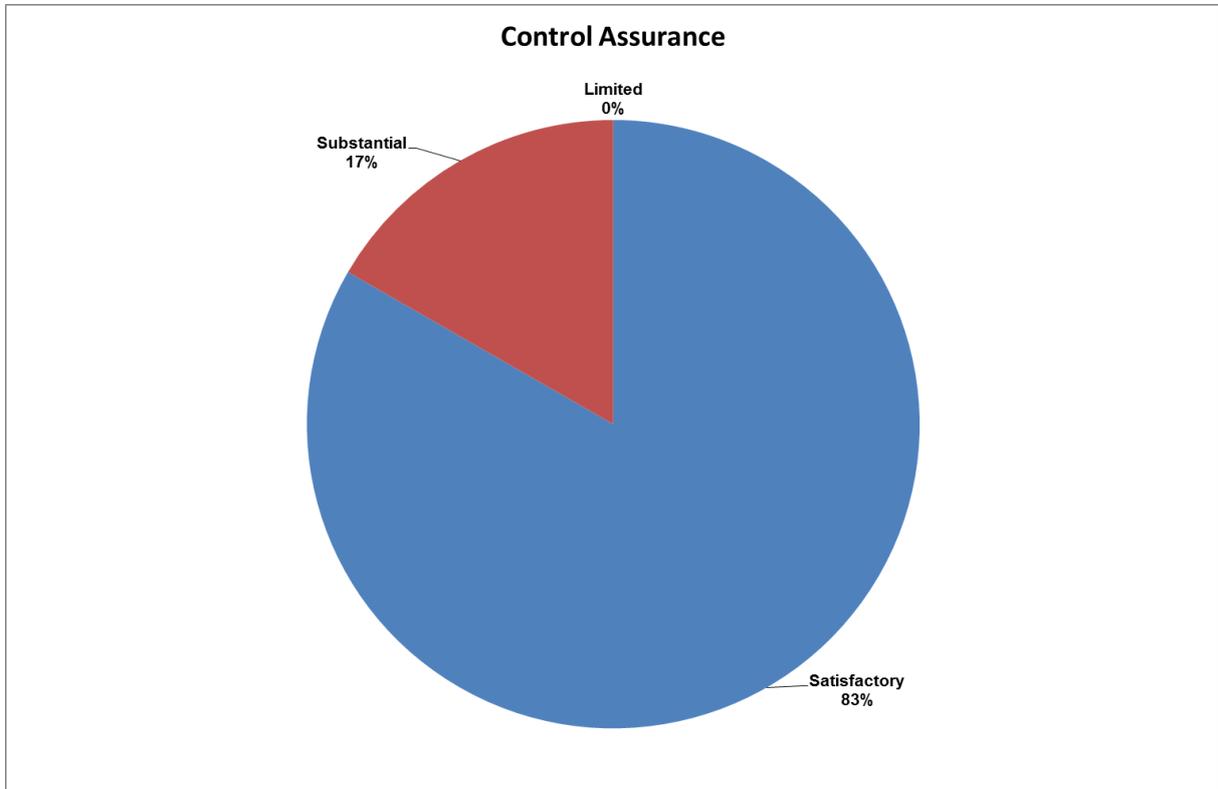
The schedule provided at **Attachment 1** provides the summary of 2020/21 audits which have not previously been reported to the Audit and Governance Committee.

The schedule provided at **Attachment 2** contains a list of all of the 2020/21 Internal Audit Plan activity undertaken during the financial year to date, which includes, where relevant, the assurance opinions on the effectiveness of risk management arrangements and control processes in place to manage those risks and the dates where a summary of the activities outcomes has been presented to the Audit and Governance Committee. Explanations of the meaning of these opinions are shown in the below table.

Assurance Levels	Risk Identification Maturity	Control Environment
Substantial	<p>Risk Managed Service area fully aware of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners, and staff. All key risks are accurately reported and monitored in line with the Council's Risk Management Strategy.</p>	<ul style="list-style-type: none"> • System Adequacy – Robust framework of controls ensures that there is a high likelihood of objectives being achieved • Control Application – Controls are applied continuously or with minor lapses
Satisfactory	<p>Risk Aware Service area has an awareness of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners, and staff, however some key risks are not being accurately reported and monitored in line with the Council's Risk Management Strategy.</p>	<ul style="list-style-type: none"> • System Adequacy – Sufficient framework of key controls for objectives to be achieved but, control framework could be stronger • Control Application – Controls are applied but with some lapses
Limited	<p>Risk Naïve Due to an absence of accurate and regular reporting and monitoring of the key risks in line with the Council's Risk Management Strategy, the service area has not demonstrated a satisfactory awareness of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners and staff.</p>	<ul style="list-style-type: none"> • System Adequacy – Risk of objectives not being achieved due to the absence of key internal controls • Control Application – Significant breakdown in the application of control

(4a) Summary of Internal Audit Assurance Opinions on Risk and Control

The pie charts provided below show the summary of the risk and control assurance opinions provided within each category of opinion i.e. substantial, satisfactory and limited in relation to the 2020/21 audit activity undertaken up to December 2020.



(4b) Limited Control Assurance Opinions

Where audit activities record that a limited assurance opinion on control has been provided, the Audit and Governance Committee may request Senior Management attendance at the next meeting of the Committee to provide an update as to their actions taken to address the risks and associated recommendations identified by Internal Audit.

(4c) Audit Activity where a Limited Assurance Opinion has been provided on Control

During the period November and December 2020, no limited assurance opinions on control have been provided on completed audits from the 2020/21 Revised Internal Audit Plan.

(4d) Satisfactory Control Assurance Opinions

Where audit activities record that a satisfactory assurance opinion on control has been provided and recommendations have been made to reflect some improvements in control, the Committee can take assurance that improvement actions have been agreed with management to address these.

(4e) Internal Audit Recommendations

During the period November and December 2020 Internal Audit made, in total, **5** recommendations to improve the control environment, **none** of these being a high priority recommendation and **5** being medium priority recommendations (**100%** accepted by management).

The Committee can take assurance that all high priority recommendations will remain under review by Internal Audit, by obtaining regular management updates, until the required action has been fully completed.

(4f) Risk Assurance Opinions

During the period November and December 2020, no limited assurance opinions on risk have been provided on completed audits from the 2020/21 Revised Internal Audit Plan.

Where a limited assurance opinion is given, the Shared Service Audit/Risk Technical Officer will be provided with the Internal Audit report(s) to enable the prioritisation of risk management support.

(4g) Internal Audit Plan 2020/21 Refresh – Covid 19

Covid 19 has placed significant pressures on Council services and has impacted (and continues to impact) the Council's priorities, objectives and risk environment.

Due to this changing position and to ensure that the Risk Based Internal Audit Plan meets the assurance needs of the Council, the Internal Audit Plan 2020/21 was reviewed and refreshed in consultation with Senior Management Team. This included consideration of newly identified activities, current activities that should be prioritised within 2020/21 and activity deferrals/cancellations (due to risk).

The Revised Internal Audit Plan 2020/21 was presented to Audit and Governance Committee on 14th September 2020 and approved. This included reflection of the new activities completed by Audit Risk Assurance (ARA) since the outcome of the pandemic.

For example and as reflected within the Internal Audit Progress Report, to date within 2020/21 ARA has provided/completed:

- Non-audit related administration support to:
 - Revenues and Benefit services in the processing of Business Grants and a data capture project regards dormant outstanding debtors to support future debt collection decision; and
 - Housing services in the collation of the Housing Benefit payments (claimed for 'Rough Sleepers' place in safe accommodation) that will be reclaimed by the County Council.
- Counter fraud team support and action in regard to identified Business Support grant irregularities.
- Internal Audit review of:
 - Voluntary and Community Sector grants (Covid 19), with outcomes reported to Committee in September 2020; and
 - The Lost Sales, Fees and Charges Grant (Covid 19) claim 1, as reported within **Attachment 1**.

Completed Internal Audit Activity during the period November and December 2020

Summary of Satisfactory Assurance Opinions on Control

Service Area: Council Wide

Audit Activity: Purchasing: Low and Intermediate Value Transactions Limited Assurance Follow Up

Background

The Council undertakes a variety of purchasing activities to help deliver services and meet its key aims and objectives. Failure to operate a transparent process for the procurement activity (coupled with any non-compliance with the requirements of the Public Contract Regulations 2015) exposes the Council, Officers and Members to significant risks if the contract award is subject to challenge or does not provide value for money.

The 2018/19 audit identified that although there was some evidence of good practice, the level of compliance with the Council's Contract Rules was significantly lower than is required by Part 4 of the Council's Constitution. Consequently, only limited assurance could be provided by the 2018/19 audit that the risks considered material to the achievement of the services objectives for the area under review, were adequately managed and controlled.

Scope

This follow up review will provide assurance that the three recommendations agreed with management during the 2018/19 activity have been implemented and maintained.

Risk Assurance – Satisfactory

Control Assurance – Satisfactory

Key Findings

Status of 2018/19 recommendation implementation as at December 2020:

Number	Priority	Status of Implementation		
		Fully	Partial	Limited
1: Training sessions.	High		✓	
2: Centralised compliance monitoring.	High		✓	
3: Clarification regarding the application of the Contract Rules to one off purchases over £10,001.00 and the completion of formal contractual documentation.	Medium		✓	

In arriving at the assessment Internal Audit has taken the following into consideration:

- The roll-out of the training was partly delayed due to Covid 19. The Interim Procurement Advisor has now prepared a Power Point Presentation covering the basic principles of procurement activity within a local authority environment. This is now expected to be presented to Service Managers (via virtual TEAMS meetings) early in the new year.
- The Interim Procurement Advisor has confirmed that the Council 'spend' data is now reviewed to identify categories of expenditure incurred across service areas with the view (where appropriate) to establish a corporate contract. The main areas to still regularise into a corporate contract (that had previously been highlighted by Internal Audit) are:
 - Removal costs (Housing Services); and
 - Beers, wines, spirits and catering (Blackfriars, Guildhall and Arbor - Tea Rooms).
- The contract rules have been amended (through an approved update of the Council Constitution) with the limit increased from £10,000 to £25,000 at which point a formal written contract prepared or approved by the Council's Legal Team must be used. The application of the revised 'Rules' will be incorporated into the procurement training detailed above.

Conclusion

Positive progress has been made towards implementing the recommendations made as part of the 2018/19 audit review. However this has been slower than anticipated due to the impact of Covid 19 on the Council's service areas and the need to concentrate on delivering key / frontline activities. As a result of this, several of the opportunities previously identified by Internal Audit to formalise categories of spend into corporate-wide contracts have yet to be fully explored.

The final delivery of the training by the Interim Procurement Advisor to Service Managers will be fundamental to increasing their knowledge and awareness of the Council's procurement requirements and the benefits of establishing more corporate-wide contracts.

It is important that the remaining improvement actions are completed within a reasonable timeframe and the Council's 'spend' data continues to be monitored (to identify the need for formal contracts to be established and appropriate action then taken).

Consequently, after considering the actions already completed and those that are being put in place, Internal Audit concludes that the risks which are considered material to the achievement of the services objectives for this area under review are now being adequately managed and controlled.

Management Action

Management have agreed to complete the remaining actions by 31st March 2021. Completion of the actions will continue to be monitored by Internal Audit through the agreed standard audit recommendation monitoring procedure.

Service Area: Council Wide

Audit Activity: Travel and Other Expenses Limited Assurance Follow Up

Background

The Council has a corporate policy confirming the expenses that can be claimed by employees including travel, accommodation and subsistence. Before claiming, employees must have been prevented from their normal arrangements and incurred additional expense. All expense claims must be supported by a receipt.

Scope

In 2019/20 Internal Audit reviewed the framework of controls surrounding travel and other expenses and gave a limited assurance opinion that the risks which are material to the achievement of the services objectives for this area were adequately managed and controlled. This follow up audit reviewed the remedial actions (agreed with management in October 2019) to provide assurance that the expense payments made to employees are now in accordance with the corporate policy.

Risk Assurance – Satisfactory

Control Assurance – Satisfactory

Key Findings

The improvement actions agreed with management in October 2019 have been reviewed with the progress made in implementing these actions evaluated through discussions held with officers and reference to supporting information / documents received. The evaluation by Internal Audit being:

Number	Priority	Status of Implementation		
		Fully	Partial	Limited
1: Policy update to meet HMRC receipt retention requirements and Council's retention schedule.	Medium	✓		
2: Controls update to confirm receipts are retained by employees to support all expenses claimed.	High	✓		

Number	Priority	Status of Implementation		
		Fully	Partial	Limited
3: Ensure that staff who undertake business journeys in their own vehicles have valid and up to date documentation in place (driving licence; insurance cover for business use; and MOT).	High	✓		
4: Green Travel Policy and Green Travel Plan review and update re. the reimbursement scheme for 10% of costs for travel from work to home if the journey is completed by public transport is still in place.	Medium	✓		
5: Ensure that the correct methods for payments and expenses are used to ensure that tax and VAT are correctly applied.	High	✓		

When arriving at this evaluation Internal Audit is mindful that:

- The Travel Expenses Policy has been updated to reflect the HMRC requirements regarding the retention of receipts and recognise the requirement of passing on receipts if an employee is to leave the employment of the Council.
- Requirements for driver checks have also been updated within the October 2019 Travel Expenses Policy with relevant line managers tasked with performing random checks that the employee has a valid licence, business insurance and an up to date MOT certificate for the car or motorbike being used for business travel. Employees are also now required to notify their manager of any change to the ability to use their personal vehicle for business travel and provide them with the appropriate papers annually.
- A Team Brief was published to remind all staff of their responsibilities of retaining receipts for business expenses. This was confirmed by the HR Business Partner and verified to e mail audit trail.
- Internal Audit sample tested 18 expenses paid to employees to establish if receipts were being retained as required. It was found that receipts were readily available in seven cases (36.84%). In the remaining 11 cases, Internal Audit was unable to access the receipts due to them not being available / retained (eight) or not being easily accessible due to the Covid 19 pandemic (three).
- As expected, due to the Covid 19 pandemic, the value of expenses claimed in the financial year 2020/21 are minimal with year to date (1st April 2020 to 18th November 2020) amount reimbursed being £5,652.07.

Conclusion

Management have implemented all five recommendations raised as part of the 2019/20 Internal Audit. Due to the Covid 19 pandemic and flexible working practices, expenses paid to employees are currently minimal and therefore, both Internal Audit and Management evaluate this now to be a low risk area.

Management Action

The Head of Policy and Resources confirmed that quarterly reminders will be sent out to all staff, regarding the requirements of retaining receipts for travel and other expenses.

Service Area: Cultural and Trading Services**Audit Activity: Shopmobility Fees and Charges Limited Assurance Follow Up****Background**

Shopmobility aids people who have limited mobility through permanent or temporary disablement, accident or age. The service provides for hire battery powered scooters, wheelchairs, battery chairs, power chairs and rollators to allow users to use the facilities in the City Centre, the Gloucester Quays Designer Outlet Centre and the Docks.

Scope

The 2019/20 internal audit concluded that only limited assurance could be provided that the risks material to the achievement of the objectives for this area were being managed effectively. This audit will provide assurance that the action taken by management to address the issues identified has been effective.

Risk Assurance – Satisfactory**Control Assurance – Satisfactory****Key Findings**

Internal Audit have evaluated the recommendations given in the 2019/20 audit and the implementation of the agreed actions based on supporting information received either electronically or viewed on a site visit to Shopmobility in November 2020. The table below shows a snapshot of this evaluation and the progress made.

Number	Priority	Status of Implementation		
		Fully	Partial	Limited
1: Privacy Impact Assessment completion in consultation with the Council Data Protection Officer.	High	✓		

Number	Priority	Status of Implementation		
		Fully	Partial	Limited
2: Update of the Service User Registration Forms to include the Council Privacy Notice and Retention Schedule requirements.	Medium	✓		
3: Equipment available for hire to be subject to regular planned maintenance checks.	High	✓		
4: Service logbook to be maintained for each item subject to hire.	Medium	✓		
5: Monitoring of all standard documentation to ensure appropriate and timely completion.	Medium	✓		
6: Review and update of current membership data records with a view to remove duplication and agree core primary records to be held.	Medium	✓		
7: Retention of Shopmobility Service till rolls in accordance with the Council Retention Schedule and HMRC guidance.	Medium	✓		

In arriving at the assessment detailed in the above table, Internal Audit were able to obtain appropriate levels of assurance that:

- The service user registration form and occasional user registration form have been amended to include a link to the Council's privacy notice ensuring compliance with GDPR regulations;
- All scooters are serviced upon receipt and are now subject to an annual service with records kept in a new service history folder;
- A service logbook is now in place to monitor all maintenance for each scooter in the fleet; and
- Processes have been implemented regarding the storage of membership data which is checked daily to ensure that records are not held for longer than two years once the service is no longer used and only vital information is stored.

Conclusion

It is evident that positive and effective action has been taken by managers and officers delivering this service to address the issues raised in the 2019/20 internal audit. Based on the findings from this follow up review and the successful implementation of all recommendations, Internal Audit is now able to conclude that a satisfactory assurance opinion on control can be provided, and no outstanding actions remain.

Management Action

None required.

Service Area: Policy and Resources

Audit Activity: Debt Management (Sundry Debtors and Business Rates)

Background

Debt management aspires to obtaining settlement on a timely basis and to intervene quickly if the liability remains outstanding. Increasing debt levels can impact on a Council's ability to maintain financial working capital liquidity, which is required to ensure continued provision of services to members of the public.

Scope

This audit reviewed the effectiveness of the control framework to monitor outstanding debts due to the Council; together with the procedures established between Civica (the Council's Revenues and Benefits service provider) and service areas to effect recovery or to escalate for write-off if the debt remains unpaid.

The financial value of outstanding debts at the end of September 2020 was:

- £2.1m (Sundry debtors); and
- £12.6m (Business Rates debtors).

Risk Assurance – Satisfactory

Control Assurance – Satisfactory

Key Findings

- Internal Audit review of the sundry debtors debt management approach identified the following points:
 - Civica Revenues and Benefits team have a strong embedded process for collection / recovery of sundry debts.
 - Service managers considered that improvement could be made to the existing debt arrears reports (e.g. to be engaging, informative and concise). Ideally a revised debt arrears report format is required, to facilitate decision making to inform Civica of the next recovery procedure to follow.
 - An analysis of sundry debt as at September 2020 shows that there is £877k (41%) at the service referral and dispute debt recovery stage.

This position is after all standard recovery actions within the debt recovery path have been taken directly by Civica. It is essential for service managers to take responsibility for considering the next step in obtaining arrears settlement. The accompanying guidance which Civica provide to service managers for the debts correctly requests the service managers to advise on the next course of action to take at this point.

- At the point of audit, outstanding sundry debt arrears in excess of six years totalled £92,745.29. The Council should ensure that the relevant accounts are reviewed, with the objective of assessing their economic viability to obtain settlement or consider for write-off.
 - Greater attention and consideration by service managers for the collectability of outstanding sundry debt, should focus on timely decision making to avoid the write-off process or use this option where it is not cost effective to pursue.
- The internal audit review considered the Council's Business Rates debt management approach. The existing reporting, monitoring and actions taken were considered to see if any improvements could be made to the control environment. No improvements were identified by internal audit review.

Conclusion

Internal Audit recognise that the prompt collection of sundry service charges from businesses and residents is particularly challenging. Audit enquiries confirmed that the format of the monthly sundry debtor arrears reports available to service managers is currently being considered for revision, so that informed decisions can be made more effectively and timely on debt collectability.

Review of the engagement by service managers for debt referrals made by Civica, indicates that the response rate must be improved. In addition, increased scrutiny procedures of those sundry debt arrears which have exceeded the agreed recovery process need to be introduced and seek to optimise collection.

Management Action

Five Medium Priority audit recommendations have been raised by Internal Audit regards revised formats for regular sundry debtor debt reporting to service managers; introduction of deadlines for service manager responses to Civica on sundry debtor recovery actions; and review of historic sundry debtor balances with action to be taken as appropriate.

The recommendations have been accepted by management, with specific actions allocated to identified members of staff for implementation by 1st January 2021.

In addition, financial resources have been approved by the Head of Policy and Resources for a six-month project using Civica staff with the objective of improving the various processes for sundry debtors to:

- Investigate the historic sundry debt with a view to reducing the outstanding debt and recover as much money as possible to the council;
- Set up instalment plans for those who need them to ensure the debt is being recouped, albeit by instalments;
- Write off older debt that is no longer recoverable / unviable to recover; and
- Implement and instil into the service managers a culture where the monthly report is prioritised, and each service allocates a designated officer to deal with the reports (if not the service delivery manager themselves).

Summary of Substantial Assurance Opinions on Control

Service Area: Policy and Resources

Audit Activity: Council Tax - refunds

Background

Council Tax refunds are due as a result of the payment of receipts from the payer for a financial period, when liability is not due. Council Tax refunds are payable when there is:

- Change of residential address outside of the city boundaries;
- Retrospective single person discount awards;
- Council Tax Support is awarded;
- Property exemption notices are issued by the Valuation Office; and
- The Valuation Office amends the residential property band A to H.

Initiation of the refund of Council Tax payments is supported by a request from the taxpayer for return of the amount overpaid or as a result of decision notices issued.

The financial value of Council Tax refunds for the first six months of this financial year totals £0.5m, from residential property charges totalling £88m for 2020/21.

Scope

This audit reviewed the robustness of the control arrangements established to ensure the Council Tax refunds are eligible and are processed accurately and in a timely manner.

Risk Assurance – Substantial

Control Assurance – Substantial

Key Findings

- The Council Tax refund transaction is appropriately documented from its initiation to completion in a useful step-by-step guide using screen shots from the Civica Open Revenues system. The procedures documented were updated in October 2020 and no omissions were identified by Internal Audit.
- The criteria for refund eligibility have been correctly established and documented. A sample of 15 refunds totalling £2,755.43 (covering May to October 2020) were tested by Internal Audit with the objective of assessing refund eligibility compliance. Audit review and testing confirmed:
 - Full compliance for i) nine Council Tax Support awards; ii) five owners moving residential property address; and iii) one resulting in a change of occupancy from landlord to tenant; and
 - Eleven refunds were paid within one week of being identified for repayment, with the remaining four refunds repaid within a reasonable timescale.
- The payment cycle of Council Tax refunds takes place on a weekly basis. Audit review of five payment runs (covering the period May to October 2020) totalling £61,163.06 was completed, with the objective of seeing supporting documentation that robust payment controls were in place. The results confirmed that the payment cycle key controls were operating appropriately.
- Civica Open Revenues Council Tax is a material financial system which integrates financial data with the Civica Financial General Ledger. The audit review confirmed that annual and monthly reconciliations take place between the two systems throughout the financial year.

Conclusion

The Council Tax refund process in place has been thoroughly reviewed. Appropriate assurance has been obtained that the key controls are currently operating effectively.

Management Action

No improvement actions have been identified.

Summary of Consulting Activity, Grant Certification and/or Support Delivered where no Opinions are provided

Service Area: Policy and Resources

Audit Activity: Lost Sales, Fees and Charges - Claim 1

Background

Covid 19 has impacted local authorities' ability to generate revenues in several service areas as a result of lockdown, government restrictions, and social distancing measures related to the pandemic. The Ministry of Housing, Communities, and Local Government (MHCLG) has introduced a one-off income loss scheme to help compensate for a proportion of the irrecoverable and unavoidable losses from sales, fees and charges income generated in the delivery of services in the financial year 2020/21.

There are a total of three claims covering the periods of April 2020 to July 2020, August 2020 to November 2020, and December 2020 to March 2021. The scheme requires a reconciliation process to be completed by the Council after the submission of the third claim and is due to account for losses claimed for in the early part of the scheme that may ultimately be recoverable, and others that might be irrecoverable when recoverability was originally considered possible.

Scope

To review the Lost Sales, Fees and Charges claim 1 (April 2020 to July 2020) to provide assurance that the claim has been submitted in line with the guidance from the MHCLG.

Risk Assurance – Not Applicable

Control Assurance – Not Applicable

Key Findings

The records supplied by the Council's Finance Team identified that applicable loss income in 2020/21 under the Lost Sales, Fees and Charges scheme claim 1 totalled £1,421,104.76.

Internal Audit selected and reviewed two income sources (off-street parking and Culture and Heritage) accounting for £1,036,366.80 of applicable losses (72.93%) to ensure that the budget had been correctly calculated, all lost income was in accordance with the three principals of the scheme, within the relevant period under the claim (April 2020 to July 2020) and was as shown within the Council financial management system. It was found that:

- One income source under off-street parking has been included within the claim that is not applicable Council income. However the budget for this source has not been included and as a result of both actions, the Council has overstated the income received for parking. This has reduced the amount claimed for under the scheme by approximately £30,000;

- The Accountancy Manager confirmed that off-street parking income received from the parking contractor relevant to 2020/21 is being attributed in the month it is received and not the month it represents. Over the financial year 2020/21 this will allow for all income to be included and therefore all income in 2020/21 will be correct by claim 3. However, Internal Audit found £12,820.12 paid in July 2020 for March 2020 that needs to be removed as this is not valid 2020/21 income. This has overstated the income received by the Council for 2020/21 (based on the specific amount and the claim formula), incorrectly reducing the claim amount;
- A loss of £9,000 for off-street parking has been included within the claim that was not applicable as this was an accrual and therefore this needs to be removed; and
- All remaining losses sampled tested under off-street parking and culture and heritage were eligible under the scheme.

Internal Audit confirmed that the parameters set out in the formula for the scheme have been correctly applied to the applicable losses claimed for the claim 1 period (April 2020 to July 2020).

Conclusion

The Council submitted a claim for £851,000 under this scheme for April 2020 to July 2020, however as a result of Internal Audit review and sample testing the claim for this period should be approximately £893,000.

Management Action

The Head of Policy and Resources confirmed that the required adjustments will be made as part of the reconciliation conducted under claim 3 of this scheme.

Summary of Special Investigations/Counter Fraud Activities

Current Status

As at 17th December 2020 there have been two new fraud/irregularity referrals received by ARA for investigation in 2020/21. One of the cases has been closed (detail reported to Committee in November 2020) and the other remains ongoing.

In addition, the ARA Counter Fraud Team in conjunction with the Intelligent Client Officer (Revenues and Benefits) have continued to work on the two ongoing previously reported cases in respect of Covid 19 Government issued small business grant payments. One of these has been passed to One Legal for consideration of legal proceedings, the other is currently being prepared for passing to One Legal.

Investigations have been opened in four further Covid 19 Government grant cases. Five other cases are awaiting initial information packages from the Revenue and Benefits Team and will be progressed by ARA once the information is received.

Since the start of the Covid 19 pandemic, several potential attempted frauds have been intercepted by the Council. This is due to a combination of local knowledge and also the national communications being swiftly cascaded to teams where more national targeted frauds are shared for the purpose of prevention.

15th to 21st November 2020 was International Fraud Awareness Week. As in previous years, Gloucester City Council signed up as a supporter of this effort. During the week, information on some of the more topical scams and areas of increased fraud risk due to the Covid 19 pandemic were shared with the Council's employees.

Any fraud alerts received by Internal Audit from National Anti-Fraud Network (NAFN) and other credible organisations are passed onto the relevant service areas within the Council, to alert staff to the potential fraud.

National Fraud Initiative (NFI)

Internal Audit continues to support the NFI which is a biennial data matching exercise administered by the Cabinet Office. The data collections for the 2021/22 exercise have been uploaded to the Cabinet Office. The data matching reports are due to be released from 28th January 2021. The timetable can be found using the following link [GOV.UK](https://www.gov.uk).

Examples of data sets include housing, insurance, payroll, creditors, council tax, electoral register and licences for market trader/operator, taxi drivers and personal licences to supply alcohol. Not all matches are always investigated but where possible all recommended matches are reviewed by either Internal Audit or the appropriate service area within the Council.