



PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

August 2023

1. Introduction

- 1.1 The Council's Internal Audit service is provided by Audit Risk Assurance (ARA) under a Shared Service agreement between Gloucestershire County Council, Stroud District Council and Gloucester City Council.
- 1.2 ARA provides these services in accordance with the Public Sector Internal Audit Standards 2017 (PSIAS) which represent the "proper Internal Audit practices". The standards define the way in which the Internal Audit service should be established and undertake its operations.
- 1.3 In accordance with the PSIAS, the Head of Internal Audit is required to regularly provide progress reports on Internal Audit activity to management and the Audit and Governance Committee. This report summarises:
 - i. The progress against the Internal Audit Plan 2023/24;
 - ii. The outcomes of the 2023/24 Internal Audit activity delivered up to 22nd August 2023; and
 - iii. Special investigations and counter fraud activity.
- 1.4 Internal Audit plays a key role in providing independent assurance and advice to the Council that these arrangements are in place and operating effectively. However, it should be emphasised that officers of the Council are responsible for establishing and maintaining appropriate risk management processes, control systems (financial and non-financial) and governance arrangements.

2. Summary of 2023-24 Internal Audit work delivered up to August 2022

- 2.1 No reports have been issued since the previous Audit and Governance Committee in July 2023.

3. Counter Fraud Update – Summary of Counter Fraud Activities

Current Year Counter Fraud Activities

- 3.1 To date in 2023/24 there have been two new referrals made to the ARA Counter Fraud Team (CFT).
- 3.2 Both cases are ongoing, and the outcomes will be reported to the Committee on their completion.
- 3.3 Not all investigations (for example conduct, non-compliance and ethics issues) can have an assessed value attached to them or result in the recovery of monies. CFT investigations, analytics and consultative work may add value in other ways such as providing assurance to members and residents, reducing Council vulnerabilities and mitigating risk.

- 3.4 It should be noted that many of the cases referred to the CFT involve intricate detail and, sometimes, police referral. This invariably results in a delay before the investigation can be classed as closed and the summary outcome reported to Committee.
- 3.5 In addition to the above, counter fraud advice and alerts are routinely provided outside of the creation of referrals and cases.

Whistleblowing

- 3.6 The CFT is currently working with the Monitoring Officer to review the Council's whistleblowing reporting and recording process. Once embedded into business as usual, these changes will address the recommendations raised in the 2021 Internal Audit report and enhance the existing processes.

Previous Years' Referrals

- 3.7 There is one ongoing case that concerns licensing (animal welfare) related issues. A Newton Hearing had been set for 1st June 2023 at Gloucester Crown Court. However, the CFT has learned that this has now been postponed until September 2023. This is to clarify issues between the prosecution and defence before sentencing can take place.

National Fraud Initiative (NFI)

- 3.8 The CFT continues to support the NFI which is a biennial data matching exercise administered by the Cabinet Office. The data matching reports for the 2022-23 exercise have been released for review.
- 3.9 Full details of the NFI timetables can be found using the link available on GOV.UK website – www.gov.uk/government/publications/national-fraud-initiative-timetables.
- 3.10 Examples of NFI data sets include housing, insurance, payroll, creditors, council tax, electoral register and licences for market trader or operator, taxi drivers and personal licences to supply alcohol.
- 3.11 Not all matches are investigated. Where possible, all recommended or high fraud risk matches are reviewed by either the CFT or the appropriate service area within the Council.