

Appendix A: Internal Audit and Counter Fraud Progress Report

27th January 2022



• Summary

1.1 Purpose of this report

We are committed to keeping Corporate Committee up to date with Internal Audit and Counter Fraud progress and activity throughout the year. This summary has been prepared to update you on our activity since the last meeting of Corporate Committee and to bring to your attention any other matters that are relevant to your responsibilities.

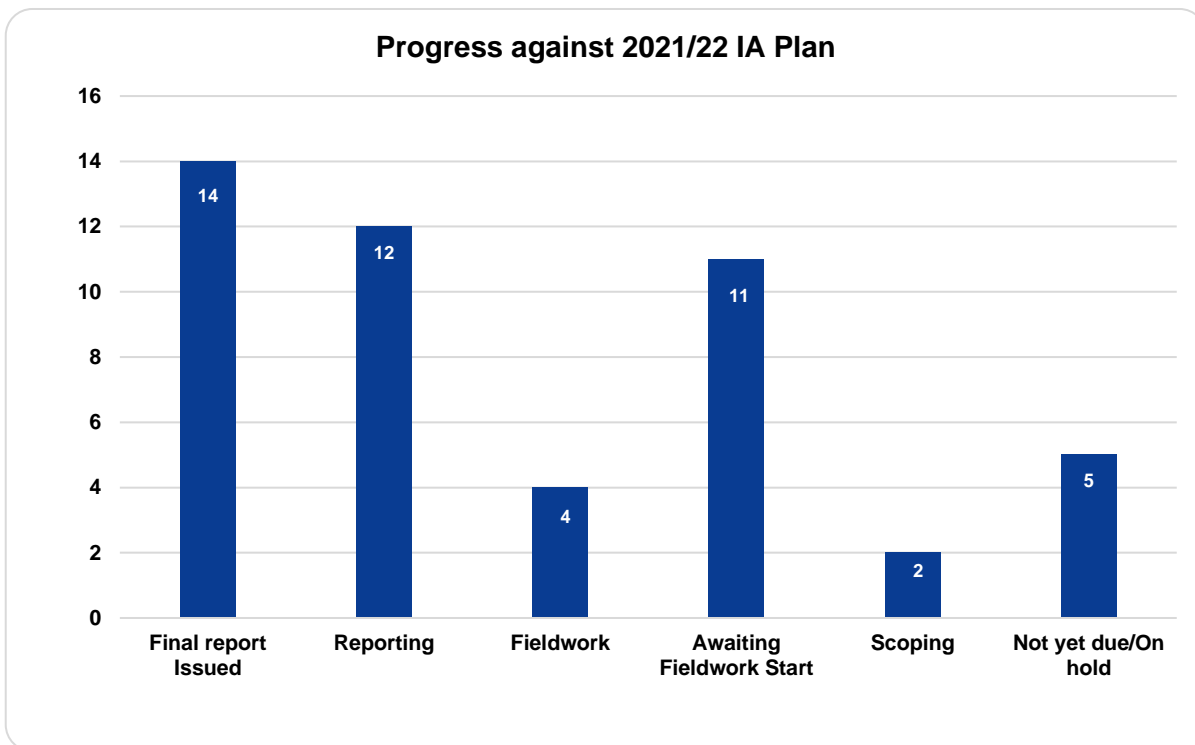
1.2 Internal Audit

Delivery

The progress against the 2021/22 Internal Audit Plan as at 31/12/2021 is outlined in Chart 1 below. Good progress has been made against delivery of the internal audit plan across the year to date. As at the end of December 2021, we have delivered around 60% of the annual programme of audit work including 25% currently at the reporting stage. The cooperation of management in gaining access to systems and process remains good. Implementation rates remain over 90%, which is best in class for the sector.

More details are provided in Section 3: '*Internal Audit Progress*'.

Chart 1. Progress against 2021/22 IA Plan



External Quality Assessment (EQA)

The EQA mandated by the Public Sector Internal Audit Standards (PSIAS) exercise has been completed and the final report is being presented at this Corporate Committee.

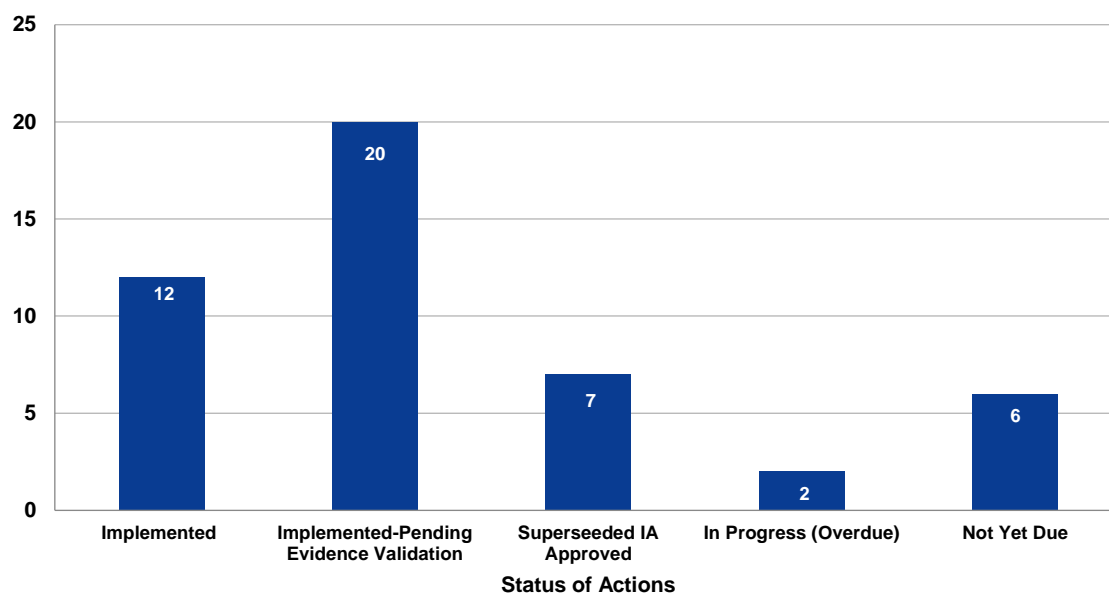
Implementation of Actions

There were 47 high risk actions as at 31st December 2021. The status of implementation of these actions is outlined in Chart 2. below:

Further detail in Annex A: Follow Up: Status of outstanding management actions.

Chart 2. Implementation of Actions

Implementation of Actions



1.3 Counter Fraud

General Investigations: Between 1 April 2021 and 30 November 2021, 193 investigations have been completed of which 68 have resulted in the recovery of properties. The Team has 117 live investigations, and 133 cases are with Housing and/or Legal Services for further action after recommendations were made by Counter Fraud to serve notices.

Internal Investigations: 41 investigation reports have been submitted, and 46 investigations have been closed, of which 7 have resulted in management recommendations being provided, 1 officer has been dismissed, 5 officers have resigned, 6 have received warnings and 13 candidates have had offers of employment rejected due to information obtained from Cifas.

Financial Investigations: 11 financial investigations are being advanced; progress has been hindered by the pandemic and the resulting court delays. There are several crown court trials set for 2022 where financial investigations are ongoing.

More details are provided in Section 4: '*Counter Fraud Progress*'.

1.4 Amendments to the Internal Audit Plan

In line with our Internal Audit Charter, we present a proposed Internal Audit Plan to Corporate Committee at the start of each financial year which is flexed throughout the year to ensure that our work is focussed on the Council's key risks and provides assurance in the areas where it is most needed. Using this risk-based approach we have made the following amendments since the last Corporate Committee.

- **Substituted – Children's Services - School Contingency (additional school audit)** – Our risk analysis did not identify an additional school to audit and as a result will be replaced by two small reviews:
 - 1. A thematic review over the holiday school meal voucher scheme, to assess how the vouchers were distributed and whether they have been used in full; and
 - 2. A review to confirm the mandate details of a small group of schools that do not fall under the Lambeth banking umbrella.
- **Deferred – Public Protection: Anti-Social Behaviour (ASB)** – The service is currently under review internally and embedding a new structure and hours of operation implemented on the 1st December. The service will be audited as part of next years' internal audit plan.

- **Deferred – Use of Funding** – The social fund was implemented in November 2021 and only one project has gone through the process from end to end and so in its infancy. The process will be audited as part of next years' internal audit plan so that there are more projects to audit.

2. Internal Audit Reports issued since the previous meeting

2.1. Core Audit Programme: No and Limited Assurance report

We have not issued any Limited or No Assurance reports to date.

3. Internal Audit Progress

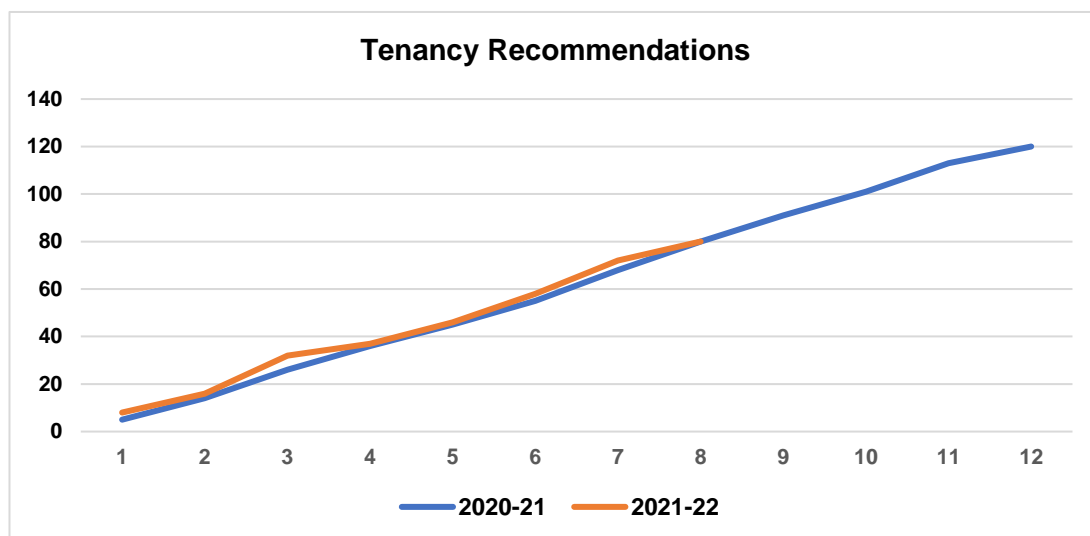
Progress against 2021/22 Internal Audit Plan

#	Name of Review	Report Classification/ Review Status and comments
Reports issued in final: October 2021 – December 2021		
1	Children's Services - Telferscot Primary	Reasonable Assurance
2	Resident Services - CETRA Housing Co-operative	Substantial Assurance
3	Resident Services - Holland Rise TMO	Substantial Assurance
4	Children's Services – Supporting Families Grant Claim Validation Q3	Advisory
5	Adults Social Care - Deprivation of Liberty Safeguards	Advisory
Work in progress (scoping, fieldwork, or draft report)		
6	Finance & Investment - Matrix	Reporting
7	Cross-Cutting - Inclusion and Diversity	Reporting
8	Cross-Cutting - Business Continuity	Reporting
9	Children's Services - St. Helen's RC Primary	Reporting
10	Sustainable Growth – Planning Applications	Reporting
11	Finance & Investment - Procurement	Reporting
12	Children's Services - Streatham Wells Primary	Reporting
13	Children's Services - St. Andrew's CE Primary	Reporting
14	Cross-Cutting - Modern Slavery	Reporting
15	Cross-Cutting - Business Process Assurance	Reporting
16	Resident Services - Cyber	Reporting
17	Finance & Investment - Continuous Auditing and Monitoring P1	Reporting
18	Finance & Investment - Home Working Health and Safety	Fieldwork
19	Cross-Cutting - Data Protection and Information Governance	Fieldwork
20	Resident Services - Voids	Fieldwork
21	Cross-Cutting - Transition from Children to Adults – Tripartite Panel	Fieldwork
22	Public Health - Lambeth Together	Awaiting Fieldwork Start
23	Finance & Investment - Redress Assurance Scheme P2	Awaiting Fieldwork Start
24	Resident Services - Tech Risk Assessment	Awaiting Fieldwork Start
25	Resident Services - Application System Governance	Awaiting Fieldwork Start
26	Children's Services - St. Bede's Catholic Infant and Nursery	Awaiting Fieldwork Start
27	Children's Services - St. Bernadette Catholic Junior	Awaiting Fieldwork Start
28	Children's Services - Henry Cavendish Primary	Awaiting Fieldwork Start
29	Resident Services - Capital Projects	Awaiting Fieldwork Start
30	Children's Services - Emergency Duty Team	Awaiting Fieldwork Start
31	Resident Services - Housing Repairs	Awaiting Fieldwork Start
32	Resident Services - Direct Labour Organisation	Awaiting Fieldwork Start
33	Children's Services - Youth Offending Service	Scoping
34	Children's Services – School Meal Vouchers and Schools Banking Mandates	Scoping

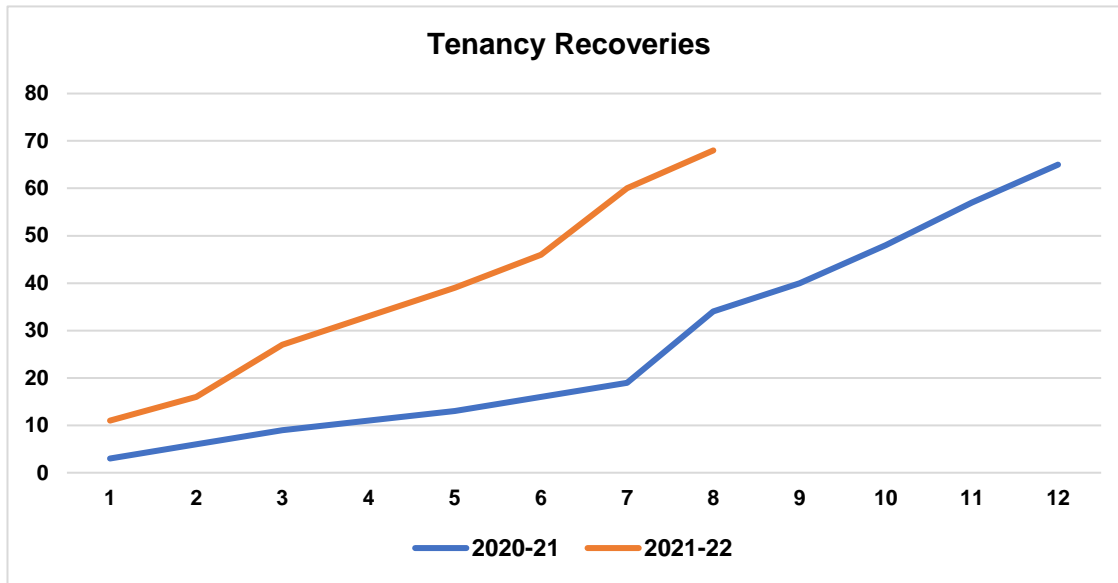
Scheduled/ Not yet due		
35	Finance & Investment - Continuous Auditing and Monitoring P2	Not yet due
36	Children's Services - Schools Summary Report	Not yet due
37	Finance & Investment - Disciplinary Processes	Not yet due
38	Children's Services – Supporting Families Grant Claim Validation Q4	Not yet due
39	Children's Services - Archbishop Sumner CE Primary	On hold
Ongoing assurance and advisory support, and service management		
40	Implementation Reviews	Ongoing
Completed reports/assignments (April 2021 – October 2021)		
41	Resident Services - Blenheim Gardens RMO	Substantial Assurance
42	Children's Services - Reay Primary	Substantial Assurance
43	Adults Social Care -Budgetary Control	Substantial Assurance
44	Children's Services - St. Andrew's Catholic Primary	Reasonable Assurance
45	Children's Services – Supporting Families Grant Claim Validation Q2	Advisory
46	Finance & Investment - Redress Assurance Scheme P1	Advisory
47	Children's Services - Hitherfield Primary	Substantial Assurance
48	Children's Services - Woodmansterne (all through) School	Substantial Assurance
49	Children's Services -Troubled Families Grant Claim Validation Q1	Advisory
50	Children's Services - SFVS	N/A
Cancelled / Deferred / Substituted (April 2021- July 2021)		
-	Resident Services – Public Protection: ASB	See section 1.4
-	Cross-Cutting – Use of funding	
-	Children's Services - School Contingency (additional school audit)	
-	Cross-Cutting -Brexit	N/A
-	Children's Services - SEND (Special Educational Needs and Disabilities)	
-	Sustainable Growth - Commercial entities	
-	Children's Services - Pupil Place Planning	
-	Resident Services - Recycling and Waste contract	

4.1 Counter Fraud

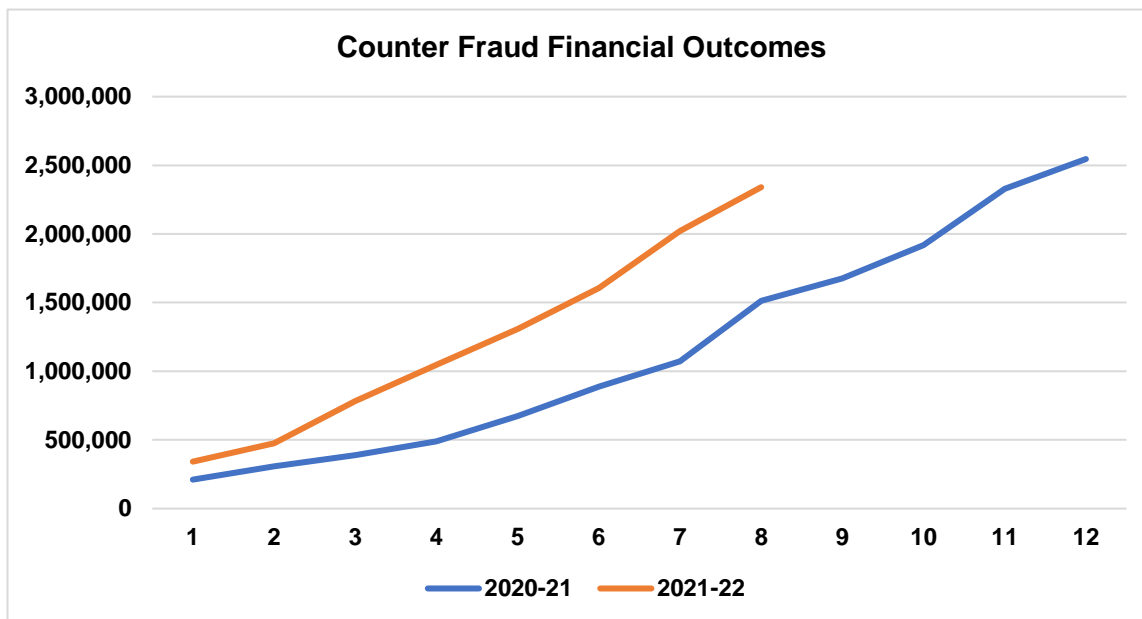
The following table contains details of tenancy recommendations submitted to Housing/Legal for recovery of the tenancy where fraud or other related concerns have been identified, which is currently ahead of target and at a similar level to the previous year.



The following table demonstrates tenancy recoveries, which are significantly higher than at this stage during the previous year. This is due to pandemic restrictions being lifted which has resulted in the reintroduction of visits, interviews, and court hearings.



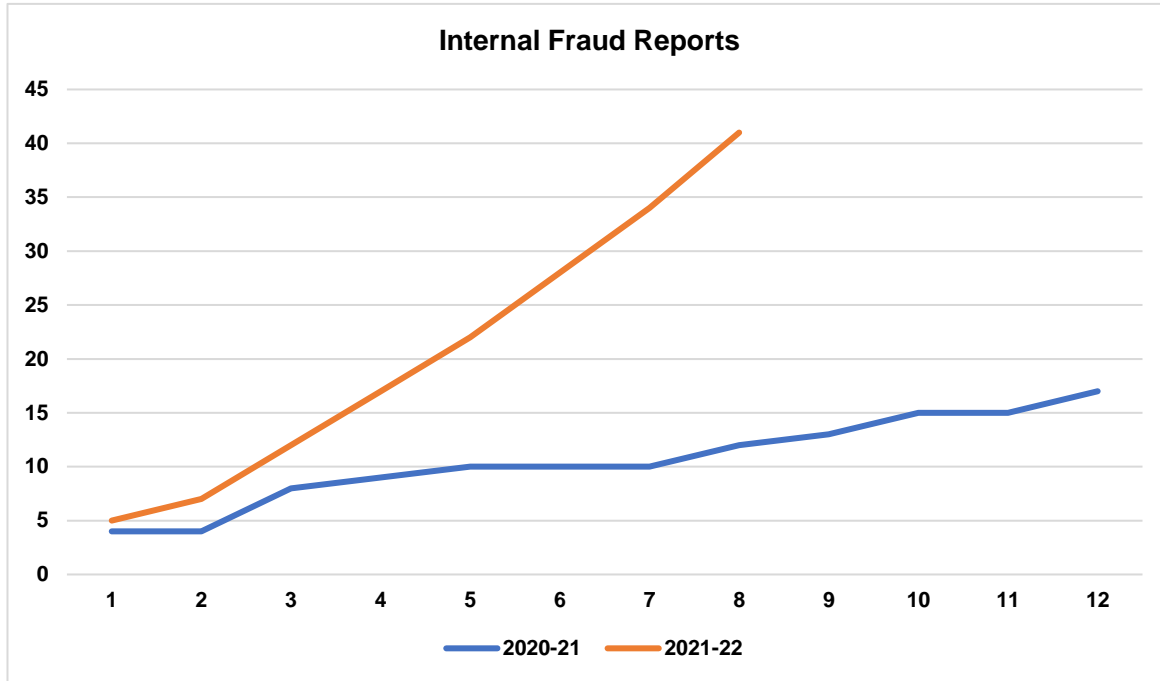
The following table shows financial outcomes to date, compared to the previous year. We are significantly ahead of where we were at this point last year, primarily due to securing significantly more tenancy recoveries.



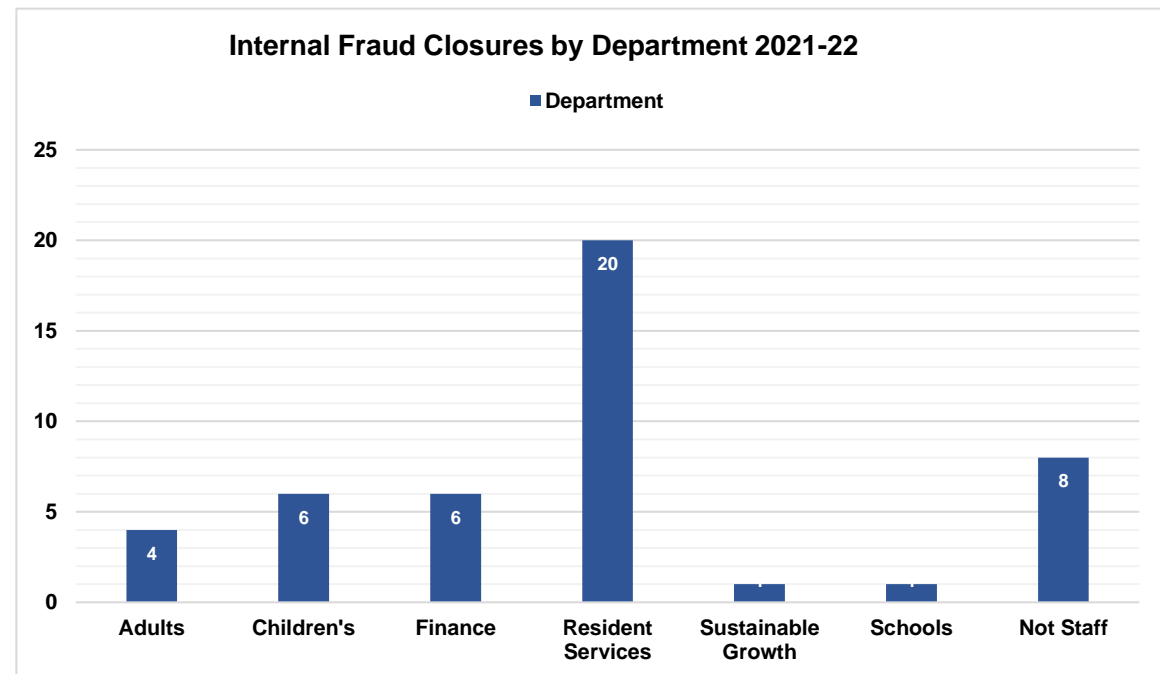
Notes

- (1) The value of tenancy recoveries is calculated annually, based on the duration of fraud in preceding years and the net average cost of placing a household in temporary accommodation. The valuation for the current year is £25,200
- (2) Please note, court costs, unlawful profit orders, compensation payments and proceeds of crime awards don't have individual targets but have a cumulative target of £150k.

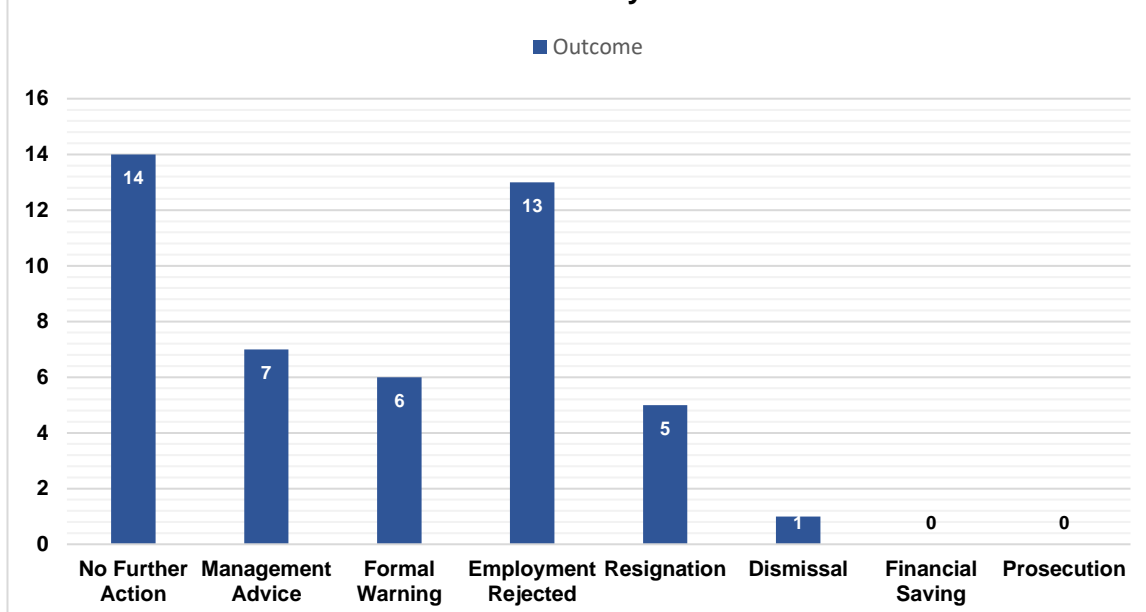
The tables below demonstrate progress with internal fraud investigations. The first shows internal fraud reports issued in the current year compared to the previous year. The number of reports submitted is higher in the current year than were submitted for the same period in the previous year, of which some of the increase is due to the investigations conducted of candidates who are offered roles and are found to have records on Cifas, in addition to pandemic restrictions being lifted.



The following tables show internal fraud closures for the current year by department and by outcome. We would expect more outcomes for Resident Services as it by far the largest service.



Internal Fraud Closures by Outcome 2021-22



4.2 National Fraud Initiative

Counter Fraud have overseen the 2021 National Fraud Initiative (NFI) data-matching process; Lambeth received the data at the end of January 2021, and to date officers have carried out the checks detailed below. Although Counter Fraud oversee NFI, a vast majority of work to review data matches identified is carried out by officers from across the council. Counter Fraud has limited involvement in reviewing most matches unless fraud is identified or suspected.

Total Matches	12,409	Processed	3,993	Cleared	3,955
High Risk	682	Investigating	104	Savings Identified	£330,998

The savings detailed above come from 37 matches, of which 37 have been identified as errors. These are primarily from student grant matches where correct details were not recorded on Housing Benefit claims, with others from Council Tax matches.

4.3 Dismissals and Resignations

Committee raised a query about the number of dismissals and resignations recorded in the current year to date, and whether this was at a similar level to previous years.

The table below details historic records dating from 2017-18 to date:

Year	2017-18	2018-19	2019-20	2020-21	2021-22
Resignations	6	8	7	1	5
Dismissals	7	4	4	2	1
Total	13	12	11	3	6

You will see that the average for the first three years was twelve, made up of seven resignations and five dismissals. The number fell dramatically during 2020-21 due to issues relating to the pandemic and have increased again in the current year.

It is important to note that in the current year, due to our membership of Cifas, 13 candidates who had been accepted for roles with the Council have had their offers rescinded after records on Cifas indicated historic fraudulent conduct against financial institutions. This measure prevents

candidates with fraudulent backgrounds joining the Council and may result in fewer future concerns being identified relating to staff fraud.

Annex A Follow Up: Status of outstanding management actions

Table 1 below outlines actions that are 'Overdue' and those with revised action dates that are 'Not yet Due'.

See Note 1 for further commentary on actions that are currently overdue.

#	FY	Review Title	Assurance Rating	Number of agreed high risk actions	Status of Implementation			
					Closed in prior periods	Closed in this period	In Progress (Overdue)	In Progress (Not yet Due)
1	19/20	Young Carers	Limited Assurance	3	2	-	-	1 (31/01/22)
2	19/20	IT Applications Review -Northgate Application Review	Limited Assurance	3	-	-	-	3 (31/03/22)
3	19/20	Traded Services for Schools	Reasonable Assurance	1			-	1 (31/01/22)
4	20/21	Key Financial Processes	Limited	2	1	-	-	1
5	20/21	Disrepairs	Limited	2	-	-	2	-
Total				11	3	-	2	6

Note 1.

5. 2021 : Disrepairs (Limited Assurance) – 2/2 high risk actions are still open listed below:

- Improvements to existing policies and procedures
- Non-compliance with process

There has been operational challenges with key staff being off work which has impacted on the implementation of the actions. We note that a draft action plan for the implementation was due to be presented at the Delivery Assurance Board in November 2021. Despite repeated chasers sent, there have been no further updates at the time of writing this report.

Original action date: 30 August 2021. **Revised action date:** 30th November 2021.