



Appendix A

Leeds City Council

Internal Audit Annual Report

Opinion and Work Completed 2021-22

Corporate Governance and Audit Committee

3rd October 2022

INTERNAL AUDIT ANNUAL REPORT AND OPINION 2021/22

1 The Annual Reporting Process

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require the Head of Audit to deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control and must incorporate:
- the opinion
 - a summary of work that supports the opinion
 - a statement on conformance with the PSIAS and the results of the Quality Assurance and Improvement Programme
- 1.2 This report is the culmination of the work performed by Internal Audit to fulfil the 2021/22 Internal Audit Plan objectives and provides the Head of Audit opinion based on an objective assessment of the framework of governance, risk management and control. This includes an evaluation of the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems.

2 Organisational Independence

- 2.1 The PSIAS require the Head of Audit to confirm to the Corporate Governance and Audit Committee at least annually, the organisational independence of the internal audit activity. The Internal Audit Charter and the council's Financial Regulations reinforce this requirement.
- 2.2 The Internal Audit Charter specifies that the Head of Audit must report to a level within the council that allows Internal Audit to fulfil its responsibilities.
- 2.3 The authority's Financial Regulations state that the Head of Audit 'must be able to report without fear or favour, in their own name to the Chief Executive, the Executive Board, the Corporate Governance and Audit Committee and the scrutiny function.'
- 2.4 Appropriate reporting and management arrangements are in place within LCC, including direct access to the Chief Executive and the Chair of the Audit Committee, which preserve the independence and objectivity of the Head of Audit.

Declaration of independence and objectivity

The reporting and management arrangements in place are appropriate to ensure the organisational independence of the Internal Audit activity. Robust arrangements are in place to ensure that any threats to objectivity are managed at the individual auditor, engagement, functional and organisational levels. Nothing has occurred during the year that has impaired my personal independence or objectivity.

Head of Audit

3 Opinion 2021/22

- 3.1 The Public Sector Internal Audit Standards (Performance Standard 2450) state that ‘the chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.’ This must be based on an objective assessment of the framework of governance, risk management and control and include an evaluation of the adequacy and effectiveness of controls in responding to risks within the organisation’s governance, operations and information systems.

Head of Audit opinion for 2021/22

Based on the audit work undertaken for the 2021/22 internal audit plan, the internal control environment (including the key financial systems, risk and governance) is well established and operating effectively in practice.

Where audits have resulted in ‘Limited Assurance’ opinions, and we have highlighted weaknesses that may present risk to the council, we have made recommendations to further improve the arrangements in place. Although significant to the control environment in place for the individual system areas that have been audited, these weaknesses are not material enough to have a significant impact on the overall opinion on the adequacy of the Council’s governance, risk management and control arrangements at the year end. A **satisfactory** overall opinion is provided for 2021/22, based on the audit work detailed within this report, including both a range of audits and other value-adding activities.

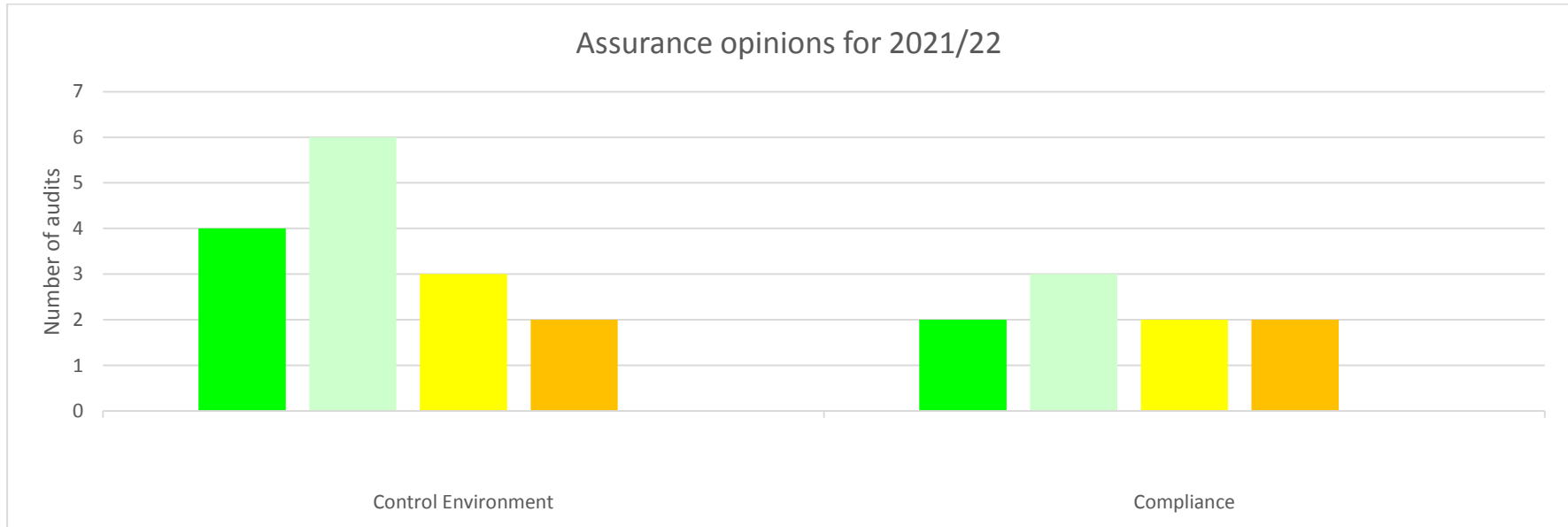
- 3.2 It is important that senior managers remain alert to, and focused on, maintaining an appropriate, risk-based and effective framework of controls as the council looks to transform service delivery through the delivery of an ambitious Medium Term Financial Strategy.

- 3.3 The audit work undertaken and planned for the current year has sought to consider the change in risk appetite necessary to embrace and implement such significant change. Although the overall assurance opinion is satisfactory, it is essential that senior management retain a focus on embedding new and revised operational and governance arrangements in response to the ongoing financial challenge, including the additional impact arising from the Cost-of-Living Crisis.
- 3.4 The audit work undertaken to support this opinion has been conducted in accordance with an established methodology that promotes quality and conformance with the International Standards for the Professional Practice of Internal Auditing.

4 Basis of Assurance

- 4.1 The annual opinion on the adequacy and effectiveness of the control environment for 2021/22 is based on the findings and assurance provided by the totality of Internal Audit activity, including the scheduled of reviews, undertaken throughout the year. The schedule of reviews for 2021/22 was prepared using a risk-based audit planning approach and was approved by the Corporate Governance and Audit Committee in March 2021.
- 4.2 As this is a risk-based plan, it includes an allocation for unplanned work through a contingency. As requests for audit work are received, or changes in priorities are identified, time is allocated from this contingency. As risks and priorities change throughout the year, we may also alter the profile of the plan to ensure attention is focussed on areas of the highest risk in the most efficient and effective way. All material changes that have been made to the 2021/22 Internal Audit plan have been reported to the Corporate Governance and Audit Committee through our regular update reports.
- 4.3 The schedule of reviews includes audit work that has resulted in an audit report and other audit work which, whilst not culminating in the issue of a formal report, has enabled us to provide ongoing oversight and advice in respect of internal control, governance and transformational activities. A summary of all reports issued and other audit work on which this opinion is based can be found in Appendix C of this report.
- 4.4 Where the audit work results in an audit report, this provides, where appropriate, an assurance opinion. Depending on the type of audit review undertaken, assurance opinions may be assigned for the control environment, compliance and organisational impact. The control environment opinion is the result of an assessment of the controls in place to mitigate the risk of the objectives of the system under review not being achieved. A compliance opinion may also be provided for the area under review if assurance on the extent to which the controls are being complied with is required. Assurance opinion levels for the control environment and compliance are categorised as follows: substantial (highest level), good, acceptable, limited and no assurance.

- 4.5 Organisational impact is reported as either: major, moderate or minor. Any reports issued with a major organisational impact will be reported to the Corporate Leadership Team along with the relevant directorate's agreed action plan.
- 4.6 The graph below provides a high-level overview of the assurance opinion levels provided for the audits that we have completed and issued during the year.



Assurance Areas

- 4.7 The table below provides a summary of the Assurance Themes that have been covered through the reviews completed during 1st April 2021 to 31st August 2022. This underlines the value added within the section and is a key factor in supporting the Head of Audit's annual opinion.

Key Financial Systems

- 4.8 The key financial systems audits are reviews of the council's core financial functions. We review these functions to provide assurance that the financial systems that are fundamental to the council's operations remain effective and working well in practice. The Public Sector Internal Audit Standards require Internal Audit to set a risk-based plan to determine the priorities of the internal audit activity and therefore this approach has been applied to our coverage of the key financial systems audits.
- 4.9 Our reviews of the key financial systems support the opinion that the council has effective financial governance, risk management and internal control arrangements in place. In addition, they also support the assertions made by the Section 151 Officer in their Annual Assurance report that is also being presented to the Corporate Governance and Audit Committee. Audit coverage during the year has provided sufficient evidence to conclude that the key financial control systems are sound and that these controls continue to work well in practice.

Procurement

- 4.10 Our positive working relationship with Procurement and Commercial Services (PACS) means that we are consulted on procurement processes and controls throughout the year. In addition to providing valuable assurances around the management of high value Schools PFI contracting arrangements, a significant portion of our time within this Assurance Block has been dedicated towards reviewing the management of off-contract expenditure in particularly challenging areas. Whilst this particular audit is yet to be finalised, the work is substantially complete and has already been the catalyst for discussion around proposed changes within the council's Contracts Procedure Rules (CPRs) designed to empower decision makers and encourage innovation (particularly in respect of commercial activity) whilst retaining an appropriate and proportionate degree of rigour.
- 4.11 Through our role in the Core Business Transformation Programme, we are involved in reviewing the council's end to end purchasing systems and the way in which procuring on contracts can be encouraged by greater integration within the ordering and payment system. We are also participating in a working group looking at the most effective ways of embedding good contract management practices across the authority in a proportionate and consistent manner. Changes to the way in which contract management information is recorded and monitored have already been instigated, and this will continue to be a prominent area of focus moving forward.

Directorate Risks

- 4.12 We have undertaken audits that provide assurance on governance, risk management and internal control arrangements across a range of operational and directorate risk areas during the year. Our work has had links to risks relating to

safeguarding, health and safety, finance, compliance with legislation and internal procedures and a range of other risks that may affect the achievement of council and directorate priorities.

- 4.13 Our audit work has provided assurances around processes that underpin the council's core values and behaviours. We have also focussed attention on high profile areas of legislative and regulatory responsibility. Our recommendations have been positively received by service areas and in some cases, these were actioned during the course of the audit.
- 4.14 Coverage across directorates has included a significant piece of work on Employee Outside Interests. This has looked at the processes in place to manage the risks posed by outside interests, reviewing both the exercise co-ordinated centrally that covers all employees in 'high risk' posts, and the various supplementary activities that are in place within areas of significant risk. Clearly it is vitally important that Local Authorities are seen to be behaving transparently and with integrity in all activities, and there will always be opportunities to refresh and promote individual responsibility for declaring outside interests and ensuring these are appropriately managed. Several of the actions recommended through our audit lend themselves to consideration within the council's ongoing Core Business Transformation Programme, whilst we have also agreed a number of more immediate actions within those directorates and service areas that are exposed to an increased level of risk due to the day-to-day activities they are involved in.
- 4.15 The opinion over the controls in the Children & Families Directorate has been arrived at through the work that has been undertaken by Internal Audit (outlined in Appendix C) and through other independent sources of assurance as detailed below. This reflects our agile approach to auditing which enables us to focus on emerging risk areas and to gain assurance from alternative sources that are focusing on areas of work that we have identified for review.
- 4.16 In May 2022 Ofsted completed a full inspection of children's services and provided an overall opinion of 'outstanding', with an 'outstanding' rating for the effectiveness of leaders and 'good' for the experiences and progress of children who need help and protection. The full inspection included reviewing processes in relation to safeguarding that were included in the proposed internal audit coverage.
- 4.17 The Scrutiny Annual Report to Council has highlighted the Children and Families Scrutiny Board has been involved in the following work that links to reviews that were planned by Internal Audit during the year:
 - an inquiry into 'Exclusions, Elective Home Education and Off-Rolling
 - notification of serious child safeguarding incidents review.
- 4.18 Members of Internal audit have also provided challenge and support to the Directorate in relation to governance and decision making for a number of key areas including fostering and placements.

Information Governance and ICT

- 4.19 The mitigation of Information Governance and ICT risks remain a significant priority for the council. Assurances have been directly provided to the Committee by the Chief Digital & Information Officer (CDIO) and the Information Governance team during the year. The CDIO provided assurance in relation to the management and control mechanisms supporting the successful ongoing delivery of the Integrated Digital Services (IDS) service provision. The Information Governance team provided assurance on the effectiveness of the council's information management and governance arrangements: that they are fit for purpose, up to date, are routinely complied with, have been effectively communicated and monitored and the necessary confidentiality arrangements are in place regarding the Caldicott Guardian element. Previously there have been issues reported relating to the council's status with the Public Services Network (PSN). The council's PSN certification was provided in October 2021.
- 4.20 From an audit perspective, we have undertaken the follow up audit in relation to Privileged User Access and whilst we have yet to formally report the findings from our review, the field work has been completed. We have established that some work was commenced to look at addressing the weakness identified. However a shift toward cloud-based service as well as additional budgetary restraints and significant shift in priorities and resources due to Covid-19 has meant delivery against the recommendations have been limited and those issued identified remaining largely outstanding. These will be reviewed with Senior Managers through the reporting process to understand how the weaknesses can be addressed within the current available resources.
- 4.21 Our review has also included determining the action being taken to manage raised privileges within the cloud environment. This has found that there are processes in place to provide assurance that enhanced permissions are only granted where required, are appropriate for the roles undertaken by the officers and represent the principles of least privilege. However, these are not formally documented, and recommendations are to be made in relation to the need to develop a clear strategy in relation to privileged users and to develop and embed a governance framework around the granting of access.
- 4.22 This year we have increased support to emerging and transformation projects in addition to audit and assurance work. We continue to be involved in aspects of the M365 migration, the Core Business Transformation Project and the Office of the Data Analytics. These projects are of a complex nature, and to date, have gained positive assurances on all. We are keeping a watching brief on these through the 2022/23 plan including regular attendance at the relevant Programme Boards.
- 4.23 Our work in 2021/22 provides positive assurance in relation to the internal control environment for ICT and Information Governance. In the 2022/23 internal audit plan we have recognised that the move to a hybrid model of working and the IDS strategy to move towards cloud-based systems has changed the risk profile for the council in relation to cyber security and

included reviews in this area. IDS is also undergoing a restructure, and we are working with the service in 2022/23 to ensure that they have the appropriate governance structures in place.

Data Analytics

- 4.24 Data analytics work is undertaken across directorates and service areas, providing a systematic evaluation of the control effectiveness within key systems, and highlighting high risk transactions or events. We have mainly focussed our attention on the transactional data within the key financial systems, as a high area of risk. Whilst no significant issues have been identified, this work provides an important source of ongoing assurance to management and is helpful when considering the direction of each piece of audit work.
- 4.25 In addition to supporting post-payment assurances for COVID grants paid, a significant portion of our data analytics portfolio has also been directed towards aiding the continued development of financial dashboards as part of the council's Core Business Transformation Programme. The dashboards are a key part of the transformation of the financial service. Our work in this area demonstrates the adaptability of the team in supporting the ongoing achievement of the council's ambitions alongside our programme of assurance work.

Limited Assurance Opinions, Follow Up Work and Recommendation Tracking

- 4.26 The following section provides a summary of the audits that included a limited assurance opinion, either overall or in relation to a specific objective. This section also provides a summary of our follow up work. A key factor in our determination of the overall audit opinion at the end of the year is the extent to which senior managers have implemented audit recommendations and responded to the risks highlighted through our work. Positive responses from management and a demonstrable commitment to continual improvement are important indicators of an appropriate culture and robust control environment. Our follow up work has supported the overall satisfactory opinion for 2021/22.
- 4.27 In February 2022 we completed a review of **Data Protection Impact Assessments (DPIAs)** that was included in the report to committee in March 2022. The objective of the review was to provide assurance that there are appropriate controls in place to ensure DPIAs are completed where required. This provided limited assurance for the control environment as weaknesses were identified in relation to DPIAs not being progressed appropriately, not being signed off and insufficient monitoring to ensure this was being completed. Management have responded positively, agreeing to all of our recommendations with actions ongoing at the time of reporting. We will be completing a follow up audit to provide assurance that actions have been implemented accordingly.

- 4.28 We completed a follow up audit of the **Deprivation of Liberty Safeguards (DoLS)** which was reported to committee in June 2022. Our initial review provided a limited assurance opinion for the control environment. The follow up audit has provided substantial assurance for the control environment. We have been able to determine that improvements have been made to the DoLS processes and necessary administrative stages. As the DoLS caseload has increased year on year, our follow up audit has confirmed that these improvements have contributed to the reduction in the number of days between DoLS phases and has contributed to the delivery of a more streamlined administrative service.
- 4.29 We completed a follow up audit of **Payments to Providers of Home Care** which was reported to committee in June 2022. Our initial review identified control weaknesses in relation to the brokering of home care for mental health service users as there was no framework contract in place to select providers from and no or minimal documentation to support the selection of a provider and the agreed rates for the provision of care. Having now completed a follow up review we can provide acceptable assurance for the control environment in relation to payments made for services provided to mental health service users. A framework contract has been procured for all providers of services to working age adults which will be in place from October 2022. However, during the period under review, control weaknesses remain in the availability of documentation to support the decision process to broker a care package to providers of mental health care that details both the agreed hours, per the approved support plan and rate of pay for the service.
- 4.30 In June 2022 we reported a **primary school** where limited assurance was provided for both the control environment and compliance opinion. The audit highlighted gaps in the Governing Body's ability to provide effective challenge during budget setting and budget monitoring. All recommendations have been agreed with the Headteacher and the Chair of Governors, with some recommendations already being implemented to improve the financial governance arrangements.
- 4.31 As discussed with the committee over the course of the last year we have been introducing a new process aimed at tracking the implementation of high and medium priority recommendations raised within our audit reports. This work is key to helping us understand where controls have been strengthened following our audits and highlighting areas where we may want to re-visit the activity to ensure actions are being progressed appropriately. Below is a table that shows the number of high and medium priority recommendations raised within each Assurance Block during 2021/22, and the progress that has been recorded against these.

Assurance Block	Number of High and Medium Priority Recommendations	Implemented / Closed	Open Recommendations		% of open recommendations recorded as in progress
			Overdue (Brackets indicate recorded as in progress)	Not due yet (Brackets indicate recorded as in progress)	
Children & Families	9	2	6 (0)	1 (0)	0%
Procurement	14	11	0	3 (3)	100%
Adults & Health	7	5	0	2 (2)	100%
Communities, Housing & Environment	24	8	7 (7)	9 (0)	44%
City Development	3	0	0	3 (3)	100%
ICT and Information Governance	9	3	3 (3)	3 (2)	83%
Finance & Key Financial Systems	21	8	3 (3)	10 (2)	38%
Resources	8	4	1 (1)	3 (3)	100%
Schools	48	43	3 (1)	2 (0)	20%

4.32 The onus is on directorate and service leads to update the trackers and ensure we have accurate information to analyse and report on. It is important to note that this is a new process, and everybody is still adjusting to the way in which this can work most effectively. Where it appears that recommendations are yet to be actioned this may be a reflection of the fact that the process for updating the trackers is still being embedded rather than necessarily indicating that the action hasn't been implemented. We expect that we will be able to see improvements in engagement across all areas as the process continues to take shape, and we will be looking to introduce a sample checking process in the future.

Other Audit Work

4.33 During the year we have been involved in a wide range of other audit work. The following section provides a summary of the key areas of this work. A detailed description of the work completed can be found in Appendix C of this report.

- 4.34 **Independent oversight, check and challenge** regarding work practices and proposed changes to services and offering advice regarding the management of potential risk and control risks. We have attended ten of these workstreams and boards and have been able to gain assurance regarding governance and decision-making processes.
- 4.35 In relation to the **Core Business Transformation Programme**, we have been providing ongoing review, advice and challenge to Programme Board, ensuring that working practices are fit for purpose and providing oversight regarding the procurement process. This work contributes across a range of assurances including financial management and control, risk management, governance, decision-making and business innovation.
- 4.36 We have reviewed **anti-money laundering arrangements** in place for the Home Ownership Team, Sundry Income Enforcement Section, Council Tax and the Business Rates Section. This work has contributed to overall assurances in respect of anti-fraud and corruption and legislative / regulatory compliance.
- 4.37 A regular review is undertaken of a sample of decisions to ensure that there is the correct categorisation and there is adequacy of supporting information. This area contributes to **assurances relating to decision making processes**.

5 **Anti-Fraud and Corruption**

- 5.1 Leeds City Council is committed to the highest standards of openness, probity and accountability. To underpin this commitment, the council takes a zero-tolerance approach to fraud and corruption and is dedicated to ensuring that the organisation operates within a control environment that seeks to prevent, detect and take action against fraud and corruption.
- 5.2 As custodians of the council's anti-fraud and corruption policy framework and owners of the fraud and corruption risk, Internal Audit adopts an overarching responsibility for reviewing the council's approach to preventing and detecting fraud. In addition to Internal Audit, there are several specialist teams and services across the council that undertake counter-fraud/overpayment work, these include:
- Housing and Tenancy Fraud
 - Blue Badges (Disabled Parking Concessions)
 - Council Tax Support / discounts and Housing Benefits
 - Direct Payments
- 5.3 The anti-fraud and corruption work undertaken includes both proactive anti-fraud and corruption activities (fraud strategies) and reactive work (investigations). The team takes a risk-based approach to ensure the risk of fraud is managed effectively

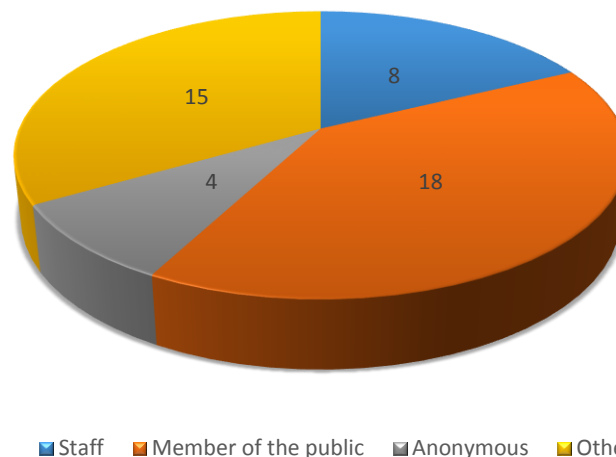
with available resources. Proactive fraud exercises, data analytics work and participation in the National Fraud Initiative (NFI) provide assurance that the authority is taking positive action to detect potential fraud and prevent its recurrence.

- 5.4 The council's Whistleblowing Policy sets out the means by which serious concerns can be brought to the attention of the council. The Whistleblowing Policy is available on the intranet and internet and encourages anyone who has serious concerns about any aspect of the council's work, to come forward and voice those concerns, and for employees to do so without fear of reprisal. The Whistleblowing Policy was reviewed against best practice, updated and promoted on the council's website and Insite during the year. The promotion and accessibility of these policies helps the council to be responsive for emerging risks that are identified.
- 5.5 Internal Audit are also the custodians of the Anti-Bribery and the Anti Money Laundering Policies. The purpose of the Anti-Bribery policy is to maintain the high standards of conduct which currently exist across the council by preventing or identifying bribery. The Anti-Money Laundering Policy sets out appropriate and proportionate anti-money laundering safeguards and reporting arrangements within the council.

Reactive Anti-Fraud Work

- 5.6 From 1st April 2021 to 31st March 2022, we received a total of 45 potential irregularity referrals (74 in 2020/21). All reported irregularities were risk assessed by Internal Audit and either investigated by ourselves, the relevant directorate or HR colleagues, as appropriate. Where the matter was referred to directorates or HR for investigation, we have made follow up enquiries to ensure all aspects of the referral have been addressed. The following graph summarises the number of referrals received by Internal Audit in the period by referral route.

Referrals received 1st April 2021 - 31st March 2022 by person raising concern



5.7 The referrals received through the 'other route' relate to those shared by external agencies, for example the National Anti-Fraud Network, or other council services seeking advice or assistance. The 45 referrals covered a multitude of issues which are summarised in the table below.

Description of referrals received	Directorate					Total
	Adults and Health	Children and Families	City Development	Communities and Environment	Resources and Housing	
Payroll Fraud					3	3
Economic and voluntary sector support fraud (Covid and other grants)	1		1	3	3	8

	Directorate					
Description of referrals received	Adults and Health	Children and Families	City Development	Communities and Environment	Resources and Housing	Total
Staff conduct	1	1	1	2	2	7
Health and Safety		1		2		3
Corruption/ maladministration	1	2	1	2	2	8
Theft		1		1	1	3
Mandate fraud	1			1		2
Non-compliance with policies and procedures		1		1	2	4
Cheque Fraud		1				1
Safeguarding		1				1
Value for Money					1	1
Housing tenancy – RTB, abandonment, sub- letting, succession				2		2
Insurance					1	1

	Directorate					
Description of referrals received	Adults and Health	Children and Families	City Development	Communities and Environment	Resources and Housing	Total
Misuse of council funds			1			1
Total	4	8	4	14	15	45

Closed Referrals

- 5.8 A total of 46 referrals were closed during the period (this includes some cases that were raised in 2020/21). The outcomes are shown in the table below. Where relevant, recommendations to improve the control environment were raised, this includes cases that were both proven and not proven. All cases where criminal activity is suspected are reported to the police in line with our zero-tolerance approach to fraud and corruption. At the end of the reporting period there was one case with the police, and one with the CPS for a charging decision. As of 1 April 2022, 21 cases remained open.

	Directorate					
Referrals closed by outcome	Adults and Health	Children and Families	City Development	Communities and Environment	Resources and Housing	Total
Disciplinary action including dismissal				1		1
Resigned				2		2
Allegation proven	1	1		2	4	8

	Directorate					
Referrals closed by outcome	Adults and Health	Children and Families	City Development	Communities and Environment	Resources and Housing	Total
Unable to prove or disprove, recommendations raised for improvements to the control environment	1	2			3	6
Allegation not proven	1	6	3	3	7	20
NFA taken, as service already addressed issues or insufficient evidence to investigate		2		2	1	5
Referred to another external body to investigate	1	1		1	1	4
Total	4	12	3	11	16	46

Proactive Anti-Fraud Work

- 5.9 To help ensure that there is an effective counter fraud culture in place within the council, we included time in the counter fraud block of the Internal Audit Plan to undertake proactive fraud reviews. These reviews consider areas identified through various methods, including the use of best practice publications and our internal risk assessments. We undertake horizon scanning and liaison with established internal and external contacts throughout the year to identify emerging frauds and risk areas, to ensure that we take any mitigating actions promptly.

National Fraud Initiative (NFI)

- 5.10 As part of our proactive anti-fraud work, we take part in the National Fraud Initiative (NFI). The NFI is an exercise conducted by the Cabinet Office every two years that matches electronic data within and between public and private sector bodies to prevent and detect fraud. Where a match is found it may indicate that there is an inconsistency which requires further investigation to determine whether fraud or error has occurred, or if there is another explanation for the match. Relevant teams within the Council (for example, Internal Audit, Benefits, Housing and Tenancy Fraud) have been working through the matches on a risk basis.
- 5.11 Internal Audit has overall responsibility for monitoring the progress of this exercise and ensuring that the NFI system is updated. 17,205 matches have been received and 14,848 have been closed. Nineteen errors have been identified resulting in the recovery of £1,826¹.

Covid 19 Business Grants and Council Tax Rebate Scheme

- 5.12 We have undertaken post payment assurance on the Covid business grants. This work has been undertaken in accordance with government requirements. Various data streams have been used to inform our post payment testing. This includes information from a number of different sources comprising NFI bank account and company status validation checks, data provided through the Government's 'Spotlight' system, and data on grant payments identified as higher risk through our analysis. As these grants are provided to the council to distribute to businesses, any recovery of funds will be paid back to government.
- 5.13 We have attended the project board for the Council Tax Rebate scheme to provide advice on counter fraud controls. This has included liaison with the Cabinet Office on the use of Spotlight for bank verification checks and attending government webinars on the use of this tool

Direct Payments Proactive Review

- 5.14 Direct payment fraud is a recognised national fraud risk. The council has a Direct Payment Audit Team within the Adults and Health Directorate, who are responsible for the audit of both adults and children's direct payments. The fraud prevention and detection controls falling under the remit of the Direct Payments Audit team were reviewed and found to be robust and operating well in practice. Recommendations were made to further strengthen the control environment, including working

¹ The errors relate to Housing Benefit and Council Tax Reduction Scheme overpayments.

with other authorities to share data (where permitted by legislation) due to the cessation of the National Fraud Initiative mandatory data match.

Awareness Raising

- 5.15 During June and November, we raised awareness of fraud risks to staff via Insite. These promotions were timed to coincide with World Whistleblower's Day (23rd June) and International Fraud Awareness Week and reminded staff of our counter fraud policies and how to raise concerns.
- 5.16 The 'Tackling Fraud and Corruption' toolkit on Insite was refreshed to coincide with the launch of the Counter Fraud and Corruption Strategy and Fraud Response Plan, and the revised Whistleblowing Policy. This includes a foreword from Cllr Kamila Maqsood in the role of Counter Fraud Champion as we explore how we engage and increase awareness around the counter fraud arrangements. The 'Reporting Fraud, Bribery and Corruption' page on the public facing website was also updated.
- 5.17 We have developed a counter fraud training package for inclusion on the Performance and Learning System. This aims to provide staff with an understanding of the importance of tackling fraud, bribery and corruption and includes information on the key fraud risks to the authority, indicators of fraud, our counter fraud policies, and how to raise any concerns. The training includes key fraud facts/figures, and scenarios that are relevant to staff and their roles within the council. Prior to this being launched, key staff within the council were able to complete this within a test environment and provide feedback into the training. The training is now available for all staff to complete, and this was communicated through the Best Council Leadership Team and the Manager Communications email issued to appraising managers on a weekly basis.

Self-Assessment of Counter Fraud Arrangements and Strategy Development

- 5.18 We have undertaken a self-assessment of our arrangements against the CIPFA Counter Fraud Assessment Tool. The key areas of this assessment consider how as a council we:
- Acknowledge responsibility
 - Identify risks
 - Develop a strategy
 - Provide resources
 - Take Action

5.19 The output from this was that the council has reached a good level of performance against the code and has put in place effective arrangements in many aspects. The authority is taking positive action to manage fraud risks and actively working to improve its resilience. The assessment identified that there are further opportunities to strengthen our approach through the development of a Counter Fraud Strategy which was presented to Members of the Committee. This will comprehensively address the council's reactive and proactive approach to tackling the risk of fraud and corruption, and will be aligned to the aims, objectives and values of the Council.

Regulation of Investigatory Powers Act 2000

5.20 In the most recent inspection report issued by the Office of Surveillance Commissioners, it was recommended that Members should receive regular reports about the use of the Council's surveillance powers under the Regulation of Investigatory Powers Act (RIPA). The Head of Service (Legal) has confirmed that there have been no applications for directed surveillance or covert human intelligence source (CHIS) authorisations during this financial year. In addition, there has been no use of the powers to obtain communications data over the same period.