
Decision Maker: **AUDIT AND RISK MANAGEMENT COMMITTEE**

Date: **Wednesday 8 March 2023**

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **INTERNAL AUDIT AND FRAUD PROGRESS REPORT**

Contact Officer: Francesca Chivers, Head of Audit and Assurance
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Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for decision/report and options

This report provides an update on Internal Audit activity and outcomes to date in the 2022/23 financial year. It also provides an update on counter fraud activity for the first three quarters of 2022/23.

2. **RECOMMENDATION**

a) **Note the Progress Report and comment on matters arising.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: Some audit findings could have an impact on services for vulnerable adults and children.
-

Transformation Policy

1. Policy Status: Not Applicable
 2. Making Bromley Even Better Priority:
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre:
 4. Total current budget for this head:
 5. Source of funding:
-

Personnel

1. Number of staff (current and additional): 6.5 FTE Internal Audit staff
 2. If from existing staff resources, number of staff hours:
-

Legal

1. Legal Requirement: Statutory Requirement: Under the Accounts and Audit Regulations 2015, the Council is required to maintain an effective Internal Audit function.
 2. Call-in: Not Applicable:
-

Procurement

1. Summary of Procurement Implications: Some audit findings could have procurement implications.
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Property

1. Summary of Property Implications: Some audit findings could have property implications.
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Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: None
-

Customer Impact

1. Estimated number of users or customers (current and projected): Internal Audit activity is relevant to all of the Council's stakeholders.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: Not Applicable

3. COMMENTARY

3.1 Internal Audit Progress and Outcomes

- 3.1.1 Internal Audit provides regular progress reports to Audit and Risk Management Committee, covering activity, performance and outcomes. These reports are a requirement of Public Sector Internal Audit Standards (PSIAS). However, they also enable Audit and Risk Management Committee to discharge its duty to oversee Internal Audit in the Council, including to ensure its independence and effectiveness.
- 3.1.2 This progress report provides an update on internal audit activity and outcomes to date against the Plan for 2022-23 that was agreed by Members of Audit Sub-Committee in March 2022 and Members of Audit and Risk Management Committee in November 2022. The report also contains a summary of progress against open Priority 1 recommendations. The definitions of our assurance and priority ratings are provided in **Appendix B**.
- 3.1.3 **Table 1** below shows current progress against the 2022-23 Internal Audit Plan, as at 23rd February 2023, including outcomes where applicable. In summary, 13 audits are complete, 17 audits are at fieldwork or reporting stages and eight are in planning. As reported to previous meetings, long-term sickness in the team delayed some work in the first half of the year and two members of the team have elected to reduce their working hours under the Council's flexible working policy. We have engaged some additional resource via our framework contract to partially compensate for this, but there will be some carry-forward into the 2023-24 financial year. At this point in time, I envisage that coverage for the year will be sufficient to enable me to provide an overall opinion on systems of risk management, governance and control as part of the Internal Audit Annual Report.

Table 1 - April 2022 – March 2023 Internal Audit Plan	
Audit	Status and Assurance Opinion
Assurance Mapping	Planning
Grant assurance work including Supporting Families and Disabled Facilities Grant	Four grants have been completed, one more known grant is due by end March 2023
Domestic Abuse	Planning
Transformation	Fieldwork
Discretionary Housing Payments	Complete – Reasonable Assurance
Cash and Bank	Complete – Substantial Assurance
Capital Strategy, Planning and Monitoring	Complete – Reasonable Assurance
Sickness Management	Draft Report Issued
Appraisals	Fieldwork
Procurement Fraud and Corruption Risk Assessment	Complete - Advisory
Members' Induction	Complete - Advisory
Procurement of IT Services (ongoing consultancy)	Fieldwork
Public Health Covid-19 Response – Lessons Learned	Complete – Reasonable Assurance
Placements (Adults' Residential)	Fieldwork
Assistive Technology	Planning
Adult Social Care Referral and Assessment Process	Fieldwork
Quality Assurance Framework – Adults	Complete - Advisory
Virtual Schools' Bromley	Fieldwork
Quality Assurance Framework – Children's	Complete – Reasonable Assurance
Adult Education	Not yet started

Schools Rolling Programme	Edgebury Primary School complete – Reasonable Assurance
Planning Applications	Complete – Reasonable Assurance
Operational Property Review	Planning
Capital Schemes – Project Management (Housing)	Fieldwork
Housing Allocations	Complete – Limited Assurance
Highways – Management of Major Works	Fieldwork
Parks and Greenspace	Complete – Limited Assurance
Net Zero	Complete – Reasonable Assurance
Complaints	Fieldwork
Staff Well-being	Planning
Gifts and Hospitality / Declarations of Interest	Planning
Revenue Budget Monitoring	Feedback
Mayor's Charity	Fieldwork
Social Care System – Implementation Review	Planning
Oracle HR Project (including Payroll)	Fieldwork
Discharge to Assess	Not yet started
Domiciliary Care	Planning
Quality of Placements (External) – Children's Social Care	Not yet started
Governance of Partnerships (Housing Schemes)	Fieldwork
Housing Options Follow Up	Fieldwork
Mandatory Houses of Multiple Occupation Licensing	Feedback
Parking Income	Fieldwork

3.1.4 Our work this year has also included finalising three audits that were part of the 2021/22 Internal Audit Plan, but not completed in time for the year end opinion. These audits will now form part of the year end opinion for 2022/23.

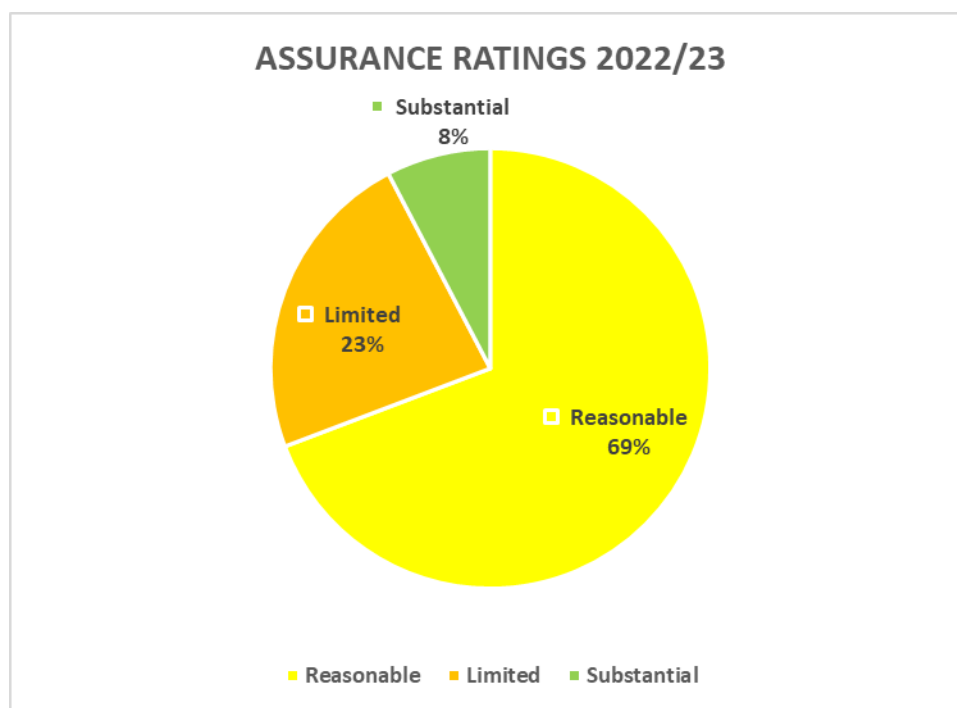
Audit	Assurance Opinion
Commercial and non-office owned property	Reasonable
Drainage Cleaning	Limited
Pre-paid Cards - Children	Reasonable

3.1.5 There remains one audit from the 2021/22 Internal Audit Plan to be completed; Temporary Accommodation and Housing Rents. This audit is partially complete and is due to re-commence in March 2023.

3.1.6 Summaries of the completed substantive audits and grant sign off reviews are provided in **Appendix A**. The full redacted reports for the assurance reviews which have been finalised since the last Committee have also been published with the agenda, if Members require further information.

3.1.7 A summary of outcomes (assurance levels) to date in graphical format is shown overleaf. These outcomes include the three audits noted above which were carried forward from the 2021/22 financial year.

Diagram 1 – Assurance Ratings



- 3.1.8 The audit opinions are currently weighted towards 'Reasonable' which continues a pattern of previous years. At the end of 2021/22, 77% of audits received 'Reasonable' or 'Substantial' assurance; for the year to date, this total is also 77%. This indicates that many controls are in place and are working effectively to mitigate associated risks. The proportion of 'Limited' assurance audits at this stage in the year is the same as the final year position for 2021/22 and we have not issued any 'Limited' assurance audit reports since the last progress report in November 2022. Whilst we still have some way to go in terms of plan completion, at this point my overall opinion on systems of risk management, governance and control continues to be 'Reasonable' in line with the annual opinion provided for 2021/22.
- 3.1.9 **Table 2** on page 8 shows the assurances that Members have received (and are due to receive) mapped against the risks identified on the Corporate Risk Register. This map does not mean that the identified risks and associated controls are fully covered by our audits but indicates where Members may receive some assurance through our work.
- 3.1.10 In terms of the risks scored as 'High' on the Corporate Risk Register, our Capital Strategy, Planning and Monitoring Audit provides 'Reasonable' assurance against both of the financial risks. Whilst we have not undertaken any new audit work on Cyber Security this financial year, we have followed up two relevant 'Limited' assurance audits from the previous financial year (see paragraphs 3.2.8 and 3.2.12). One Priority 1 recommendation is now closed although one remains open. Similarly, audits in progress on Transformation and Temporary Accommodation areas will deliver further assurances on these two 'High' risks. Although there is currently no assurance work against 'Homes for Ukraine', we have provided some advice during the course of the year and a formal review is proposed for 2023/24 (see Internal Audit Plan and Charter 2023/24 item on this agenda).
- 3.1.11 **Diagram 2** on page 9 shows the audits for 2022/23 as mapped to the ambitions set out in 'Making Bromley Even Better'. Audits relating to Ambitions 1 and 5 currently have all 'Reasonable' or 'Advisory' ratings, together with one 'Substantial' in Ambition 5. Ambitions 3 and 4 also include a number of 'Reasonable' assurance opinions.

3.1.12 We have completed audits in important strategic areas: Capital Strategy, Net Zero and Public Health Covid-19 Response – Lessons Learned. All of these audits had positive outcomes with ‘Reasonable’ Assurance and a low number of Priority 2 recommendations. For Net Zero and Public Health Covid-19 Lessons Learned, we found that the strategic approach and priorities were based on robust assessment and supported by reliable evidence.

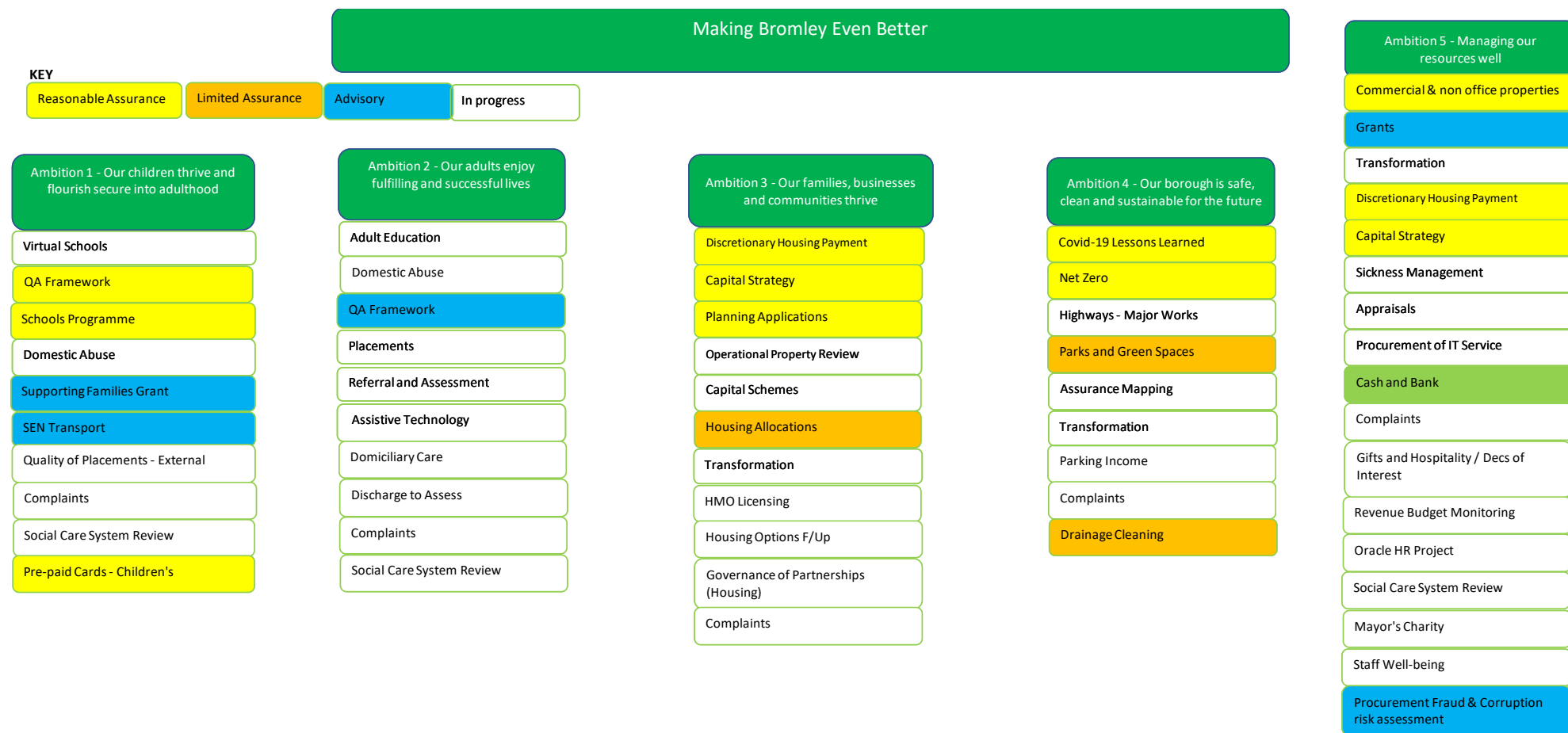
3.1.13 We have highlighted below some emergent themes from our work to date this financial year. These are drawn from advisory and ad-hoc pieces of work as well as assurance reviews.

- Procurement – we have undertaken two pieces of work related to Procurement; a fraud and corruption risk assessment of the tender process and an ad hoc review of a specific low-value procurement in response to a complaint. We did not raise any significant issues as a result of our work.
- Core financial controls – we have reviewed specific payments as part of post payment assurance work on Business Grants for BEIS, three separate grants and Discretionary Housing Payments and found that all payments reviewed had been made appropriately and accurately. Cash and Bank also received ‘Substantial’ assurance.
- Contract Management – Audit findings for relevant audits have included that contract monitoring structures are in place and that meetings are held at an appropriate frequency.
- Counter Fraud and Corruption - We have raised three recommendations to strengthen counter fraud and corruption arrangements including two Priority 1 recommendations (one within a school). Whilst service managers are responsible for managing fraud risks within their services, we recognise that Audit and Assurance has an important role to play in promoting counter fraud awareness and we have undertaken some pro-active counter fraud activity (see paragraph 4.1.24 onwards). We will be further developing our proactive work in 2023/24.
- Quality Assurance - We have undertaken two specific reviews of Quality Assurance Frameworks; one in Children’s Services (Reasonable Assurance) and one in Adults’ Services (Advisory). We have also considered quality assurance and / or performance management as part of other reviews. A common theme across recommendations is ensuring that where deficiencies or learning points are identified, that there is sufficient governance, oversight, accountability and traction to ensure that these are progressed through to closure, or to an acceptable level of improvement.
- Reconciliations - In the 2021/22 Annual Report, we raised an emergent theme around reconciliations, either between systems or to compare actual to expected amounts. This theme continues into 2022/23, with four recommendations raised (none Priority 1).
- Data accuracy and completeness – Mechanisms to assure on the quality and accuracy of data were not consistently in place, which meant that data reviewed was not always accurate or up to date. In some instances this was because information was held on partner or contractor systems and not readily available or reconciled to LBB systems.
- Contract Management – we have raised four Priority 1 recommendations around contract management. These covered the performance frameworks in place, availability of documentation to support contractual decisions and lack of clarity around the role of the client monitoring function.

Table 2 – Internal Audit Coverage of Corporate Risks

Risk	Current Net Rating	Audit Coverage 2022-23	Outcomes
Failure to deliver a sustainable financial strategy	20	Transformation Capital Strategy Revenue Budget Monitoring	Fieldwork Reasonable Assurance Feedback
Failure to deliver partial implementation of HSC integration	4	None	NA
Failure to manage change and maintain an efficient workforce	8	Sickness Management Appraisals Staff Well being	Draft report issued Fieldwork Planning
Ineffective governance and management of contracts	8	Procurement Fraud Risk Assessment Highways Major Projects Parks and Green Spaces	Advisory - No significant issues identified Fieldwork Limited Assurance
Failure to maintain and develop IT information systems	6	Procurement of IT Service	Fieldwork
Cyber Attack and failure to comply with GDPR	15	Audits of GDPR and of Cyber Security undertaken in 2021/22 followed up in 2022/23	GDPR - Recommendation Closed Cyber Security - Priority 1 action open
Failure to maintain robust BC and EP arrangements	8	As part of every contract review, we consider supplier BC arrangements	No significant issues identified to date
Failure to deliver effective Children's Services	12	Quality Assurance Framework Virtual Schools Bromley Quality of External Placements	Reasonable Assurance Fieldwork Not yet started
Temporary Accommodation	16	Housing Options Follow Up TA and Housing Rents 2021/22 HMO Licensing Governance of Partnerships (Housing Schemes)	Fieldwork Fieldwork to recommence in March 2023 Fieldwork Fieldwork
Failure to deliver Transforming Bromley Programme	15	Transformation	Fieldwork
Climate Change	8	Net Zero	Reasonable Assurance
Health and Safety (Fire and First Aid)	12	None	NA
Homes for Ukraine	16	Advisory work as required	No significant issues identified to date
Capital Financing Shortfall	20	Capital Strategy Housing Capital Schemes	Reasonable Assurance Fieldwork

Diagram 2 – Making Bromley Even Better



3.2 Follow up of Recommendations Raised

- 3.2.1 Follow up is an important part of internal audit work as it ensures that unacceptable risks identified during the course of our reviews are subsequently mitigated. We follow up all recommendations and we report progress against Priority 1 recommendations to all meetings of the Audit and Risk Management Committee.
- 3.2.2 We report progress against Priority 2 and 3 recommendations six monthly; as the last update was provided in November 2022, we will next report in July 2023.
- 3.2.3 **Appendix C** lists all Priority 1 recommendations open as from the previous report to Audit and Risk Management Committee in November 2022 (ten in total). We have raised one new Priority 1 recommendation since the last report which relates to loss of IT assets at a primary school. We have also closed three recommendations in this period. One recommendation is not yet due for follow up, but we have followed up the remainder as detailed below:

Data Centre

- 3.2.4 At the November Audit and Risk Management Committee meeting, the Head of Facilities Management advised Members that installation of a temporary generator had been agreed as the best solution. In the light of the proposed office move, this solution is unlikely to be the most cost effective but an alternative electrical solution has been agreed and we are awaiting a date for work to be undertaken. Therefore, this recommendation remains in progress.

Parks and Grounds Maintenance

- 3.2.5 We raised two Priority 1 recommendations in this audit. These related to the availability of documentation to support key contractual decisions and the delivery of the client monitoring function.
- 3.2.6 The recommendation relating to availability of documentation had several elements. At the time of the original audit, it was unclear how the contractual performance target of 75% had been agreed. The department have now identified that this was included in the original tender documents and as such is contractually binding. However, the Council have started negotiations with the contractor and will follow up again at the next review opportunity in November 2023. Improved contract monitoring and performance data submitted by the contractor will ensure that the Council is in a stronger position to challenge the performance targets. The Contract Filing System is now well structured and bespoke training has been planned for the Parks Client Team so that the team “own” the information held. We consider that there has been satisfactory progress and we have now closed this recommendation as implemented.
- 3.2.7 The second Priority 1 recommendation related to the client monitoring function. The Assistant Director has now completed an internal review of the client team and is introducing operational changes, to be effective from April 2023. The client team have formalised their 2023/24 monitoring programme, and from April 2023, client inspections will be included in the monthly performance data. The action to create a specific handbook and procedure notes for this function are still outstanding and will be developed as the new monitoring arrangements are implemented. Therefore, we consider that this recommendation is in progress. We will follow up again in Summer 2023 to ensure that proposed changes have been implemented and are effective in practice. We will provide a further update to the November meeting of Audit and Risk Management Committee.

Information Governance / General Data Protection Regulations

- 3.2.8 This recommendation is now implemented and has been closed. Apps on personal mobile devices have been secured as of February 2023. All users who have been accessing Council data or apps such as Outlook and Teams from personally owned devices must now register their device and complete two factor authentication. This allows IT to ensure that Council data is safe even on an unmanaged device. The apps time out if not used for 30 minutes, and re authentication is required. The authentication process also does posture checking for security updates and does not allow access if the device is deemed insecure. The Council also has the functionality to remotely remove apps if devices are reported lost or stolen.

Drainage Cleaning

- 3.2.9 We raised two Priority 1 recommendations in this audit. The first relates to the availability of data to support and verify the performance information provided by the contractor. Drainage Cleaning is part of the Highways contract, but the drainage element is subcontracted. In October 2022, the subcontractor changed. The contractor is currently working with the new subcontractor on the provision of data and therefore this recommendation remains open.
- 3.2.10 The second recommendation related to delayed invoicing and the retention of documentation to support payments made, for ad hoc works. A new monthly payment process has now been implemented and used to settle accounts for monies due. Supporting documentation is also now retained centrally. Therefore, we have closed this recommendation as implemented.

Edgebury Primary School

- 3.2.11 This recommendation related to the loss of IT assets during the pandemic; we recommended that the school strengthen its arrangements for security and loan of IT assets. Whilst a new process has been implemented, we have been unable to test this for effectiveness as no assets have since been loaned. We will follow up this recommendation again in April 2023.

Cyber Security

- 3.2.12 This recommendation is in progress but not yet closed. Further detail is reported in **Appendix E (Part 2)**.

Special Educational Needs Placements and Transition Process

- 3.2.13 Our follow up testing confirmed that progress has been made towards implementing this recommendation and we have assessed this as partially implemented. A Dedicated Schools Grant (DSG) Deficit Recovery Plan has been put in place and endorsed by the SEND Governance Board at its meeting in November 2022 and agreed with the Education and Skills Funding Agency at the Department of Education.
- 3.2.14 The Officer Decision Sheet for making a placement now includes the 'Whole Life Placement Cost'. SEN management will liaise with Finance colleagues in the near future to discuss and agree the most effective way to use these full life costings, to help inform future financial forecasting and spending commitments. We have been asked to be part of these discussions, so that we can give appropriate advice.

3.3 Audit Activity (other work including advisory)

- 3.3.1 Since the last report to Audit and Risk Management Committee, we have continued to undertake ad-hoc advisory work as requested. This has included specific advice on the recording of payments made outside the financial system, post-audit review of Quality Assurance Framework documents in Adults and Children's Services and the grant application process for Coronation events. We have also reviewed a specific procurement in response to a complaint from a member of the public.

- 3.3.2 We have continued to attend, and provide relevant updates to, Corporate Leadership Team and Chief Officer Executive. We also delivered a fraud awareness presentation to all managers as part of the Managers Briefing in December 2022 (see Section 4 of this report for further detail).
- 3.3.3 As part of our planned work in 2022/23, we are undertaking advisory work on the implementation of the new HR and payroll system and procurement of the IT service.

New HR and payroll system

- 3.3.4 We have continued to meet periodically with HR representatives to receive updates on progress made to implement the new HR and payroll system. The system is due to go live in April 2023.
- 3.3.5 We have viewed relevant project documentation such as the risk and issues log and have watched recorded meetings of the project board. Advice on risks and controls in the new system has been given to the Head of HR Business, Systems and Reward, who is the project lead.

Procurement of IT service

- 3.3.6 As part of our advisory role, we are continuing to offer Internal Audit advice on risks and controls over the procurement of the IT service, as and when requested to do so by the Assistant Director – IT Services.
- 3.3.7 This is a watching brief. We have not attended any meetings of the project board but have viewed relevant project documentation and discussed this with the Assistant Director – IT Services and the IT Contract and Operations Manager.
- 3.3.8 The project is at an early stage, and we will continue to provide further advice as necessary.

Post Payment Assurance for Business Support Grants

- 3.3.9 During the latter part of last year, the Department for Business, Energy, Industry and Skills (BEIS) requested evidence of assurance checks undertaken on specific businesses across various Covid business support grant schemes. In conjunction with the Revenues and Benefits Manager and their team, we reviewed over 40 businesses across seven different grant schemes. Checks included verifying the amounts paid, the eligibility of the business according to the specific conditions of the grants and that the money had been paid to the correct entity. We did not find any indication of fraud or error within the sample and have now submitted all required evidence to BEIS.

3.4 Quality of Internal Audit

- 3.4.1 Audit and Risk Management Committee have an important role to play in ensuring the effectiveness of the internal audit function. To facilitate this role, the service undertakes quality assurance activity, the results of which are regularly reported to Audit and Risk Management Committee.
- 3.4.2 As part of our QA activity, we undertook a self-assessment against professional standards and reported the outcomes of this to Audit and Risk Management Committee in June 2022, alongside the resultant action plan. Current progress against this action plan is now reported as **Appendix D**.
- 3.4.3 We have made progress against some core components of the action plan, including undertaking a skills assessment against professional competencies and developing a training plan, albeit delivery of this training plan is in progress. We have also developed and

documented our Quality Assurance and Improvement Programme (QAIP) and refreshed our suite of Key Performance Indicators (provided as a separate agenda item, alongside the Internal Audit Plan). Other actions, such as those relating to strategic and individual audit planning are in progress, but we intend to review how well these are embedded at the end of the financial year.

- 3.4.4 Key outstanding actions are development of a data analytics strategy to further enhance the assurances we provide and the value we add to the organisation, and comprehensive review of the internal audit manual. Both of these actions are overdue from the original timescales and we will provide a further update alongside the Annual Report. Currently, as with the original 2021/22 self-assessment, I would continue to assess us as 'partially conformant' with the Standards overall, but moving much closer to 'generally conforms'.
- 3.4.5 We are in discussion with our assessor regarding when they will complete our External Quality Assessment and hope to provide a verbal update at the meeting.
- 3.4.6 Members are asked to note that the Institute of Internal Auditors, our professional body, are expected to launch a consultation between March and May 2023 on a revised set of professional standards. Early indications are that changes will be significant. We will provide further updates as and when these become available.

4. Counter Fraud Activity

- 4.1.1 This report provides an update on both new and previous cases of fraud and special investigations. The Fraud service is provided by the Royal Borough of Greenwich who investigate all allegations of fraud and maintain the fraud register. It also provides some information on pro active fraud work.

Fraud Referrals and Investigations

Blue Badge Fraud

- 4.1.2 Members will be aware of the activity by the Shared Parking Service to combat the criminal offence of Blue Badge misuse. High rates of prosecution success have been achieved through close working with the Greenwich Fraud Team.
- 4.1.3 Information is collated, and the case passed to the Greenwich Fraud Team. The Greenwich Fraud Team will carry out an investigation, identifying drivers, arranging interviews under caution, establishing intent and mitigation and undertaking public interest and evidential tests on cases which may be suitable for prosecution before passing these to Legal Services for final authorisation. Feedback is also provided where evidence or process errors affect the suitability for prosecutions so that this can inform CEO training.
- 4.1.4 Prosecutions are undertaken by Bromley Legal Services utilising the Single Justice Procedure. The Criminal Justice and Courts Act 2015 introduced the Single Justice Procedure which applies only to cases involving adults charged with summary-only non-imprisonable offences. It enables such cases to be dealt with by a single magistrate sitting with a legal adviser on the papers without the attendance of either a prosecutor or the defendant. The defendant will instead be able to engage with the court online (or in writing) and the case will not be heard in a traditional courtroom. The Single Justice Procedure was designed to save Court time in cases where a full hearing may not be necessary. Magistrates' Courts were finding that their Court lists were becoming clogged up with low level offences.
- 4.1.5 It is for prosecutors to identify cases which are suitable for the single justice procedure. These are commenced by a written charge and a Single Justice Procedure Notice.

- 4.1.6 The Single Justice Procedure Notice is sent to the defendant explaining the offence which has given rise to the proceedings, the options available to the defendant, and the consequences of not responding to the notice. It is accompanied by the evidence upon which the prosecutor will be relying to prove the case. The notice will give the defendant a date to respond in writing to the allegation - rather than a date to attend court. However, the defendant has the right to request a traditional hearing in open court. If they wish to plead not guilty, or otherwise want to have a hearing in a traditional courtroom, the defendant can indicate these wishes in the response to the single justice procedure notice. In such circumstances the case will be referred to a traditional court and the case will be managed in the normal way.
- 4.1.7 In cases where a defendant pleads guilty and indicates that they would like to have the matter dealt with in their absence, or fails to respond to the notice at all, a single magistrate will consider their case on the basis of the evidence submitted in writing by the prosecutor, and any written mitigation from the defendant. The single magistrate can convict and sentence or dismiss the charge as appropriate.
- 4.1.8 If a single justice considers at any point that it would be inappropriate to conduct the case under the single justice procedure, the justice can refer it to a traditional magistrates' court.
- 4.1.9 Parking Services Blue Badge policy was reviewed in November 2020 with a new set of procedures which included an additional outcome of a simple Caution. This additional outcome is included in the statistics.
- 4.1.10 **Table 3** below provides a comparison of referrals received for the last three full financial years and the current year to date.

Table 3 – Blue Badge Referrals

	2019/20	2020/21	2021/22	2022/23 April – December
Total	129	22	64	56

- 4.1.11 The table above shows that there is now a steady increase in the number of new cases being referred despite Parking Services Civil Enforcement Officers no longer confiscating badges and restricting engagement with drivers, a practice that was adopted during the pandemic.
- 4.1.12 Referrals sent to the Greenwich Fraud Team relate predominantly to allegations of lost, stolen or expired Blue Badges being displayed or the use of Blue Badges belonging to persons who are deceased. Interviews Under Caution attendance is still intermittent and quite often two or three interviews are scheduled before the individual attends for an interview under caution.
- 4.1.13 As at 31 December 2022, there were 7 cases designated as "prosecution pending". This means that the cases have been fully investigated and are now with Legal Services for consideration of appropriate further action. This is in addition to the 39 prosecutions already achieved between April to December 2022.
- 4.1.14 **Table 4** below provides a comparison of Blue Badge prosecutions, cautions and warning letters for the financial year with 2019/20, 2020/21 and 2021/22 and April – December 2022.

Table 4 – Blue Badge Prosecutions and warning letters

	2019/20	2020/21	2021/22	2022/23 Apr-Dec
Prosecutions	46	57	27	39
Warnings	30	30	13	2
Cautions			3	4
Total	76	87	43	37

Cases Referred to DWP Single Fraud Investigation Service and Joint Working

4.1.15 None of the 43 cases that we referred to the DWP between April and December 2022 have involved joint working. The DWP have now reviewed 34 cases referred for investigation between April and September 2022 and advised that 15 cases were accepted for investigation, 8 cases were not accepted for investigation and 11 cases were being considered for investigation.

4.1.16 The DWP have however referred one case to Greenwich Fraud Team for joint working; this has been accepted and involves undeclared capital for a Council Tax Support claimant.

Miscellaneous Cases

4.1.17 Between April and December 2022, a total of 119 cases were received for investigation (56 related to Blue Badges).

- 39 were allegations received from members of the public (*1 email, 14 by phone and 24 through the LBB website*)
- 18 were from the Council's Exchequer Services contractor who provide a Benefits Assessment Service to LBB
- 2 were from another Local Authority
- 2 were from other LBB Departments
- 1 was from a member of staff
- 1 from DWP

4.1.18 The allegation types received for the 63 non Blue Badge cases were:

- 22 cases of Living Together as Husband and Wife
- 11 cases of Council Tax Fraud
- 5 cases of Earnings / Undeclared Income
- 6 Vacated Addresses
- 3 Subletting Cases
- 2 Planning Cases
- 5 Undeclared Capital cases
- 3 Undeclared Non Dependants
- 1 False School Application case
- 1 Non Fraud Related case
- 1 case of Contrived Tenancy
- 1 False Household Composition
- 2 Earnings of Claimant / Non Dependent

The status of the 63 non Blue Badge cases received are shown below

- 43 – Referred to the DWP SFIS department
- 9 – No Fraud Proven
- 7 – Referred to landlord or other LBB department
- 2 – Not Accepted

- 1 – Current Investigation
- 1 – Exemption Removed

- 4.1.19 There have been 11 cases of suspected Council Tax fraud received during the year. 3 cases were referred to the DWP SFIS, 3 cases were referred to other LBB departments, 1 case was not accepted and 4 cases were closed with No Fraud Proven.
- 4.1.20 There have been 9 cases of suspected subletting or vacating addresses. 2 cases resulted in no fraud proven, 1 was referred to the Registered Social Landlord (RSL) as well as 6 referred to the DWP. An initiative to commence some further joint working with Clarion and Keniston Housing Associations is still being explored. The Service Level Agreement is currently being reviewed by both associations before joint investigation work can commence.
- 4.1.21 The 43 cases referred on to the DWP during the course of the year related mainly to benefit cases where allegations of undisclosed income and living together were made.
- 4.1.22 The DWP need to adjudicate on entitlement to the benefit it administers before the Council can then determine if there is any impact on Housing Benefit or CTRS in payment.
- 4.1.23 The total amount of Housing Benefit Overpayment between April and December was £2,262.86 and £710.43 for Council Tax Reduction Support.

Proactive Counter Fraud Work

Fraud Awareness

- 4.1.24 As part of International Fraud Awareness Week in November, we worked with Public Affairs to provide some fraud awareness communications to both staff and residents. These communications included a press release, posts on the Council's Twitter account, and articles on the Council's intranet and in the monthly internal newsletter. A key theme of these communications was linking in with Action Fraud's 'Take Five to Stop Fraud' campaign, which encourages individuals to pause and assess any requests for money or information before responding, to reduce the risk of falling victim to scams or other frauds.
- 4.1.25 We have also provided a Fraud Awareness session to all managers as part of the monthly Managers Briefing in December. This covered the basic tenets of fraud legislation, why people commit fraud, key fraud risks and managers' responsibilities in countering fraud, together with an update on changes to the fraud risk landscape in light of both the pandemic and increases in the cost of living.
- 4.1.26 Greenwich Fraud Team also provided bespoke Fraud Awareness training to Housing Officers highlighting the different types of fraud that can be committed against the Council. Staff were shown examples of previous investigations (including surveillance footage) and were advised how they can refer cases for investigation and what happens with the referral once received.
- 4.1.27 We intend to continue with Fraud Awareness work into the next financial year.

Small Business Rates Relief (SBRR)

- 4.1.28 Greenwich Fraud Team are currently undertaking a pro-active counter fraud exercise to identify potential hereditaments currently claiming SBRR but which do not qualify for the relief. This exercise is being done in two parts – firstly, reviewing internal Council data to identify potential properties for the same business where SBRR is in place and secondly, using an external data matching company to match SBRR claims in Bromley with data from across the country as a whole. The initial matching exercises have taken place and have resulted in several potential matches. The team are currently working through these to

identify cases for further investigation. We will provide an update on the results of this exercise in due course.

National Fraud Initiative (NFI)

- 4.1.29 We have now collated and uploaded the data for the national bi-annual data-matching exercise. As part of this exercise, the Council is required to upload various data sets including Payroll, Pensions, Trade Creditors, Housing waiting list, Residents Parking and Council Tax Reduction Scheme. These data sets are matched with those from other Local Authorities and any matches which may indicate error or irregularity are returned to the Council to investigate. Results have recently been released and we are working through these to identify any cases for further investigation.

5. IMPACT ON VULNERABLE ADULTS AND CHILDREN

Recommendations arising from audits in Adults' and Children's Services will have implications for vulnerable adults and children.

6. FINANCIAL IMPLICATIONS

Some of the findings identified in the audit reports will have financial implications.

7. LEGAL IMPLICATIONS

Under the Accounts and Audit Regulations 2015, the Council is required to maintain an effective internal audit function to provide assurance on the effectiveness of risk management, control and governance processes, taking into account public sector internal auditing standards and guidance. Regular reporting to Audit and Risk Management Committee is a requirement of these Standards.

8. PROCUREMENT IMPLICATIONS

Some of the findings identified in the audit reports may have procurement implications.

9. PROPERTY IMPLICATIONS

Some of the findings identified in the audit reports may have property implications.

Non-Applicable Headings:	Transformation / Policy Implications Personnel Implications Carbon Reduction / Social Value Implications Ward Councillor Views Customer Impact
Background Documents: (Access via Contact Officer)	None