

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

**Date:** **Thursday 28 March 2024**

**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);

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1. Reason for decision/report and options

This report provides an update on Internal Audit activity and outcomes to date in the 2023/24 financial year. It also provides an update on counter fraud activity for Quarters 1-3 of 2023/24.

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2. **RECOMMENDATION(S)**

- a) **Note the Progress Report and comment on matters arising.**
- b) **Approve the amendments to the 2023/24 Internal Audit Plan set out in paragraph 3.1.5.**

## Impact on Vulnerable Adults and Children

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

1. Cost of proposal: Not Applicable:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: Audit and Assurance
  4. Total current budget for this head: £640, 240
  5. Source of funding: General Fund
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## Personnel

1. Number of staff (current and additional): 6.5 FTE Internal Audit staff (establishment)
  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:
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## 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
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## 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 2023/24 that was agreed by Members of Audit and Risk Management Committee in March and November 2023. The report also contains a summary of progress against Priority 1 recommendations arising from internal audit work. The definitions of our assurance and priority ratings are provided in **Appendix B**.
- 3.1.3 **Table 1** below shows current progress against the 2023-24 Internal Audit Plan, as at 8<sup>th</sup> March 2024, including outcomes where applicable. The table includes audits that were carried forward from the 2022/23 Plan, or which had not been finalised in time for the 2022/23 Annual Opinion.
- 3.1.4 **Appendix A** contains summaries of all completed substantive audits which have been finalised since the last progress report and the full redacted reports for these audits have also been published with the agenda as an information briefing. These audits are:
- Street Environment Contract Management
  - Parking Income
  - Homes for Ukraine
  - Health and Safety Framework – Environment and Public Protection
  - Community Safety
  - Property Services (Facilities Management) – Contract Management
  - Discharge to Assess
- 3.1.5 As part of our discussions with Senior Management when putting together the 2024/25 Internal Audit Plan, we have reviewed the remainder of the 2023/24 Plan to ensure it is both appropriate and deliverable. As a result of these discussions, we propose the following amendments, subject to Audit and Risk Management Committee agreement:
- Payroll** – To defer this audit to June 2024. This is an important audit, but we are unable to resource it until the end of March 2024. Unfortunately, March is a very busy time for the Payroll service as they enter the year end and annual uplift process. Deferring to June 2024 will allow the service to complete these processes prior to the audit.
- Quality of Accommodation (Temporary Accommodation)** – When we presented the November 2023 – March 2024 Internal Audit Plan at the November 2023 Audit and Risk Management Committee meeting, Members agreed that we would undertake this audit if resources permitted or otherwise carry forward to the following financial year. We have been unable to resource this within the financial year and so will carry this forward to 2024/25.
- CQC Inspection Preparation (Advisory)** – This was intended as an advisory piece of work to assist Adult Social Care in their inspection preparation, however internal audit time has not been required on this and the service feel adequately supported with the resources that they have. Therefore, we propose to cancel this piece of work. All internal audits within Adult Social Care do, in any event, assist with inspection preparations.

**Cloud Design and Migration (Advisory)** – This was intended as an ongoing advisory review to ensure that robust arrangements were in place for the Council’s move to the Cloud. Unfortunately, the allocated auditor has now left the Council and we do not have sufficient or suitable resource to reallocate this piece of work. Therefore, we propose to cancel this piece of work and to undertake an assurance review in a subsequent iteration of the Plan.

3.1.6 In summary, at this point in the financial year, 20 audits are complete, eleven audits are at fieldwork or reporting stages and one is in planning.

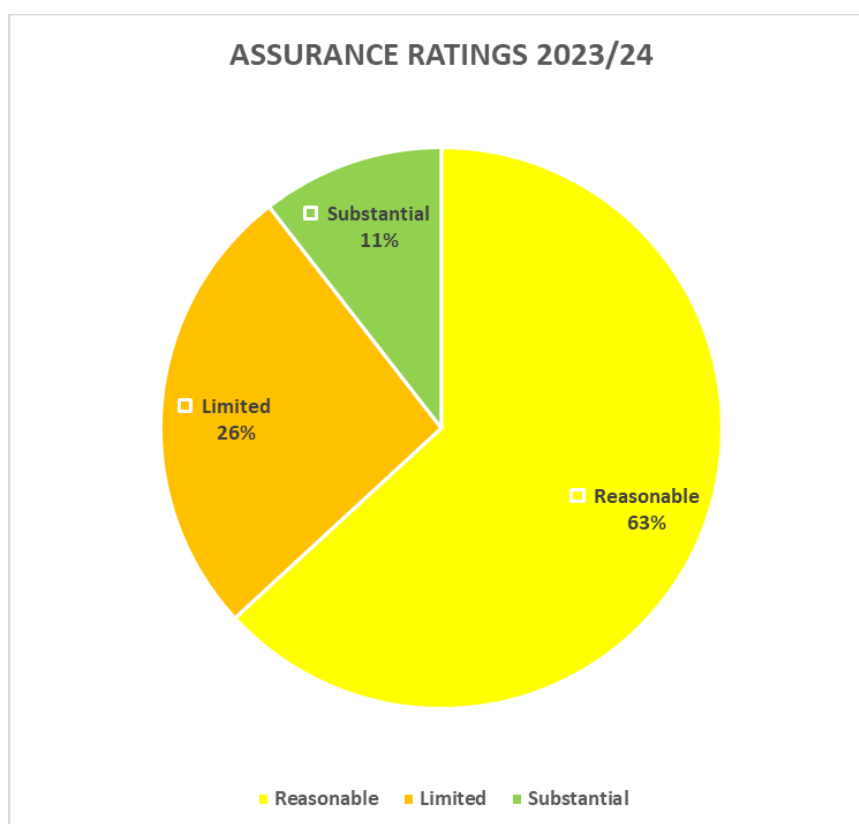
3.1.7 We continue to carry a large number of vacancies / other absences. We now have two vacant full time Principal Auditor positions, the Trainee Auditor is on secondment and there continues to be a high level of long term sickness in the team. One member of staff has now returned to work on a phased basis which has helped significantly but another is due a period of absence from mid-March. We have engaged contractor resource to deliver a number of audits and we do have allocated resource for all of the audits in **Table 1** below, bar those that we propose to defer or cancel. In terms of any impact on the year end opinion, it is unlikely that all audits below will be complete by the time that I report that opinion to this Committee on 4 June 2024. However, based on progress to date, I envisage that we will have a sufficient amount of completed work or draft reports (including provisional assurances and any significant issues) to form an opinion on overall systems of risk management, governance and control.

<b>Table 1 – 2023/24 Internal Audit Plan</b>	
<b>Audit</b>	<b>Status and Assurance Opinion</b>
Temporary Accommodation Housing Rents (carried forward from 2022/23)	Complete – Reasonable Assurance
Domestic Abuse (carried forward from 2022/23)	Complete – Limited Assurance
Transformation (carried forward from 2022/23)	Complete – Reasonable Assurance
Gifts and Hospitality / Declarations of Interest (carried forward from 2022/23)	Complete – Reasonable Assurance
Highways – Management of Major Works (carried forward from 2022/23)	Complete – Limited Assurance
Discharge to Assess (carried forward from 2022/23)	Complete – Limited Assurance
Domiciliary Care (carried forward from 2022/23)	Complete – Limited Assurance
Parking Income (carried forward from 2022/23)	Complete – Reasonable Assurance
Social Care System – Implementation review (carried forward from 2022/23)	Fieldwork
Staff Wellbeing (Advisory - carried forward from 2022/23)	Complete
Housing Capital Schemes (carried forward from 2022/23)	Complete – Reasonable Assurance
Grant assurance work including Supporting Families and Disabled Facilities Grant	Supporting Families – Complete DFG - Complete
Recruitment and Retention	Fieldwork
Health and Safety Framework – Authority Wide	Draft Report Issued
Pre-Employment Checks	Complete – Reasonable Assurance
Medium Term Financial Strategy	Complete – Substantial Assurance
Contract Management – Exchequer and Customer Services	Fieldwork
Personal Data Breaches	Complete – Reasonable Assurance
Cloud Design and Migration Plan	Propose to cancel
CQC Inspection Preparation (Advisory)	Propose to cancel
Learning Disabilities	Fieldwork

Safeguarding Adults	Draft report Issued
Quality of Care – Adults	Fieldwork
Children and Young People’s Mental Health and Emotional Wellbeing	Draft Report Issued
Schools Rolling Programme	Southborough – Complete – Reasonable Assurance St Olaves – Complete – Reasonable Assurance
Street Environment (Contract Management)	Complete – Substantial Assurance
Community Safety	Complete – Reasonable Assurance
Health and Safety Framework – Environment and Public Protection	Complete – Reasonable Assurance
Homes for Ukraine	Complete – Reasonable Assurance
Quality of Accommodation (TA)	Planning – Propose to defer
Contract Management – Property	Complete – Limited Assurance
Payroll	Propose to defer
Combined Drug and Alcohol Partnership	Fieldwork
Children Missing Education	Planning – fieldwork due March 2024
SEND transport provider payments	Complete – no issues identified
Temporary Accommodation Pro Active counter fraud exercise	Fieldwork
Accommodation move	Initial review complete, work ongoing
Operational Property Repair Programme	Ongoing

3.1.8 A summary of outcomes (assurance levels) to date in graphical format is shown below.

**Diagram 1 – Assurance Ratings**



3.1.9 The split of audit opinions remains broadly similar to the previous progress report. We previously reported that 75% of audits had received ‘Reasonable’ or above assurance. At this

point in the year, 74% of finalised audits have received 'Reasonable' or 'Substantial' assurance. This compares to a year end position in 2021/22 of 77% and a year-end position in 2022/23 of 87%. Consequently, my indicative overall opinion for 2023/24 is that we can provide **reasonable** assurance over systems of risk management, governance and control (please see **Appendix B** for our assurance definitions). This opinion is provisional and subject to change as there are still some audits to complete.

- 3.1.10 Within the recently finalised audits, there has been one 'substantial assurance' audit (Street Environment – Contract Management) with no recommendations raised. This is a particularly significant result due to the high value of the contract (approximately £6.7 million per year) and the assurance this provides over the high spend, high profile, universal nature of the service. We also found effective processes in place for Health and Safety contract management aspects of the waste service (delivered by the same provider) as part of our work on Health and Safety Framework in Environment and Public Protection.
- 3.1.11 Parking Income, another core financial process, received 'Reasonable' assurance with controls to ensure timely and accurate income collection and processing working as intended. We have reviewed two specific payments processes; Homes for Ukraine and SEND Transport Provider Payments. For both of these areas, payments had been made accurately in accordance with the underlying supporting records.
- 3.1.12 Our audits have continued to demonstrate positive examples of collaborative working with partners and other stakeholders in the best interests of residents. Partners of the Safer Bromley Partnership Board that we interviewed for the Community Safety audit were supportive of the Chair and her team and expressed that they valued the collaborative style of working. We also observed that the 'Homes for Ukraine' Support Hub was an example of good practice, making a significant contribution to Ukrainian guests and their hosts through bringing together representatives to provide advice and support on a range of matters.
- 3.1.13 Since the last report to Committee, we have issued two 'Limited' Assurance audits: Property Services (Facilities Management) Contract Management and Discharge to Assess. The key issues with the Facilities Management audit were around the arrangements in place to effectively manage all contracts. We reviewed a sample of Facilities Management contracts and found inconsistencies with how they were monitored and managed; some were more robust than others. Monitoring of key performance indicators was lacking for four contracts and, coupled with lack of post-completion inspection processes, this meant that there was insufficient assurance over the quality of service and the value delivered to the Council.
- 3.1.14 The key issues with the Discharge to Assess audit were around budget ownership and the processes and allocated responsibilities to ensure that spend was effectively managed, including identifying and querying exceptions at client level. Due to the nature of the service and the transient client group, there is an inherent volatility which needs to be rigorously managed to ensure that the Council can not only control the spend but also transfer clients into more permanent care arrangements to meet their outcomes. We have already followed up this audit and assessed all three Priority 1 recommendations as partially implemented. Further detail is provided in **Appendix A**, pages 7 and 8.
- 3.1.15 **Table 2** on page 10 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.
- 3.1.16 We have provided some coverage of all current net 'High' risks on the Corporate Risk Register in 2023/24. The work on the Accommodation move was an advisory governance review but we did not raise any significant issues as part of this work. For all other audits

relating to net 'High' risks, we provided 'Reasonable' or 'Substantial' assurance which means that appropriate controls are largely in place over the elements of the risks that we reviewed, as far as practical. This does not mean that the Council is not exposed to significant risk; there are elements of these risks, such as the external financial climate, that are beyond the control of the Council. Therefore, the risks should continue to be monitored and reviewed on a regular basis.

3.1.17 **Diagram 2** on page 11 shows the audits completed so far in 2023/24 as mapped to the ambitions set out in 'Making Bromley Even Better'. Audits relating to Ambition 1 & 3 currently have all 'Reasonable' or 'Advisory' ratings, with the Ofsted rating equating to 'Substantial' under Ambition 1. Ambitions 4 and 5 contain a wider spectrum of opinions, but are weighted towards Reasonable and above overall. Whilst the audits under Ambition 2 so far have been 'Limited', it should be noted that significant progress against all recommendations has been made which considerably reduces the inherent risks. These audits also relate to areas that had experienced significant disruption during the pandemic.

3.1.18 We are able to place reliance on external sources of assurance where appropriate to inform our Annual Opinion. This year, the Ofsted inspection of Children's Services reported in January 2024 with the resultant 'Outstanding' judgement will form part of the Annual Opinion and consequently I have reflected that assurance in both the Corporate Risk Register and MBEB maps.

3.1.19 We have highlighted below some emergent themes from our work to date in this financial year.

- Contract Management – There have been mixed results for Contract Management audits this year, with one 'Substantial' audit and three 'Limited' assurance audits. As discussed in 3.1.10 above, the 'Substantial' assurance relates to a single, high value contract, with well-established processes and structures in place. Two of the 'Limited' assurance contract audits (Facilities Management and Domiciliary Care) relate to a series of smaller value contracts with a variety of smaller providers. In both of these audits, we found that specifications and contracts themselves were well-designed but the issues we raised related to performance monitoring and quality oversight in practice. We also raised issues in contract audits relating to insufficient supporting evidence for payments made (where these are incurred on an activity basis).

We understand that the Council will be providing further training for contract managers. We recognise that contracts will always need to be managed in a manner proportionate to their risk, profile and value but the Council will need to support all contract managers via training and other means to ensure that contracts represent value for money and achieve the desired outcomes and objectives.

- Supplier Business Continuity Plans - Linked to the above, we have observed in some audits that supplier business continuity plans have not always adequately considered or mitigated business continuity risks. Some smaller providers in particular may need signposting to further guidance and support on how to develop a robust business continuity plan and the interruption risks they should consider. Supplier business continuity failure may incur additional costs, service delivery failure or reputational damage for the Council.
- Performance Management – As noted above, we have raised issues in contract audits around performance management and monitoring. However, we have also raised issues in other audits regarding performance management and monitoring, including the criteria set, and the information available and used by managers to facilitate an understanding of performance.



These audits have included Discharge to Assess and Community Safety. Quality Assurance (QA) processes in general have been a consistent audit finding over the past two years and we reported to November Audit and Risk Management Committee that we had raised recommendations relating to Quality Assurance processes in three of our audits, either because the QA process was not clear or because the documented QA process was not happening in practice.

- Data Quality – We have raised issues in five of our audits finalised since last Committee around the quality of information recorded in systems or the completeness of the data recorded and / or reported. This is of course inherently linked to performance management, as effective performance management is reliant on the quality of the underlying data used for monitoring and reporting purposes.
- Policies and Procedures – As with previous financial years and as reported in our November progress report, we continue to raise issues regarding policies and procedures which either have not been reviewed for some time or have not been reviewed in line with pertinent changes. For example, we have raised recommendations where systems had changed but the policies and procedures had not been updated to reflect the new systems or the associated processes. We also found policies that had not been updated for several years. A secondary finding was that policies themselves often do not have a stated owner / author or set out the expected frequency of review, meaning that updates can be overlooked as there is no clear timescale or responsibility. Since November 2023, we have raised three further issues in this regard, including one Priority 1 issue.

**Table 2 – Internal Audit Coverage of Corporate Risks**

<b>Risk</b>	<b>Current Net Rating</b>	<b>Audit Coverage 2023-24 to date</b>	<b>Outcomes</b>
<b>Failure to deliver a sustainable financial strategy</b>	20	Transformation Medium Term Financial Strategy	Reasonable Assurance Substantial Assurance
<b>Ineffective governance and management of contracts</b>	8	Domiciliary Care Street Environment Property Services	Limited Assurance Substantial Assurance Limited Assurance
<b>Failure to maintain and develop IT information systems</b>	8	Social Care System review - fieldwork	TBC
<b>Cyber Attack and failure to comply with GDPR</b>	15	Personal Data Breaches	Reasonable Assurance
<b>Failure to maintain robust BC and EP arrangements</b>	8	Supplier BC arrangements reviewed in contract audits	P2 issues raised in separate audits
<b>Failure to deliver effective Children's Services</b>	10	Two schools complete (Ofsted Jan 2024) SEND Transport Provider Payments	Reasonable Assurance (Outstanding) Advisory
<b>Temporary Accommodation</b>	16	TA and Housing Rents	Reasonable Assurance
<b>Failure to deliver Transforming Bromley Programme</b>	15	Transformation	Reasonable Assurance
<b>Climate Change</b>	8	None – Net Zero in 2022/23	Reasonable Assurance in 2022/23
<b>Health and Safety (Fire and First Aid)</b>	15	ECS Health and Safety Corporate Health and Safety - draft	Reasonable Assurance TBC
<b>Homes for Ukraine and other Refugee Programmes</b>	16	Homes for Ukraine	Reasonable Assurance
<b>Capital Financing Shortfall</b>	12	Housing Capital Schemes	Reasonable Assurance
<b>Operational Property Repair – Budget and Buildings Failure</b>	12	Advisory work as required	NA
<b>Recruitment and Retention</b>	9	Recruitment and Retention in progress	TBC
<b>Accommodation Move to Direct Line Building</b>	16	Advisory – initial governance review	Advisory

## 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 report progress to senior officers and Audit and Risk Management Committee. Follow-up work, monitoring and reporting are proportionate to the level of risk and we undertake more follow up testing for higher risk recommendations. Definitions of our priority ratings are set out in **Appendix B**.

3.2.2 **Appendix C** lists all Priority 1 recommendations open as from the previous report to Audit and Risk Management Committee in November 2023. We are pleased to report that the three recommendations from earlier financial years are now closed:

- Data Centre
- Client Monitoring Function – Parks Management and Grounds Maintenance
- Housing Allocations

This means that there are now no Priority 1 recommendations open from previous financial years.

3.2.3 Further to discussions with the service and changes to the recording of quality checks, we have also closed the Priority 1 recommendation relating to Highways – Management of Major Works.

3.2.4 We have raised three new Priority 1 recommendations in audits finalised since the last progress report. These are all in relation to the Discharge to Assess audit. In response to these recommendations, the service created a detailed action plan and we reviewed progress against this action plan in February 2024. Further information is provided in **Appendix A** alongside the audit summary. Overall, however, we are satisfied that significant progress has been made and that the recommendations are already partially implemented, which reduces the associated risks. We will follow up these recommendations again in September 2024.

3.2.5 An update on all other Priority 1 recommendations is provided below. In summary, the progress across all Priority 1 recommendations means that there are now no open Priority 1 recommendations more than six months old. There has been progress against all Priority 1 recommendations which means that across the board, the risks have reduced since the original audit reports.

3.2.6 **Domiciliary Care** – The majority of this recommendation has been implemented. The issue raised concerned the adequacy of the information that the service obtains to assess whether outcomes from domiciliary care provision are being met. In response, the service developed a five point action plan. The actions included reviewing the provider dashboard, integrating performance monitoring with the provider Quality Assurance Framework, giving providers meeting dates and data submission dates for the next two years and reviewing the outcomes captured from service users via the social care system as part of care review processes.

3.2.7 We have evidenced that four out of five actions have now been fully completed. We did note that some relevant providers had not yet submitted their data returns but the majority have been submitted and the service is proactively monitoring and chasing those that are outstanding. Good progress has been made against the final action which was to capture client outcomes via the social care system. The system has been amended so that care managers can record this information and the first reports have been run. The service has identified further improvements and, as the process is in its infancy, it will be important that the service continues to monitor the effectiveness of these new arrangements to ensure that

they have the desired impact. We will follow up this final action again in six months when it is embedded to verify that the new process is an integral part of provider monitoring.

- 3.2.8 **Domestic Abuse** – This recommendation is partially implemented. The issue raised concerned embedding and publicising the Domestic Abuse Strategy, together with other necessary actions to create a culture of joint ownership for delivery of the priorities in the Strategy across the Council. The service created a seven point action plan in response, some of which are not yet due for implementation. Actions taken to date include specific promotions to raise awareness, updating the internal and external sites and development of a learning resource. Other actions, including policies and champions, are in progress and we will follow these up again in September 2024.
- 3.2.9 We report progress against Priority 2 and 3 recommendations on a six monthly basis and will next report on these with our Annual Report in June 2024.

### 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 advisory work, including ad hoc as requested. As per the Audit Plan (please see Table 1 on pages 5 – 6), we are undertaking specific consultancy pieces on two of the Council's significant projects / programmes: Accommodation Move and Operational Property Repair Programme. We reviewed the governance arrangements for the Accommodation Move project in November and found that at that stage in the project, there were satisfactory governance arrangements in place including for finance, risk management, procurement and benefits realisation. We made some advisory recommendations including further clarity around officer delegations and updates to named key personnel. These were accepted by management.
- 3.3.2 We meet six weekly with lead officers for the Operational Property Repair Programme and review all Programme Board papers. There have been no significant issues arising from this work; we offer advice and challenge on a 'critical friend' basis.
- 3.3.3 Our other planned piece of advisory work was assistance with the Council's self-assessment for the Wellbeing accreditation. We have reviewed the self-assessment against the criteria and provided input and advice on further areas and evidence to consider.
- 3.3.4 We have continued to attend, and provide relevant updates to, Corporate Leadership Team and Chief Officer Executive.

### 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 We last reported our Quality Action Plan in November 2023 and we will report on this again in June 2024 as part of the Annual Report. Performance against our Key Performance Indicators is shown below although three are only reported at year end. The KPI results include audits undertaken by our contractors as well as internal staff. We are achieving client satisfaction and acceptance of recommendations by management. However, we are still well below the target for delivery of draft report by the date indicated on the audit Terms of Reference. We have made some changes in 2023/24 including streamlining our audit reports. We will continue to work on understanding the root causes and consequently the improvements we need to make for more timely delivery of audit reports.

**Table 3 – Key Performance Indicators**

	<b>Description</b>	<b>Target / Measure</b>	<b>Year to date outcome</b>
<b>Management Actions</b>	Percentage of recommendations accepted by management	90%	95% (all P1 and P2 recommendations accepted)
	Percentage of agreed management actions implemented	90%	P2 & 3 – 80% P1 – 71% (as at 31 October 2023, next calculated at year end)
<b>Efficiency</b>	% of audit plan delivered	90%	To be reported at year end
	Target draft report dates achieved (from date on final Terms of Reference)	80%	20%
<b>Value to organisation</b>	% client satisfaction	90%	97%
	Coverage of high and significant corporate risks	Provided via assurance map	See Table 2, p10
	Coverage of strategic objectives	Provided via assurance map	See Diagram 2, p11
	Compliance with PSIAS (provided via internal self assessment and External Quality Assessment)	Generally Conforms (to PSIAS)	To be reported at year end
<b>People Development</b>	Completion of core training and development plan by financial year end	90%	To be reported at year end

### **Internal Audit Standards**

3.4.3 In January 2024, the Global Institute of Internal Auditors released new internal auditing professional standards, with an implementation date of January 2025. These new standards represent some significant changes from the previous standards, with the overall aim to strengthen and enhance the profession and practices of internal audit. A key driver for the new standards was continued governance failures in organisations across all sectors.

3.4.4 During the course of 2024, we will be undertaking a gap analysis against the new standards as a whole and identifying the actions that we need to take to be compliant. We will need to update our audit approach, methodology and processes within the Council and audit staff will need additional training and development to meet the new standards. For some of this training, we are planning joint events with LB Lewisham and LB Lambeth.

3.4.5 One of the key changes to the Standards concerns the governance of internal audit, with specific 'essential conditions' (expectations) for both senior management (COE) and Audit and Risk Management Committee. These 'essential conditions' are intended to ensure that internal audit is supported throughout the organisation to operate effectively and independently and properly fulfil its mandate. The onus rests with the Head of Audit to discuss these 'essential conditions' with COE and Audit and Risk Management Committee and seek agreement that they will implement them.

3.4.6 The public sector Standards Board are currently assessing whether they need to provide any additional interpretations for the UK public sector, given the differences between public and private sector governance structures, and a decision on this is expected shortly. Once we have this decision and any specific public sector overlay to the Standards, I will bring a further paper to Audit and Risk Management Committee to explain the changes and discuss the impacts of these.

#### **4. Counter Fraud Activity**

4.1.1 This report provides an update on both new and previous cases of fraud and special investigations. It also provides some information on pro-active fraud work. Counter Fraud Services are provided by the Royal Borough of Greenwich under a partnership agreement.

##### **Fraud Referrals and Investigations**

4.1.2 Between April and December 2023, a total of 246 referrals were received for investigation.

- 5 were from Adult Social Care
- 8 were from the Advice and Benefits Team
- 153 related to Blue Badges referred by Parking Services
- 3 were from the DWP for joint working (mentioned above)
- 9 were from Housing
- 4 were from another Local Authority
- 35 were allegations received from members of the public
- 18 were proactive investigations as a result of the SBRR exercise
- 11 were from the LBB Schools Admissions Team

4.1.3 The allegation types received for the 93 non Blue Badge cases were:

- 18 cases of Business Rates fraud (SBRR)
- 1 case of Contrived Tenancy
- 6 cases of Council Tax Fraud
- 4 cases of Direct Payment Fraud
- 11 cases of Earnings / Undeclared Income
- 5 cases of False Household Composition
- 1 case of False Identity
- 2 False Rehousing Applications
- 3 cases of False Tenancy
- 28 cases of Living Together as Husband & Wife
- 1 case involving multiple claims across boroughs
- 1 Safeguarding case
- 4 cases of subletting
- 1 case of Undeclared Capital
- 7 cases of Vacated Address

## Blue Badge Fraud

- 4.1.4 Members will be aware of the activity by the Shared Parking Service to combat the criminal offence of Blue Badge misuse. Civil Enforcement Officers (CEOs) carry out inspections of vehicles displaying a Blue Badge to determine whether misuse is taking place. High rates of prosecution success have been achieved through close working with the Greenwich Fraud Team.
- 4.1.5 Following the discovery of a Blue Badge misuse, information is collated, and the case passed to the Greenwich Fraud Team. Referrals sent to the 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. The Greenwich Fraud Team 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 being passed to Legal for final authorisation. Attendance at IUCs is still intermittent and quite often two or three interviews are scheduled before the individual attends. Feedback is also provided where evidence or process errors affect the suitability for prosecutions so that this can inform CEO training.
- 4.1.6 Since June 2023 the Fraud Team have been conducting Section 17 enquiries to establish who the driver of the vehicle was at the time of the offence. Previously this was conducted by the Parking Services Team. A Section 17 notice of the Greater London Council (General Powers) Act 1972 is a statutory requirement initially sent to the registered keeper of the vehicle requesting that they identify the person in charge of the vehicle at the time of the incident. It is an offence to fail to provide the requested information.
- 4.1.7 It is often the case that two or three Section 17 notices are sent by letter before the driver is finally identified. This is because the registered keeper might state, for example, that their car was on loan to a friend or family member at the time of the offence. As at 31 December 2023, there were 44 cases which were pending a reply to a Section 17 notice. If a reply is received to the Section 17 notice and the driver is confirmed, they will be invited to attend an Interview Under Caution.
- 4.1.8 Prosecutions are undertaken by Bromley Legal Services utilising the Single Justice Procedure, although the defendant has the right to request a traditional hearing in an 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. 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 **Table 4** below provides a comparison of referrals received for the last four financial years and the current year to date. The figures demonstrate a steady increase in the numbers of new cases being referred since the drop in 2020/21 which was due to the pandemic.



**Table 4 – Blue Badge Referrals**

	2019/20	2020/21	2021/22	2022/23	2023/24 (April – Dec)
Total	129	22	64	80	193

4.1.10 **Table 5** below provides a comparison of Blue Badge outcomes for the last four financial years and the current year to date. Two of the 45 prosecutions in 2023/24 were for failing to respond to a Section 17 notice.

**Table 5 – Blue Badge Outcomes**

	2019/20	2020/21	2021/22	2022/23	2023/24 (Apr-Dec)
Prosecutions	46	57	27	50	45
Warnings	30	30	13	8	11
Cautions			3	5	5
<b>Total</b>	<b>76</b>	<b>87</b>	<b>43</b>	<b>63</b>	<b>61</b>

4.1.11 **Table 6** below includes details of the Blue Badge prosecution costs awarded by the Magistrates court following a successful prosecution.

**Table 6 – Blue Badge Prosecutions – Financial Details**

	2023/24 Apr-Dec
Fine	£7,252
Prosecution Costs	£10,373
Victim Surcharge	£2,922
<b>Total</b>	<b>£20,547</b>

### **Cases Referred to DWP Single Fraud Investigation Service (SFIS) and Joint Working**

4.1.12 31 cases have been referred to the DWP SFIS between April and December 2023. These related mainly to benefit cases where allegations of undisclosed income and living together were made. None of these have involved joint working. However, the DWP had separately requested joint working for three cases. One was accepted and involved a vacated address since 2016 where Housing Benefit and CTRS had been in payment. No CTRS was in payment for the other two cases which were not accepted.

4.1.13 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. There were no Housing Benefit or Council Tax Reduction overpayments between April and December.

### **Council Tax**

4.1.14 Between 1 April and 30 September 2023 there have been 13 cases where the Council Tax exemption has been removed, totalling £13, 170 (across multiple years). These include 9 referrals received from the Schools Admission Team, whereby households in receipt of Single Person Discount had named more than one adult at the property on their schools'

admissions form. A further five cases of suspected Council Tax fraud were referred to another LBB department to reassess the exemption.

### **Adult Social Care**

4.1.15 Following the June 2023 Fraud Awareness Training that the Fraud team provided to Adult Social Care staff (with a specific focus on Direct Payment Fraud), five cases were referred of which one is currently under investigation, one was a safeguarding assessment matter, two were referred to the DWP SFIS and one resulted in no fraud being proven.

### **Proactive Counter Fraud Work**

#### **Housing Temporary Accommodation visits**

4.1.16 Fraud officers are currently conducting a proactive exercise of visiting properties on the Housing Temporary Accommodation list. The objective of this exercise is to identify any properties which may not be occupied by the Council's intended client. As at the end of December 2023, the team had visited 276 properties within Bromley, Dartford and Gravesend, which equates to approximately 17% of the properties on the list. The visits are being conducted in the evenings and at the weekends. The results up to 31 December were no answer at 83 properties, four properties required the Housing List to be updated due to residents no longer occupying the property and two properties required further investigation – one for subletting and one for non-occupation.

4.1.17 Fraud officers are currently re-visiting properties where there was no answer and expanding their visits to cover additional properties. We will provide a further update on this exercise at the end of the financial year.

4.1.18 Separately, there have been seven reported cases of suspected vacated addresses. Of these cases, three were referred to the DWP, one case is still under investigation, one case had no fraud proven and two were referred to the Registered Social Landlord (RSL).

#### **Small Business Rate Relief**

4.1.19 We reported at the last Committee in November 2023 on the outcomes to date of our proactive exercise to identify businesses in receipt of Small Business Rate Relief who may not be entitled to this. In total, the exercise has identified approximately £650, 000 of incorrect reliefs (spanning a number of years) and £40, 000 of incorrect Covid Small Business Grants.

4.1.20 The exercise also resulted in two cases passed to Legal Services for consideration of prosecution for fraud. One of these has now been discontinued and the other is a live case which is currently going through the justice system. We will provide a further update on this when we have an outcome to report.

4.1.21 During the course of their investigations, the fraud officers identified several properties on a piece of land that were unrated for NNDR purposes. The Council has now inspected these properties to gather the information required to submit to the Valuation Office Agency (VOA) for assessment. Once the VOA has assessed these properties, the Council can bill the properties for NNDR and we will report the total value to Audit and Risk Management Committee once we have this information.

## 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.

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