



## 2.0 Review of the work of Internal Audit carried out in the three quarters of 2019-2020

2.1 A list of all the audit reports issued in final from 1<sup>st</sup> April 2019 to 31<sup>st</sup> December 2019 is as follows:

Benefits and CTR (18/19)	Substantial Assurance
Cash and Bank (18/19)	Substantial Assurance
Council Tax (18/19)	Full Assurance
NNDR (18/19)	Substantial Assurance
Treasury Management (18/19)	Substantial Assurance
Creditors (18/19)	Partial Assurance
Housing Rents (18/19)	Full Assurance
Payroll (18/19)	Substantial Assurance
IT (18/19)	Partial Assurance
Debtors (18/19)	Partial Assurance
Main Accounting (18/19)	Partial Assurance
Internet and telephone payments	Partial Assurance
HR – Recruitment	Substantial Assurance
HR – Apprenticeships and staff retention	Substantial Assurance
Project Management	Substantial Assurance

*NB. These are the Assurance Levels given at the time of the initial report and do not reflect findings at follow up.*

2.2 Below are the descriptions of the levels of assurance referred to above.

<b>Assurance Level</b>	<b>Description</b>
Full Assurance	Full assurance that the controls reduce the risk to an acceptable level.
Substantial Assurance	Significant assurance that the controls reduce the level of risk, but there are some reservations; most risks are adequately managed, for others there are minor issues that need to be addressed by management.
Partial Assurance	Partial assurance that the controls reduce the level of risk. Only some of the risks are adequately managed; for others there are significant issues that need to be addressed by management.
Minimal Assurance	Little assurance that the controls reduce the level of risk to an acceptable level; the level of risk remains high and immediate action is required by management.
No Assurance	No assurance can be given. The reasons will be explained thoroughly in the report.

2.3. Appendix A is the list of all reports issued in final during the year which were given an assurance level below “Substantial”. This list includes brief bullet points of the issues highlighted in the reviews which informed the assurance level given.

- 2.4 The work of carrying out the 18/19 annual audits was hindered by training two new members of staff. However, all reviews had been completed by November. From January 2020 work begins on the annual audits for 19/20 and these should be completed in a more timely manner.
- 2.5 This year the scope of the annual audits is also being reviewed as they have not changed for some years. It is important that the working programmes for each audit are up to date and relevant to the work being audited as well as ensuring that controls are in place and working correctly.
- 2.6 Work is still ongoing on the project to review the work that feeds into the Housing Subsidy claim. The aim is to improve the work at the point of input so that fewer errors are made which will enable the subsidy claim to be completed in a more timely manner.
- 2.7 A piece of work was due to be carried out reviewing the issues that had arisen from problems with the implementation of the new housing software and how these were being managed. In a meeting to scope this work the Audit team were asked by the Head of Homes First to carry out an audit review of Housing Needs. Both these pieces of work are now currently underway.
- 2.8 The table below shows the work carried out by the Internal Audit team in the first three quarters of the year by percentage across the main areas services. The style of reporting of our work has changed so that it now reflects that the team is flexible and the work changeable and more responsive to requests for work which are made throughout the year.

<b>Area</b>	<b>% of days on audits</b>	<b>% of days on advice/consultancy etc</b>	<b>% of total audit time</b>
<b>Annual audits</b>	43.5	0	40.65
<b>Claims</b>	34.02	0	31.8
<b>Corporate Services</b>	12.12	70.28	15.91
<b>Regeneration and Planning</b>	7.35	0.3	6.9
<b>Service Delivery</b>	2.51	18.28	3.54
<b>Tourism and Enterprise</b>	0.5	11.14	1.2
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>% of total audit time</b>	<b>93.48</b>	<b>6.52</b>	<b>100</b>

### 3.0 Counter Fraud

- 3.1 An experienced Investigator on the team moved to a post in Homes First in September and the post has been filled by recruiting an officer who has 30 years' experience working in the Police force. The Fraud and Audit Liaison Officer has almost completed her studies for the Accredited Counter Fraud Specialist qualification which will further enable the team to expand joint corporate projects in new and emerging areas.

3.2 The team continue to target the high value and risk areas of tenancy housing while also undertaking other exercises as detailed below.

3.3 Right to Buy – After an investigation and legal proceedings, which took around 18 months, the first Right to Buy prosecution that Lewes District Council have taken to Crown Court resulted in a 20 month sentence (suspended for 18 months) for fraud by false representation. This case has generated widespread publicity across local press and within the housing industry and is testament to expertise, hard work and dedication of the team. The articles have appeared in the Sussex Express, the Argus and Inside Housing.

RTB applications have remained relatively consistent within this quarter – four cases have been checked to prevent the council being a victim to money laundering with one case withdrawn providing a net saving of £82,800 to the authority. A total of 17 other former and current RTB cases are being monitored for potential social housing fraud. One other case is currently with legal for consideration of criminal prosecution.

3.4 Housing Tenancy – The team continue to work closely with colleagues in Homes First and legal with 19 ongoing sublet/abandonment tenancy cases at various stages. Due to the significant work involved in bringing a RTB case to crown court in December, the team's focus and efforts have been devoted to the preparation and requirements of our legal team and barrister to bring this case to a successful outcome. However, a separate civil case was brought against the same tenant which has resulted in the Judge awarding possession of the property which has resulted in a net saving to the authority to the value of £93,000.00.

3.5 Tenancy fraud awareness – A joint working campaign has begun with Homes First and the Communication and Engagement team to develop a series of publicity articles via community posters, social media and local press to raise the awareness of social fraud with the public. A fraud awareness poster has been designed and circulated throughout council noticeboards across Lewes and Eastbourne in early January 2020 with a plan to include further publicity within quarterly rent statements to all tenants shortly.

3.6 Housing Tenancy Successions – A joint working project has begun to include the Counter Fraud team to verify any applications received for Housing successions. As part of the team's involvement, Homes First will now arrange for an application form to be completed to help prevent a false or fraudulent claim. Two cases have so far been passed to Counter Fraud to check.

3.7 Housing Options – Work has been undertaken with Homes First looking at a number of potentially fraudulent homeless presentations as well as the implementation of using the National Anti-Fraud Network facilities for credit checks for all new applications as a preventative measure. Planned work to look at Housing Allocations is due to begin in January 2020.

3.8 Council Tax – An extract of Council Tax Exemptions and Disregards has been produced which will be used to consider areas of weakness and risk where reviews have not been completed for some time. It is anticipated this item of work will commence within the next quarter. The Counter Fraud team have also been included in a test trial of Datatank (a software company) smart referrals as part of

the authority's Single Person Discount review. Depending on the success of this trial, East Sussex County Council may consider funding a wider exercise across the rest of the county. So far a small sample base of eight cases has resulted in a £564.49 income increase and a preventative saving of £136.71 until the end of the financial year.

- 3.9 Housing Benefit – The team have worked closely with the Department for Work and Pensions (DWP) and our colleagues in the benefit section, unfortunately due to resources restrictions and training needs the DWP have been unable to complete the same volume of cases as in previous quarters. This has resulted in the closure of 19 cases with a net income of £2k generated and a weekly incorrect benefit (WIB) preventative saving of £4802.24. Joint working with the Case Management team has also increased the volume of referrals; there are around 100 outstanding cases with the DWP to consider.
- 3.10 National Fraud Initiative - Work continues on the 2018/19 extract using a test sample of 10% of cases, this has been brought about due to the limited results found in previous activities – 543 cases have been cleared so far with 13 awaiting further investigation, no additional financial savings beyond the £14k found in the first quarter have been found so far.
- 3.11 Requests for personal data – The team take an active role in supporting colleagues in other organisations to prevent fraud and tackle criminal activity. In this period the Fraud and Audit Liaison Officers has dealt with seven requests from the Police and seven from other authorities for disclosure of relevant personal data held by the council.
- 3.12 A table showing the savings made by the Counter Fraud team in the first three quarters of the year 2019-2020 can be found at Appendix B.

#### **4.0 Financial appraisal**

- 4.1 There are no financial implications relating to expenditure arising from this report.

Details of savings generated by the Counter Fraud team are included in Appendix B.

#### **5.0 Legal implications**

- 5.1 This report demonstrates compliance with regulation 5 of The Accounts and Audit Regulations 2015, which requires Lewes District Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. *Lawyer consulted 24.01.20* *Legal ref: 008904-LDC-OD*

#### **6.0 Risk management implications**

- 6.1 If the Council does not have an effective governance framework that is subject to proper oversight by Councillors it will not be able to demonstrate that it has in place adequate means to safeguard Council assets and services, and it could be subject to criticism from the Council's external auditor or the public.

## **7.0 Equality analysis**

7.1 An equalities impact assessment is not considered necessary because the report is for information only and involves no key decisions.

## **8.0 Appendices**

Appendix A – list of all reports issued in final during the year which were given an assurance level below “Substantial” with any issues highlighted in the reviews which informed the assurance level given.

Appendix B – Counter Fraud work and savings.

## **9.0 Background papers**

9.1 Audit reports issued throughout the year.