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Our Ref
Your Ref

Date: 28 November 2023

Dear Councillor,

Audit Sub-Committee

A Meeting of the **Audit Sub-Committee** will be held at **Council Chamber**, Civic Offices, Civic Way, Swadlincote on **Wednesday, 06 December 2023** at **16:00**. You are requested to attend.

Yours faithfully,

Chief Executive

Non-Grouped

Councillor A Wheelton (Chair)

Labour Group

Councillor D Shepherd (Vice-Chair) and Councillors A Jones and A Tilley.

Conservative Group

Councillor N Atkin.



AGENDA

Open to Public and Press

- 1** Apologies.
- 2** To receive the Open Minutes of the Meetings held on:

06 September 2023 **4 - 9**
- 3** To note any declarations of interest arising from any items on the Agenda
- 4** To receive any questions by members of the public pursuant to Council Procedure Rule No. 10.
- 5** To receive any questions by Members of the Council pursuant to Council Procedure Rule No. 11.
- 6** INTERNAL AUDIT PROGRESS REPORT 2023-24 **10 - 26**
- 7** INTERNAL AUDIT COVERAGE 2024-25 **27 - 30**
- 8** 2023-2024 ANTI FRAUD & CORRUPTION PLAN & COUNTER FRAUD PARTNERSHIP PERFORMANCE UPDATE **31 - 43**
- 9** COMMITTEE WORK PROGRAMME **44 - 45**

Exclusion of the Public and Press:

- 10** The Chairman may therefore move:-
That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.
- 11** To receive any exempt questions by Members of the Council pursuant to Council Procedure Rule No. 11.

AUDIT SUB-COMMITTEE

06 September 2023

PRESENT:

Non-Grouped

Councillor A Wheelton (Chair)

Labour Group

Councillors D Shepherd (Vice-Chair) A Jones and A Tilley.

Conservative Group

In Attendance

Councillor R Pearson

Councillor S Taylor

AS/13 **APOLOGIES**

The Sub-Committee was informed that no apologies had been received.

AS/14 **TO RECEIVE THE OPEN MINUTES**

The Open Minutes for Sub-Committee Meeting held on 21 June 2023 were taken as read, approved, and signed by the Chair.

Councillor A Jones asked the Chair why the report on outstanding recommendations recorded in the minutes was not an agenda item for this meeting. The Chair confirmed that a response had been received from the Strategic Director (Service Delivery) and that this would be discussed later in the meeting. Members agreed for this to be noted in the minutes.

AS/15 **DECLARATIONS OF INTEREST**

The Sub-Committee was informed that no declarations of interest had been received.

AS/16 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

The Sub-Committee was informed that no questions from members of the public had been received.

AS/17 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

MATTERS DELEGATED

AS/18 **INTERNAL AUDIT PROGRESS REPORT 2022/23**

The Audit Manager presented the report and a summary of the audit dashboard. The plan had progressed well and there were no concerns. Five audits had been completed with favourable position on outstanding recommendations. The overdue recommendations were either low or medium risk with favourable movement. Planned progress showed all reports and how each had progressed and there were no concerns.

The Chair was pleased with the report and expressed thanks to the Strategic Director (Corporate Resources) and the new team for improvements.

The Chair raised concerns about trees and that the 1126 outstanding tree inspections had been reduced to 350, but if there had been complaints from residents with possible issues why were these classed as moderate risks.

The Chair raised further concerns regarding Tree Protection Orders and conservation areas and that Planning enforcement action must be executed when required. Councillor A Jones raised a concern about the number of tree inspections and the lead time for the completion of the inspection.

The Chair had been informed in an email from the Strategic Director (Service Delivery) that additional resources had been engaged and that temporary agency staff had been in place during the absence of the full-time Tree Officer. The Tree Officer had provided training to a new officer and the outstanding works were now being addressed. A further update would be provided at a future meeting.

The Audit Manager advised that the moderate risk had been assessed by Officers.

The Head of Cultural and Community Services confirmed that as of June 2022 there had been 5,000 outstanding inspections. The backlog had been reduced due to contractors being engaged whilst the Tree Officer had been absent. The plan for the staff structure going forward would be for two full-time Tree Officers, one to cover South Derbyshire District Council trees and one to cover Planning plus an Assistant Tree Officer. Tree inspection requests were received and

triaged by Tree Officers and prioritised in terms of danger. There had been a high volume of inspections and the Officers had been responding to the public enquiries.

The Chair referred to the seven cases of unauthorised works or damage to trees and how these were dealt with and would this require a resolution and would the Auditors ensure that these seven cases are followed up. Members approved that a resolution was required.

The Audit Manager confirmed that they would seek the information required and progress that these cases are completed.

The Head of Cultural and Community Services confirmed that Planning and the Tree Officer would be required to respond to any queries on these cases.

The Chair informed Members that the Head of Operational Services was unable to attend the meeting, but in his absence, the Strategic Director (Service Delivery) had provided an email response relating to the outstanding recommendations on Grounds Maintenance, as requested at the previous meeting and a note about Enforcement Cases.

The statement confirmed that significant work had been carried out and included the following details:

Recommendation 1 GIS. The corporate GIS system was managed by IT. The post of Technical Officer was vacant but would have responsibility for maintaining the data in the GIS system.

Recommendation 2 Bill of Quantities. The work had continued in this area as new land had been identified and future costs would be applied as per the bill of quantities.

Recommendation 8 Monitoring Work. A system had been implemented with paper inspection checklists to be provided to Audit.

Enforcement Cases. A further update would be provided at a future meeting.

The Group Auditor confirmed that in respect of recommendation 1 GIS and recommendation 8 Monitoring Work that a date had been set to follow up progress in October.

The Strategic Director (Corporate Resources) noted that time would be required to respond to the Auditor's recommendations.

Councillor A Tilley enquired how many inspections were carried out in the year and asked for clarity on the low risk classification applied in the Parks and Open

Space category that no documented processes were in place for incidents in parks.

The Audit Manager confirmed that the processes for incidents in parks were known by the officers, however were not documented. There was a low risk that people would not know what to do if an incident occurred in a park.

The Head of Cultural and Community Services advised that a documented flow chart would be provided to Park Keepers and that they had been supplied with First Aid Kits.

The Chair asked for confirmation of which team were responsible for mobile phones and Councillor A Tilley sought clarity on the Mobile Device Manager items classified as low risk and if there was a date for completion.

The Audit Manager confirmed that IT are responsible for mobile phones.

The Group Auditor informed Members that that the risk rating was based on the overall impact to the authority and that the cumulative risk was calculated in the assurance rating which was medium.

RESOLVED:

1.1 That the report of the Audit Manager (Appendix 1) was considered, and any issues identified were subject to a follow-up report as appropriate.

1.2 That the outcomes of the seven Enforcement cases of damage to Tree Preservation Orders and conservation for the last twelve months are reported to this Committee by 01 November 2023.

AS/19 **AUDIT SUB-COMMITTEE SELF ASSESSMENT**

The Strategic Director (Corporate Resources) consulted the Committee on the proposal to form a member working group to complete a self-assessment exercise the findings of which would be reported to a future Committee. The proposed start date would be before the end of 2023. The work would take approximately four to five months to complete.

The Chair noted that the supporting report was for an Audit Committee and this was a Sub-Committee.

The Strategic Director (Corporate Resources) advised that through previous experience there would be a lot of paperwork, Terms of Reference and governance to be reviewed. The Audit Sub-Committee would refer to published processes and best practices and that these would then be followed stringently.

Councillor A Tilley enquired if training and guidance would be provided.

The Strategic Director (Corporate Resources) confirmed that specific Audit training would be provided for all Committee members on Wednesday, 11 October 2023 at 16:00 hours in the Council Chamber.

Councillor R Pearson was in attendance at the meeting and noted that this was an important issue.

RESOLVED:

1.1 *That the Audit Sub-Committee:*

- a) *Noted the report; and***
- b) *Considered forming an informal member working group to undertake a self-assessment of good practice and report back to a future Audit Sub-Committee meeting.***

AS/20 **COMMITTEE WORK PROGRAMME**

The Strategic Director (Corporate Resources) presented updated work programme and confirmed that the 2021-22 audit had concluded. A timetable of reports from the external auditor would be forthcoming.

The Audit Manager enquired whether the Internal Audit progress report would be required for the October meeting.

The Strategic Director (Corporate Resources) confirmed that the Finance and Management (Special) Committee scheduled for 19 October 2023 had been cancelled and proposed that the Audit Sub-Committee scheduled for Wednesday, 18 October be cancelled. The Committee approved the proposal.

RESOLVED:

The Sub-Committee considered and approved the updated work programme.

The Sub-Committee approved that the scheduled Audit Sub-Committee meeting on 19 October be cancelled.

AS/21 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

RESOLVED:

That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

AS/22 **EXEMPT QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Sub-Committee was informed that no questions from Members of the Council had been received.

The Meeting terminated at 16:50 hours

COUNCILLOR A WHEELTON

CHAIR

REPORT TO:	AUDIT SUB-COMMITTEE	AGENDA ITEM: 6
DATE OF MEETING:	06 DECEMBER 2023	CATEGORY: RECOMMENDED
REPORT FROM:	AUDIT MANAGER	OPEN
MEMBERS' CONTACT POINT:	ADRIAN MANIFOLD Adrian.manifold@centralmidlandsaudit.gov.uk (01332 643281)	DOC:
SUBJECT:	INTERNAL AUDIT PROGRESS REPORT 2023-24	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: AS 02

1.0 Recommendations

That the report of the Audit Manager (Appendix 1) is considered, and any issues identified are subject to a follow-up report as appropriate.

2.0 Purpose of Report

2.1 To provide an update on progress against the approved Internal Audit Plan. This details the performance and activity of Internal Audit.

3.0 Detail

3.1 The report of the Audit Manager is detailed in a report which is attached.

4.0 Financial Implications

4.1 None

5.0 Corporate Implications

5.1 None directly

6.0 Community Implications

6.1 None directly

7.0 Background Papers

7.1 None.



South Derbyshire District Council – Audit Progress Report

Audit Sub-Committee: 6th December 2023



South Derbyshire
District Council



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Our Vision

To bring about improvements in the control, governance and risk management arrangements of our Partners by providing cost effective, high quality internal audit services.

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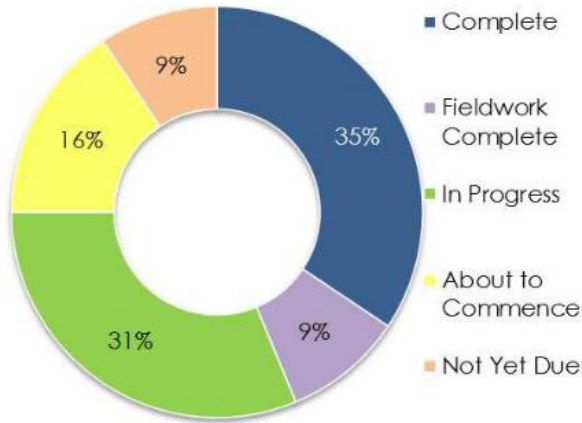


central midlands audit partnership

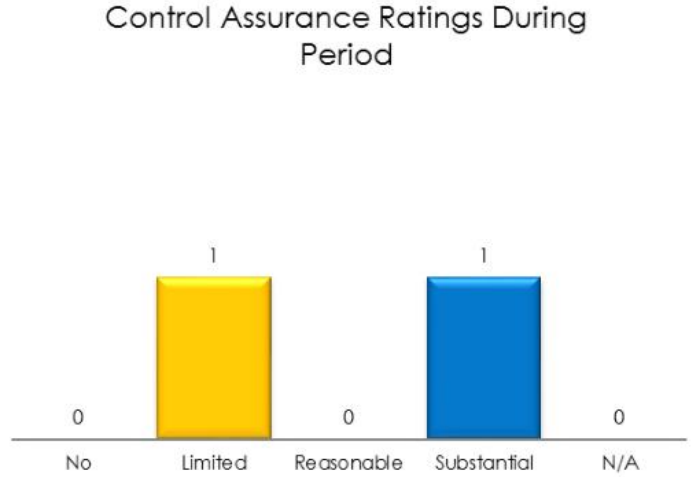
Providing Excellent Audit Services in the Public Sector

AUDIT DASHBOARD

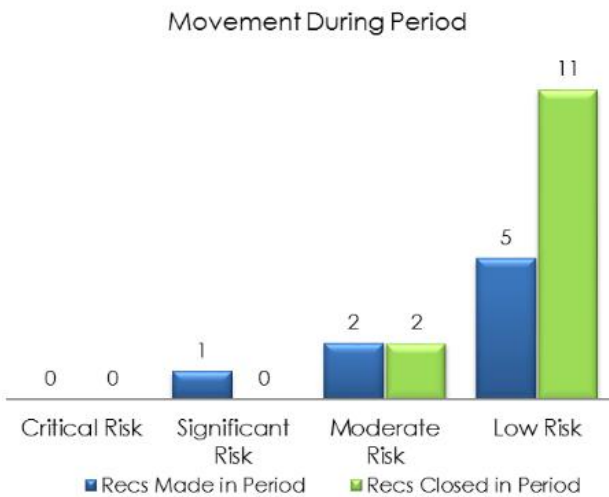
Plan Progress



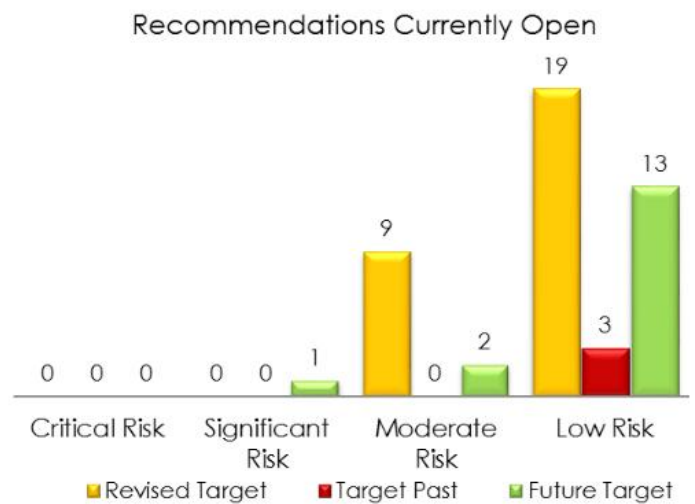
Jobs Completed in Period



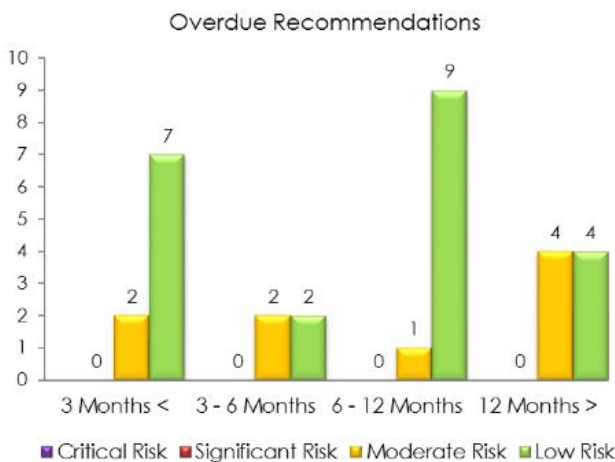
Recommendations



Recommendations



Recommendations



Customer Satisfaction



South Derbyshire District Council – Audit Progress Report

AUDIT PLAN

Progress on Audit Assignments

The following tables provide Audit Sub-Committee with information on how audit assignments were progressing as at 16th November 2023.

2023-24 Assignments	Status	% Complete	Assurance Rating
Leisure Centre Management - Tender 2023-24	In Progress	45%	
Bank House-Sabines Yard Project	In Progress	65%	
Grant Certification 2023-24	In Progress	50%	
Revenues Systems 2023-24	Allocated	10%	
Housing Benefit & Council Tax Support 2023-24	In Progress	30%	
IT Key Controls 2023-24	In Progress	60%	
Health & Safety 2023-24	Not Allocated		
Trade Waste (Route Optimisation)	Allocated	10%	
Fleet Management 2023-24	Not Allocated		
Planning & Building Control Fees 2023-24	Allocated	0%	
Section 106 Agreements 2023-24	Final Report	100%	Substantial
Climate Change 2023-24	Allocated		
Warden Controlled Services 2023-24	In Progress	65%	
Rosliston Forestry Centre	Deferred		
Housing Repairs (2023-24	Allocated	0%	
Housing Safety Inspections 2023-24	In Progress	45%	
Improvement Grants 2023-24	In Progress	10%	
Rent Accounting 2023-24	Draft Report	95%	
Right To Buy - Follow-Up	In Progress	70%	
Visitor Centre	In Progress	25%	
B/Fwd Assignments	Status	% Complete	Assurance Rating
Procurement 2022-23	Final Report	100%	Limited
Safeguarding 2022-23	Final Report	100%	Substantial
Capital Programme 2022-23	Final Report	100%	Substantial
Revenues Systems 2022-23	Final Report	100%	Substantial
Mobile Device Management	Final Report	100%	Reasonable
Data Quality & Performance Management 22-23	Final Report	100%	Reasonable
Street Cleansing 2022-23	Draft Report	100%	Substantial
Development Management 2022-23	Draft Report	95%	
Parks & Open Spaces 2022-23	Final Report	100%	Reasonable
Sheltered Housing - Careline 2022-23	Final Report	100%	N/A
Land Charges 2022-23	Draft Report	95%	
Organisational Culture & Ethics 2022-23	Final Report	100%	Reasonable

Plan Delays

We have been unable to finalise the Development Management report as the relevant manager has failed to provide a response to our draft report which was sent on 2nd June 2023, despite many reminders. Also, the same manager has failed to provide information necessary to progress the Planning & Building Control Fees audit, again despite many requests for information that began on 26th April 2023.

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Plan Changes

Following concerns raised by the Council's Corporate Anti-Fraud Service and in consultation with the Strategic Director, Corporate Resources (S151 Officer), it was agreed that Internal Audit would follow up the issues raised in the 2019-20 Right To Buy audit to establish whether the risks originally identified have been appropriately addressed. As a result, the planned review of Rosliston Forestry Centre has been deferred for consideration for the 2024-25 Audit Plan.

South Derbyshire District Council – Audit Progress Report

AUDIT COVERAGE

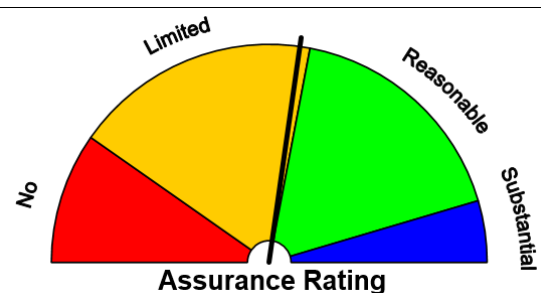
Completed Audit Assignments

Between 22nd August 2023 and 16th November 2023, the following audit assignments have been finalised.

Audit Assignments Completed in Period	Assurance Rating	Recommendations Made				% Recs Closed
		Critical Risk	Significant Risk	Moderate Risk	Low Risk	
Procurement 2022-23	Limited		1	2	1	50%
Section 106 Agreements 2023-24	Substantial				4	75%

Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
	There are adequate arrangements in place to monitor and manage the contract accordingly.	6	1	2
The contract is being delivered in accordance with the contractual requirements.	8	8	0	0
TOTALS	14	9	2	3

Summary of Weakness	Risk Rating	Agreed Action Date
Notes from the fortnightly meeting between the Council and the Procurement Service Provider were not always kept and there were no notes or minutes kept for the six-monthly review meeting.	Low Risk	01/10/2023 Implemented
10 of the 11 key performance indicators documented in the contract were no longer being monitored, with no information being supplied from the Procurement Service Provider.	Moderate Risk	01/10/2023 Being Implemented 31/03/2024
Progress reports were not being sent through to the Council by the Procurement Service Provider and satisfaction levels with the service received were below the required 80% threshold, as required by the contract.	Moderate Risk	01/10/2023 Implemented
It could not be demonstrated that the contract with the Procurement Service Provider provided an effective procurement function which sought genuine competition.	Significant Risk	01/03/2024 Future Action



South Derbyshire District Council – Audit Progress Report

Section 106 Agreements 2023-24	<p>Assurance Rating</p>			
Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
Procedures relating to Section 106 agreements adhere to both Council policy and legislation.	4	4	0	0
Existing Section 106 agreements are monitored in accordance with the requirements of the agreement.	10	8	1	1
Incoming Section 106 funds are appropriately managed and allocated in a timely manner.	5	3	2	0
Expenditure of Section 106 funds is appropriate and meets the terms of the agreement.	4	3	1	0
TOTALS	23	18	4	1
Summary of Weakness		Risk Rating	Agreed Action Date	
Expenditure deadlines were not always accurately recorded in Exacom, the planning obligations software, and covenants were not always recorded as being discharged promptly.		Low Risk	15/09/2023 Being Implemented 30/11/2023	
Section 106 agreements were not routinely added to the Land Charges Register.		Low Risk	Implemented	
We identified in testing some instances where the date or amount of Section 106 monies received were inaccurately recorded in Exacom, the planning obligations software.		Low Risk	15/09/2023 Implemented	
We found that base payment amounts due had been incorrectly calculated/entered into Exacom, the planning obligations software, for 2 of the 7 Section 106 agreements tested, and indexation had been incorrectly calculated for a further 2 agreements.		Low Risk	30/11/2023 Implemented	

South Derbyshire District Council – Audit Progress Report

RECOMMENDATION TRACKING

Final Report Date	Audit Assignments with Open Recommendations	Assurance Rating	Recommendations Open		
			Action Due	Being Implemented	Future Action
07-Sep-23	Section 106 Agreements 2023-24	Substantial		1	
23-Aug-23	Procurement 2022-23	Limited		1	1
18-Aug-23	Revenue Systems 2022-23	Substantial			2
17-Aug-23	Street Cleansing 2022-23	Substantial			3
14-Aug-23	Parks & Open Spaces 2022-23	Reasonable			6
02-Aug-23	Organisational Culture & Ethics 2022-23	Reasonable		2	
02-Aug-23	Mobile Device Management	Reasonable	3	1	
31-May-23	Data Quality & Performance Management 22-23	Reasonable			3
05-May-23	Safeguarding 2022-23	Substantial		1	
08-Mar-23	Electoral Services 2020-21	Reasonable		1	
28-Feb-23	Records Management 2022-23	Reasonable		1	
31-Oct-22	Rosliston Forestry Centre 2022-23	Reasonable		3	
24-Oct-22	Officers Expenses & Allowances 2022-23	Reasonable		2	
22-Aug-22	Homelessness 2021-22	Substantial		1	
02-Aug-22	Income Streams	Reasonable		3	
10-Mar-22	Rent Accounting 2021-22	Reasonable		3	
23-Feb-22	Climate Change	Substantial		1	
15-Sep-21	Insurance	Substantial			1
16-Jun-21	Housing Repairs 2020-21	Limited		2	
22-Oct-20	Grounds Maintenance 2019-20	Reasonable		3	
06-Aug-20	Bereavement Services 2019-20	Reasonable		2	
		TOTALS	3	28	16

Action Due = The agreed actions are due, but Internal Audit has been unable to ascertain any progress information from the responsible officer.

Being Implemented = The original action date has now passed and the agreed actions have yet to be completed. Internal Audit has obtained status update comments from the responsible officer and a revised action date.

Future Action = The agreed actions are not yet due, so Internal Audit has not followed the matter up.

Audit Assignments with Recommendations Due	Action Due			Being Implemented		
	Significant Risk	Moderate Risk	Low Risk	Significant Risk	Moderate Risk	Low Risk
Section 106 Agreements 2023-24						1
Procurement 2022-23					1	
Organisational Culture & Ethics 2022-23					1	1
Mobile Device Management			3			1
Safeguarding 2022-23						1
Electoral Services 2020-21					1	
Records Management 2022-23						1
Rosliston Forestry Centre 2022-23					1	2
Officers Expenses & Allowances 2022-23					1	1
Homelessness 2021-22						1
Income Streams						3
Rent Accounting 2021-22					1	2
Climate Change						1
Housing Repairs 2020-21					2	
Grounds Maintenance 2019-20						3
Bereavement Services 2019-20					1	1
TOTALS			3		9	19

South Derbyshire District Council – Audit Progress Report

HIGHLIGHTED RECOMMENDATIONS

Being Implemented – Significant or Moderate Risk Recommendations

The following significant or moderate risk rated recommendations, that have not yet been implemented, are detailed for Committee's scrutiny.

Bereavement Services 2019-20	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>Contract opportunities for the provision of a grave digging service had not been advertised on the Contracts Finder website, in line with the requirements of the Public Contract Regulations 2015, and there was no current contract in place.</p> <p>We recommend that the Council pursues one of the following actions: A corporate contract may be required for the area of spend and as such a formal tender exercise should be undertaken.</p> <ul style="list-style-type: none"> Engage the Council's DSO to provide the service at the rural cemeteries as well as the urban cemeteries. The area of spend may be relevant to an existing or new framework agreement/contract which should be used to formalise the process. If no competitive market is available this should be demonstrated and a formal exemption from the Contract Procedure Rule should be put in place. 	Moderate Risk
Management Response/Action Details	Action Date
All options will be assessed and taken forward after the Covid-19 pandemic is over as the risk of any changes to the service are too great at the present time.	01/01/2021
Status Update Comments	Revised Date
Cemetery Space in rural area of Marston is becoming limited and there is a project to look at an extension or another site; this will need to be considered as part of that.	01/12/2023 Future Action

Housing Repairs 2020-21	Rec No. 5
Summary of Weakness / Recommendation	Risk Rating
<p>Orchard, the Council's Housing Management System, did not contain a full record of materials used on a job and there was consequently no tracking of materials purchased over the counter to confirm their usage.</p> <p>We recommend that all materials used on a job should be recorded on the job ticket used to populate Orchard. This will ensure full data is available for the purposes of costing and post inspections. Operatives should be provided with clear instruction and this should be monitored by management until embedded.</p>	Moderate Risk
Management Response/Action Details	Action Date
Written instruction for the completion of job tickets will be provided for operatives by the Interim Team Leader.	30/07/2021
Status Update Comments	Revised Date
Currently we are checking material spends from reporting supplied by the materials suppliers daily / weekly until the mobile working system is built. Comprehensive solution will be in place with Accuserve in January 2024	30/01/2024 Future Action

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Housing Repairs 2020-21	Rec No. 3
Summary of Weakness / Recommendation	Risk Rating
<p>There was a high degree of manual input in scheduling repair jobs and the system in place to record repairs was heavily reliant on paper job tickets, resulting in inefficiencies and possible inaccuracies. We were unable to locate a job ticket for 10 of the 19 completed repair jobs selected for testing.</p> <p>We recommend that the Council considers the procurement of dynamic scheduling software. In the interim we recommend that:</p> <ul style="list-style-type: none"> • Clear guidelines are provided to operatives on the information required to be completed on job tickets and timesheets, to improve the quality of data subsequently entered into Orchard, the Council's Housing Management System. • The possibility of sending job tickets directly from Orchard to operative's smartphones (or scanning and emailing them) is investigated. • The capability of the smartphones issued is reviewed to establish whether job tickets can be viewed and edited or whether other hardware /software is required to do this. • Training requirements for operatives are considered to allow implementation of the above and further training be undertaken, where required. 	Moderate Risk
Management Response/Action Details	Action Date
<p>As part of the Council's Transformation Project, the renewed Orchard Contract package includes the option for the future purchase of dynamic scheduling/mobile working software. Written instruction for the completion of job tickets will be provided for operatives by the Interim Team Leader (by 30/07/2021). A possible interim solution for the electronic transmission of job tickets has been identified and is being tested. This will require new devices to be provided to operatives. The use of smartphone for this process has been tested and found to be not viable. Once testing of the process and new devices is complete this will be implemented across the team with the appropriate training.</p>	01/10/2021
Status Update Comments	Revised Date
<p>MRI/Accuserve implementation in progress. The kick off meeting is 24th July for Phase one which includes the Repairs Module.</p>	31/03/2024
	Future Action

South Derbyshire District Council – Audit Progress Report

Rent Accounting 2021-22	Rec No. 7
Summary of Weakness / Recommendation	Risk Rating
<p>Energy costs paid by the Council for individual properties were not consistently recharged to tenants and there was a large outstanding debt relating to this.</p> <p>We recommend that the Council writes off outstanding ground source heating debts where there is insufficient legal basis to pursue recovery. Furthermore, for existing tenants, appropriate action should be taken to obtain agreement to future energy cost charges, which should be invoiced as soon as possible to prevent further financial loss to the Council.</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>Agreed, the Former Tenant Arrears Officer will prepare the documentation for write off where recovery cannot be pursued against former / current tenants for ground source heating charges at Brook Street, Hartshorne.</p> <p>A third-party agent is currently being procured to take meter readings and prepare figures for consumption costs to the responsible tenant for payment. At this point it is the Councils intention for the third-party agent to read meters and invoice tenants, however this may change in so far as Business Support may invoice tenants and collect the payments which are due.</p> <ul style="list-style-type: none"> • Once procured, all existing tenants will be required to re-sign a contract indicating their agreement to be responsible for and pay their ground source heating charges to the Council. • All new tenants will sign a separate contract/letter when they sign their new Tenancy Agreement indicating their agreement to be responsible for and pay their ground source heating charges. • The Former Tenant Arrears Officer and the Tenancy Services Manager will have operational responsibility for implementing this recommendation. 	31/03/2022
Status Update Comments	Revised Date
<p>Outstanding debts have now been written off. A process for billing has been prepared and meter readings for Carnegie House are now being taken and billed monthly. Service Charge which includes energy costs for those under licence agreement in temporary accommodation. Currently unable to receive meter readings for GSHP at Brook Street - order placed for new mBus readers with Raleigh Instruments.</p>	31/12/2023 Future Action

South Derbyshire District Council – Audit Progress Report

Electoral Services 2020-21	Rec No. 4
Summary of Weakness / Recommendation	Risk Rating
<p>There was no current contract in place for the provision of election printing services.</p> <p>We recommend that the Council pursues one of the following actions:</p> <ul style="list-style-type: none"> • A corporate contract may be required for the area of spend and as such a formal procurement exercise should be undertaken. • The area of spend may be relevant to an existing or new framework agreement/contract which should be used to formalise the process. • Where a tender exercise would not be beneficial to the Council or where the particular organisation is required for a specific reason, a formal exemption from the Contract Procedure Rules should be sought. 	Moderate Risk
Management Response/Action Details	Action Date
<p>A tender exercise may not be suitable due to the specialist nature of this contract.</p> <p>A formal exemption under the Contract Procedure Rules will be explored.</p>	31/03/2023
Status Update Comments	Revised Date
<p>A tender exercise may not be suitable due to the specialist nature of this contract. A formal exemption under the Contract Procedure Rules will be explored.</p>	30/11/2023 Future Action

Officers Expenses & Allowances 2022-23	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>The Council's expenses policy did not support the Council's Staff Travel Plan, adopted to reduce the environmental impact of the journeys made by Council employees, and the mileage expenses paid were considered to be uneconomic and did not offer efficiency or value for money for the residents in the District.</p> <p>We recommend that the Council considers the savings that could be made by adopting the HMRCs (or a hybrid) scheme for paying mileages expenses. Pool cars could also be considered to reduce the need for paying lump sums for essential users (electric ones would also contribute to the Council's Staff Travel Plan.)</p>	Moderate Risk
Management Response/Action Details	Action Date
<p>An options appraisal will be undertaken as part of the Council's recruitment and retention package.</p>	31/07/2023
Status Update Comments	Revised Date
<p>Work has commenced to consider options to reimburse officers using different modes of transport other than petrol/diesel cars. This will be subject to formal consultation. Once completed, and if approved, will be included in the Expenses Policy.</p>	31/03/2024 Future Action

South Derbyshire District Council – Audit Progress Report

Rosliston Forestry Centre 2022-23	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>Some of the pathways through the forest were in poor condition and no longer accessible to members of the public with disabilities. Ongoing talks with Forestry England regarding the lease agreement was delaying any repair works, causing them to increase in cost.</p> <p>We recommend that the Council, in conjunction with Forestry England, negotiate a lease agreement that clearly outlines the Council's responsibilities within the Forestry Centre. Should the maintenance of pathways fall with the Council, they should then look at repairing these pathways or altering the visitor map to make people aware that they are no longer entirely accessible.</p>	Moderate Risk
Management Response/Action Details	Action Date
To be considered as part of the lease renewal. Possible funding opportunities via the National Forest.	01/06/2023
Status Update Comments	Revised Date
A new lease has been agreed with Forestry England for 30 years. A 'Revitalising Rosliston' consultation has started which will help create the future vision for the site and identify where investment is best placed.	30/06/2024 Future Action

Procurement 2022-23	Rec No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>10 of the 11 key performance indicators documented in the contract were no longer being monitored, with no information being supplied from the Procurement Service Provider.</p> <p>We recommend in accordance with the contract, information for all 11 key performance indicators should be provided to the Council by the Procurement Service Provider and then verified to enable effective monitoring. This will ensure compliance with the contract and enable the Council to identify any issues with performance in a timely manner in order for appropriate action(s) to be taken.</p>	Moderate Risk
Management Response/Action Details	Action Date
The agenda for the recently timetabled quarterly review meeting will include a KPI report to be reviewed as part of the meeting. Any issues of under-performance or non-compliance will be addressed in line with the contract.	01/10/2023
Status Update Comments	Revised Date
Next fortnightly meeting is 25th October, an action plan is to be maintained going forward with a progress report and KPI report shared at the meeting.	31/03/2024 Future Action

South Derbyshire District Council – Audit Progress Report

Organisational Culture & Ethics 2022-23	Rec No. 1
Summary of Weakness / Recommendation	Risk Rating
<p>The Council had not undertaken a staff survey, which was specifically geared towards the Council's culture, ethics and values.</p> <p>We recommend that the Council undertake an employee survey aimed at assessing officer opinions on the Council's culture, ethics and values. The results of the survey should then be used to make improvements, where necessary, for any common themes or patterns resulting from the data.</p>	<p>Moderate Risk</p>
Management Response/Action Details	Action Date
<p>Plans are underway to deliver the Employee Survey in Autumn 2023</p>	<p>30/11/2023</p>
Status Update Comments	Revised Date
<p>The employee survey is being completed from 13 November - 22 December 2023. The result are scheduled to be published by 29 March 2024.</p>	<p>29/03/2024 Future Action</p>

South Derbyshire District Council – Audit Progress Report

Being Implemented - Low Risk Recommendations Over 12 Months

The following low risk rated recommendations, that have not yet been implemented and have exceeded their original action date by more than 12 months, are also detailed for Committee's scrutiny.

Bereavement Services 2019-20		Rec. No. 5
Summary of Weakness / Recommendation		Risk Rating
<p>Historic graves and burials information had not been fully digitised.</p> <p>The Council should consider making resource available to digitise historic graves and burials information to minimise the risk of data loss.</p>		Low Risk
Management Response/Action Details		Action Date
Report being drafted to Leadership Team and Housing and Communities Committee.		30/11/2020
Status Update Comments		Revised Date
<p>Currently recruiting a Service Admin Assistant. Once recruited which we are hoping will be in June/July part of their remit will be to work through the historic burial information and digitise it. Aiming to complete work depending on recruitment by end of year December 2023.</p>		<p>31/12/2023</p> <p>Future Action</p>

Grounds Maintenance 2019-20		Rec. No. 2
Summary of Weakness / Recommendation		Risk Rating
<p>The specification and associated bills of quantities were out-of-date, having not been updated since 2011.</p> <p>We recommend that resources should be identified to review and update the specification and associated bills of quantity to reflect the current situation, to ensure better clarity over the areas covered within the 'contract' and the detailed requirements.</p>		Low Risk
Management Response/Action Details		Action Date
<p>Previous detailed specification to be reviewed for Housing land and Cultural and Community Service land. Timing will depend on when restructures are in place. Officers with operational responsibility are the Parks and Green Space Manager and the Housing Improvement and Asset Manager.</p>		01/10/2021
Status Update Comments		Revised Date
<p>Information/data that was available to transfer from the existing specification and Bill of Quantities has been added to the Operational Services GIS system. This data will need to be fully reviewed in conjunction with the clients and any missing data added. This work will require substantial time resources and will need to be scheduled after significant projects such as implementation of a new waste management system, route optimisation and the hydrogen hybrid trial, within Operational Services have been completed.</p>		<p>31/10/2024</p> <p>Future Action</p>

South Derbyshire District Council – Audit Progress Report

Grounds Maintenance 2019-20	Rec. No. 8
Summary of Weakness / Recommendation	Risk Rating
<p>Monitoring of quality of work performed did not take place or was not formally recorded.</p> <p>We recommend that regular quality monitoring is undertaken to ensure that quality of work meets the standards set within a revised specifications, and any performance issues are addressed.</p>	Low Risk
Management Response/Action Details	Action Date
<p>Quality Monitoring Schedule derived from annual plan/programme for Housing Land and Cultural and Community Services land to be implemented. Officers with operational responsibility are the Parks and Green Space Manager and the Housing Improvement and Asset Manager.</p>	01/04/2021
Status Update Comments	Revised Date
<p>A revision to the specification will not be ready until October 2024, in the interim. The charge hands and supervisors will be required to undertake several monitoring inspections a month, utilising a paper-based system. These will be used to monitor performance and delivery of the teams and quality assess the work being undertaken. This practice will continue until such time as a digital system can be installed. The introduction of a digital GM system will require substantial time resources and will need to be scheduled after significant projects such as implementation of a new waste management system, route optimisation and the hydrogen hybrid trial, within Operational Services have been completed.</p> <p>Internal Audit will require evidence of the manual system being in place and at that point would be happy to sign this recommendation off.</p>	<p>31/10/2024</p> <p>Future Action</p>

Climate Change	Rec. No. 2
Summary of Weakness / Recommendation	Risk Rating
<p>There was a low uptake of Climate and Environment training for Councillors, and we were unable to establish whether there was a lead Council Member for Climate and Environment.</p> <p>We recommend that Councillors are encouraged to attend Climate and Environment training, as is required for all Council officers. Additionally, we recommend that consideration should be given to identifying a lead Council Member for Climate and Environment.</p>	Low Risk
Management Response/Action Details	Action Date
<p>We delivered on-line climate training for members in early 2021, although no record of the number of attendees was taken. We propose to offer further member training following the publication of the second iteration of our Climate and Environment Action Plan in summer 2022. Attendance will be encouraged but not mandated.</p> <p>Councillor Taylor (as Chair of the Environment & Development Services Committee) is currently appointed as Champion for Environment, Waste & Recycling. This appointment is considered to cover the climate change agenda.</p>	01/09/2022
Status Update Comments	Revised Date
<p>Training was due to be arranged post-election in May 23, however, the Sustainability Officer post is currently vacant and being advertised. Once an officer has been recruited training will be arranged.</p>	<p>31/12/2023</p> <p>Future Action</p>

REPORT TO:	AUDIT SUB-COMMITTEE	AGENDA ITEM: 7
DATE OF MEETING:	06 DECEMBER 2023	CATEGORY:
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	CHARLOTTE JACKSON charlotte.jackson@south-derbyshire.gov.uk	DOC:
SUBJECT:	INTERNAL AUDIT COVERAGE 2024/25	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE:

1.0 Recommendations

- 1.1 That the Committee note the contents of the report and that the audit coverage will be formally reviewed again in 2 years' time.

2.0 Purpose of the Report

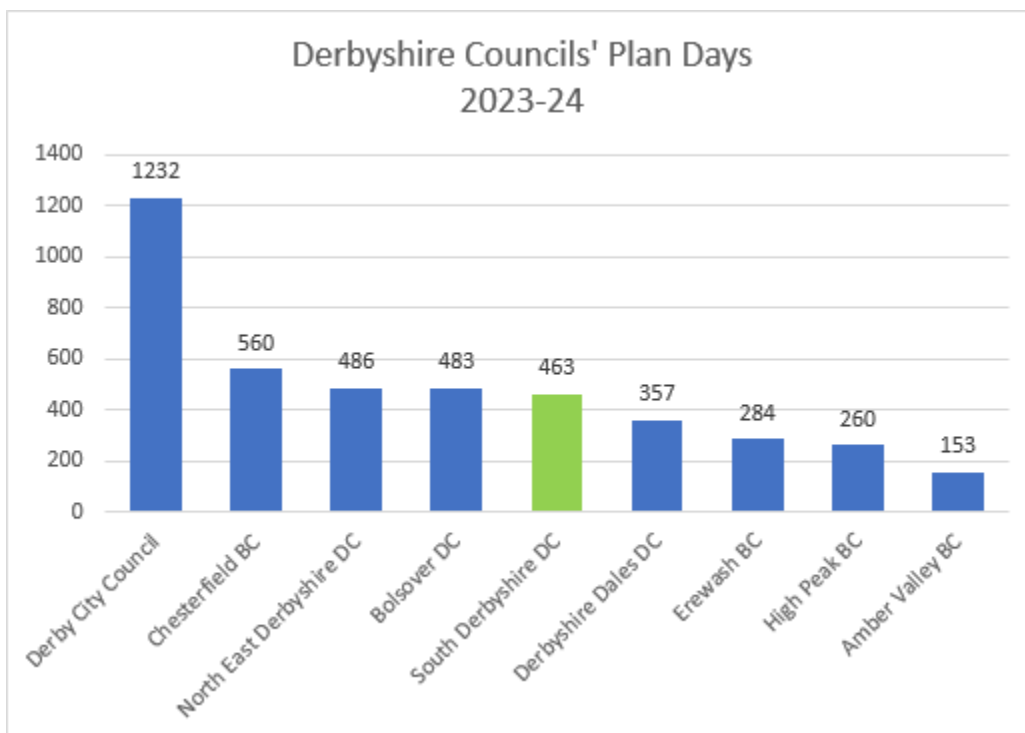
- 2.1 At it's meeting on 8 March 2023, the Audit Sub-Committee approved the Internal Audit Plan for 2023/24 and approved that there is a review of coverage for the 2024/25 plan.
- 2.2 This report sets out the review of audit coverage for South Derbyshire and arising recommendation of the Section 151 Officer.

3.0 Introduction

- 3.1 Since January 2016, the Council has been in partnership with several public sector organisations for the integration and provision of internal audit services.
- 3.2 The arrangements deliver an internal audit function that meets our needs and requirements as defined in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government.
- 3.3 The arrangements are set out in a signed agreement and a Joint Committee known as the Central Midlands Audit Partnership ("CMAP") is in place.
- 3.4 Derby City Council act as the host authority for CMAP and as such are responsible for the for commissioning any functions which are core to the effective governance, risk management and control arrangements for councils to maintain appropriate and effective internal audit arrangements as set out in the Accounts and Audit Regulations 2015.
- 3.5 Three partners reduced their coverage in 2023/24: Derby City took forward a planned reduction in its financial contribution to CMAP of 229 days, Erewash a reduction of 94 days and High Peak a reduction in 110 days. This has created a projected shortfall

in CMAP income over the period 2023/24 and 2024/25 if CMAP continued with the same staffing resource.

- 3.6 Implications of the reduction were that a higher deficit of approximately £95,000 for the 2023/24 would occur. Proposals for addressing the deficit for 2023/24 considered by the CMAP Board in September 2023 and the outcome was for CMAP to pursue the selling of internal audit services to non-partner organisations, securing new partners and using reserves to meet the shortfall. The Audit Sub-Committee Chair represents South Derbyshire on this Board.
- 3.7 In addition, the CMAP Board agreed that a 6-month notice period is introduced for those Partners wanting to reduce audit days as part of the revised Partnership Agreement. An interim variation is being developed to cover the period to the next agreement update.
- 3.8 South Derbyshire District Council currently contributes £176,000 towards the partnership for audit coverage of 463 audit plan days.
- 3.9 An analysis of all Derbyshire District Council's published Audit Plans for 2023/24 presents the following benchmarking comparison for South Derbyshire audit coverage:



4.0 Review of audit coverage

- 4.1 Considering the request of the Audit Sub-Committee, the Section 151 Officer has undertaken a review of audit coverage for the Council. This review has considered the current strategic outlook for South Derbyshire, the level of organisational development anticipated, the level of strategic risk faced and the size and nature of the Council's existing and planned projects, programmes and initiatives into 2024/25 and beyond.
- 4.2 The Section 151 has made the following key observations:

- 4.2.1 The external regulatory environment is becoming increasingly complex for local government and the need for management assurances in regard to this from an internal audit function are of increasingly higher importance. Examples include Housing Tenant Standards and the new Office for Local Government monitoring regime.
- 4.2.2 The Council is currently developing its budget for 2024/25 and capital bids for the ongoing delivery of statutory services have been sought and these will significantly increase the level of capital investment in council owned assets over the forthcoming 5-year medium term financial plan period. As such, independent assurances over significant areas of spend will be of high importance for the Leadership Team and Members.
- 4.2.3 The Council is currently developing its new Council Plan, which sets out several high-profile priorities, aims and outcomes. This new plan will require the alignment of resources and will present a new way of delivering and reporting on progress. The Council is also developing a new Council Vision and set of Values which underpin the core ambition of the Council and the way in which officers and members work. Independent assurances to ease in these new approaches will be critical during this new period.
- 4.2.4 The Council's current and projected draft budget medium-term financial plan projects ongoing budgetary deficits on its General Fund.
- 4.2.5 The audit coverage for South Derbyshire is median compared to other Derbyshire District Councils.
- 4.3 The conclusion of the Section 151 Officer review is that the level of audit coverage should not be varied for 2024/25, given the current strategic environment in which the Council operates, as set out above. This position should be reviewed again in a minimum of two years' time, ahead of agreeing the 2026/27 Internal Audit Plan.
- 4.4 As part of developing the Internal Audit Plan for 2024/25, the Section 151 Officer intends to recalibrate audit coverage so that more time is available for advisory work. This would have the benefit of utilising the auditor's skillset for advisory work in the design and implementation of new ways of working, to assist the organisation in its adoption of the new Council Plan.
- 4.5 The Internal Audit Plan for 2024/25 will be presented to the Audit Sub-Committee for approval in March 2024.

5.0 Financial Implications

- 5.1 South Derbyshire District Council currently contributes £176,000 towards the partnership for audit coverage of 463 audit plan days. An anticipated increase in partnership contributions of £9,000 are anticipated for the 2024/25 year.
- 5.2 There are no financial implications arising as a result of this report.

6.0 Corporate Implications

Employment Implications

- 6.1 There are no employment implications arising as a result of this report.

Legal Implications

6.2 There are no legal implications arising as a result of this report.

Corporate Plan Implications

6.3 There are no direct implications, however effective governance, risk management and control arrangements will ensure the achievement of the council's Council Plan in 2024/25.

Risk Impact

6.4 Effective governance, risk management and control arrangements rely heavily on the assurances of an independent auditor. The maintenance of audit coverage at current levels into the 2024/25 year will ensure the Council is resourced appropriately in this regard.

7.0 Community Impact

Consultation

7.1 There are no consultation matters to be considered.

Equality and Diversity Impact

7.2 There are no equality and diversity impact matters to be considered.

Social Value Impact

7.3 There are no social value impact matters to be considered.

Environmental Sustainability

7.4 There are no environmental sustainability matters to be considered.

8.0 Conclusions

8.1 Following the review, it is the recommendation of the Section 151 Officer that the level of audit coverage should not be varied for 2024/25, given the current strategic environment in which the Council operates.

8.2 The Audit Sub-Committee will receive the auditors Internal Audit Plan for the for 2024/25 year in March 2024 for approval.

9.0 Background Papers

9.1 Audit Sub-Committee meeting, 8 March 2023 "Internal Audit Plan 2023-24 and Audit Charter".

REPORT TO:	AUDIT SUB COMMITTEE	AGENDA ITEM:8
DATE OF MEETING:	06 DECEMBER 2023	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	CATHERINE GRIMLEY, HEAD OF CUSTOMER SERVICES catherine.grimley@southderbyshire.gov.uk	DOC:
SUBJECT:	2023-2024 ANTI FRAUD & CORRUPTION PLAN & COUNTER FRAUD PARTNERSHIP PERFORMANCE UPDATE 8	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: AS 04

1.0 Recommendations

- 1.1 That the Committee notes the performance of the Counter Fraud Partnership with Derby City Council (see Appendix 1) and the cashable and value for money savings that have been delivered in 2022-23 and April – November 2023.
- 1.2 That the Committee approves the Council's proposed Anti-Fraud and Corruption Action Plan (see Appendix 2) that directs the work of the partnership.

2.0 Purpose of the Report

- 2.1 The purpose of the report is to provide an update on the performance of the Council's Counter Fraud Partnership with Derby City Council and to consider the 2023-2024 Anti-Fraud and Corruption Plan. This plan sets out how the Council aims to prevent and detect fraud, together with action the Council will take when dealing with identified cases of fraudulent activity.

3.0 Detail

Counter Fraud Partnership

- 3.1 The Council has worked in partnership with Derby City Council since 2017 to deliver counter fraud services and support to internal teams. The team works very closely Revenues, Benefits and Housing teams in particular and has very strong and supportive working relationships with these teams.
- 3.2 The partnership works to deliver on four key areas:
 - Detecting and investigating fraud
 - Preventing fraud
 - Understanding emerging fraud risks
 - Raising fraud awareness

- 3.3 In 2022-23 the partnership cost the Council £47,888 and delivered total savings of £154,993.62. The recent work of the partnership and savings is outlined in detail in the 2023 Counter Fraud Partnership Performance Update at Appendix 1.
- 3.4 In terms of value for money, the Council is obliged to carry out counter fraud work, and considers the partnership provides a more robust and resilient service than a single member of in-house staff. It also delivers a wider range of skills and resources to the Council.
- 3.5 During 2022-present date, the partnership team delivered 26 training sessions to council staff. Feedback from the training remains very positive.
- 3.6 The team continues to support the Council's Revenues, Benefits and Housing teams.

Anti-Fraud and Corruption Plan

- 3.7 Each year the Council approves an annual Anti-Fraud and Corruption Plan that directs the work of the Counter Fraud Partnership and wider work across the Council.
- 3.8 The plan sets out how the Council aims to prevent and detect fraud, together with action the Council will take when dealing with cases of fraudulent activity.
- 3.9 The plan is aimed at directing the partnership to achieve its targets which are to:
- Maximise the recovery of fraudulent payments and value for money savings to exceed in value the in-year budgeted costs of the Counter Fraud Partnership to the Council.
 - Instil routine fraud checking as part of the Council's operational processes in revenues and benefits, housing and wider service areas.
 - Report the results of team activities on a quarterly basis to the Head of Customer Services and the Strategic Director (Corporate Services).
 - Embed fraud awareness as part of the competency framework for employees.
 - Continue joint working arrangements with the Department for Work and Pensions.
 - Minimise the potential for misuse of supported accommodation claim arrangements and funding by providers and related financial organisations.
- 3.10 The plan for 2023-2024 is set out at Appendix 2.

3.11 The plan mirrors the plan for 2022-2023 and contains no significant changes. During 2023-2024 a refocus on joint working with the DWP will take place and an increased activity on training of SDDC staff and issuing fraud information will also be delivered. No new emerging risk factors have been identified however this will be monitored ongoing in line with the economic climate and any new government initiatives that are launched in response.

4.0 Financial implications

4.1 The Council's Counter Fraud Partnership with Derby City Council delivered £154,993.62 total savings in 2022-2023. This was comprised of:

- **£36,779.89 in cashable savings/income**, which are funds that can be recovered from customers - for example discounts being awarded for Council Tax. The value represents the amount of cash recovered which has been over claimed due to fraud, as well as housing benefit overpayments.

4.2 **£118,215.73 in value for money savings**, which are a calculation of expenditure/loss that would have been incurred had the fraud not been identified and are based on Cabinet Office/NFI guidelines and multipliers - for example additional discount being awarded in a fraudulent Right to Buy application.

Each year the levels of savings can fluctuate significantly, depending on the volume of high value fraudulent activity that is identified/stopped.

4.3 Each year, the partnership aims to recover the cost of the partnership itself in cashable and value for money savings.

4.4 The cost of the partnership are as follows:

	2018-19	2019-2020	2020-2021	2021-2022	2022-2023
Cost of Partnership	£40,764	£42,564	£42,564	£44,125	£47,888

4.5 In return for the annual payment, the Council receives the equivalent of one full time Counter Fraud Investigator, and a percentage of a management post, spread across a wider pool of investigators/expertise.

5.0 Corporate Implications

Employment Implications

5.1 None

Legal Implications

5.2 Inter-authority partnerships such as this are permitted without wider procurement activity, under Teckal and Hamburg exemptions under the Public Contract Regulations 2015 (PCRs 2015).

Corporate Plan Implications

5.3 None directly.

Risk Impact

5.4 Fraudulent activity is a key risk for the Council. The adoption of an Anti-Fraud and Corruption Plan is designed to mitigate the risk through the prevention and detection of fraud.

6.0 Community Impact

Consultation

6.1 None required

Equality and Diversity Impact

6.2 It is considered that the Anti-Fraud and Corruption Plan does not discriminate against any of the protected characteristics in the Equality Act 2010. The focus is on whether a fraud is or has been committed rather than the type of person or the group of individuals that may be committing fraud.

Social Value Impact

6.3 The prevention and detection of fraud helps to safeguard the public purse.

Environmental Sustainability

6.4 Not applicable in the context of the report

7.0 Background Papers

Appendix 1 – Counter Fraud Partnership Performance Update April 2023 – November 2023

Appendix 2 – Anti-Fraud & Corruption Plan 2023-2024



Counter Fraud Partnership Performance Update

1st April 2023 – 20th November 2023

This report highlights the work undertaken by Derby City Council Counter Fraud Team under a partnership agreement with South Derbyshire District Council to detect, investigate, prevent, and raise general awareness of fraud across the Council. Since April 2023, the partnership has delivered £181,110.70 cashable and value for money savings through preventing and detecting fraud.

1. Background

The partnership has been in place since January 2017 and has a very positive working relationship with internal teams. The partnership is managed by the Customer Services, Revenues & Benefits team, with close working links to the housing and right to buy teams. The main work themes undertaken by the team to date include:

- Detecting and investigating fraud
- Preventing fraud
- Understanding emerging fraud risks
- Raising fraud awareness

2. Partnership highlights

Work delivered in 2023:

Detecting and investigating fraud



Highlights include:

- £181,110.70 savings delivered, consisting of £114,726.85 cashable savings and £66,383.85 value for money savings.
- 1 property recovered (e.g., illegal sub-letting, breach of tenancy)
- Continuing to provide intelligence to support investigation into Modern Slavery and Organised Crime Groups.
- Undertaking National Fraud Initiative (NFI) checks and data matching.
- Undertaking pro-active work re council tax discounts and exemptions.
- Working with housing team to provide intelligence to assist with potential tenancy breaches/fraud.

Preventing fraud



Highlights include:

- Working with the benefits team to prevent fraud in supported accommodation.
- Working with housing to undertake pro-active checks to prevent and detect fraud.
- Hosting the East Midlands Fraud Group with local partners and agencies to share best practice and identify emerging fraud risks.
- Working with Derbyshire Police and providing responses to information requests.

Understanding emerging fraud risks



In addition to investigating fraud, the team is working with the following service areas to minimise their exposure to fraud risks:

- Benefits service re Supported Exempt Accommodation.

- Allocations team.
- Revenues team.

Examples of work carried out includes pro-active review of Council Tax exemptions, carrying out visits, undertaking checks and investigating individual cases – for example charges levied by Supporting Exempt Providers to ensure services provided match costs charged.

Raising fraud awareness



Highlights include:

- Fraud awareness training for SDDC staff.
- Provision of online referral for reporting of fraud.
- Provision of fraud telephone hotline.

3. How much does the partnership cost?

Every year, South Derbyshire District Council funds the equivalent of one Counter Fraud Investigator post and a percentage of the manager salary. Annual costs are as follows:

	2020/2021	2021/2022	2022/2023	2023/2024
Cost of partnership	£42,564	£44,125	£ 47,888	The fee for 2023/2024 and 2024/2025 will be set based on the CPI as of November 30 th each year subject to a minimum increase of 2% and a maximum increase of 6% of the previous year's fee.

In return for this, South Derbyshire District Council receives the appropriate number of FTE (full time equivalent) hours service spread across a wider pool of investigators/expertise and the team manager.

4. Does the partnership offer value for money?

The below table summarises the cashable savings/income generated through the work of the partnership in April 2023-Nov 2023 which are funds that can be recovered from customers. It also summarises the value for money savings, which are a calculation of expenditure/loss that would have been incurred to the public purse had the fraud not been identified and are based on Cabinet Office/NFI guidelines and multipliers.

Description of activity	Cashable saving/income	Value for money saving
Council tax		
Removal of single person council tax discounts (NFI and non NFI).	£14,962.91	£17,045.28
Removal of Local Council Tax Support.	£5534.77	£1579.41
General change in liability (e.g., removing Class F Exemption following probate).	£77,139.48	N/A
Housing benefits		
Housing benefit cancelled / reduced.	£17,089.69	£1259.16
Housing		
Illegal succession, sublet, breach of tenancy.	N/A	£46,500 (1 properties at £46,500)
Housing application stopped.	N/A	
Total	£114,726.85	£66,383.85

* The Cabinet Office calculates tenancy fraud at £93,000 per property recovered based on a four-year average fraud indicated by previous results. Results indicate the average length of fraud to be two years therefore we have used a prudent value of £46,500 per property recovered.

Anti-Fraud and Corruption Plan 2023-2024

Customer services, Revenues and Benefits
November 2023

1.0 Introduction

Ordinarily this document would have been presented for sign-off in April in readiness for the new contract term, however this plan now reflects the work the partnership has delivered from 1 April 2023, and that will continue to be delivered until 31 March 2024.

This document sets out the Council's Anti-Fraud and Corruption Plan for the 2023 -2024 financial year.

South Derbyshire District Council works in partnership with Derby City Council to provide a team of dedicated counter fraud professionals to the Council.

The team works to prevent fraud from entering the system by advising on new and revised procedures to help prevent fraud and embedding fraud awareness across the Council.

Where potential fraud is identified, it also carries out fraud investigation work across corporate, benefit and tenancy related fraud, including right to buy. It also works to identify losses to be recovered either directly or in accordance with the Proceeds of Crime Act.

The team also carries out the annual regulatory data matching checks as required by the National Fraud Initiative (NFI) that results from information uploaded for the following areas of work by officers of South Derbyshire Council.

- Payroll
- Creditors
- Housing waiting list
- Right to buy
- Licences
- Electoral registration/council tax
- Single persons discount - council tax
- COVID-19 Business Support Grant

The work of the team is supported by the work of teams across the organisation who also deliver anti-fraud activities in their service areas – for example housing.

2.0 Objectives and targets

The main objectives are to:

- Instil routine fraud checking as part of the Council's operational processes for revenues and benefits, housing, Right to Buy and wider service areas.
- Embed fraud awareness as part of the competency framework for employees.
- Continue joint working arrangements with the Department for Work and Pensions (DWP).
- Minimise the potential for misuse of supported accommodation claim arrangements and funding by providers and related financial organisations.
- Maximise the recovery of fraudulent payments and value for money savings, and work to ensure their value exceeds the in-year budgeted costs of the Counter Fraud Partnership to the Council.
- Report performance on a six-monthly basis to the Head of Customer Services and the Strategic Director (Corporate Services).

3.0 Work programme



The Anti-Fraud and Corruption Plan follows a four-strand approach, which has direct links to the Internal Audit Plan.

Detecting and investigating fraud

This strand is about detecting fraud, both before and after it has taken place. Major focuses include housing rentals, benefits, council tax and business rates discounts and exemptions, particularly where cross boundary eligibility may occur. It also includes use of technology and information including external data and data matching.

Preventing fraud

This strand is about developing better controls and procedures and creating an improved anti-fraud culture across key risk areas, such as Right to Buy and supported accommodation.

Understanding emerging fraud risks

This strand is about working with teams to better understand and minimise their exposure to fraud risks, as well as working in partnership to ensure emerging risks are well understood and planned for.

Raising fraud awareness

This strand is about preventing fraud through creating a fraud aware culture, through a programme of training and awareness raising within the staff body and wider district. As appropriate this strand also focuses on raising the awareness of successfully prosecuted fraud to highlight the consequences of fraudulent activity and provide a deterrent.

Detecting and investigating

Activity	What the team will deliver in 2023-2024
Council tax & business rates fraud investigation	<ul style="list-style-type: none"> • Investigate fraudulent claims of council tax discounts, exemptions and reliefs. • Give assurance current processes are sufficiently robust to mitigate fraud risks and conduct periodic validation exercises. • Carry out random property inspections in partnership with the Council's Property Inspector. • Continue to work with NFI, Call Credit and the Derbyshire Partnership. • Work with tracing facilities (LOCTA) for validation purposes, particularly in cross boundary cases. • Apply penalties where required.
Housing benefit and council tax reduction support investigation	<ul style="list-style-type: none"> • Develop Housing Benefit Matching Service (HBMS) processes and routines within the Integrity and Compliance Team. • Identify cases from HBMS for investigation by trained investigation staff. • Continue to work with NFI. • Identify fraud and apply sanctions. • Give assurance that processes are mitigating risks.
Right to buy investigation	<ul style="list-style-type: none"> • Further develop checks into applications from tenants to buy their homes. • Routinely assess all new applications for veracity of deposit and application. • Identify instances of fraud and apply sanctions. • Give assurance that processes are mitigating risks.
Social housing investigation	<ul style="list-style-type: none"> • Further develop arrangements to identify tenants no longer living in rented SDDC accommodation and subletting or leaving empty for lengthy periods. • Work with housing team to provide intelligence and assist with potential tenancy breaches/fraud.
Homelessness and housing register investigation	<ul style="list-style-type: none"> • Investigation of new homelessness and housing applications to identify Housing Register Fraud where suspicions raised. • Spot check of applications.
Joint DWP investigations	<ul style="list-style-type: none"> • Carry out joint investigations with the DWP as appropriate.
Government initiatives (Household Support Fund, Energy Rebate etc)	<ul style="list-style-type: none"> • Investigate fraudulent cases. • Action NFI matches and liaise with other LA's where appropriate. • Liaise with NAFN/NATIS on any fraudulent cases identified. • Undertake post payment checks where required.

Preventing fraud

Activity	What the team will deliver in 2023-2024
Improve internal processes to ensure fraud prevention is embedded in operating procedures.	Support teams to review processes and promote improved controls and highlight any new emerging key risk areas.
Supported accommodation extra checks	<p>When a Housing Benefit claimant moves into supported housing, they are exempt from the benefits cap and under occupation rules, as supported housing is considered exempt accommodation. The Council normally receives 100% subsidy from central government for correctly paid Housing Benefit. But in exempt accommodation the rate is sometimes reduced to 60%, or even zero in some circumstances. There is an emerging concern across Derbyshire that legal loopholes in legislation are allowing less scrupulous landlords to develop supported housing, set high housing/rent costs that are way above market rate, and then receive significant levels of Housing Benefit in excess of the costs needed to run the housing/provide additional support. To respond to this, and in partnership with Derby City Fraud Team, the team at South Derbyshire District Council are putting in place the following measures:</p> <ul style="list-style-type: none"> • Making the supported housing application process more robust to ensure all support charges are realistic, verifiable and comparable to other similar organisations. • Checking the legitimacy of some lease agreements with the Council's legal department. • Joining a countywide discussion with neighbouring Derbyshire authorities, to learn from each other, to consider/adopt best practice and to gain representation in discussions with DWP. • Attending training led by top practitioners in this field to adopt best practice and ensure the Council maximises the subsidy it receives. • Raising the importance of the subsidy implications of non-social housing supported exempt accommodation.
Provide additional checks for right to buy cases	Deliver additional checks to ensure right to buy cases are valid and can progress to full application.

Understanding emerging fraud risks

Activity	What the team will deliver in 2023-2024
Working in partnership	Work with the local partners and agencies, including Derbyshire Police, through the East Midlands Fraud Group to share best practice and identify emerging fraud risks.
Work with teams across the Council	<p>Work with the following teams to minimise their exposure to new and emerging fraud risks:</p> <ul style="list-style-type: none"> • Benefits service re supported accommodation • Allocations team • Revenues team • Right to buy team <p>Examples of work carried out include introducing new processes and procedures, carrying out visits, undertaking checks and investigating individual cases – for example charges levied by supported accommodation to ensure services provided match costs charged.</p>

Raising fraud awareness

Activity	What the team will deliver in 2023-2024
Raise awareness of fraud to build a fraud aware culture	Roll out messages around fraud awareness/risks in corporate comms channels – for example Key Messages – to boost staff awareness of fraud and channels for reporting fraud. Use real life examples.
Continue to develop fraud awareness training for all staff.	Embed fraud awareness training into the Council's new training and development plan, and ensure it includes bribery and money laundering. Deliver both basic and enhanced training virtually and face to face
Raise awareness of fraud to build a fraud aware culture.	Roll out messages around fraud awareness/risks in corporate comms channels – for example Key Messages – to boost staff awareness of fraud and channels for reporting fraud. Use real life examples. Where appropriate promote successful prosecutions to highlight the consequences of fraudulent activity and provide a deterrent.
Make it easy for staff, members and customers to report suspected fraud.	Deliver an online portal that allows staff, members and customers to easily report suspected fraud.

ENDS

REPORT TO:	AUDIT SUB-COMMITTEE	AGENDA ITEM: 9
DATE OF MEETING:	06 DECEMBER 2023	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	TRACY BINGHAM (01283 595811) tracy.bingham@southderbyshire.gov.uk	DOC:
SUBJECT:	COMMITTEE WORK PROGRAMME	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: G

1.0 Recommendations

1.1 That the Committee considers and approves the updated work programme.

2.0 Purpose of Report

2.1 The Committee is asked to consider the updated work programme.

3.0 Detail

3.1 Attached at Annexe 'A' is an updated work programme document. The Committee is asked to consider and review the content of this document.

4.0 Financial Implications

4.1 None arising directly from this report.

5.0 Background Papers

5.1 Work Programme.

**Audit Sub-Committee
Work Programme for the Municipal Year 2023/24**

Work Programme Area	Date of Committee Meeting	Contact Officer (Contact details)
Internal Audit Annual Report 2022-23	21 June 2023	Adrian.manifold@centralmidlandsaudit.co.uk
Internal Audit Progress Report 2022-23	21 June 2023	Adrian.manifold@centralmidlandsaudit.co.uk
Local Code of Corporate Governance Review	21 June 2023	Ardip.sandhu@southderbyshire.gov.uk
Annual Governance Statement 2022/23	21 June 2023	Ardip.sandhu@southderbyshire.gov.uk
Internal Audit Progress Report 2023-24	06 September 2023	Adrian.manifold@centralmidlandsaudit.co.uk
Audit Committee – Self Assessment	06 September 2023	Tracy.bingham@southderbyshire.gov.uk
Internal Audit Progress Report 2023-24	06 December 2023	Adrian.manifold@centralmidlandsaudit.co.uk
Audit Coverage 2024-25	06 December 2023	Tracy.bingham@southderbyshire.gov.uk
Level of Materiality 2023/24 Accounts	06 March 2024	Tracy.bingham@southderbyshire.gov.uk
Accounting Policies 2023/24	06 March 2024	Tracy.bingham@southderbyshire.gov.uk
Internal Audit Progress Report 2023-24	06 March 2024	Adrian.manifold@centralmidlandsaudit.co.uk

TBC: Reports from External Audit