



London Borough of Enfield

Report Title	6 Monthly Progress Report on Internal Audit & Counter Fraud Activity
Report to	General Purposes Committee
Date of Meeting	23 October 2024
Directors	Terry Osborne, Director of Law & Governance
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Wards affected:	All
Classification:	Part I Public

Purpose of Report

1. The 6 Monthly Progress Report on Internal Audit & Counter Fraud Activity at 31 August 2024 (**Appendix A**) summarises:
 - progress against the 2024-25 Internal Audit Plan;
 - detected and prevented fraud identified during the period;
 - the continued work of the Head of Internal Audit to target limited audit resources at the highest priority Corporate and Schools' services.

Recommendations

- I. To note the progress made on the 2024-25 Internal Audit Plan.
- II. To note detected and prevent fraud identified to 31 August 2024

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Appendices

Appendix A: 6 Monthly Progress Report on Internal Audit & Counter Fraud Activity at 31 August 2024.

Background Papers

None

CE24/11



6 Monthly Progress Report on Internal Audit & Counter Fraud Activity 31 August 2024

Internal Audit

2024-25 Internal Audit Plan (Q1 & Q2)

4 (31%) of the 13 planned audits had been fully completed by 31 August 2024. 1 audit had an audit opinion (Council Housing Fire Safety – Reasonable), 2 were grant certifications and 1 was a follow up audit for which a management letter was issued.

All other audits were in progress at 31 August 2024.

Title	Planned Timing	Audit Status	Assurance Level
Chief Executive's			
Leavers Process	Q2	Fieldwork in progress	
Reorganisations	New	Planning	
Cross Cutting			
Budget Monitoring	Q2	Planning	
Temporary Accommodation Financial Management	Q2	Deferred to Q3	
Schools Additional Payments	Q1	Fieldwork in progress	
Environment & Communities			
Parking Contract Management	Q2	Deferred to Q3	
Housing and Regeneration			
Voids	Q2	Fieldwork in progress	
Council Housing Fire Safety	Q1	Completed	Reasonable

Title	Planned Timing	Audit Status	Assurance Level
People			
Supporting Families Q1	Q1	Completed	N/A- Grant Certification
Supporting Families Q2	Q2	Fieldwork in progress	
Community Equipment Stock Control	Q1	Deferred to Q4	
Bus Service Operators Grant	Q2	Fieldwork in progress	
Commissioned Services Overhead Charges	New	Fieldwork in progress	
NDTi Grant Certification	New	Completed	N/A – Grant Certification
Schools			
St. Anne’s Catholic High School for Girls	Q1	Completed	N/A- Management Letter
Orchardside School Alternate Provision Taskforces Programme Grant 2023-24	Q2	Completed	N/A- Grant Certification

Changes to the 2024-25 (Q1 & Q2) Internal Audit Plan

3 audits have been deferred into the second half of the year:

Department	Audit	Reason for Deferral
Cross Cutting	Temporary Accommodation Financial Management	Deferred to Q3 to allow the team to deal with operational issues and to allow improvement initiatives to embed.
Environment & Communities	Parking Contract Management	Deferred to Q3 as a contract management review was underway. was
People	Community Equipment Stock Control	Deferred to Q4. New location and change in software provider taking place. Also due to be inspected by external auditors – CEOPS.

3 audits were added to the plan during the period to 31 August 2024:

Department	Audit	Objective
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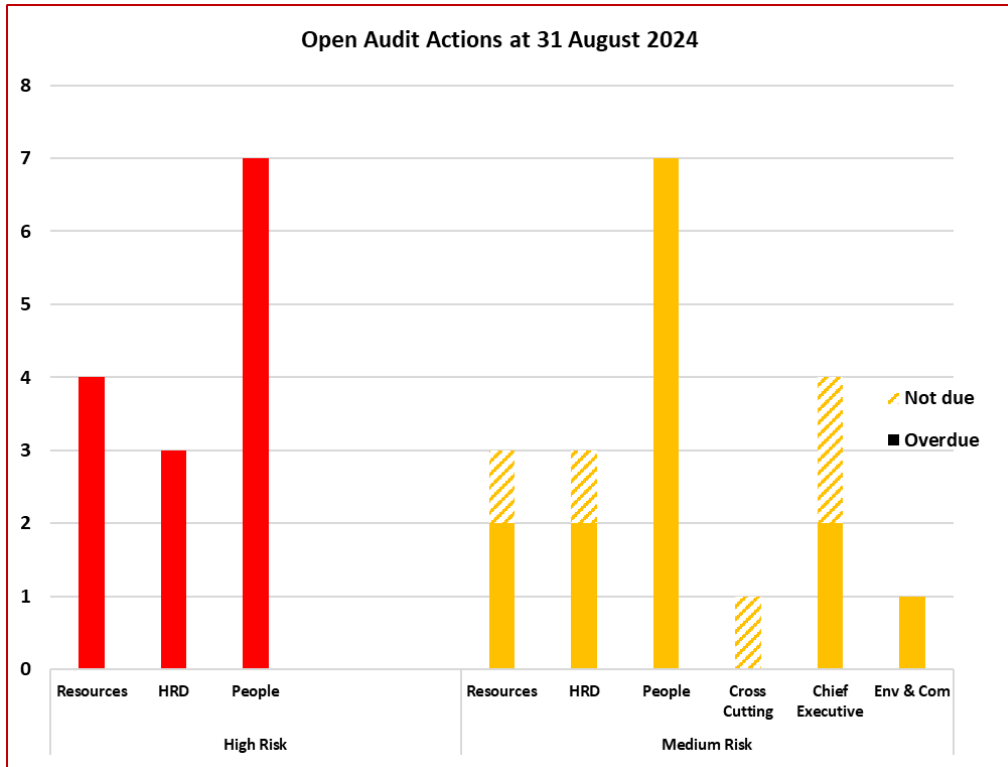
Chief Executive's	Reorganisations	To ensure the appropriate policies and procedures are being applied to internal reorganisations
People	Commissioned Services Overhead Charges	To ensure that appropriate contract management is applied with respect to NHS overhead charges.
People	NDTi Grant Certification	To confirm expenditure of the Supported Internships Grant

Corporate Audit Actions Implementation

The Internal Audit team is responsible for tracking managers' progress with implementing internal audit actions.

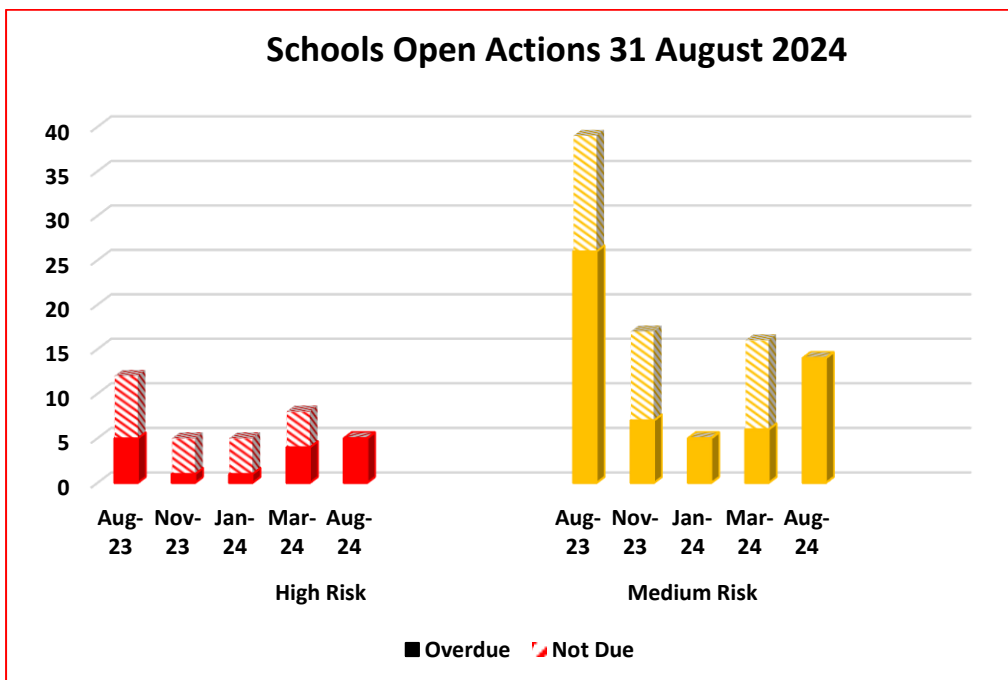
As at 31 August 2024, the implementation rate (12-month rolling basis) for actions from high risk findings is 82% (2024: 90%) and for medium risk findings is 89% (2024: 77%).

33 actions from high and medium risk findings identified from corporate audits remained open. Of these, 28 actions (14 high risk and 14 medium risk) were not fully implemented by their original due date and are, therefore, classed as overdue. Overdue actions are shown by the solid coloured bars in the graph below:



Details of the overdue corporate actions from high risk findings are provided in **Annex A**.

Schools' Actions Implementation



In line with our escalation policy, overdue schools' actions are regularly notified to the Director of Education.

Counter Fraud

Counter Fraud Savings

The work routinely undertaken by the Counter Fraud Team generates savings directly for the Council (for example, where a Right to Buy application is stopped) as well as for Central Government where we administer schemes on their behalf, such as those covering business grants and housing benefit payments.

These savings are classified as either:

- **Detected:** where fraud has taken place and an overpayment has been identified.
- **Prevented:** where fraud would have occurred had the CFT not intervened.
- **Notional:** estimated savings generated by housing recoveries.

As at 31 August 2024, the Counter Fraud team identified detected and prevented savings of **£953k** as outlined in the table below. This includes notional housing savings of **£294k** through the recovery of properties used improperly as Council accommodation.

Detected and Prevented Fraud Savings to 31 August 2024 *

Fraud Type	Detected (£)	Prevented (£)
Council properties recovered (5 properties)**	-	294,000
Temporary Accommodation property recovered (1 case)	-	2,500
Right to Buy (5 cases)	-	592,800
Housing Benefit	51,049	-
Council Tax Reduction Scheme & Discounts	2,679	-
Secondary employment (2 cases) ***	-	10,000
	£53,728	£899,300
Total	£953,028	

* Includes overpayments identified or recovered, as well as potential future income and the estimated value of losses prevented by the detection and interception of fraud and improvement of controls.

** The Notional Value attributed to recovery of a Council property is the amount of £42k per property as per the calculation published by the Tenancy Fraud Forum in April 2022; the figure takes into account the average annual cost of providing temporary accommodation for a family who could otherwise have occupied the recovered property, plus average investigation and legal

costs. The Notional Value of a Temporary Accommodation recovery is based on the net annual cost to the Council of acquiring a property for use as temporary accommodation.

**** Based on Cabinet Office estimate of £5,000 per secondary employment fraud case (NFI London Fraud Hub pilot exercise)*

ANNEX A: Overdue High Risk Actions

Audit Name	Audit Finding	Agreed Action	Original Due Date	Update	Revised Target Date
Housing Repairs & Maintenance - Disrepairs	Allocation of Disrepairs claims to lawyers	New Disrepair claims will be allocated to lawyers in a timescale that allow them to comply with the 20-working day as per the Pre-Action Protocol for Housing Conditions Claims (England).	31-Jul-2024	September 2024 A new Disrepair and Housing Management Team has been created in Legal Services to ensure that disrepair cases are progressed efficiently. All new disrepair cases are dealt with by the team and are allocated immediately. There are no longer any delays in Legal Services.	31-Oct-2024
Housing Repairs & Maintenance - Disrepairs	Performance Measures	We will implement a new process in accordance with the timescales outlined in the Pre-Action Protocol for Housing Conditions Claims (England). We will agree a Service Level Agreement with Legal Services. Key performance indicators which are in line with the Pre-Action Protocol for Housing Conditions Claims (England) will be set and monitored. - We will monitor disrepair claims to ensure they are forwarded to Legal Services in good time.	31-Jul-2024	September 2024 The SLA with Legal Services will not set out KPIs as it is not necessary for internal SLAs to set out KPIS in this way. We will deal with all cases in accordance with the pre-action protocol and any failures to do so can be dealt with through the complaints and escalation process set out in the SLA.	31-Oct-2024
Housing Repairs & Maintenance - Disrepairs	Disrepair Report	We will ensure that the standard Disrepair Report is fully completed to provide an adequate audit trail from tenants' complaints to resolving the repair works.	31-Jul-2024	September 2024 In progress.	31-Oct-2024

Audit Name	Audit Finding	Agreed Action	Original Due Date	Update	Revised Target Date
Financial Management of Bridgewood House	Reconciliation Processes	<p>We will seek support from our Finance Business Partner to ensure that appropriate financial controls are in place. This will include, but is not limited to:</p> <ul style="list-style-type: none"> a) Monthly reconciliations undertaken between the bank statement and the resident's income and expenditure records. b) A summary of the individual resident account balances that make up the bank balance total. c) Monthly reconciliations of individual income and expenditure records for each resident against the supporting documentation held. d) All reconciliations independently reviewed and approved by a second member of staff to confirm their accuracy. 	30-Jun-2022	<p>September 2024</p> <p>Progressed.</p> <p>Documentation to be provided to Internal Audit.</p>	31- Aug- 2024
Direct Payments	No formal contract with third-party provider	<p>The Health and Adult Social Care (HASC) Management team will ensure that a procurement exercise is carried out and a formal contract is put in place between Care in Finance and the Council as soon as possible;</p> <ul style="list-style-type: none"> - A copy of the contract will be signed by both parties and retained as part of service records; - The policies and procedures for direct payments will be updated to include the role of Care in Finance and any other third party provider involved in the 	31-Jul-2024	<p>September 2024</p> <p>This action is in progress and a direct award option is being explored.</p> <p>Revised target date 31 October 2024.</p>	31-Oct-2024

Audit Name	Audit Finding	Agreed Action	Original Due Date	Update	Revised Target Date
		administration and management of direct payments.			
Direct Payments	Insufficient review of the suitability of a Direct Payment	The Health and Adult Social Care (HASC) Management team will review the process around reviews of direct payment suitability to ensure that: <ul style="list-style-type: none"> - Systems to support 'suitability' reviews are more automated such that annual reviews are completed and evidenced; - early stage reviews are carried out after a reasonable period but before the statutory six month deadline. 	30-Apr-24	September 2024 Revised target date 31 October 2024.	31-Oct-2024
Direct Payments	Performance measure arrangements not in place	As part of the review process, we will ensure that appropriate arrangements are in place to meet the agreed performance measures and to report and escalate non-compliance.	30-Apr-24	September 2024, Revised target date 31 October 2024.	31-Oct-2024
Direct Payments	No outstanding direct payment action place	An action plan will be put in place to address outstanding reviews of direct payment suitability that have not taken place within the required timescales. The HASC Management team will monitor the action plan to ensure that the backlog of reviews is cleared promptly.	30-Apr-24	September 2024 Revised target date 31 October 2024 agreed.	31-Oct-2024
Home Care Support	Incomplete records to support the annual quality assurance checks	As part of the quality review process, the Home Care Management Team will ensure that: <ul style="list-style-type: none"> - the financial monitoring tool is completed in full; - action plans are completed in full; - robust, independent review and monitoring of the financial monitoring 	30-Jun-2024	September 2024 The new service specification has been drafted and is awaiting approval. Revised target date 30 November 2024	30-Nov-2024

Audit Name	Audit Finding	Agreed Action	Original Due Date	Update	Revised Target Date
		<p>tool is carried out and evidence of the review is retained;</p> <ul style="list-style-type: none"> - an appropriate tracker is developed to ensure that the implementation of action points raised in the action plan is recorded; - where applicable, follow up visits are carried out following quality assurance checks; - formal feedback is provided to providers where relevant; - the current monitoring tool is enhanced to include cross references to documentation provided by providers. 			
Home Care Support	Naming convention	As part of the quality review process, the Home Care Management Team will ensure that an agreed naming convention is used and that documents are clearly cross referenced to supporting documentation.	30-Jun-2024	<p>September 2024 New templates and documentation are in the process of being prepared.</p> <p>Revised target date 30 November 2024</p>	30-Nov-2024
Adult Social Care Debt Collection	End to End Process	<p>We will re-engineer the end to end ASC debt process including ensuring best use is made of existing IT systems. We will ensure that all teams involved in the ASC debt process are included in the review and, as one of the outputs, roles and responsibilities are clearly defined.</p> <p>In order to do this, we will:</p> <ul style="list-style-type: none"> - engage with the Transformation team - consider an invest to save approach 	31-May-24	September 2024, Internal Audit Update requested	TBC

Audit Name	Audit Finding	Agreed Action	Original Due Date	Update	Revised Target Date
		by employing a credit management professional to lead this review			
Adult Social Care Debt Collection	End to End Process	<p>We will carry out a skills audit for key staff involved in the ASC debt management process and will address any identified skills gaps.</p> <p>We will provide regular training to all teams involved in the end to end debt process. This may include professional training provided by Chartered Institute of Credit Management or CIPFA.</p>	31-May-24	September 2024, Internal Audit Update requested	TBC
Adult Social Care Debt Collection	End to End Process	We recommend a credit collection 'centre of excellence' is considered. This would bring all debt processes including, but not limited to, ASC, direct payments, sundry debts, council tax and business rates together overseen by a credit professional.	31-May-24	September 2024, Internal Audit Update requested	TBC
Education Funding	Local Written Procedures	Council specific written procedures for the funding allocation will be put in place.	31-Mar-24	September 2024 Procedures in draft.	TBC