

Report To: Audit Committee **Date:** 21.08.18

Report By: Corporate Director Environment Regeneration and Resources **Report No:** AC/23/18/SA/APr

Contact Officer: Andi Priestman **Contact No:** 01475 712251

Subject: INTERNAL AUDIT PROGRESS REPORT – 30 MARCH TO 27 JULY 2018

1.0 PURPOSE

- 1.1 The purpose of this report is to enable members to monitor the performance of Internal Audit, to discharge their scrutiny and performance monitoring roles and gain an overview of the overall control environment throughout the Council.
- 1.2 The Monitoring Report from 30 March to 27 July 2018 is attached as an Appendix to this report since its content is essential to the understanding of the Council's control environment. **Appendix 1**

2.0 SUMMARY

- 2.1 There were 3 internal audit reports finalised since the last Audit Committee meeting in April 2018:
- Customer Services
 - HSCP Commissioning Arrangements
 - Inverclyde Leisure Trust – Performance Management Arrangements

- 2.2 These reports contained 7 issues categorised as follows:

Red	Amber	Green
0	2	5

- 2.3 The fieldwork for the 2017/18 plan is now complete and the current status of the plan is as follows:

Stage	Number of Reports
Final Report	14
Draft Report	2
Fieldwork Complete	1
Fieldwork in Progress	0
Planning	0
Not started	0
Total	17

- 2.4 In relation to Internal Audit follow up, there was one item due for completion by 30 June 2018 and action in relation to this item has been revised. The current status report is attached at Appendix 2. **Appendix 2**
- 2.5 The CMT has reviewed and agreed the current status of actions.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Members agree to note the progress made by Internal Audit in the period from 30 March to 27 July 2018.

Scott Allan
Corporate Director Environment, Regeneration and Resources

4.0 BACKGROUND

- 4.1 In June 2017, the Audit Committee approved the current Internal Audit Annual Plan which detailed a programme of activity to be undertaken during 2017-18.
- 4.2 Internal Audit regularly reports findings and action plans to relevant Council Officers and the Audit Committee as part of the annual audit plan. A follow up process is in place to allow follow up of current internal audit actions to be co-ordinated and updated by Internal Audit on a monthly basis with regular reporting to CMT and the Audit Committee.

5.0 CURRENT POSITION

- 5.1 There have been 3 internal audit reports finalised since the last Audit Committee meeting in April 2018:
- Customer Services
 - HSCP Commissioning Arrangements
 - Inverclyde Leisure Trust – Performance Management Arrangements
- 5.2 The fieldwork for the 2017/18 plan is now complete and the current status of the plan is as follows:

Stage	Number of Reports
Final Report	14
Draft Report	2
Fieldwork Complete	1
Fieldwork in Progress	0
Planning	0
Not started	0
Total	17

- 5.3 There are 6 current action points being progressed by officers. There was one action point due for completion by 30 June 2018 and action in relation to this item has been revised.
- 5.4 The CMT has reviewed and agreed the current status of actions.

6.0 IMPLICATIONS

Finance

- 6.1 There are no direct financial implications arising from this report.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (if Applicable)	Other Comments
N/A					

Legal

6.2 There are no direct legal implications arising from this report.

Human Resources

6.3 There are no direct HR implications arising from this report.

Equalities

6.4 There are no direct equalities implications arising from this report.

Repopulation

6.5 There are no direct repopulation implications arising from this report.

7.0 CONSULTATIONS

7.1 Relevant officers have been consulted in the preparation of this report.

8.0 LIST OF BACKGROUND PAPERS

8.1 File of completed internal audit reports: Available from Andi Priestman, Chief Internal Auditor.



**Audit Committee Report
Report on Internal Audit Activity from
30 March to 27 July 2018**

INVERCLYDE COUNCIL – REPORT ON INTERNAL AUDIT ACTIVITY

FROM 30 MARCH TO 27 JULY 2018

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INVERCLYDE COUNCIL – REPORT ON INTERNAL AUDIT ACTIVITY

FROM 30 MARCH TO 27 JULY 2018

1 Audit work undertaken in the period

Reports issued since last update

- 1.1 Detailed findings and recommendations reported to management are currently graded using the following criteria:

Red	<ul style="list-style-type: none">• In our opinion the control environment is insufficient to address the risk and this could impact the Council as a whole.• Corrective action must be taken and should start immediately.• Overseen to completion by Corporate Management Team.
Amber	<ul style="list-style-type: none">• In our opinion there are areas of control weakness which we consider to be individually significant but which are unlikely to affect the Council as a whole.• Corrective action must be taken (some exceptions may be agreed with IA) within reasonable timeframe.• Overseen to completion by Head of Service.
Green	<ul style="list-style-type: none">• In our opinion the risk area is well controlled or our audit highlighted areas for minor control improvement and/or areas of minor control weakness.• Process improvements/efficiencies may be actioned at management discretion in consultation with Internal Audit (IA).• Managed by service owner.

- 1.2 There were 3 audit reports finalised since the April Audit Committee, which are identified below, together with a summary of the gradings of the issues identified. In Section 2 we have provided a summary of the main findings from the review

Reports finalised since previous Audit Committee	Grading			Total Number of Issues
	Red	Amber	Green	
Customer Services	0	0	3	3
HSCP Commissioning Arrangements	0	2	1	3
ILT – Performance Management Arrangements	0	0	1	1
Total	0	2	5	7

Other activities

Risk Management

- 1.3 Risk Management is the subject of separate reporting to Audit Committee and a full report is submitted separately on an annual basis.

Internal Audit Action Plan Follow Up

- 1.4 The current status of Internal Audit Action plans is set out as an attachment at Appendix 2 to this report.

INVERCLYDE COUNCIL – REPORT ON INTERNAL AUDIT ACTIVITY

FROM 30 MARCH TO 27 JULY 2018

2 Summary of main findings from reports issued since previous Audit Committee

- 2.1 We have provided below a summary of the key findings from the final report issued after 27 March 2018.

Customer Services

- 2.2 A wide range of services are provided from the customer service centre. These services vary from providing advice to customers by telephone, online, face-to-face contact, email and letter. In practice Customer Services is the first point of contact for customers even although a proportion of queries relate to other Services. Customer expectations continue to increase as knowledge and availability of digital channels become more common. One of the main aims of the Customer Services Strategy for 2015-18 is to progress the Council's digital access agenda and to use this as a tool for modernising and improving the overall customer experience.
- 2.3 The objective of this audit was to provide management and the Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls surrounding the key risks in relation to customer services.
- 2.4 We excluded the cash receipting process, the licensing process, Registrars and Customer Services Complaints as these processes will be or have been subject to separate audit reviews.
- 2.5 The overall control environment opinion for this audit review was **Strong**. In terms of good practice, we found that management is committed to delivering a consistent, modern and responsive front line service to its customers.
- 2.6 The review identified 3 GREEN issues and an action plan is in place to address all issues by 30 September 2018.

HSCP Commissioning Arrangements

- 2.7 The Inverclyde Integration Joint Board requires the Health & Social Care Partnership (HSCP) to provide local residents with defined services. Directly employed staff and commissioned services are central to the delivery of those services, with commissioned services costing in the region of £35m per year. Commissioning includes a range of activities such as assessing clients' needs, planning services and procuring those services. It is important to have clear commissioning priorities when implementing the overarching Strategic Plan. In this respect senior HSCP officers have produced a Market Facilitation & Commissioning Plan. The traditional "silo" approach to commissioning HSCP services is no longer compatible with the five strategic commissioning themes. Instead, the aim is to meet clients assessed needs in ways which deliver positive outcomes for them and improves their lives.
- 2.8 The objective of this audit was to provide management and the Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls surrounding the key risks faced by Inverclyde Council in relation to the HSCP's commissioning arrangements.
- 2.9 We excluded contract management as this subject will be covered as part of future HSCP audits.

INVERCLYDE COUNCIL – REPORT ON INTERNAL AUDIT ACTIVITY

FROM 30 MARCH TO 27 JULY 2018

2 Summary of main findings from reports issued since previous Audit Committee (Continued)

2.10 The overall control environment opinion for this audit review was **Satisfactory**. Two AMBER issues were identified as follows:

Developing themed strategic commissioning of HSCP services

The HSCP uses a mix of internal and external providers to deliver defined services to local clients. The commissioning of services includes assessing clients' overall care needs. Although HSCP services are organised by function, senior officers' commission services using five strategic commissioning themes. Through discussions with staff we understand that when developing themed strategic commissioning there is a need to examine how best to;

- more closely co-ordinate client assessments and themed commissioning arrangements, especially for clients with multiple care needs;
- avoid unintentionally providing clients with more care than their assessed needs require, which can occur when service provision is inadvertently emphasised over trying to achieve positive outcomes for clients;
- place a greater emphasis on a “bottom-up” rather than “top-down” approach to commissioning services which focuses on improving clients lives; and
- develop the financial information which underpins commissioning activities. An effective mechanism for allocating client care costs across Team budgets is required for those clients with complex care needs.

In addition, it is necessary to identify changes to relevant policies and procedures to support themed strategic commissioning.

It will be more difficult to successfully implement a themed approach to strategic commissioning and improve clients' lives without addressing issues which do not support the overall process.

Managing Strategic Commissioning practices

It is important that those HSCP officers who commission and manage services work collaboratively with the Strategic Commissioning Team. We found that there is scope to promote the role of the Strategic Commissioning Team amongst relevant HSCP officers. More specifically, operational officers must be encouraged to always make contact at an early stage whenever they need to change commissioned services and review grants or Service Level Agreements relating to external organisations for commissioned services. Also, relevant HSCP expenditure must be subject to approved commissioning arrangements. Key officers are not entirely certain that this is the case, although this issue is understood to have greatly reduced over the last year.

In addition, the Market Facilitation & Commissioning Plan was approved during March 2018. This plan contains a number of actions and highlights areas which require further development. Whilst we acknowledge that officers have started to implement this plan, there is scope to create a prioritised action plan of key tasks and identify risks to successfully implementing the Plan.

The effectiveness of the HSCP's commissioning arrangements may be reduced without on-going collaboration between the Strategic Commissioning Team and all relevant HSCP officers.

HSCP expenditure which is incurred without involving the Strategic Commissioning Team may lack the support of formal contracts and not fully comply with established commissioning policies and procedures.

INVERCLYDE COUNCIL – REPORT ON INTERNAL AUDIT ACTIVITY

FROM 30 MARCH TO 27 JULY 2018

2 Summary of main findings from reports issued since previous Audit Committee (Continued)

In addition, in the absence of a formally agreed and prioritised action plan it will be more difficult for officers to successfully implement the Market Facilitation & Commissioning Plan. Likewise, resource and capacity issues may not be adequately considered without preparing such an action plan.

- 2.11 The review identified 3 issues, 2 of which we consider to be individually significant, and an action plan is in place to address all issues by 31 March 2019.

Inverclyde Leisure Trust – Performance Management Arrangements

- 2.12 Inverclyde Leisure Trust (ILT) is a registered charity, a community focused non-profit company established in 2001 for the purpose of delivering sport, leisure, health and community activities. ILT works in partnership with Inverclyde Council and aims to provide a quality service for its customers, employees and stakeholders by delivering high quality facilities and services.

Falling levels of income from Inverclyde Council drives the need for growth in income generation and a determination to manage expenditure effectively.

- 2.13 The objective of this audit was to provide management and the Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls surrounding the key risks in relation to ILT's performance management arrangements.
- 2.14 The review focused on the high level processes and procedures in relation to performance management arrangements and concentrated on identified areas of perceived higher risk, such as ILT not having a documented and approved approach to the management of its performance in accordance with its strategic objectives or that appropriate performance measures are not in place or are not sufficiently comprehensive.

The following areas were not tested for completeness and accuracy as we have placed reliance upon the work of ILT's external auditor:

- Health & Safety Operational audits;
- Quality management audits; and
- Recording and reporting all accidents.

In addition, the audit did not review the completeness and accuracy of the LGBF indicators as these are subject to a separate audit through the Improvement Service.

- 2.15 The overall control environment opinion for this audit review was **Strong**. Areas of good practice were identified as follows:-
- Inverclyde Leisure Trust's senior management team demonstrated a strong overall commitment to effectively managing its performance whilst also responding to a reduction in the management fee received from Inverclyde Council; and
 - The management team consists of experienced and professional staff who showed high levels of knowledge of and commitment to achieving the strategic aims of Inverclyde Leisure Trust.
- 2.16 The review identified 1 GREEN issue and an action plan is in place to address this issue by 31 July 2018.

INVERCLYDE COUNCIL – REPORT ON INTERNAL AUDIT ACTIVITY

FROM 30 MARCH TO 27 JULY 2018

3. Audit Plan for 2018/2019 – Progress to 27 July 2018

Planned Audit Cover	Planning	TOR Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report	Report Finalised	Reported to Audit Committee
Risk-Based Reviews							
General Data Protection Regulation	✓	✓	✓				
Corporate Purchase Cards	✓	✓	✓				
Regularity Audits							
Stock/Inventory Control – Quarterly Checks	✓	N/A	✓				
Corporate Governance							
Annual Governance Statement 2017-2018	Complete - Input provided by CIA.						
Other Work							
National Fraud Initiative	2016/17 Data Matching Exercise Investigations are almost complete - See section 5 for detailed activity						
SPOC Liaison with DWP	Ongoing – see section 5 for detailed activity						
Inverclyde IJB	Proposed plan for 2018/2019 has been drafted for approval in September 2018 – 50 days allocated to IJB audit plan.						

INVERCLYDE COUNCIL – REPORT ON INTERNAL AUDIT ACTIVITY

FROM 30 MARCH TO 27 JULY 2018

4. Audit Plan for 2017/18 – Progress to 27 July 2018

Planned Audit Cover	Planning	TOR Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report	Report Finalised	Reported to Audit Committee
Risk-Based Reviews							
Grants to Voluntary Organisations	✓	✓	✓	✓	✓	✓	January 2018
Older Peoples Services – Billing and Collection	✓	✓	✓	✓	✓	✓	April 2018
Customer Services	✓	✓	✓	✓	✓	✓	August 2018
HSCP Commissioning	✓	✓	✓	✓	✓	✓	August 2018
Limited Scope Finance Reviews							
Revenues - Council Tax Billing	✓	✓	✓	✓	✓	✓	February 2018
Project Assurance Reviews							
SWIFT Financials – Phase 1	✓	✓	✓	✓	✓	✓	October 2017
Corporate Fraud Reviews							
Procurement – Quick Quotes	✓	✓	✓	✓	✓	✓	February 2018
Flexi Time	✓	✓	✓	✓	✓		
Commercial Leases	✓	✓	✓	✓	✓	✓	January 2018
Employee Expenses and Overtime Claims	✓	✓	✓	✓	✓		
Regularity Audits							
Education – Pupil Equity Funding	✓	✓	✓	✓			
Arms Length External Organisations							
Inverclyde Leisure Trust – Performance Management Arrangements	✓	✓	✓	✓	✓	✓	August 2018
Code of Conduct – Other Remunerative Employment/Conflicts of Interest	Review complete – see section 5 for detailed activity						
Council Tax Reduction Scheme	Review complete – see section 5 for detailed activity						
Creditors – Duplicate Payments	Review complete – see section 5 for detailed activity						
Corporate Governance							
Annual Governance Statement 2016-2017	Input provided by CIA.						
Other Work							
National Fraud Initiative	Investigations are almost complete - See section 5 for detailed activity						
SPOC Liaison with DWP	Ongoing – see section 4 for detailed activity						
Inverclyde IJB	2017-2018 Audit Plan is complete.						

INVERCLYDE COUNCIL – REPORT ON INTERNAL AUDIT ACTIVITY

FROM 30 MARCH TO 27 JULY 2018

5 Corporate Fraud Activity

The undernoted table sets out progress to date on corporate fraud activity in the period 30 March to 27 July 2018.

Council Tax Reduction Scheme 30 March to 27 July 2018		
Number of Home Visits	Number of Errors Identified and Corrected	Total Overpayment/Future Savings
113	10	£15,337.37/£8,041.96
Council Tax Reduction Scheme 1/4/17 to 30/3/18		
Number of Home Visits	Number of Errors Identified and Corrected	Total Overpayment/Future Savings
315	31	£44,429/£22,542
In relation to overpayments identified during 2017/2018, £25,200 has been repaid to the relevant accounts at 27/7/18.		
Flexi Time		
Draft report is being prepared for management comment.		
Commercial Leases		
Final report has been issued. Summary of findings was reported to January 2018 Audit Committee.		
Quick Quotes		
Final report has been issued. Summary of findings was reported to April 2018 Audit Committee.		
Code of Conduct – Other Remunerative Employment/Conflicts of Interest		
Relevant cases from the 2016/2017 NFI exercise have now been investigated. Findings have been reported to Corporate Directors and recommendations have been agreed. Summary of findings was reported to January 2018 Audit Committee.		
National Fraud Initiative 2016-2017		
Services have completed review of identified matches and investigations are almost complete. Corporate Fraud team continue to provide oversight and support to Services. The current status of matches are as follows:-		
Total matches reported – 3608 (520 recommended matches)		
Total matches processed to date – 3602 (includes 520 recommended matches)		
In progress – 6		
Fraud – 10		
Error – 63		
Total Outcomes - £61,864.21		

INVERCLYDE COUNCIL – REPORT ON INTERNAL AUDIT ACTIVITY

FROM 30 MARCH TO 27 JULY 2018

4 Corporate Fraud Activity (Continued)

National Fraud Initiative 2016-2017 Re-check – Position at 27/7/18

Over short periods of time, existing customers personal and financial circumstances change, affecting their entitlement to a benefit or service that the Council provides. ReCheck allows the Council to proactively check existing customer records to establish and monitor these changes.

In December 2017, we participated in a re-check exercise through NFI on Single Person Discount information to other datasets (Blue Badge, Housing Benefits, Occupational Pensions, Payroll, Taxi Driver Licence, Personal Alcohol Licence, State Benefits) – report number 803.

Total Matches reported – 786

Total Matches processed to date – 741

In Progress – 42

Frauds – 10

Error – 1

Recovering - £15,357.04

Specific NFI cases being reviewed by Corporate Fraud since the last Audit Committee are set out below:

File Ref	Description	Status
17/18 17-91	CTR > Pension	Ongoing investigation
17/18 17-108	CTR > Pension	Closed – no fraud detected.
17/18 17-113	CTR > Pension	Fraud established. Account updated and liable party has now been rebilled.
17/18 17-117	CT SPD > Pension	Fraud established. Passed to Finance for adjudication.
17/18 17-119	CTR > Pension	Fraud established. Account updated and liable party has now been rebilled.
17/18 17-121	CT SPD > Pension	Closed – no fraud detected.
17/18 17-126	CT SPD > Payroll	Ongoing investigation
17/18 17-133	CT SPD > Payroll	Passed to Finance for adjudication.
17/18 17-136	CT SPD > Taxi Drivers	Fraud established. Account updated and liable party has been rebilled.
17/18 17-150	CTR > Taxi Drivers	Referred to DWP.
17/18 17-152	CTR > Taxi Drivers	Referred to DWP.
17/18 17-154	CT SPD > Pension	Fraud established. Account updated and liable party has now been rebilled.
17/18 17-160	CT SPD > Payroll	Fraud established. Account updated and liable party has been rebilled.
17/18 17-161	CTR > Taxi Drivers	Ongoing investigation
17/18 17-162	CTR > Pension	Ongoing investigation
17/18 17-167	CTR > Personal Alcohol Licence	Ongoing investigation

INVERCLYDE COUNCIL – REPORT ON INTERNAL AUDIT ACTIVITY

FROM 30 MARCH TO 27 JULY 2018

4 Corporate Fraud Activity (Continued)

18/19 18-07	CTR > Pension (Recheck report)	Closed – no fraud detected.
18/19 18-09	CT SPD > Pension (Recheck report)	Passed to Finance for adjudication.
18/19 18-11	CT SPD > Pension (Recheck report)	Fraud established. Account updated and liable party has been rebilled.
18/19 18-12	CT SPD > Pension (Recheck report)	Passed to Finance for adjudication.
18/19 18-15	CT SPD > Pension (Recheck report)	Closed – no fraud detected.
18/19 18-17	CT SPD > Pension (Recheck report)	Ongoing investigation.
18/19 18-18	CT SPD > Pension (Recheck report)	Ongoing investigation.
18/19 18-22	CT SPD > Pension (Recheck report)	Closed – no fraud detected.
18/19 18-23	CT SPD > Pension (Recheck report)	Closed – no fraud detected.
18/19 18-25	CT SPD > Pension (Recheck report)	Fraud established. Account updated and liable party has been rebilled.
18/19 18-26	CT SPD > Payroll (Recheck report)	Passed to Finance for adjudication.
18/19 18-28	CT SPD > Pension (Recheck report)	Ongoing investigation.
18/19 18-29	CT SPD > Pension (Recheck report)	Closed – no fraud detected.
18/19 18-30	CT SPD > State Benefit (Recheck report)	Fraud established. Account updated and liable party has been rebilled.
18/19 18-31	CT SPD > State Benefit (Recheck report)	Closed – no fraud detected.
18/19 18-32	CT SPD > State Benefit (Recheck report)	Referred to DWP.
18/19 18-33	CT SPD > State Benefit (Recheck report)	Passed to Finance for adjudication.
18/19 18-34	CT SPD > State Benefit (Recheck report)	Closed – no fraud detected.
18/19 18-35	CT SPD > Pension (Recheck report)	Closed – no fraud detected.
18/19 18-36	CT SPD > State Benefit (Recheck report)	Fraud Established. Account updated and liable party has been rebilled.
18/19 18-41	CTR > Pension (Recheck report)	Case joint worked with DWP. Fraud established. Reported to Procurator Fiscal and sanction applied.
18/19 18-42	HB > Pension	Fraud established. HB overpayment being recovered.
18/19 18-43	CTR > Pension (Recheck report)	Fraud established. Account updated and liable party has been rebilled.
18/19 18-44	CTR > Payroll (Recheck report)	Closed – no fraud detected.
18/19 18-45	CTR > Pension (Recheck report)	Fraud established. Account updated and liable party has been rebilled.

INVERCLYDE COUNCIL – REPORT ON INTERNAL AUDIT ACTIVITY

FROM 30 MARCH TO 27 JULY 2018

4 Corporate Fraud Activity (Continued)

18/19 18-46	CT SPD > State Benefits (Recheck report)	Closed – no fraud detected.
18/19 18-49	CT SPD > State Benefits (Recheck report)	Fraud established. Account updated and liable party has been rebilled.
18/19 18-50	CT SPD > State Benefits > Blue Badge (Recheck report)	Passed to Finance for adjudication.
18/19 18-51	CT SPD > State Benefits	Passed to Finance for Adjudication
18/19 18-52	CT SPD > State Benefits (Recheck report)	Passed to Finance for adjudication.
18/19 18-53	CT SPD > State Benefits (Recheck report)	Closed – no fraud detected.
18/19 18-54	CT SPD > State Benefits (Recheck report)	Closed – no fraud detected.
18/19 18-57	CT SPD > State Benefits (Recheck report)	Closed – no fraud detected.
18/19 18-58	CT SPD > State Benefits (Recheck report)	Passed to Finance for adjudication.
18/19 18-59	CT SPD > Blue Badge (Recheck report)	Closed – no fraud detected.
18/19 18-60	CT SPD > State Benefits (Recheck report)	Passed to Finance for adjudication.
18/19 18-61	CT SPD > State Benefits (Recheck report)	Closed – no fraud detected.
18/19 18-62	CT SPD > State Benefits (Recheck report)	Closed – no fraud detected.
18/19 18-63	CT SPD > State Benefits (Recheck report)	Passed to Finance for adjudication.
18/19 18-64	CT SPD > State Benefits (Recheck report)	Passed to Finance for adjudication.
18/19 18-65	CT SPD > State Benefits (Recheck report)	Closed – no fraud detected.
18/19 18-66	CT SPD > State Benefits (Recheck report)	Passed to Finance for adjudication.
18/19 18-67	CT SPD > State Benefits (Recheck report)	Closed – no fraud detected.
18/19 18-69	CT SPD > State Benefits (Recheck report)	Passed to Finance for adjudication.
18/19 18-70	CT SPD > State Benefits (Recheck report)	Closed – no fraud detected.
18/19 18-71	CT SPD > State Benefits (Recheck report)	Passed to Finance for adjudication.
18/19 18-72 18/19 18-79	CT SPD > State Benefits (Recheck report)	Passed to Finance for adjudication.
18/19 18-74	CT SPD > State Benefits (Recheck report)	Passed to Finance for adjudication.
18/19 18-75	CT SPD > State Benefits (Recheck report)	Passed to Finance for adjudication.

INVERCLYDE COUNCIL – REPORT ON INTERNAL AUDIT ACTIVITY

FROM 30 MARCH TO 27 JULY 2018

4 Corporate Fraud Activity (Continued)

18/19 18-76	CT SPD > State Benefits (Recheck report)	Referred to DWP.
18/19 18-78	CT SPD > State Benefits (Recheck report)	Passed to Finance for adjudication.
18/19 18-81	CT SPD > State Benefits (Recheck report)	Closed – no fraud detected.
18/19 18-84	CT SPD > State Benefits (Recheck report)	Ongoing investigation.
18/19 18-85	CT SPD > State Benefits (Recheck report)	Referred to DWP.
18/19 18-91	CT SPD > State Benefits (Recheck report)	Passed to Finance for adjudication.
18/19 18-107	CT SPD > Taxi Drivers (Recheck report)	Ongoing investigation.
18/19 18-109	CT SPD > State Benefits (Recheck report)	Ongoing investigation.
18/19 18-110	CT SPD > Taxi Drivers (Recheck report)	Ongoing investigation.
18/19 18-111	CT SPD > Payroll (Recheck report)	Ongoing investigation.
18/19 18-112	CT SPD > Blue Badge (Recheck report)	Ongoing investigation.
18/19 18-113	CT SPD > State Benefits (Recheck report)	Closed – no fraud detected.
18/19 18-114	CT SPD > Payroll (Recheck report)	Ongoing investigation.
18/19 18-115	CT SPD > Taxi Drivers (Recheck report)	Ongoing investigation.
18/19 18-116	CT SPD > Personal Alcohol Licence.	Closed – no fraud detected.
18/19 18-117	CT SPD > State Benefits	Ongoing investigation.

SPOC Liaison 1/4/18 – 27/7/18

DWP Referrals	30 this period	30 to date
LAIEF requests actioned	38 this period	38 to date

Whistleblowing/Referrals

Whistleblowing and referral cases closed/being investigated since the last Audit Committee are as follows:

File Ref	Description	Status
17/18 17-76	Council Tax Exemption	Ongoing investigation.
17/18 17-96	Council Tax Exemption	Ongoing investigation.
17/18 17-103	Council Tax Exemption	Closed – no fraud detected.
17/18 17-124	Fraudulent Expense Claims	Fraud established – report issued to management. Disciplinary investigations underway.
17/18 17-127	Misuse of Blue Badge	Closed – no fraud detected.
17/18 17-140	Misuse of Blue Badge	Misuse established. Letter issued.
17/18 17-145	Council Tax Exemption	Fraud established. Account updated and liable party rebilled.
17/18 17-147	Alleged misuse of Funds	Report issued to management. See section 6.

INVERCLYDE COUNCIL – REPORT ON INTERNAL AUDIT ACTIVITY

FROM 30 MARCH TO 27 JULY 2018

4 Corporate Fraud Activity (Continued)

Whistleblowing and referral cases closed/being investigated since the last Audit Committee are as follows:

File Ref	Description	Status
17/18 17-159	Misuse of Blue Badge	Misuse established. Letter issued.
17/18 17-163	Misuse of Blue Badge	Misuse established. Visit to badge holder and advice given.
17/17 17-166	Council Tax Residence enquiry	Closed – no fraud established.
17/18 17-168	Misuse of Blue Badge	Misuse established. Badge cancelled.
18/19 18-01	Misuse of Expired Blue Badge	Misuse established. Letter issued.
18/19 18-02	Undeclared income – HB, CTR	Fraud established. Case being considered by DWP for criminal prosecution.
18/19 18-03	Undeclared partner – HB, CTR	Referred to DWP.
18/19 18-04	Council Tax Single Person Discount	Closed – no fraud detected.
18/19 18-05	Misuse of Blue Badge	Badge seized and misuse letter issued.
18/19 18-06	Misuse of Blue Badge	Badge seized and misuse letter issued.
18/19 18-08	Council Tax Exemption	Ongoing investigation.
18/19 18-10	Misuse of Blue Badge	Closed – no fraud detected.
18/19 18-13	Misuse of Blue Badge	Misuse established. Badge cancelled.
18/19 18-14	Council Tax Exemption	Passed to Finance for adjudication.
18/19 18-16	Misuse of Blue Badge	Badge seized and misuse letter issued.
18/19 18-19	Undeclared non dependant – HB, CTR	System updated and fraud prevented.
18/19 18-20	Misuse of Blue Badge	Referred to Corporate Fraud team at North Ayrshire Council.
18/19 18-21	Housing Benefits enquiry	Referred to DWP.
18/19 18-24	Council Tax Residence enquiry	Closed – no fraud detected.
18/19 18-27	Misuse of Expired Blue Badge	Badge seized and misuse letter issued. BBIS updated.
18/19 18-37	Housing Benefits enquiry	Closed – no fraud detected.
18/19 18-38	Misuse of Blue Badge	Referred to North Ayrshire Council.
18/19 18-39	Council Tax Residence enquiry	Closed – no fraud detected.
18/19 18-40	Housing Benefits enquiry	Referred to DWP.
18/19 18-56	Single Person Discount	Fraud established. Account updated and liable party rebilled.
18/19 18-68	Council Tax Residence enquiry	Closed – no fraud detected.
18/19 18-73	Housing Benefit enquiry	Referred to DWP.

INVERCLYDE COUNCIL – REPORT ON INTERNAL AUDIT ACTIVITY

FROM 30 MARCH TO 27 JULY 2018

4 Corporate Fraud Activity (Continued)

18/19 18-77	Misuse of Blue Badge	Badge seized and misuse letter issued.
18/19 18-80	Council Tax Residence enquiry	Closed – no fraud detected.
18/19 18-82	Single Person Discount	Ongoing investigation.
18/19 18-83	Misuse of Expired Blue Badge	Badge seized and misuse letter issued.
18/19 18-86	Misuse of Blue Badge	Badge seized and misuse letter issued.
18/19 18-87	Council Tax Residence enquiry	Referred to DWP.
18/19 18-89	Misuse of Expired Blue Badge	Badge seized and misuse letter issued.
18/19 18-90	Housing Benefits enquiry	Passed to Finance for adjudication.
18/19 18-92	Single Person Discount	Ongoing investigation.
18/19 18-93	Misuse of Expired Blue Badge	Badge seized and misuse letter issued.
18/19 18-95	Single Person Discount	Ongoing investigation.
18/19 18-96	Single Person Discount	Ongoing investigation.
18/19 18-98	Misuse of Blue Badge	Badge seized and misuse letter issued.
18/19 18-99	Misuse of Blue Badge	Badge seized and misuse letter issued.
18/19 18-100	Misuse of Expired Blue Badge	Badge seized and misuse letter issued.
18/19 18-102	Misuse of Blue Badge	Misuse letter issued.
18/19 18-103	CTR/Single Person Discount	Ongoing investigation.
18/19 18-108	Council Tax Exemption	Ongoing investigation.
18/19 18-118	Misuse of Blue Badge	Ongoing investigation.

5 Ad hoc activities undertaken since the previous Audit Committee

- 5.1 From time to time, management will request the assistance of Internal Audit in certain activities that are in addition to the annual Operational Plan. Examples of such activities include investigations of alleged irregularities, review of changes in system procedures etc.
- 5.2 Contingency has been made available in the Operational Plan for such ad hoc activities. Since the previous Audit Committee, ad hoc activity undertaken in the period is as follows:
- Providing relevant information in relation to FOI requests.
 - Review of SPT Grant Claims.

INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
AT 30 JUNE 2018

Summary: Section 1 Summary of Management Actions due for completion by 30/06/18

There was one action due for completion by 30 June 2018 and the action date for this item has been revised.

Section 2 Summary of Current Management Actions Plans at 30/06/18

At 30 June 2018 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

Section 3 Current Management Actions at 30/06/18

At 30 June 2018 there was a total of 6 current audit action points.

Section 4 Analysis of Missed Deadlines

At 30 June 2018 there was one audit action point where the agreed deadline had been missed.

Section 5 Summary of Action Plan Points by Audit Year

**INVERCLYDE COUNCIL INTERNAL AUDIT
 REPORT TO AUDIT COMMITTEE ON
 STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
 SUMMARY OF MANAGEMENT ACTION PLANS DUE FOR COMPLETION BY 30.06.18**

SECTION 2

Directorate	No. of Actions Due	No. of Actions Completed	Deadline missed Revised date set*	Deadline missed Revised date to be set*
Environment, Regeneration & Resources	0			
Health and Social Care Partnership (HSCP)	0			
Education, Communities and Organisational Development	1		1	
Total	1		1	

* These actions are included in the Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
SUMMARY OF CURRENT MANAGEMENT ACTION PLANS AS AT 30.06.18**

SECTION 2

CURRENT ACTIONS BY DIRECTORATE

Education, Communities and Organisational Development	
Due for completion September 2018	1
Total Actions	1
HSCP	
Due for completion March 2019	5
Total Actions	5
Total current actions:	6

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
CURRENT MANAGEMENT ACTIONS AS AT 30.06.18**

SECTION 3

Education, Communities and Organisational Development

Action	Owner	Expected Date
Corporate Health and Safety (September 2016)		
<p>Planning and Managing Health and safety audits and inspections including data retention requirements (Amber) Feasibility of using Figtree for Health and Safety information is now complete and functionality is now being tested with a view to populating the system by the end of the financial year 2017/2018. (New Action)</p>	Health and Safety Team Leader	30.09.18*

HSCP

Action	Owner	Expected Date
HSCP Commissioning (July 2018)		
<p>Developing themed strategic commissioning of HSCP services (Amber) Management will examine how to:</p> <ul style="list-style-type: none"> • reduce unnecessary differences in client assessment arrangements between Teams for those clients with two or more care needs. This exercise will aim to more closely co-ordinate overall client assessments with practically applying themed strategic commissioning arrangements; • avoid unintentionally providing clients with more care than their assessed needs require by focusing themed strategic commissioning activities on delivering positive outcomes for clients. These efforts will be undertaken alongside the on-going development of preventative and early intervention activities; • place a greater emphasis on a “bottom-up” rather than “top-down” approach to themed strategic commissioning of services by focusing on trying to achieve positive outcomes for clients and so improve their lives; and • develop an effective mechanism for allocating client care costs across Team budgets for those clients with complex needs and so enhance the financial information which underpins commissioning activities. 	Commissioning Working Group	31.03.19

* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
CURRENT MANAGEMENT ACTIONS AS AT 30.06.18**

SECTION 3

HSCP (Continued)

Action	Owner	Expected Date
HSCP Commissioning (July 2018)		
<p>Developing themed strategic commissioning of HSCP services (Amber) Management will identify changes to procurement and commissioning policies and procedures which will adequately support themed strategic commissioning in practice.</p>	Commissioning Working Group	31.03.19
<p>Managing Strategic Commissioning practices (Amber) Management will promote the role of the Strategic Commissioning Team amongst relevant HSCP officers. This exercise will include encouraging operational managers to always make contact at an early stage whenever they need to;</p> <ul style="list-style-type: none"> • change commissioned services; • review grants paid to external organisations for commissioned services; and • review Service Level Agreements for commissioned services. 	Commissioning Working Group	31.03.19
<p>Management will consult relevant Finance staff about how best to use FMS in a one-off exercise to identify and manage any pockets of HSCP expenditure which are not yet subject to approved commissioning arrangements.</p>	Commissioning Working Group	31.03.19
<p>Management will create a prioritised action plan of key tasks for the Market Facilitation & Commissioning Plan. This exercise will include an analysis of the risks to successfully implementing the plan.</p>	Commissioning Working Group	31.03.19

* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
ANALYSIS OF MISSED DEADLINES**

SECTION 4

Report	Action	Original Date	Revised Date	Management Comments
Corporate Health and Safety (September 2016)	Planning and Managing Health and safety audits and inspections including data retention requirements (Amber) Feasibility of using Figtree for Health and Safety information is now complete and functionality is now being tested with a view to populating the system by the end of the financial year 2017/2018. (New Action)	31.03.18 30.06.18	30.09.18	User acceptance testing has been carried out and feedback has been provided to the software developer. Further development work will be carried out and further UAT will be undertaken. The project plan has been updated and the implementation date is now September 2018.

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
SUMMARY OF ACTION PLAN POINTS BY AUDIT YEAR**

SECTION 5

The following table sets out the total number of agreed actions raised by audit year together with their completion status as at 30 June 2018.

Audit Year	Total Agreed Actions	Total Actions Completed	Total Current Actions Not Yet Due*		
			Red	Amber	Green
2012/2013	76	76	0	0	0
2013/2014	116	115	0	0	1
2014/2015	77	76	0	0	1
2015/2016	52	52	0	0	0
2016/2017	66	65	0	1	0
2017/2018	53	32	0	5	16
Total	440	416	0	6	18

*This part of the table sets out the total number of current actions not yet due at the date of the follow up report. The AMBER actions are included in Section 3 of the follow up report.