



# Brent

**Audit Committee**  
19 March 2014

## **Report from the Chief Finance Officer**

For Information

Wards Affected:  
ALL

### **Internal Audit Progress Report 2013/14**

#### **1. Summary**

- 1.1. This report presents a summary of the work of Internal Audit and the Investigations Team from 1st April 2013 to 28<sup>th</sup> February 2014. The appendix provides further details of audit reports issued.

#### **2. Recommendations**

- 2.1. That the Audit Committee notes the progress made in achieving the 2013/14 Internal Audit Plan and the review of fraud work.

#### **3. Detail**

##### **Internal Audit - Progress**

- 3.1. The Internal Audit Plan for 2013/14 comprises 1,248 days, including 48 days brought forward from the previous year which were not delivered. The majority, 953 days, of the plan is delivered through Mazars Public Sector Internal Audit Limited called off from a framework contract procured by Croydon Council. A small in-house team deliver a further 295 days.
- 3.2. As at 28<sup>th</sup> February 2014 a total of 888 (71%) days have been delivered against the plan. At a similar point last year some 84% had been delivered and the

majority of the key financial systems audit work was already in progress during quarter 3.

3.3. In the current year, as a result of the delays in the implementation of the One Oracle Financial System, the main financial systems audits (Accounts Receivable; Accounts Payable; General Ledger and Payroll) have had to be delayed and replaced with other audit work in quarter 4. The original audit plan, agreed by the Audit Committee in March 2013<sup>1</sup> has been subject to amendment. Where projects are removed or deferred, the consequent available resource is allocated to new projects. The key changes to the plan are set out below:

- Key Financial Systems – Additional 25 days added to plan for testing both pre and post migration transactions on Oracle (accounts payable, receivable, general ledger and payroll)
- Sexual Health Contracts - 10 day audit removed and to be covered as part of Public Health Grants to Voluntary Organisations.
- Placements – 25 day audit added to at the request of management
- Brent Foster Carers – 12 day audit added to plan at the request of management although . This audit has now been postponed to the 2014/15 financial year due to delays in the implementation of a new payments system.
- Kingsbury Resource Centre – 10 day audit added to plan at the request of management.
- Private Nurseries – 25 day audit added to plan as a result of two fraud enquiries.
- Highways Maintenance - Deferred by Audit and Investigation due to other projects being required
- Vale Farm Contract – Removed from plan as contract re-let in November 2013 and Ealing Council will be responsible for contract management.
- Procurement – Audit deferred due to delays in the implementation of One Oracle Category Management.

- Ward Working - 15 days replaced by an audit of Grants to Voluntary Organisations due to issues highlighted as a result of another audit.
- Appointeeship & Deputyship account balances verification work – 20 days added to plan due to earlier investigation work.
- Safeguarding Adults audit – 15 days removed from plan due to delays in completion of two projects.
- Tudor Gardens Residential Home audit – added to plan as replacement for safeguarding audit.
- Parking Audit – 20 days removed from plan due to restructure within Environment & Neighborhoods. Audit will now be undertaken in 2014/15.
- John Billam Centre & New Millennium Day Care Centre establishment audits – 20 days replacement for parking audit.
- Community Infrastructure Levy – 10 days added to plan so that this can be undertaken as a separate audit from the S106 audit due to the deferring regimes and requirements.

3.4. The original audit plan contained 75 projects with an identifiable deliverable. Changes in year have resulted in the number of deliverables increasing to 78. To date, 44 draft and final reports have been issued, representing 55% of the total. It is normal for a quantity of reports due for the year to be issued after year end during April and May and Resources are available within the internal audit contractor to recover the position. However, successful delivery assumes that auditees are able to respond to requests for information within appropriate timescales. The status of original and revised projects on the current plan is set out in table 1 below:

| Audit   | Days in the plan | Revised Days | Total days delivered | Progress  | Assurance Opinion/ Direction of Travel | Recommendation s made<br>Priority |   |   | Issue Date |
|---|------------------|--------------|----------------------|---|--|-----------------------------------|---|---|------------|
|   |                  |              |                      |   |  | 1                                 | 2 | 3 |            |
| CROSS COUNCIL / CORPORATE AUDIT   |                  |              |                      |   |  |                                   |   |   |            |
| Disclosure & Barring (formerly CRB checks)  | 20               | 25           | 25                   | WIP   |  |                                   |   |   |            |
| Sickness & Absence Management   | 20               | 20           | 18                   | WIP   |  |                                   |   |   |            |
| Business Continuity Planning & Emergency Planning   | 10               | 10           | 10                   | Final Report  | Limited (Improved)                     | 1                                 | 4 | 2 | 12/09/2013 |
| GPC Cards   | 20               | 0            | 0                    | Withdrawn by A&I due to in depth cross council testing and system recommendations by investigation team following fraud enquiry   |  |                                   |   |   |            |
| Corporate Income Collection Arrangement (Original focus was cemeteries and mortuary income) | 10               | 10           | 1                    | Due in Q1 but postponed to Q4 due to change in focus of audit following change in responsibility for area and corporate arrangements now in place at the Civic Centre. Initial planning meeting held. |  |                                   |   |   |            |
| CROSS COUNCIL / CORPORATE Total   | 80               | 65           | 54                   |   |  |                                   |   |   |            |
|   |                  |              |                      |   |  |                                   |   |   |            |
| FINANCE   |                  |              |                      |   |  |                                   |   |   |            |
| Accounts Payable  | 15               | 0            | 0                    | Removed from 2014/15 plan   |  |                                   |   |   |            |
| Accounts Receivable   | 15               | 0            | 0                    | Removed from 2014/15 plan   |  |                                   |   |   |            |
| General Ledger  | 15               | 0            | 0                    | Removed from 2014/15 plan   |  |                                   |   |   |            |
| Pension Fund Investments  | 10               | 10           | 10                   | Final Report  | Substantial (Unchanged)                | 0                                 | 4 | 1 | 13/11/2013 |
| Governance Risk & Compliance Oracle Module  | 6                | 5            | 0                    | Lack of progress in developing module   |  |                                   |   |   |            |
| One Oracle Project (SME and FIT Meeting attendance)   | 5                | 9            | 7                    | Advisory  |  |                                   |   |   |            |
| Insurance   | 15               | 15           | 15                   | Final Report  | Limited (Deteriorated)                 | 9                                 | 5 | 1 | 13/11/2013 |
| Pre-Migration Audit - (AP/AR/GL/HR/Payroll)   | 0                | 25           | 23                   | File Review in Progress   |  |                                   |   |   |            |
| Finance Total   | 81               | 64           | 55                   |   |  |                                   |   |   |            |
|   |                  |              |                      |   |  |                                   |   |   |            |
| CHILDREN AND YOUNG PEOPLE   |                  |              |                      |   |  |                                   |   |   |            |
| Christchurch  | 10               | 0            | 0                    | Deferred to 2014/15 at request of school  |  |                                   |   |   |            |
| Mount Stewart Junior  | 10               | 10           | 10                   | Final Report  | Substantial                            | 4                                 | 6 | 4 | 03/12/2013 |

|   |    |    |    |  |                         |   |    |            |            |
|---|----|----|----|--|-------------------------|---|----|------------|------------|
| Our Lady of Grace Infants   | 10 | 11 | 11 | Final Report   | Substantial             | 2 | 10 | 4          | 13/01/2014 |
| Our Lady of Grace Juniors   | 10 | 10 | 10 | Final Report   | Substantial             | 4 | 13 | 2          | 19/11/2013 |
| Woodfield   | 10 | 18 | 18 | Final Report   | Limited                 | 9 | 19 | 1          | 29/11/2013 |
| Michael Sobell Sinai  | 10 | 0  | 0  | Deferred to 14/15 at request of school   |                         |   |    |            |            |
| Byron Court   | 10 | 13 | 13 | Final Draft Report   | Limited                 | 4 | 13 | 5          | 12/09/2013 |
| Manor Day   | 10 | 10 | 10 | Draft Report   | Substantial             | 2 | 9  | 5          | 14/02/2014 |
| Copland   | 10 | 0  | 0  | Removed from plan due to academy proposals                                       |                         |   |    |            |            |
| Braintcroft   | 10 | 10 | 10 | Final Report   | Substantial             | 4 | 9  | 1          | 15/01/2014 |
| Harlesden   | 10 | 10 | 0  | Due Q3 deferred to Q4 due to staff illness                                       |                         |   |    |            |            |
| Kingsbury Green   | 0  | 10 | 10 | Final Report   | Substantial (Improved)  | 2 | 7  | 4          | 04/02/2014 |
| Malorees Infants  | 10 | 0  | 0  | Deferred to 2014/15 at request of school   |                         |   |    |            |            |
| Our Lady of Lourdes   | 10 | 10 | 10 | Final Report   | Substantial (Improved)  | 1 | 4  | 6          | 02/10/2013 |
| Donnington  | 10 | 10 | 10 | Final Report   | Substantial             | 2 | 6  | 4          | 23/07/2013 |
| Fryent  | 10 | 15 | 15 | Draft Report to be issued  | Substantial             | 5 | 15 | 1          |            |
| Northview   | 0  | 10 | 10 | Final report   | Substantial (Unchanged) | 2 | 4  | 2          | 26/02/2014 |
| Mount Stewart Infants   | 0  | 10 | 10 | Final Report   | Limited                 | 6 | 7  | 4          | 30/01/2014 |
| 1* School   | 0  | 10 | 0  | To be booked for Q4  |                         |   |    |            |            |
| Other School Issues / Training  | 0  | 10 | 7  | Ongoing  |                         |   |    |            |            |
| Follow up work for the schools with Limited Assurance                 | 20 | 30 | 20 | Ongoing  | Non Assurance Work      |   |    |            |            |
| Frameworki (migration from various miscellaneous systems)             | 20 | 0  | 0  | Due Q1 but replaced with two separate projects in light of system developments   |                         |   |    |            |            |
| Troubled Families Programme Systems                                   | 15 | 0  | 0  | Not done due to systems issues being picked up as a result of certification work |                         |   |    |            |            |
| Capital Grant Funding for Nursery Places for 2 Year Olds              | 5  | 5  | 5  | Complete   | Non Assurance Work      |   |    | 31/05/2013 |            |
| Gordon Brown Education Centre   | 10 | 10 | 10 | Draft Report to be issued.   | Substantial             | 2 | 4  | 1          |            |
| Single Commissioning Unit (Children and Adult Social Services)        | 5  | 0  | 0  | Withdrawn as the project has not progressed                                      |                         |   |    |            |            |
| Troubled Families Grant Claim Certification Families Worked with June | 0  | 5  | 5  | Claim certified  |                         |   |    |            | 15/7/2013  |

|  |     |     |     |   |                |   |   |   |            |
|--|-----|-----|-----|---|----------------|---|---|---|------------|
| 2013   |     |     |     |   |                |   |   |   |            |
| Troubled Families Grant Claim Certification Families Worked with August 2013 | 0   | 5   | 5   | Claim certified   |                |   |   |   | 23/8/2013  |
| Troubled Families Grant Claim Certification Payment By Results August 2013   | 0   | 5   | 5   | Claim certified   |                |   |   |   | 23/8/2013  |
| Troubled Families Grant Claim Certification Payment By Results October 2013  | 0   | 6   | 6   | Claim certified   |                |   |   |   | 25/10/2013 |
| Troubled Families Grant Claims January 2014                                  | 0   | 12  | 12  | Claim certified<br>(To include additional time spent on the remaining grant claims throughout the year and advice provided to the team)             |                |   |   |   | 14/02/2014 |
| Frameworkki purchasing   | 0   | 12  | 12  | Final Report  | Limited        | 5 | 2 | 2 | 09/08/2013 |
| Frameworkki payments   | 0   | 11  | 11  | Final Report  | Not applicable |   |   |   | 10/12/2013 |
| Placements   | 0   | 28  | 2   | Due Q3, WIP but delayed due to restructure within dept. Now Work in Progress.   |                |   |   |   |            |
| Brent Foster Carers  | 0   | 0   | 0   | Not going to take place due to implementation of new processes and systems.   |                |   |   |   |            |
| Nurseries  | 0   | 25  | 14  | Work In Progress  |                |   |   |   |            |
| Frameworkki Board Advisory   | 0   | 3   | 3   | Attended Board meetings.  |                |   |   |   |            |
| C&F Total  | 225 | 328 | 246 |   |                |   |   |   |            |
|  |     |     |     |   |                |   |   |   |            |
| ADULT SOCIAL SERVICES  |     |     |     |   |                |   |   |   |            |
| Safeguarding   | 15  | 0   | 0   | Audit now not undertaken due to the implementation of new systems. Will now be undertaken in 2014/15. Replaced by Tudor Gardens (Residential Care). |                |   |   |   |            |
| Transitions Team (14-25 year old)  | 15  | 15  | 1   | Delayed due to team restructuring. Planning meeting held and due to commence at the end of March.   |                |   |   |   |            |
| Sexual Health Contracts  | 10  | 0   | 0   | Transferred to Contingency as to be covered as part of Public Health Audits - Grants to Voluntary Organisations                                     |                |   |   |   |            |
| Carers Audit   | 10  | 10  | 10  | Final Report  | Limited        | 5 | 2 | 1 | 04/12/2014 |
| Kingsbury Resource Centre  | 0   | 10  | 10  | Draft Report  | Limited        | 7 | 7 | 3 |            |
| John Billam Resource Centre  | 0   | 10  | 0   | Booked in March 2014  |                |   |   |   |            |
| New Millennium Day Care Centre   | 0   | 10  | 0   | Booked in March 2014  |                |   |   |   |            |
| Tudor Gardens  | 0   | 15  | 0   | Work to commence w/c 3 <sup>rd</sup> March 2014   |                |   |   |   |            |

|   |    |     |    |  |                            |   |   |   |            |
|---|----|-----|----|--|----------------------------|---|---|---|------------|
| Appointeeship & Deputyship 2012/13 accounts verification      | 0  | 20  | 0  | Q4   |                            |   |   |   |            |
| Soft Box - Migration of Data on Abacus to Frameworki          | 10 | 12  | 12 | Final Report   | Limited                    | 3 | 3 | 1 | 10/12/2013 |
| Adult Social Services Total                                   | 60 | 102 | 33 |  |                            |   |   |   |            |
|   |    |     |    |  |                            |   |   |   |            |
| ENVIRONMENT & NEIGHBOURHOOD (E&N)                             |    |     |    |  |                            |   |   |   |            |
| Parking   | 20 | 0   | 0  | Withdrawn  |                            |   |   |   |            |
| Highways Maintenance  | 15 | 0   | 0  | Deferred to 14/15 by A&I   |                            |   |   |   |            |
| Recycling & Waste   | 10 | 10  | 10 | Final Report   | Limited                    | 1 | 1 | 0 | 26/06/2013 |
| PFI - Street Lighting review of energy consumption data       | 5  | 3   | 3  | Ill defined scope by management, project withdrawn by A&I during course of audit   |                            |   |   |   |            |
| Vale Farm Contract  | 10 | 0   | 0  | Due Q3, but withdrawn due to change in responsibility for contract management, now with LB Ealing. Needs different scope in 14/15. |                            |   |   |   |            |
| E&N Total   | 60 | 13  | 13 |  |                            |   |   |   |            |
|   |    |     |    |  |                            |   |   |   |            |
| HUMAN RESOURCES   |    |     |    |  |                            |   |   |   |            |
| Payroll systems audit   | 20 | 0   | 0  | Deferred to 2014/15 due to delay in implementation of oracle   |                            |   |   |   |            |
|   |    |     |    |  |                            |   |   |   |            |
| LEGAL AND PROCUREMENT   |    |     |    |  |                            |   |   |   |            |
| Procurement   | 15 | 0   | 0  | Deferred to 2014/15 due to delay in implementation of oracle   |                            |   |   |   |            |
| Members expenses and allowances                               | 8  | 8   | 8  | Final Report   | Substantial (Deteriorated) | 0 | 1 | 2 | 06/08/2013 |
| Freedom of Information  | 10 | 20  | 20 | Revised Draft Report issued  | Limited                    | 5 | 9 | 0 | 31/01/2014 |
| G & CS Total  | 53 | 28  | 28 |  |                            |   |   |   |            |
|   |    |     |    |  |                            |   |   |   |            |
| REGENERATION & GROWTH (R&G)                                   |    |     |    |  |                            |   |   |   |            |
| Capital Projects (contract audits)                            | 30 | 30  | 10 | Work in Progress   |                            |   |   |   |            |
| Civic Centre Project - Final Accounts                         | 15 | 0   | 0  | Deferred to 14/15  |                            |   |   |   |            |
| Homelessness and Temporary Accommodation/ Housing Allocations | 20 | 20  | 10 | Work in Progress   |                            |   |   |   |            |
| S106  | 10 | 10  | 8  | Work in Progress   |                            |   |   |   |            |
| Community Infrastructure Levy                                 | 0  | 10  | 2  | Work in Progress   |                            |   |   |   |            |

|   |     |     |    |  |                         |   |   |   |            |
|---|-----|-----|----|--|-------------------------|---|---|---|------------|
| Council Tax   | 15  | 15  | 15 | Draft Report   | Substantial (Unchanged) | 0 | 3 | 4 | 18/02/2014 |
| Local Council Support Scheme (formerly Council Tax Benefit)                             | 12  | 12  | 12 | Draft Report   | Substantial             | 1 | 5 | 2 |            |
| National Non Domestic Rates (NNDR)  | 15  | 15  | 15 | Draft Report   | Substantial (Unchanged) | 1 | 3 | 2 | 25/02/2014 |
| Use of NNDR Funds   | 5   | 5   | 0  | Q4   |                         |   |   |   |            |
| Housing Benefits / Discretionary Payments   | 20  | 25  | 23 | Management Review in Progress                                    |                         |   |   |   |            |
| R&G Total   | 142 | 142 | 95 |  |                         |   |   |   |            |
|   |     |     |    |  |                         |   |   |   |            |
| ASSISTANT CHIEF EXECUTIVE'S PORTFOLIO   |     |     |    |  |                         |   |   |   |            |
| Data Quality  | 10  | 10  | 10 | Draft Report   | Substantial             | 1 | 3 | 1 | 13/11/2013 |
| Complaints  | 10  | 16  | 14 | Management Review in Progress                                    |                         |   |   |   |            |
| Ward Working  | 15  | 0   | 0  | Due Q1 but replaced with Grants to Voluntary Organisations in Q4 |                         |   |   |   |            |
| Grants to Voluntary Organisations   | 0   | 10  | 0  | Q4 Audit Planning meeting on 26 February 2014                    |                         |   |   |   |            |
| Payments to Public Health Contracts (Transfer of responsibilities from PCT to Council ) | 10  | 0   | 0  | Replaced with Grants to Voluntary Organisations (Public Health)  |                         |   |   |   |            |
| Grants to Voluntary Organisations (Public Health)                                       | 0   | 15  | 0  | Q4 Planning meeting in March 2014                                |                         |   |   |   |            |
| Public Health Contract Management (Stop Smoking)  | 25  | 30  | 13 | Work in Progress   |                         |   |   |   |            |
| Public Health Board   | 0   | 5   | 4  | Ongoing  |                         |   |   |   |            |
| ACEP Total  | 70  | 86  | 41 |  |                         |   |   |   |            |
|   |     |     |    |  |                         |   |   |   |            |
| IT Audits (132 Days)  |     |     |    |  |                         |   |   |   |            |
| Oracle - Pre Implementation   | 10  | 16  | 16 | Draft Report   | Substantial             | 0 | 4 | 1 | 27/02/2014 |
| Oracle - Post Implementation  | 8   | 0   | 0  | Withdrawn as One Oracle is not due to go live in 2013/14         |                         |   |   |   |            |
| Migration of Appointeeship and Deputyship (Abacus, ResFunds, Quicken)                   | 10  | 14  | 14 | Final Report   | Limited                 | 1 | 2 | 0 | 18/12/2013 |
| View 360  | 10  | 10  | 10 | Final Report   | Substantial (unchanged) | 0 | 4 | 0 | 11/12/2013 |
| Infostore - Apps Sharepoint   | 10  | 10  | 0  | Draft Report   | Limited                 | 0 | 7 | 0 | 28/01/2014 |



|   |     |     |     |  |                         |   |   |   |             |
|---|-----|-----|-----|--|-------------------------|---|---|---|-------------|
| Implementation  |     |     |     |  |                         |   |   |   |             |
| Academy   | 10  | 10  | 10  | Final Report   | Substantial (Unchanged) | 0 | 4 | 3 | 20/09/2013  |
| Telecommunications (telephony with iphones and also to include Ipads Security and management) | 15  | 20  | 5   | Work In Progress   |                         |   |   |   |             |
| I Pads Security and Management *  | 8   | 0   | 0   | Now included in Telecommunications audit                 |                         |   |   |   |             |
| Network Infrastructure  | 20  | 15  | 8   | Work In Progress   |                         |   |   |   |             |
| Remote Access   | 12  | 10  | 6   | Work In Progress   |                         |   |   |   |             |
| Follow Up   | 8   | 8   | 5   | On going   |                         |   |   |   |             |
| Planning for 13/14 audit  | 1   | 1   | 1   | Complete   |                         |   |   |   |             |
| IT Total  | 122 | 114 | 75  | *10 days included in BHP Audit Plan                      |                         |   |   |   |             |
|   |     |     |     |  |                         |   |   |   |             |
| OTHER   |     |     |     |  |                         |   |   |   |             |
| Risk Management   | 15  | 15  | 10  |  |                         |   |   |   |             |
| Governance & Audit Planning 2014/15   | 13  | 14  | 6   |  |                         |   |   |   |             |
| Consultation, Communication and Reporting (Deloitte)  | 55  | 55  | 50  |  |                         |   |   |   |             |
| Follow-Up   | 45  | 45  | 30  |  |                         |   |   |   |             |
| A&I Office Move and archiving   | 10  | 15  | 15  |  |                         |   |   |   |             |
| Advice on Internal Controls   | 0   | 2   | 2   | Advice on I-Expense and other new system implementation. |                         |   |   |   |             |
| Contingency   | 19  | 4   | 0   |  |                         |   |   |   |             |
| OTHER Total   | 157 | 150 | 113 |  |                         |   |   |   |             |
|   |     |     |     |  |                         |   |   |   |             |
| BRENT HOUSING PARTNERSHIP (BHP)   |     |     |     |  |                         |   |   |   |             |
| Housing Repairs and Maintenance   | 12  | 12  | 0   | Q4 Planning meeting requested                            |                         |   |   |   |             |
| Housing Rents   | 8   | 8   | 8   | Final Report   | Substantial (Unchanged) | 0 | 4 | 2 | 10/12//2013 |
| Major Works Contracts   | 10  | 10  | 2   | Work In Progress   |                         |   |   |   |             |
| Financial Management  | 12  | 0   | 0   | Replaced with Key Financial Systems Transactions Testing |                         |   |   |   |             |
| Key Financial Systems Transactions Testing - AR/AP/GL &                                       | 0   | 12  | 11  | File Review in Progress                                  |                         |   |   |   |             |

|  |      |      |     |  |                  |    |   |   |            |
|--|------|------|-----|--|------------------|----|---|---|------------|
| Payroll                                  |      |      |     |  |                  |    |   |   |            |
| Rent Arrears Management                  | 12   | 12   | 9   | Work in Progress                                   |                  |    |   |   |            |
| Budget Management                        | 0    | 8    | 8   | Draft Report                                       | Substantial      | 0  | 3 | 0 | 25/02/2014 |
| Treasury Management & Investment         | 8    | 0    | 0   | Replaced with Budget Management                    |                  |    |   |   |            |
| Voids and Disrepair                      | 10   | 12   | 12  | Draft Report                                       | Limited          | 11 | 6 | 2 | 27/01/2014 |
| Fire Safety                              | 12   | 12   | 12  | Final Report                                       | Limited          | 1  | 3 | 0 | 18/12/2013 |
| Gas Safety                               |      |      |     | Final Report                                       | Full (Unchanged) | 0  | 0 | 0 | 18/12/2014 |
| Management of Non Brent Properties       | 12   | 12   | 9   | Work in Progress                                   |                  |    |   |   |            |
| Resident Involvement                     | 12   | 12   | 11  | File Review in Progress                            |                  |    |   |   |            |
| Leasehold Management and Service Charges | 12   | 12   | 10  | Work in Progress                                   |                  |    |   |   |            |
| V5                                       | 10   | 0    | 0   | Replaced with One Oracle Pre-migration audit below |                  |    |   |   |            |
| One Oracle Pre-Migration                 | 0    | 10   | 10  | Draft Report                                       | Substantial      | 1  | 4 | 1 | 27/02/2014 |
| Management and Follow up                 | 20   | 18   | 15  |  |                  |    |   |   |            |
| BHP Total                                | 150  | 150  | 117 |  |                  |    |   |   |            |
|  |      |      |     |  |                  |    |   |   |            |
| Total                                    | 1200 | 1248 | 888 |  |                  |    |   |   |            |

**Table 1 – Planned Projects and Progress as at 28/02/2014**

3.5. A summary of progress is set out in table 2 below:

| <b>Delivery Status</b>                                      |      |
|---|------|
| Total days in the plan                                      | 1248 |
| Number of days delivered to date                            | 888  |
| % of days delivered to date                                 | 71%  |
| Days to be delivered  | 360  |
| Total number of reports to be delivered in current plan     | 78   |
| Number of draft/final reports/certifications issued to date | 44   |
| % of reports issued to date                                 | 56%  |

**Table 2 – Delivery Status as at 28/02/14**

## Fraud - Housing Benefit

- 3.6. Caseload information is set out in table 3 below. In summary, the team has completed full investigations into 81 cases and identified fraud in 51 of these. 22 individuals have been prosecuted and 16 have had an administrative penalty applied (of up to 30% of the value of the overpayment). Overpayments are being recovered in these and 13 additional cases where no sanction was applied. The total value of fraud overpayments identified by the team is in excess of £1.3m.

| HB Fraud               | 20013/14<br>Quarter 1 | 20013/14<br>Quarter 2 | 2013/14<br>Quarter 3 | 2013/14<br>Year to date | 20012/13   |
|------------------------|-----------------------|-----------------------|----------------------|-------------------------|------------|
| Referrals              | 152                   | 198                   | 159                  | 509                     | 666        |
| Closed                 | 213                   | 413                   | 175                  | 801                     | 622        |
| Passed to other agency | 37                    | 31                    | 29                   | 97                      | N/A        |
| Screened Out           | 147                   | 356                   | 120                  | 623                     | 432        |
| % screened             | 69%                   | 86%                   | 69%                  | 78%                     | 69%        |
| Investigated           | 29                    | 26                    | 26                   | 81                      | 190        |
| Fraud Found            | 17                    | 17                    | 17                   | 51                      | 121        |
| Hit Rate               | 58%                   | 65%                   | 65%                  | 63%                     | 64%        |
| Caution                | 0                     | 0                     | 0                    | 0                       | 0          |
| Admin Penalty          | 8                     | 4                     | 4                    | 16                      | 34         |
| Prosecution            | 8                     | 7                     | 7                    | 22                      | 28         |
| Total Sanctions        | <b>16</b>             | <b>11</b>             | <b>11</b>            | <b>38</b>               | <b>62</b>  |
| Summons Only           | 0                     | 0                     | 0                    | 0                       | 4          |
| Overpayment Only       | 1                     | 6                     | 6                    | 13                      | 43         |
| Value of HB/CTB fraud  | £477,000              | £203,000              | £280,000             | £960,000                | £1,786,000 |
| Value of DWP fraud     | £226,000              | £27,000               | £92,000              | £345,000                | £666,000   |
| Total value of fraud   | £703,000              | £230,000              | £372,000             | £1,305,000              | £2,452,000 |

**Table 3 – HB Fraud Q2 2013**

### Housing Tenancy Fraud

- 3.7. Caseload information is set out in table 4 below. In summary the team have completed 204 investigations and recovered 41 properties, primarily as a result of identify unlawful sub-letting.

| Housing Fraud         | 2013/14<br>Quarter 1 | 2013/14<br>Quarter 2 | 2013/14<br>Quarter 3 | 2013/14<br>Year to date | 2012/13 |
|-----------------------|----------------------|----------------------|----------------------|-------------------------|---------|
| Referrals             | 101                  | 32                   | 57                   | 190                     | 206     |
| Closed                | 84                   | 73                   | 61                   | 218                     | 227     |
| Screened Out          | 6                    | 6                    | 2                    | 14                      | 5       |
| Investigated          | 73                   | 67                   | 59                   | 204                     | 222     |
| Fraud Found           | 12                   | 22                   | 10                   | 44                      | 59      |
| Recovered Property    | 10                   | 21                   | 10                   | 41                      | 57      |
| RTB Stop              | 0                    |                      |                      | 0                       | 0       |
| Application refused   | 0                    |                      |                      | 0                       | 1       |
| Property Size reduced | 2                    | 1                    |                      | 3                       | 1       |

**Table 4 – Housing Fraud Q3 2013/14**

### Other External Fraud

- 3.8. The most prevalent area of activity in this category relates to Blue Badge forgery and misuse. There have been 10 prosecutions since April 2014 and 16 other sanctions. for Blue Badge offences. Caseload data is shown in table 5 below:

| Internal             | 2013/14<br>Quarter 1 | 2013/14<br>Quarter 2 | 2013/14<br>Quarter 3 | 2013/14<br>Year to<br>date | 2012/13 |
|----------------------|----------------------|----------------------|----------------------|----------------------------|---------|
| Referrals            | 19                   | 27                   | 11                   | 57                         | 65      |
| Closed               | 18                   | 21                   | 12                   | 52                         | 40      |
| Screened Out         | 1                    | 0                    | 2                    | 2                          | 2       |
| Investigated         | 17                   | 21                   | 7                    | 47                         | 31      |
| Fraud / Irregularity | 10                   | 16                   | 8                    | 33                         | 12      |

**Table 5 – Other External Fraud Q3 2013/14**

### Internal Fraud

- 3.9. Internal fraud refers to fraud committed by employees, agency staff and staff in schools. For the purposes of this report, “fraud” includes any financial irregularity, serious breach of financial regulations or the staff code of conduct. Since the beginning of the financial year, 11 staff have been dismissed for the following reasons: Working and claiming benefit; working whilst off sick; false overtime claims (school); conflict of interest; illegal working and theft (contractor). Activity for the year to date is shown in table 6 below:

| Internal             | 2013/14<br>Quarter 1 | 2013/14<br>Quarter2 | 2013/14<br>Quarter 3 | 2013/14<br>Year to<br>date | 2012/13 |
|----------------------|----------------------|---------------------|----------------------|----------------------------|---------|
| Referrals            | 12                   | 8                   | 15                   | 35                         | 47      |
| Closed               | 8                    | 5                   | 17                   | 30                         | 42      |
| Screened Out         | 0                    | 0                   | 1                    | 1                          | 1       |
| Investigated         | 8                    | 5                   | 16                   | 29                         | 41      |
| Fraud / Irregularity | 2                    | 3                   | 10                   | 15                         | 18      |
| Dismiss              | 2                    | 2                   | 7                    | 11                         | 5       |
| Resign               | 0                    | 0                   | 1                    | 1                          | 10      |
| Warning              | 0                    | 1                   |                      | 1                          | 2       |

**Table 6 – Internal Fraud Q3 2013**

## **General Fraud Issues**

- 3.10. The Audit and Investigation Team has been the subject of a restructuring which has been finalised. The three specialized investigation teams have been reduced to two generic teams who will work across all fraud types. Three senior manager posts have been replaced by a single manager and two team leader roles.
- 3.11. The DWP have confirmed their intention to transfer housing benefit investigators from local government into the DWP. This will mean that the council will no longer have responsibility for housing benefit fraud. A timetable is due to be published by the DWP in April which will determine the date of transfer for Brent staff. This could be as early as October 2014 or up to March 2016. The implications for staff will not be known until the DWP have set out their exact proposals and what transfer and funding arrangements will apply.

## **4. Financial Implications**

- 4.1. The total value of the contract is £300,000 in the current year and is funded within the Audit and Investigations base budget. If the total number of audit days attributable to Mazars is less than the 905 days allocated, then the total amount paid will reduce accordingly

## **5. Legal Implications**

- 5.1. None

## **6. Diversity Implications**

- 6.1. None

## **7. Background Papers**

1. Report from the Director of Finance and Corporate Services – Draft Internal Audit Plan 2013/14, Audit Committee 30<sup>th</sup> March 2013

## **8. Contact Officer Details**

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