

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**CORPORATE LEADERSHIP TEAM'S  
REPORT TO**

**Audit and Standards Committee  
14 July 2025**

**Report Title:** Internal Audit Outturn Report 2024/25

**Submitted by:** Chief Internal Auditor

**Portfolios:** All

**Ward(s) affected:** All

<b><u>Purpose of the Report</u></b>	<b><u>Key Decision</u></b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
To consider the annual report of the Internal Audit activity for the financial year 2024/25.			
<b><u>Recommendation</u></b>			
That Committee:			
1. Receive the outturn report containing the annual internal audit opinion for 2024/25.			
<b><u>Reasons</u></b>			
In accordance with the Internal Audit Charter, to report to the Audit and Standards Committee an annual outturn report including results of anti-fraud and corruption work / special investigations.			

**1. Background**

- 1.1 This report outlines the work undertaken by Internal Audit in respect of the 2024/25 annual plan.
- 1.2 Management is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements, i.e. the control environment of the organisation. Internal Audit acts as an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes<sup>1</sup>.
- 1.3 Internal Audit are required by professional standards i.e. the Public Sector Internal Audit Standards (PSIAS), and subsequently the Global Internal Audit Standards (GIAS) in the UK Public Sector, to deliver an annual internal audit opinion and report to those charged with governance timed to support the

<sup>1</sup> Both the Public Sector Internal Audit Standards and the Global Internal Audit Standards definition of Internal Auditing.

Annual Governance Statement. In accordance with these requirements, the Head of Internal Audit must provide an annual opinion that covers the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The annual report must incorporate:

- The opinion;
- A summary of the work that supports the opinion; and
- A statement on conformance with PSIAS and the Local Government Application Note (LGAN), highlighting any areas of non-conformance.

n.b. from 1st April 2025, the above standards (PSIAS) have been replaced with the 'Global Internal Audit Standards in the UK Public Sector' or GIAS, although the standard requirements have not changed in relation to the delivery of an annual internal audit opinion.

- 1.4 The underlying principles to the 2024/25 plan were outlined in the Internal Audit Strategy and Plan approved by Members of the Audit & Standards Committee on 22<sup>nd</sup> April 2024. Since the original plan was approved, one audit became unnecessary as it had already been completed by the previous Internal Audit Providers. After consulting with the Service Director for Finance (S151 Officer) and the Corporate Leadership team, it was decided that this audit would not be substituted with another audit due to the imminent end of the financial year. Consequently, the fee for this audit is to be refunded.
- 1.5 Also, it should be noted that work is scheduled to meet the requirements of the business area to ensure the greatest benefit is achieved from the audit work. Therefore, it is not uncommon for reports to be at draft report stage at the end of the audit year. However, the Internal Audit Team continue to proactively seek management responses to all outstanding draft reports.
- 1.6 Audit opinions are awarded for individual systems and compliance audits within one of the following categories: -
- Substantial Assurance (positive opinion);
  - Adequate Assurance (positive opinion); and
  - Limited Assurance (negative opinion).

## **2. Issues**

- 2.1 Detailed below is a high-level summary of the work undertaken by the Internal Audit Service analysed over the following categories: -
- Core Financial Systems;
  - Assurance Reviews (Other Systems Audits); and
  - Counter Fraud and Corruption Work, including Special Investigations.
- 2.2 Internal Audit continue to track and report on the implementation of all high priority recommendations made. A summary of the status of high priority recommendations is outlined in the table below. An update on the high priority recommendations and further details are attached as Appendix 1 to this report.

Year	High Priority Recommendations Made			
	Total	Implemented No. (%)	Superseded	In Progress No. (%)
2024/25	5	1 (20%)	0	4 (80%)

## 2024/25 Audit Plan Outcomes

### Core Financial Systems

2.3 The following core financial system reviews were carried out during 2024/25:

Core Financial Systems Description	Opinion			
	Substantial	Adequate	Limited	N/A Advisory*
Treasury Management	✓			
Council Tax		✓		
NNDR		✓		
Housing Benefits	Draft			
<b>Total Audits Delivered (4)</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>

\*Consultancy / Advisory work undertaken therefore no assurance opinion required.

2.4 The following table lists the core financial systems audits where high priority recommendations have been made and agreed to address control weaknesses:

System Area	Areas for Improvement
Council Tax	<ul style="list-style-type: none"> <li>Debts can be written off within NEC Northgate without a secondary check, and spot checks of the accuracy and validity of write-offs are not completed. In addition, write-offs are not always completed in accordance with figures set out in the Debt Recovery Policy and are being processed prior to authorisation in accordance with Financial Regulations.</li> </ul>

### Assurance Reviews (Other Systems Audits)

2.5 The following other assurance systems reviews were carried out during 2024/25:

Other System Description	Opinion			
	Substantial	Adequate	Limited	N/A Advisory*
Bereavement Services	✓			
Waste Services	✓			
Jubilee 2		Draft		
Disabled Facilities Grant	✓			
Future High Street Fund		✓		
Newcastle and Kidsgrove Town Deal Funds		✓		
UK Shared prosperity Fund			Draft	
Civil Contingencies & Business Continuity				Draft
Communications	Draft			
Safeguarding		✓		
Tree Management	✓			
Health and Safety		Draft		
Procurement and Contract Management		Draft		
Planning	Draft			

Cyber Culture		✓		
Disaster Recovery		✓		
ICT Backups		✓		
PSN Compliance		✓		
<b>Total Audits Delivered (18)</b>	<b>6</b>	<b>10</b>	<b>1</b>	<b>1</b>

*\*Consultancy / Advisory work undertaken therefore no assurance opinion required.*

- 2.6 The following table lists those other systems audits where high-level recommendations have been made and agreed to address control weaknesses within Adequate Assurance/Position Statement reports:

System Area	Areas for Improvement
Jubilee 2	<ul style="list-style-type: none"> <li>Regular and timely reconciliations of income are not completed or fully evidenced. Additionally, completed reconciliations are not independently reviewed and authorised.</li> </ul>
PSN Compliance	<ul style="list-style-type: none"> <li>No evidence is maintained to confirm that the Information Assurance conditions in the Code of Connection are being met.</li> </ul>

- 2.7 The Civil Contingencies & Business Continuity audit, conducted as an advisory engagement, has identified several high priority recommendations. These recommendations are currently under consideration by the Corporate Leadership Team and are scheduled for review in July 2025. As such, we will not be reporting these recommendations in detail until they have been formally agreed upon. We anticipate providing an update to the Audit and Standards Committee in our next progress report, once the outcomes of the CLT's deliberations are known.
- 2.8 For the UK Shared Prosperity Fund audit, the high priority recommendations identified are still awaiting formal approval from the auditee; consequently, the details of these recommendations are not included in this report but will be presented to a future meeting of the Audit and Standards Committee once agreement with management has been reached.
- 2.9 The details of two further high priority recommendations have been excluded from this report to prevent the public disclosure of sensitive information that could potentially be exploited to the detriment of the Council.
- 2.10 The following changes have been made to the Internal Audit Plan 2024/25 in agreement with the Service Director for Finance (S151 Officer), as per the Internal Audit Charter. One planned audit was cancelled in year at the request of the Council and in agreement with the Service Director for Finance (S151 Officer), as per the Internal Audit Charter. Details and the reason for cancellation are as follows;
- i) **Asset Management Capital (8 days)** – The audit was cancelled at the request of the Service Director for Finance (S151 Officer). This audit had been included in the Internal Audit Plan as it was not completed by the previous Internal Auditors as part of the 2023/24 Internal Audit Plan. However, it was subsequently completed by the previous Internal Auditors.

## Counter Fraud and Corruption work

- 2.11 The following counter fraud and corruption audit work was carried out during 2024/25:

Counter Fraud and Corruption Work	Opinion			
	Substantial	Adequate	Limited	N/A Advisory*
Continuous Controls Monitoring		✓		
National Fraud Initiative		✓		
<b>Total Audits Delivered (2)</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>

- 2.12 In addition to the specific pieces of counter fraud and corruption work undertaken, fraud risks are considered and reviewed as part of our planned system audits.

## Special Investigations (Internal)

- 2.13 Internal Audit have investigated one Whistleblowing concern and obtained information regarding a concern raised regarding a caravan parks residents Council Tax payments. A further 26 allegations have been triaged, and referred onto either Revenues and Benefits and, where appropriate outside organisations (DWP, Housing Providers etc). Details of the allegations are contained within Appendix 2.

## Fraud and Error Losses Identified

- 2.14 The following losses have been identified, to date, from proactive work and/investigations.

Special Investigation	Financial Loss Value	Control Area
Whistleblowing Allegation	£0	Planning Approval
Caravan Park / Council Tax Avoidance	£0	Revenues and Benefits
NFI losses identified to date	£1070	Housing Benefit
<b>Total</b>	<b>£1070</b>	

- 2.15 Further details of the counter fraud and corruption work carried out in-year are provided in Appendix 2 of this report, including the outcomes from our Continuous Controls Monitoring programme of work.

## Other in Year Activities

- 2.16 The Internal Audit Manager continues to meet with the Service Director for Finance (S151 Officer) on a monthly basis. In addition, pre-Audit and Standards Committee meetings are held with the Chair of the Audit and Standards Committee. Liaison is also undertaken with External Audit as required and during Audit and Standards Committee meetings.

## Overall Opinion of the Control Environment

- 2.17 The UK PSIAS requires that the Chief Internal Auditor (CIA) must deliver an annual internal audit opinion on the overall internal control environment of the Authority. The methodology for formulating this opinion is set out within the Internal Audit Strategy which was approved by the Audit & Standards Committee on 22<sup>nd</sup> April 2024. This methodology has been applied in formulating the annual audit opinion for 2024/25.
- 2.18 Each separate category of audit work is assessed against a benchmark of achieving a score of at least 80% of the total number of audits performed being awarded an opinion of “adequate or above” within each category. For reasons of simplicity, each category attracts equal weighting, and a simple pass/fail assessment is used to differentiate the overall opinion between “Substantial, Adequate and Limited” as illustrated below:

Overall Opinion Level	No. of categories achieving the 80% benchmark
Substantial Assurance	3 out of the 3 categories
Adequate Assurance	2 out of the 3 categories
Limited Assurance	1 and below out of the 3 categories

### Calculation of the 2024/25 Overall Assessment

- 2.19 The following table details the calculation of the 2024/25 overall assessment:

Audit Category	% Awarded an Opinion of at Least “Adequate”	2024/25
		Pass/Fail
Core Financial Systems	100%	Pass
Assurance Reviews (Other System Reviews)	95%	Pass
Counter Fraud & Corruption Work, including Special Investigations	100%	Pass
<b>Overall Total</b>		<b>3 out of 3 categories</b>

- 2.20 **Based on the above, a “substantial” assurance opinion on the overall adequacy and effectiveness of the organisation’s governance, risk and control framework (i.e. the control environment) can be given for the 2024/25 financial year. The opinion awarded in 2023/24 by the previous Internal Auditors, using a different methodology, was ‘Satisfactory’.**

## Performance Measures

- 2.21 Key performance measures for Service as detailed below:-

Description	Target	2024/25
% of Audit Plan Completed (issued to draft stage)	90%	<b>95%</b>
Average scores achieved on customer satisfaction questionnaires	4	<b>4.7</b>

## Performance against the UK Public Sector Internal Audit Standard

- 2.22 The UK PSIAS came into force on 1 April 2013 with the aim of promoting further improvement in the professionalism, quality, consistency, and effectiveness of internal audit across the public sector. These were updated periodically with the last update dated April 2017. A Local Government Application Note (LGAN) was also developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) to provide further explanation and practical guidance on how to apply the standards and has also been updated periodically (last updated March 2019). The standards and LGAN have remained in place up until 31st March 2025. From 1<sup>st</sup> April 2025, however, it is expected that internal audit teams in the public sector will conform to the new internal audit standards. These are a combination of the Global Internal Audit Standards (GIAS) and the Application Note, Global Internal Audit Standards in the UK Public Sector and combined are referred to as the 'Global Internal Audit Standards in the UK Public Sector' or GIAS (UK Public Sector). For the purposes of the 2024/25 outturn report, and for the final time, our work has been assessed against the UK PSIAS, as these were the relevant internal audit standards in force for the 2024/25 financial year.
- 2.23 All public sector internal audit services are required to measure how well they are conforming to the standards (requirement of both the PSIAS and GIAS (UK Public Sector)). This is achieved through undertaking periodic self-assessments which consist of both (i) internal quality assessments and (ii) external quality assessments (previously PSIAS standard 1310 and now GIAS UK Public Sector Standard 8.3 refer).
- 2.24 As part of our Internal Audit Quality Assurance and Improvement Framework (QAIP), the following is in place:
- *On-going monitoring of the performance of the internal audit activity - This is an integral part of the day-to-day supervision, review, and measurement of the internal audit activity. On-going monitoring is incorporated into the routine practices and protocols used to manage the internal audit activity and uses processes, tools and information considered necessary to evaluate conformance with the Mission of Internal Audit, Definition of Internal Auditing, and the standards of ethics and professionalism; and*
  - *Periodic self-assessment - On an annual basis, the Chief Internal Auditor will develop and conduct internal assessments of the Internal Audit function's conformance with the standards and communicate the results to Senior Management and this Committee.*
  - *External Quality Assessments (EQA) – External assessments will be undertaken at least once every five years by a qualified, independent assessor or assessment team from outside the organisation and may be either a full external assessment or a self-assessment with independent validation.*
- 2.25 For information, the Internal Audit service's last EQA was undertaken in January 2023. For ease of reference, the key highlights from the External Quality Assessor's report published in February 2023 were that 'the review established that there were no areas of non-compliance or partial compliance with the

standards identified'. Based on the assessor's work undertaken, the overall conclusion was – 'It is our opinion that the self-assessment for the Staffordshire County Council's Internal Audit Service is accurate and as such we conclude that the Internal Audit Service GENERALLY CONFORMS to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note'. This is the highest category level that can be awarded via the CIPFA assessment process.

- 2.26 The results of this year's updated self-assessment exercise against the PSIAS and LGAN are summarised below. **97%** of the standards are deemed to be fully in place.

Standard			
In Place	Partially In Place	Not In Place	Not Applicable
131 (97%)	1 (1%)	0 (0%)	3 (2%)

For those areas assessed as not applicable and partial compliance a detailed action plan has been produced, although none of these are considered to significantly affect the effectiveness of Internal Audit. The full action plan is attached as Appendix 3 to this report and continues to be relevant for conformance with the new GIAS in the UK Public Sector.

- 2.27 With the above in mind, the work undertaken by the Internal Audit Service during 2024/25 and reported within the Annual Outturn Report has been performed in accordance with PSIAS. In relation to this, there are no impairments or restrictions in scope or impairments in independence or objectivity during the year which prohibit the Chief Internal Auditor or the Service from delivering the annual Head of Internal Audit opinion for 2024/25.

### 3. **Recommendation**

- 3.1 Members receive the outturn report containing the annual internal audit opinion for 2024/25.

### 4. **Reasons**

- 4.1 The Internal Audit annual outturn report also builds upon the assurance given by the section in support of the Annual Governance Statement on internal control.  
The planning and delivery of a robust audit plan ensures that an annual opinion and overall level of assurance can be provided by the Chief Internal Auditor to those charged with governance, thereby complying with constitutional requirements and sector standards. This opinion is one of the elements of the assurance framework which is reported in the annual governance statement.

### 5. **Options Considered**

- 5.1 None.

### 6. **Legal and Statutory Implications**

- 6.1 Whilst there are no direct implications arising from this report, the Accounts and Audit Regulations 2015 specifically require that a relevant body must "maintain

an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices". This report supports compliance with both the Regulations and the PSIAS.

## **7. Equality Impact Assessment**

7.1 There are no direct implications arising from this report.

## **8. Financial and Resource Implications**

8.1 The work outlined for 2024/25 was carried out within the agreed price specified in the agreement with Staffordshire County Council for Internal Audit services which is in line with the budgeted cost. The financial implications resulting from the recommendations made within audit reports are highlighted within individual reports wherever possible. It is the responsibility of managers receiving audit reports to take account of these financial implications, and to take the appropriate action.

8.2 One audit was cancelled from the 2024/25 Internal Audit Plan, resulting in a reduction of £3,610 from the 2024/25 fees.

8.3 Internal Audit is directed by the Chief Internal Auditor provided through a service agreement by Staffordshire County Council. This agreement provides the Borough Council with access to a range of Internal Audit staff with specific areas of experience and knowledge. The number of days delivered through this agreement is 341.

## **9. Major Risks & Mitigation**

9.1 Internal Audit examines objectively, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. Where relevant, the results of individual reviews link into the Annual Governance Statement, providing assurance on the operation of key controls. Internal Audit will continue to align its work with the Corporate Risk Register.

## **10. UN Sustainable Development Goals (UNSDG)**

10.1 The Internal Audit and Counter Fraud Arrangement via Staffordshire County Council and the Fraud Hub supports UNSG and Climate Change objectives in a number of ways. Principally, through partnership working and supporting sustainable cities and communities via the correct use of public monies. The following UNSGs are supported.



## **11. One Council**

Please confirm that consideration has been given to the following programmes of work:

One Commercial Council

*We will make investment to diversify our income and think entrepreneurially.*

One Digital Council

*We will develop and implement a digital approach which makes it easy for all residents and businesses to engage with the Council, with our customers at the heart of every interaction.*

One Green Council

*We will deliver on our commitments to a net zero future and make all decisions with sustainability as a driving principle.*

## 12. **Key Decision Information**

12.1 Not Applicable.

## 13. **Earlier Cabinet/Committee Resolutions**

13.1 Not Applicable

## 14. **List of Appendices**

- 14.1 Appendix 1 - High priority recommendations
- 14.2 Appendix 2 - Fraud and corruption Outturn Report
- 14.3 Appendix 3 - Action Plan 2025/26 – QAIP

## 15. **Background Papers**

Global Internal Audit Standards (published 9th January 2024).  
Accounts and Audit (England) Regulations 2015.  
Public Sector Internal Audit Standards – revised with effect from 1st April 2017.  
Local Government Application Note – with effect from 1st March 2019  
CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations (2019 Edition).  
Annual Audit Plan & Strategy 2024/25  
2024/25 Audit Charter  
2024/25 Progress Reports to Audit & Standards Committee & various Internal Audit Reports

## 16. Appendix 1 – High priority recommendations

No.	Audit	Final Report Issued	Recommendations	Target Date for Implementation	Current Status
1	Cyber Culture	15/4/2025	All BYOD devices requiring access to Council Systems should be enrolled into the Councils Intune MDM system. The risks of noncompliance and achievement of the risk mitigation action plans in respect of cyber essentials baseline requirements should be informed to Cabinet in the Service Directors briefing paper.	30/09/2025	<b>Not overdue</b>  IT are progressing with work to implement stricter policies around the use of personal devices.
2	IT Disaster Recovery	15/4/2025	It is recommended that the ICT Services BCP is tested at least annually.	01/09/2025	<b>Not overdue</b>  Work is progressing on undertaking test restorations.
3	Public Services Network	15/4/2025	It is recommended that a formal evidence-based compliance assessment is performed against each of the IA conditions. The assessment should be documented and reviewed annually as part of the PSN submission process and confirmed to the Chief Executive as part of the sign-off process.	30/09/2025	<b>Not overdue</b>  Contact has been made with the Cabinet officer who is still supportive of the current approach and have asked to be kept updated – with the next update in 2 months' time
4	Jubilee 2	Draft Report	Management should ensure: <ul style="list-style-type: none"> <li>• Monthly reconciliations of Jubilee2 income are completed timely, evidenced with appropriate supporting documentation, and certified and dated by the officer completing them.</li> <li>• Reconciliations are reviewed and authorised by a suitable, independent person with evidence of authorisation recorded in the documentation. This should be completed promptly following completion of the reconciliation.</li> </ul>	TBC	Whilst the control weakness identified, and the high priority status of this recommendation has been accepted by the recommendation owner, the final report has yet to be issued as management responses to all recommendations within the report have not yet been received.  As a result, no target implementation date has been agreed for this recommendation and is therefore not overdue.

5	Council Tax	12/12/2025	Debts can be written off within NEC Northgate without a secondary check, and spot checks of the accuracy and validity of write-offs are not completed. In addition, write-offs are not always completed in accordance with figures set out in the Debt Recovery Policy, and are being processed prior to authorisation in accordance with Financial Regulations.	31/3/2025	<p><b>Implemented.</b> The 6 write-offs identified that had not been authorised (but were processed pending retrospective authorisation) were confirmed by the Customer Hub Lead as having been authorised with the Q2 write-offs.</p> <p>A process is now in place to spot check write-offs for accuracy.</p>
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# Appendix 2 Fraud and corruption Outturn Report

2024/25



## Our Mission

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

**Chief Internal Auditor**  
Deborah Harris

**Lead Auditor**  
David Fletcher

**Report Status**  
Issued – 27 June 2025

# **1 Internal Audit Outturn Report 2024/25– Corporate Counter Fraud and Corruption Activity**

## **1.1 Introduction and Context**

- 1.1.1 During the 2024/25 financial year, Internal Audit have provided a Counter Fraud service to Newcastle-under-Lyme Borough Council (the 'Council').
- 1.1.2 This report details our counter fraud work completed in 2024/25 and looks forward to anticipated developments in 2025/26.

## **1.2 Strategic**

- 1.2.1 The Internal Audit Manager – Fraud is an Accredited Counter Fraud Specialist with 15 years of experience working in Public Sector Fraud.
- 1.2.2 To keep abreast of emerging fraud risks and opportunities, the Internal Audit Manager – Fraud, is a regular attendee of the West Midlands Fraud Forum and the Midland Counties Fraud Group. The Staffordshire Counter Fraud Partnership forum has restarted in 2024/25, and is expected to continue into 2025/26, as a forum to develop networking and information exchange.
- 1.2.3 A programme of Continuous Controls Monitoring (CCM) is in place, with an associated strategy document being shared with key members of staff. Full details of the CCM programme to date can be found at paragraph 1.5 below. Efforts are being made to expand testing carried out as part of our CCM programme into 2025/26.

## **1.3 Communications**

- 1.3.1 Counter Fraud information and guidance has been published on the Council's Intranet, including links to the Fraud Policy, and how to report fraud. A communications strategy has been developed with the expectation that emerging risks and interest articles will be added to the intranet on a regular basis, all seeking to raise the awareness of fraud, and highlight reporting mechanisms in place.
- 1.3.2 The intranet site will continue to be updated with interest articles and advice, designed to prevent, detect and deter fraud.

## **1.4 Counter Fraud Outcomes 2024/25**

- 1.4.1 The risk of fraud is considered during the process of designing Internal Audit briefing documents, and by auditors whilst an audit is being conducted. As a result, several recommendations have been raised throughout the year which contribute to the prevention, detection and deterrence of fraud.

1.4.2 For reference, the table below summarises the volume of recommendations related to fraud risks arising from our 2024/25 internal audit reviews.

<b>Auditable area</b>	<b>High Priority</b>	<b>Medium Priority</b>	<b>Low Priority</b>
Bereavement Services	0	1	1
Jubilee 2	1	1	2
Cyber Culture	1	1	1
NNDR	0	2	1
Council Tax	1	3	0
Housing Benefit	0	0	2
<b>Totals</b>	<b>3</b>	<b>8</b>	<b>7</b>

1.4.3 All recommendations are subject to follow up to ensure appropriate steps are taken to mitigate and manage identified risks. This is carried out using our on-line recommendation portal, K10.

## **1.5 Continuous Controls Monitoring**

1.5.1 CCM is a programme of testing designed to use data analytics tools efficiently to test large volumes of transaction data in order to identify “high risk” transactions for further review.

1.5.2 The purpose of continuous controls monitoring is to:

- Detect fraud;
- Detect error;
- Deter fraud and error through the use of publicity, highlighting the existence of CCM; and
- Provide reassurance where appropriate that controls are operating correctly, or otherwise.

1.5.3 The key benefit of CCM over random sample testing is that 100% sample sizes can be used to test for specific anomalies. It is anticipated that following the introduction of a test, algorithms used can be refined to improve the results, limiting ‘false positive’ matches and learning from positive findings to best target adverse findings.

1.5.4 As CCM findings are identified and verified, key findings will be reported to management. Where appropriate, issues identified will be considered as part of the Internal Audit plan for current or future years. Opportunities to expand CCM will also consider those control weaknesses identified in Internal Audit reports.

1.5.5 A CCM Strategy has been prepared and agreed with management. This outlines initial areas of testing, and potential areas for expansion going forward. The strategy will be revisited on a periodic basis.

1.5.6 CCM testing in 2024/25 continued to focus on the following data sets:

- Invoice Payments; and
- Purchase Card Statements.

1.5.7 To date, purchase card spending data provided to Internal Audit has been either PDF copies of statements or journal reports summarising transactions as they are input to the Finance System. This limits the amount of analysis options available. Internal Audit will continue to liaise with the Council to examine options for presenting data in

a format that facilitates more comprehensive data analysis. Detailed transaction data including card holder, value and merchant/merchant category data will allow additional tests to be carried out, such as comparison of transactions to cardholder absence data, and identification of purchase activity at unexpected categories of merchants.

1.5.8 A test-by-test summary of findings to date are detailed below:

Test	Findings to date	Risk Rating
Duplicate Invoices	<p>After initial difficulty in obtaining data, payment data from April to October 2024 has been received and subject to analysis.</p> <p>Analysis identified six potentially duplicate invoices, totalling £6,359. These have been reported back to Finance for review. This review will identify whether the matches are genuine, erroneous duplicate payments which require recovery, have previously been identified, or are in fact valid payments.</p> <p>The matches are based on invoices of identical value and supplier invoice references that are either identical, or identical after leading zeroes and non-alpha-numerical characters are removed.</p> <p>Once feedback on these initial matches is received, in order to allow refinement of the method used and additional data obtained, these exercise will be repeated.</p> <p>It is anticipated that this exercise will be repeated on a monthly basis in 2025/26.</p>	
Purchase Cards vs Invoices	<p>Purchase Card transactions between April and October 2024 have been compared to invoice payments, seeking to identify duplicate payments (e.g. when following a purchase card payment, an invoice is processed for the same purchase).</p> <p>No adverse findings were identified.</p>	

1.5.9 It is anticipated that CCM can be expended further in 2025/26, subject to improving the data available around purchase card usage this will include review of unexpected/atypical merchant types, and purchase card usage during periods of cardholder absence from work.

## 1.6 National Fraud Initiative 2024

1.6.1 The Council's National Fraud Initiative (NFI) matches for 2024 are subject to ongoing review, which will continue into 2025/26.

1.6.2 The table below summarises the review of matches completed to date.

Name	Number of Matches	Reviewed	Adverse Findings	Notes
Housing Benefit Claimants	27	27	1	27 matches have been received relating to Housing Benefit Claimants. All matches have been reviewed, with one adverse finding relating to Housing Benefit to Housing Tenancy, resulting in £1070 being identified for recovery.
Council Tax	643	0	0	These matches identify discrepancies between Council Tax payers and other data sets such as: <ul style="list-style-type: none"> <li>• Payroll and pensions data sets, to identify undeclared income.</li> <li>• HMRC income, property ownership and household composition data.</li> <li>• Other Authorities' Council tax data.</li> </ul> Matches related to Single Person discount will not be reviewed, as this will be duplication of a one off exercise commissioned quarter 3 2024/25.  It is anticipated that these matches will be triaged and reviewed in quarter 2 of 2025/26.
Creditors	172	3	0	Reports identify potential areas of concern in creditors standing data and invoice payments. Reports have not been reviewed to date; it is anticipated that matches will be triaged and reviewed in quarter 2 2025/26.
<b>Total</b>	<b>842</b>	<b>30</b>	<b>1</b>	

## 1.7 Referrals and Investigations

- 1.7.1 Internal Audit investigated one whistleblowing concern from a former employee, raising concerns regarding three areas; planning and air quality, conditions placed on a housing development, and the failure to issue a closure notice in relation to a dispute between two neighbours. The matter was assessed in liaison with Council Officers, and it has been determined that the matters raised do not constitute fraud or bribery. No further work is proposed by Internal Audit in relation to these allegations.
- 1.7.2 One further allegation was received relating to a caravan site where it was believed some caravans were being used as residential sites. Internal Audit liaised with the site owner in order to obtain details of current occupancies, which have been passed to Revenues and Benefits for processing.
- 1.7.3 The vast majority of allegations received, 26, received have all been referred to Revenues and Benefits for processing (and where appropriate additional outside bodies, such as DWP and Housing Associations), which will, in the first instance be dealt with by the Council seeking to verify information received, and correcting bills raised as appropriate.

## 17. Appendix 3 – Action Plan 2025/26 – QAIP

Ref	Standard Reference	Audit Standard	Gap Identified	Action Required	Officer Responsible	Timescale
1.	5.2 1110 (c)	<p><u>Organisational Independence</u></p> <p>Is the organisational independence of internal audit realised by functional reporting by the CAE to the board?</p> <p>(c) approves the internal audit budget and resource plan</p>	The Board does not approve the budget. This is a responsibility of Full Council.	<p><b>Not Applicable</b> to the public sector</p> <p>This will be reported in the annual outturn report as not applicable.</p>	CIA	N/A – No further action to be taken
2.	1110(e)	<p><u>Organisational Independence</u></p> <p>Is the organisational independence of internal audit realised by functional reporting by the CAE to the board?</p> <p>(e) approves decisions relating to the appointment and removal of the CAE.</p>	This is the responsibility of the Assistant Director - Audit & Financial Services in-conjunction with the Director of Finance and Resources at Staffordshire County Council who in turn would report and liaise with the Service Director – Finance (as appropriate).	<p><b>Not Applicable</b> to the Public Sector:</p> <p>This will be reported in the annual outturn report as not applicable.</p>	CIA	N/A – No further action to be taken
3.	1110(f)	<p><u>Organisational Independence</u></p> <p>Is the organisational independence of internal audit realised by functional reporting by the CAE to the board?</p> <p>(f) approves the remuneration of the CAE.</p>	In response to this, pay of the CIA is in accordance with the Council's Pay structure, Grading and JE processes which are corporately owned.	<p><b>Not Applicable</b> to the Public Sector:</p> <p>This will be reported in the annual outturn report as not applicable.</p>	CIA	N/A – No further action to be taken
4.	5.3 1210	<p><u>Proficiency and Due Professional Care</u></p> <p>Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are</p>	This area is an ever improving area, however, it is recognised that the skills and knowledge is largely continually held with the ICT Audit Manager and Counter Fraud Audit Manager. Demonstrations of IDEA have	<p><b>Partially in Place:</b></p> <p>The CIA will continue to implement an integrated data driven approach to our audit process by promoting the use of data analytics in the work carried out and to facilitate</p>	CIA in conjunction with all Audit Managers	On-going throughout 2025/26

		<p>available to them to perform their work, including data analysis techniques?</p>	<p>taken place with Staff at previous team meetings, with further 1-2-1 training offered. In addition, the audit brief includes a section on data which promotes the consideration of data and how it can be use as part of setting up the audit review.</p> <p>Use of technologies in 2025/26 - IA plan to look at other ways data and new technologies such as AI can used by the service to maximise efficiencies. A small task and finish group has been set up to explore further how IA can leverage technological tools to enhance efficiencies.</p>	<p>and support members of the team through peer training.</p> <p>This area has been included as a service plan priority in 2025/26 to levering technology for enhanced efficiency.</p>		
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