



**INTERNAL AUDIT AND COUNTER FRAUD
PROGRESS REPORT
AUDIT COMMITTEE
14th April 2025**

1. Introduction

1.1 The role of the Internal Audit function is to provide Members and Management with independent assurance that the control, risk and governance framework in place within the Council is effective and supports the Council in the achievement of its objectives. The work of the Internal Audit team should be targeted towards those areas within the Council that are most at risk of impacting on the Council's ability to achieve its objectives.

1.2 Upon completion of an audit, an assurance opinion is given on the effectiveness of the controls in place. The results of the entire programme of work are then summarised in an opinion in the Annual Internal Audit Report on the effectiveness of internal control within the organisation.

1.3 This activity report provides Members of the Audit Committee and Management with 2 summaries of completed work between January and March 2025.

2. Key Messages

- 2 audits have been finalised to draft/final report in the period. The summaries are contained in **Appendix A**
- Audits that were 'not yet started' or in 'planning' at the Audit Committee In January are now in Fieldwork. With exception of the IT Digital Strategy which has been delayed.
- Progress against the 2024/25 rolling Audit Plan are provided in **Appendix B**
- The Internal Audit Service is due an External Quality Assessment and this is in the early stages for being commissioned.

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3. Resources

3.1 In accordance with the Public Sector Internal Audit Standards, Members need to be appraised of relevant matters relating to the resourcing of the Internal Audit function. There currently several vacancies within the team, the key updates are as follows:

- The new Audit Management software has now been deployed. There are several development requests outstanding to fully utilise the functionality
- The Internal Audit team members have all had training workshops on PowerBI to assist with implementing the use of data analytics
- Several members of the Internal Audit and Counter Fraud team now have full CoPilot access to aid the use of AI in audit engagement completion
- During the period a Principal Auditor have left the team and the recruitment of a new Trainee Auditor is ongoing.
- The Counter Fraud team is currently fully staffed.

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4. 2024-25 Internal Audit Plan

4.1 The audit summaries are provided at [Appendix A](#). A summary is provided on current progress against the 2024-25 Audit Plan.

Table 1- Audit Plan Status

Status	Number of Audits	%
Not yet started	0	0%
Planning	2	9%
Fieldwork	6	30%
Ongoing	3	14%
Draft Report	1	5%
Final Report	7	33%
On Hold	0	0
Removed/ Deferred	2	9%
Total	21	100%

[Appendix B](#) sets out progress against the Rolling 2024-25 Audit Plan.

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Table 2 – Summary of Audits by Committee Meeting

4.2 With each Progress report, Internal Audit turns the spotlight on the audit reviews, providing the Governance and Audit Committee with a summary of the objectives of the review, the key findings, conclusions and recommendations; thereby giving the Committee the opportunity to explore the areas further, should it wish to do so.

4.3 In this period, the following report summary is provided at **Appendix A** for the Committee’s information and discussion. Audit Definitions are provided at **Appendix C**

Audit Committee – 15 th April 2024			
No	Audit	Opinion	Prospects for Improvement
1	TM08-2025 Housing Allocation, Assessment and Review	Substantial	Adequate
2	TM10-2025 Tonbridge Castle Project	N/A	N/A

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7. Counter Fraud Update

Prevention and Detection of Fraud, Bribery and Corruption

7.1 This section of the report provides details of the Council's activity in preventing and detecting fraud and corruption during 2024/25.

National Fraud Initiative

7.2 The Counter Fraud Team has collated the data specified by the Cabinet Office for the 2024/25 exercise. This includes reviewing the data to ensure it complies with the formats required and uploading in the required timescale.

7.3 The NFI biennial and flexible data matching service is progressing with matches being reviewed by relevant teams. Work is in progress to review these matches to determine if there is any fraud or error.

7.4 The number of matches received for 2024/25 across all data sets is 688, which is an increase (17%) from the 575 received for the 2022/23 exercise. The majority of the increase are matches relating to creditors which historically are false positives. This is due to them relating to monthly payments for utility/ Council Tax / Business Rates rather than being duplicate invoices,

Kent Intelligence Network

7.5 The Kent Intelligence Network continues to support Local Authorities in Kent in preventing and detecting fraud. The key focus area for 2024/25 continues to look at fraud and error within Single Person Discounts, Small Business Rate Relief and unrated business and residential premises.

7.6 This year the following results have been achieved:

- Single person discount to NFI matches £82,270 increased council tax liability
- Single person discount reviews from fraud referrals £3,192 increased council tax liability
- Unrated businesses £46,426 increased liability
- Retriever debtor tracing £212,653 for recovery action

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7. Counter Fraud Update

Investigating Fraud, Bribery and Corruption

- 7.7 A summary of cases referred or carried into the current fiscal year can be found in Appendix E.
- 7.8 A total of 145 referrals have been received by the Counter Fraud Team in 2024/25. The most reported fraud type is council tax reduction with housing benefit or universal credit attached, where 89 referrals have been received. The second most reported fraud type is single person discount where a total of 25 referrals have been reported. Further detail is available in Appendix E.
- 7.9 Of the 145 cases referred this year, 109 have been closed, with 36 active investigations under way.
- 2 closed - error identified and corrected with a recoverable value of £1,433.
 - 60 referrals sent to DWP
 - 13 referrals shared internally
 - 34 referrals closed no further action

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TM06-2025 Housing Allocation, Assessment and Review

Audit Opinion	SUBSTANTIAL
Prospects for Improvement	ADEQUATE

Internal Audit's overall Audit Opinion of Substantial is based on the following Key Strengths and Areas for Development:

Key Strengths

- ✓ Housing Officers are maintaining the housing register in accordance with the new government scheme, as all 23 applicants are eligible, been allocated the correct band, are within the financial thresholds and have a local connection.
- ✓ The Housing team have reassessed all applications from the previous system.
- ✓ All sampled applicants have been communicated with throughout the application and administering process, in order to complete questions outstanding on Humme, provide evidence of income, benefits, medical records, identification or in response to queries from applicants.
- ✓ The Housing policy aligns with the new government scheme, including: eligibility, qualification, disqualification, members of the armed forces and the reserved forces and reasonable preferences.
- ✓ Allocation of housing and bands are in accordance with the new scheme.
- ✓ Housing Officers have resolved complaints within appropriate timeframes.

Areas for Development

- No dip sampling on verification of documents sent online

Prospects for Improvement

Our overall opinion of Adequate for Prospects for Improvement is based on the following factors:

- Management have accepted the risk stated below for no dip sampling, this will be reviewed in 6 months.

Summary of Management Responses

	Number of issues raised	Management Action Plan developed	Risk accepted and no action proposed
High Risk	0	0	0
Medium Risk	1	0	0
Low Risk	0	0	1

Appendix A - Summaries

TM10-2025 Tonbridge Castle Project

Audit Opinion

Prospects for Improvement

	Number of issues raised	Management Action Plan developed	Risk accepted and no action proposed
High Risk			
Medium Risk			
Low Risk			

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Appendix B – 2023-24 Internal Audit Plan Status

Ref	Audit	Status	Assurance	Prospects for Improvement
TM12-2024	Agile Post Implementation (APAS)	Complete	Advisory	N/A
TM15-2024	Planning Enforcement	Complete	Substantial	Good
TM01-2025	Tonbridge Town Centre Review	Ongoing	Advisory	N/A
TM02-2025	Gibson Building Project	Ongoing	Advisory	N/A
TM03-2025	Volunteer Management - Health and Safety	Complete	Substantial	Good
TM04-2025	Planning applications and fees (Fee payback)	Fieldwork		
TM06-2025	Housing Allocation Process, Assessment and Review	Complete	Substantial	Adequate
TM07-2025	Treasury Management	Complete	High	Very Good
TM08-2025	Discretionary Housing Payments	Complete	Adequate	Good
TM09-2025	Digital Strategies and Automation	Planning		
TM10-2025	Castle Project	Ongoing	Advisory	N/A
TM11-2025	Climate Change	Complete	Substantial	Good
TM12-2025	Local Plan	Deferred		
TM13-2025	Facilities Management / Building Maintenance	Fieldwork		
TM14-2025	Corporate Governance (SOLACE)	Fieldwork		
TM15-2025	Annual Governance Statement	Fieldwork		
TM16-2025	Procurement	Fieldwork		
TM17-2025	Temporary Accommodation	Fieldwork		
TM18-2025	Complaints	Deferred		
TM19-2025	Independent Planning Reviewer	Ongoing	Advisory	N/A
TM20-2025	Agile Programme Review	Planning		

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Audit Opinion

High

Internal control, Governance and the management of risk are at a high standard. The arrangements to secure governance, risk management and internal controls are extremely well designed and applied effectively.

Processes are robust and well-established. There is a sound system of control operating effectively and consistently applied to achieve service/system objectives.

There are examples of best practice. No significant weaknesses have been identified.

Limited

Internal Control, Governance and the management of risk are inadequate and result in an unacceptable level of residual risk. Effective controls are not in place to meet all the system/service objectives and/or controls are not being consistently applied.

Certain weaknesses require immediate management attention as there is a high risk that objectives are not achieved.

Substantial

Internal Control, Governance and management of risk are sound overall. The arrangements to secure governance, risk management and internal controls are largely suitably designed and applied effectively.

Whilst there is a largely sound system of controls there are few matters requiring attention. These do not have a significant impact on residual risk exposure but need to be addressed within a reasonable timescale.

No Assurance

Internal Control, Governance and management of risk is poor. For many risk areas there are significant gaps in the procedures and controls. Due to the absence of effective controls and procedures no reliance can be placed on their operation.

Immediate action is required to address the whole control framework before serious issues are realised in this area with high impact on residual risk exposure until resolved

Adequate

Internal control, Governance and management of risk is adequate overall however, there were areas of concern identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk.

There are some significant matters that require management attention with moderate impact on residual risk exposure until resolved.

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Prospects for Improvement		Issue Risk Ratings	
Very Good	There are strong building blocks in place for future improvement with clear leadership, direction of travel and capacity. External factors, where relevant, support achievement of objectives.	High	There is a gap in the control framework or a failure of existing internal controls that results in a significant risk that service or system objectives will not be achieved.
Good	There are satisfactory building blocks in place for future improvement with reasonable leadership, direction of travel and capacity in place. External factors, where relevant, do not impede achievement of objectives.	Medium	There are weaknesses in internal control arrangements which lead to a moderate risk of non-achievement of service or system objectives.
Adequate	Building blocks for future improvement could be enhanced, with areas for improvement identified in leadership, direction of travel and/or capacity. External factors, where relevant, may not support achievement of objectives	Low	There is scope to improve the quality and/or efficiency of the control framework, although the risk to overall service or system objectives is low.
Uncertain	Building blocks for future improvement are unclear, with concerns identified during the audit around leadership, direction of travel and/or capacity. External factors, where relevant, impede achievement of objectives.		

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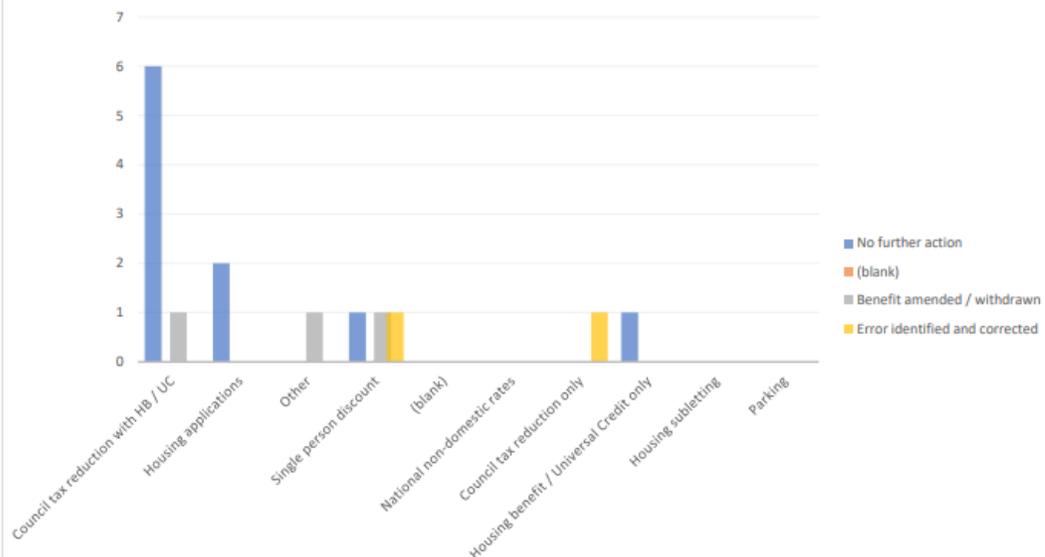
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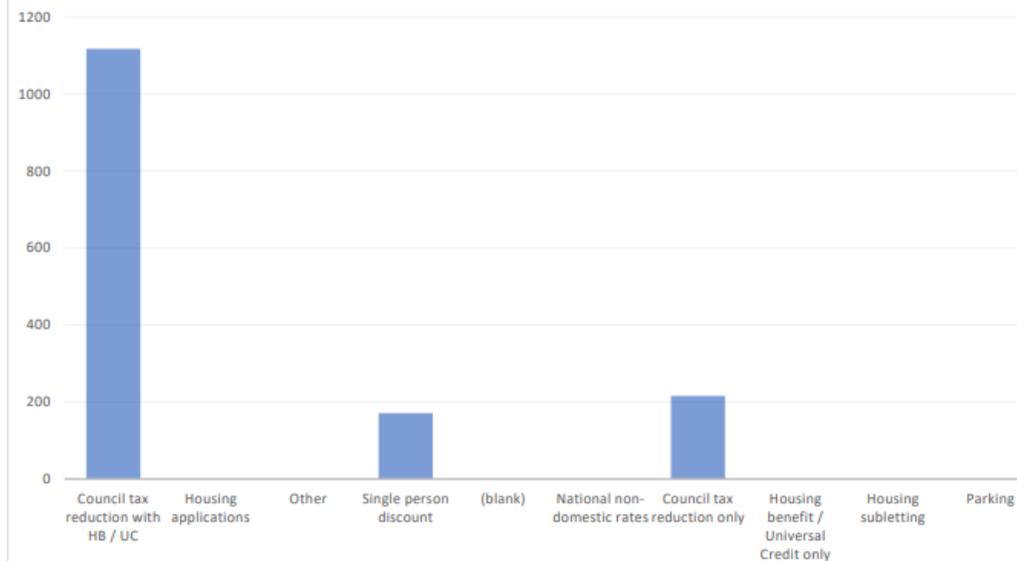
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Total number of referrals	Open referrals	Closed referrals	Referrals under investigation	Referrals awaiting sifting	% referrals closed
145	21	124	21	1	86%

Investigation results



Value recovered from investigations



Investigations completed within 3 months	7
Investigations completed within 3 to 6 months	6
Investigations completed over 6 months	2
<i>All cases closed within 6 months</i>	114
<i>Percentage cases closed within 6 months</i>	92%
<i>All cases closed over 6 months</i>	8
Percentage of referrals prepared for sifting within 10 working days	62%
Percentage of reviewed cases sifted within 10 working days	82%

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