

CITY AND COUNTY OF SWANSEA

NOTICE OF MEETING

You are invited to attend a Meeting of the

AUDIT COMMITTEE

At: Committee Room 6, Guildhall, Swansea

On: Tuesday, 17 November 2015

Time: 2.00 pm

AGENDA

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Date of Next Meeting - 2 p.m. on Tuesday, 15 December, 2015.



Patrick Arran
Head of Legal and Democratic Services
Monday, 9 November 2015

Contact: Democratic Services 01792 636923

Disclosures of Interest

To receive Disclosures of Interest from Councillors and Officers

Councillors

Councillors Interests are made in accordance with the provisions of the Code of Conduct adopted by the City and County of Swansea. You must disclose orally to the meeting the existence and nature of that interest.

NOTE: You are requested to identify the Agenda Item / Minute No. / Planning Application No. and Subject Matter to which that interest relates and to enter all declared interests on the sheet provided for that purpose at the meeting.

1. If you have a **Personal Interest** as set out in **Paragraph 10** of the Code, you **MAY STAY, SPEAK AND VOTE** unless it is also a Prejudicial Interest.
2. If you have a Personal Interest which is also a **Prejudicial Interest** as set out in **Paragraph 12** of the Code, then subject to point 3 below, you **MUST WITHDRAW** from the meeting (unless you have obtained a dispensation from the Authority's Standards Committee)
3. Where you have a Prejudicial Interest you may attend the meeting but only for the purpose of making representations, answering questions or giving evidence relating to the business, **provided** that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise. In such a case, you **must withdraw from the meeting immediately after the period for making representations, answering questions, or giving evidence relating to the business has ended**, and in any event before further consideration of the business begins, whether or not the public are allowed to remain in attendance for such consideration (**Paragraph 14** of the Code).
4. Where you have agreement from the Monitoring Officer that the information relating to your Personal Interest is **sensitive information**, as set out in **Paragraph 16** of the Code of Conduct, your obligation to disclose such information is replaced with an obligation to disclose the existence of a personal interest and to confirm that the Monitoring Officer has agreed that the nature of such personal interest is sensitive information.
5. If you are relying on a **grant of a dispensation** by the Standards Committee, you must, before the matter is under consideration:
 - i) Disclose orally both the interest concerned and the existence of the dispensation; and
 - ii) Before or immediately after the close of the meeting give written notification to the Authority containing:

- a) Details of the prejudicial interest;
- b) Details of the business to which the prejudicial interest relates;
- c) Details of, and the date on which, the dispensation was granted; and
- d) Your signature

Officers

Financial Interests

1. If an Officer has a financial interest in any matter which arises for decision at any meeting to which the Officer is reporting or at which the Officer is in attendance involving any member of the Council and /or any third party the Officer shall declare an interest in that matter and take no part in the consideration or determination of the matter and shall withdraw from the meeting while that matter is considered. Any such declaration made in a meeting of a constitutional body shall be recorded in the minutes of that meeting. No Officer shall make a report to a meeting for a decision to be made on any matter in which s/he has a financial interest.
2. A “financial interest” is defined as any interest affecting the financial position of the Officer, either to his/her benefit or to his/her detriment. It also includes an interest on the same basis for any member of the Officers family or a close friend and any company firm or business from which an Officer or a member of his/her family receives any remuneration. There is no financial interest for an Officer where a decision on a report affects all of the Officers of the Council or all of the officers in a Department or Service.

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Report of Deficiencies in Internal Controls City and County of Swansea

Audit year: 2014-15

Issued: November 2015

Document reference: C14229

Purpose of this document

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Status of report

This document has been prepared for the internal use of City and County of Swansea as part of work performed in accordance with the statutory functions.

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The team who delivered the work comprised Kevin Williams, Engagement Leader and Darragh E Hanley-Crofts, Engagement Manager of PricewaterhouseCoopers LLP.

Contents

As part of the 2014-15 audit, internal control deficiencies have been identified which merit reporting to Audit Committee.

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The authority has made progress in enhancing its control environment and implementing recommendations raised last year	4
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Summary report

Introduction

1. The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of City and County of Swansea (“the Authority”) at 31 March 2015 and its income and expenditure for the year then ended. An unqualified opinion was issued by the Auditor General on 28 September 2015.
2. The Auditor General is required to obtain an understanding of the internal controls relevant to the audit when identifying and assessing the risks of material misstatement. The Authority’s internal controls were considered in order to design audit procedures, to provide sufficient assurance to allow the Auditor General to express an opinion on the truth and fairness of the financial statements. They were not considered for the purposes of expressing an opinion on the effectiveness of internal control.

No significant deficiencies in internal control have been identified, however recommendations have been raised in order for the Authority to further improve its control environment.

3. This work has identified 10 new opportunities to improve the Authority’s internal controls. The matters covered in this report are limited to those which, in the Auditor General’s opinion, are of sufficient importance to merit reporting to you in the context of your governance role. None of these matters are deemed to be of significant risk. These issues have already been discussed with the Head of Finance and Delivery.

The qualitative aspects of the Authority’s accounting practices are generally robust, however these may require improvement in order to deal with future challenges.

4. We have also followed up the recommendations raised in the prior year controls report, issued in November 2014. We have found that 12 of the 19 recommendations raised in the prior year have been implemented or are no longer applicable. None of the outstanding recommendations are deemed to be of significant risk.
5. The matters identified are set out in the table below.

System	No of recommendations in prior year	Implemented*	Not fully implemented	New recommendations	Total
General Ledger	1	1	0	0	0
Remuneration report and payroll	0	0	0	1	1
Capital accounting	8	5	3	6	9
Liabilities	2	1	1	1	2
Related party transactions	1	0	1	1	2
Financial Instruments	1	0	1	0	1
Treasury and cash management	2	2	0	1	2
Creditors and payments	1	1	0	0	0
Debtors and income	2	1	1	0	1
Internal Audit	1	1	0	0	0
Total	19	11	8	10	18

*This includes recommendations that are deemed to have been superseded or no longer applicable

6. Our report seeks to inform management of the matters arising from our review of the arrangements in place, and our recommendations for action. It is not intended to provide a complete overview of the financial systems and procedures of the Authority.

Acknowledgements

7. We would like to thank all staff involved for the co-operation and assistance provided to us during the course of our audit work.

Summary report

New recommendations

No	Observation	Implication	Recommendation	Management response
Remuneration report and payroll				
1	Payroll disclosures, such as termination benefit and pay multiple disclosures, are compiled using various system generated reports. Our testing of the disclosures identified that some elements of payroll data were incorrectly excluded from these reports. Additionally, a number of manual working papers are produced in order to compile the disclosures.	As a result of inaccurate reports and reliance on manual working papers there is an increased risk that payroll disclosures are neither complete nor accurate.	The process for compiling such disclosures should be reviewed and controls enhanced to ensure that system generated reports are accurate. Procedure in place should include a robust internal review process to maximise the chance that errors are identified.	New fields have been created in Oracle and a report has been developed to ensure we are able to produce the required information in an accurate and timely manner for future Audits. This is currently in the testing phase.
Capital accounting				
2	The number of assets and heritage assets held are disclosed in an "asset structure" note in the accounts. These numbers were determined prior to the year end and no procedures were subsequently performed to identify movements that took place before the balance	The number of assets disclosed may be incorrect as a result of a failure to recognise transactions occurring during the latter part of the year.	All acquisition and disposal transactions completed prior to the balance sheet date should be reflected within the financial statements and, therefore, work completed in advance of the reporting date should be flagged for review and updating.	Process has been revised for 2015/16 – actual outturn to be completed at year end.

No	Observation	Implication	Recommendation	Management response
	sheet date.			
3	The assets held for sale disclosure in the draft accounts included a number of assets that did not meet the accounting definition of assets held for sale eg unlikely that the sale of such assets would occur within 12 months of the balance sheet date.	A potential for assets to be inappropriately classified and consequently inappropriately valued.	All assets held for sale should be reviewed for full compliance with the classification criteria in order to confirm that the classification is appropriate.	Assets are reclassified during the financial year. Time constraints do not permit decisions to be reviewed as at 31 st March but they will be reviewed before the final draft is signed.
4	During the year the Authority received a grant for vibrant and viable places, which was accounted for as income within the draft accounts. The terms and conditions of the grant specify that the grant was to be applied to spend in future years and, therefore, confirmed that it was inappropriate to recognise the income in 2014/15.	The grant was incorrectly accounted for.	The terms and conditions of capital grants should be carefully reviewed to ensure that the correct accounting treatment is adopted.	The VVP grant was unique as WG paid the grant with the intention for it to be loaned to a third party social housing group for a year with repayment back to CCS in April 2016 to use on capital regeneration schemes in 2016-17. CCS' interpretation of the grant T&Cs was that the grant was income in the year which had been spent in 2014-15 and should be reflected as income, however the auditor's opinion was accepted and the grant was removed from income. Capital grant T&Cs will continue to be reviewed carefully to ensure the correct accounting treatment is used.

No	Observation	Implication	Recommendation	Management response
5	The number of council dwellings recorded in the fixed asset register had not been reconciled to the number of council dwellings included in the valuation model produced by the Council's in-house valuers.	The valuation of council dwellings may be misstated as it is not based on the actual number of council dwellings maintained by the Authority.	An exercise should be undertaken to reconcile the fixed asset register and the valuation model to reliable source data to ensure that the integrity of the records is maintained.	Agreed. An exercise is being undertaken in 2015/16 as all council dwellings are being revalued.
6	Capital working papers prepared by the Council for 2014/15, specifically regarding the Capital Finance Requirement and the Minimum Revenue Provision include an opening balance which differs to the figures included in the statement of account.	Unless resolved these differences could result to incorrect capital entries being recorded	All opening differences should be investigated and resolved during the current year.	Agreed – however the difference identified had an immaterial effect on the resultant CFR/MRP and erred on the side of prudence
7	The Beacon approach to valuing assets is used when valuing investment properties. This involves applying the movement in the value of a representative asset to other similar assets. Our testing identified an error in the application of the valuation movement for one asset. Additionally, for one item tested, there was limited documentation to support an assumption made regarding the asset's development potential	The inaccurate application of the Beacon valuation methodology may result in the misstatement of investment properties.	Controls should be enhanced to ensure the accurate application of the Beacon valuation methodology, to include the introduction of a robust review process.	Agreed

No	Observation	Implication	Recommendation	Management response
Financial Liabilities				
8	The financial model used to calculate the provision relating to the capping and aftercare of the Tir John landfill site has rolled forward from the previous year and has not been revisited. As a result, the errors identified in 2013/14 were repeated in 2014/15. Additionally, no discounting has been applied in the calculations and the split between long and short term provisions has not been accurately determined.	The provision determined does not represent a best estimate of the cost that will be incurred and the resulting disclosures are inaccurate.	The model used to calculate the provision should be revisited on an annual basis to confirm ongoing validity and/or amend for known or expected variations that may have become apparent. The model should include discounting and an appropriate split between long and short term provisions should be determined.	A revised business plan was prepared by the waste team in November 2014 and the resulting revised provision was included in the accounts. This will be reviewed as part of the 2015/16 accounts preparation
Treasury and cash management				
9	We noted that a reconciliation had not been performed for one school bank balance. The school closed in July 2012, however, the bank account remained open. Additionally, historical differences were noted on school bank reconciliations, which have yet to be fully investigated.	Timely reconciliation of bank accounts is a key control in the detection of fraud.	The unreconciled account should be reconciled and closed if no longer required. Historical differences should be investigated and fully resolved where appropriate.	Steps have been taken to transfer these monies to the Councils current bankers although the account has always been held under the name of CCS and has never been at risk.. Historical variances will be investigated further at 2015/16 closure and resolved at that point but are expected to be minimal.

No	Observation	Implication	Recommendation	Management response
Related parties				
10	Members and senior officers are required to complete declaration of interest returns. For some individuals the most recent declarations were submitted in 2012/13. The definition of related parties extends to close members of an individual's family. From our review of declaration of interest returns the extent to which close members of familiar are considered is unclear.	The Council's ability to recognise related party transactions for disclosure in the statement of account may be adversely impacted by out of date or incomplete records.	The process for compiling the list of related parties should be regularly reviewed in order to ensure the list is kept up to date. Further, guidance for the identification of related parties should be issued in order to ensure that the information provided is complete and in accordance with requirements.	Councillors and Chief Officers have a duty to amend their interests as required. Councillors are bound by the Code of Conduct that state they need to amend their interests within 28 days of any change taking place. Democratic Services e mail Chief Officers and Councillors every 2 months regarding related parties and this is clearly evidenced by e-mail trail and the personal experience of those involved..

Prior year recommendations

No	Observation	Recommendation	Current Status	Management response
1	<p>Review of investment and borrowing transactions</p> <p>We noted that a weekly summary of investment and borrowing transactions is prepared and the closing balance is agreed to the interest register. However, there is no evidence of the summary and reconciliation being reviewed by an officer independent of the preparer.</p>	<p>We recommend that evidence of review of the summary and reconciliation is recorded and retained for future reference.</p>	<p>Closed – Evidence of review of such reports has been noted.</p>	-
2	<p>Consideration of assets not formally revalued during the year</p> <p>The Code of Practice requires that land and buildings are included within the financial statements at fair value. Authority did not perform an assessment of the potential movement in value of land and building assets not formally revalued during the year.</p>	<p>For 2014/15 all land and building assets will be formally revalued. However, management should ensure that, in subsequent years, consideration is given to potential changes in the value of assets not formally revalued during the year in question.</p>	<p>Closed – During the year all operational land and building assets were revalued.</p>	-

No	Observation	Recommendation	Current Status	Management response
3	<p>Downward movements in fair value</p> <p>For four assets the full downward movement in fair value had been posted to the revaluation reserve where there were no previous upward revaluation movements available to be reversed. Negative revaluation reserve balances are not generally permitted; as such these movements should have been posted to the Comprehensive Income and Expenditure Statement.</p>	<p>It is recommended that controls are established to ensure that postings to the revaluation reserve are limited to the extent that there is a balance on the revaluation reserve for that asset to offset the downward movement. Any additional downward valuation should be posted to the Comprehensive Income and Expenditure Statement.</p>	<p>Closed – No errors found during our testing of the accounting entries related to downward movements in fair value.</p>	
4	<p>Discounted cash flow model for council dwellings</p> <p>The cost of loan finance is included within the discounted cash flow model used to value council dwellings. This treatment is considered to be unusual, in the context of similar valuations performed by other organisations.</p>	<p>Consideration should be given to whether including such costs within the discounted cash flow model is the most appropriate treatment.</p>	<p>Closed – finance costs have been treated correctly in the discounted cash flow model.</p>	

No	Observation	Recommendation	Current Status	Management response
5	<p>Guildhall valuation</p> <p>Building works at the Guildhall have resulted in the reconfiguration of a number of rooms. The facilities team are in the process of measuring the rooms to provide new floor plans which will impact the valuer's assessment of the fair value of the property.</p>	<p>Upon completion of the floor plans the Guildhall should be revalued to take account of its new room configuration.</p>	<p>Closed – The valuation of the guildhall has been assessed as recommended.</p>	-
6	<p>Integrity of valuation working papers</p> <p>The age and obsolescence assumption used in the valuation of one asset (Abergelli Day Centre) had been altered without the valuer's knowledge.</p>	<p>We recommend that the valuer password protects valuation working papers to ensure that the risk unauthorised amendments is minimised.</p>	<p>Closed – The integrity of the valuation working papers has been deemed to be sufficient.</p>	-
7	<p>Review of outputs</p> <p>The valuation of assets included in the statement of accounts is not formally reviewed by an independent member of the valuations team.</p>	<p>The work of the valuer should be formally reviewed in order to minimise the risk that any errors remain undetected.</p>	<p>Outstanding – No formal review is performed by an independent member of the valuations team</p>	<p>Agreed. Will be considered in 2015/16</p>

No	Observation	Recommendation	Current Status	Management response
8	<p>Heritage assets</p> <p>Heritage assets need to be valued to an extent such that the cost of undertaking such valuations would be commensurate with the benefits to the users of the financial statements. A number of heritage assets, including some buildings, are held in the accounts at a nominal value.</p>	<p>Consideration should be given to including heritage assets within the rolling programme of valuing land and building assets as the cost of undertaking such valuations would be relatively low given that specialist knowledge already exists.</p>	<p>Outstanding – see 8 within current year points.</p>	<p>This expertise would have to be sourced externally. This can be market tested; however the expectation is that this would be at an uneconomic cost.</p>
9	<p>Infrastructure assets</p> <p>The Code of Practice on Local Authority Accounting is expected to require local authorities to account for their infrastructure assets in the statement of accounts in accordance with the Infrastructure Assets Code from 2016/2017. For older infrastructure assets the authority could not locate or provide supporting documentation to demonstrate ownership.</p>	<p>The Council should consider the requirement of the Infrastructure Asset Code at an early stage to maximise the opportunity to follow up information that is wrong</p>	<p>Outstanding – The authority has yet to fully implement procedures to ensure compliance</p>	<p>Procedure being revised in readiness for 2015/16 closure.</p>

No	Observation	Recommendation	Current Status	Management response
10	<p>Insurance provision</p> <p>The split between short term and long term provisions had been made on an estimate based on an analysis of claims and how long they take to settle. No supporting documentation was provided to support the estimates used.</p>	<p>It is recommendation that an exercise should be completed to analyse the Authority's claims to ensure that the provision is based upon the most up to date information.</p>	<p>Outstanding – The split between long and short term insurance provisions has been determined using data which is several years out of date.</p>	<p>The absolute provision for each claim is based on the professional opinion of a loss adjuster or solicitor handling the case. Cases are sometimes protracted legal cases without readily definable conclusion dates. The split between long term and short term provisions is therefore fluid.</p> <p>The consideration to the Authority should be the adequacy of the absolute provision- not how that is subsequently split between long term or short term which is desirable and will be undertaken as accurately as possible</p>

No	Observation	Recommendation	Current Status	Management response
11	<p>Early retirement / voluntary redundancy (ER / VR)</p> <p>No formal consideration has been given to whether any teacher related costs needed to be included in the ER/VR accrual in instances where approval has been given in 2013/14 but the departure date was not until 2014/15. The subsequent review undertaken at our request confirmed that no teacher costs should have been accrued in 2013/14.</p>	<p>The requirement to accrue for teacher related costs should be considered in the same way as it is for other Council employees.</p>	<p>Closed, no issues of this nature were identified in 2014/15.</p>	-
12	<p>Petty cash reconciliations</p> <p>Reconciliations of petty cash balances are not performed for every account as at 31 March. Reconciliations are performed on an ad hoc basis.</p>	<p>Petty cash reconciliations should be performed on a regular basis, including as at 31 March.</p>	<p>Closed.</p>	-

No	Observation	Recommendation	Current Status	Management response
13	<p>School bank balances</p> <p>For school bank accounts, differences between the balance as per the bank reconciliation and the bank confirmation were noted because school accounts are shut down before 31 March. Whilst no manual payments could go through the accounts there were automated transactions which were not recorded within the cash books maintained.</p>	<p>All bank reconciliations should be completed as at 31 March of each year.</p>	<p>Outstanding – see 9 within current year points.</p>	<p>All bank accounts were reconciled centrally to the 31st March. This will continue to be standard practice.</p>
14	<p>Identification of related parties</p> <p>The current process for identifying related parties is reliant on management's knowledge. Whilst the prior year listing of related parties is reviewed, this process is somewhat informal.</p>	<p>A more formal approach for the identification of related parties should be established to ensure that the risk of omission is minimised.</p>	<p>Outstanding – see 10 within current year points.</p>	<p>A formal system has been in place since October 2009. Councillors are bound by the Code of Conduct that state they need to amend their interests within 28 days of any change taking place.</p>
15	<p>Journals</p> <p>Individuals within finance can create post and authorise their own journals if they are within their authorisation limits. We note however that there are mitigating controls through the monthly monitoring of budgets and the year-end closure procedures, which would help to identify any journals inappropriately posted.</p>	<p>Consideration should be given to implementing a process for reviewing all journals posted to the nominal ledger.</p>	<p>Closed – this has been reviewed by management, who deem the risk surrounding this to be low. A number of mitigating controls are in place, including the review and scrutiny of monthly budget and outturn reports, which reflect all journals posted during the period.</p>	<p>-</p>

No	Observation	Recommendation	Current Status	Management response
16	<p>Supporting documentation</p> <p>Supporting documentation for three payables balances that have been tested could not be obtained. It is noted that the Authority was subsequently able to support these balances.</p>	<p>It should be ensured that supporting documentation is available for creditor balances</p>	<p>Closed – No errors found in current year testing. Received supporting documentation for all balances tested.</p>	-
17	<p>Bad debt write off</p> <p>It was noted that six batches of invoices designated for write off date back to 2012. The value of each of these batches was in excess of £10k. Delays were noted in obtaining the necessary approvals for these write offs to be actioned.</p>	<p>It should be ensured that any balances identified for write off should be processed in a timely manner.</p>	<p>Closed – Balances identified through testing were written off on a timely basis.</p>	-
18	<p>Debtors listings</p> <p>A detailed listing of debtors from the estates rents system as at 31 March could not be provided. This is because the system is live and reports cannot be retrospectively created.</p>	<p>A report detailing all estates rent debtors at year end should be produced as part of year end procedures</p>	<p>Outstanding – The estates rental balance recorded in the nominal ledger differed from the balance derived from the estate rental system. Whilst it is apparent that the difference is due to timing differences, no reconciliation is performed.</p>	<p>Reports can now be provided from the system as at 31st March.</p>

No	Observation	Recommendation	Current Status	Management response
19	<p>Internal audit capacity</p> <p>The Internal Audit function consists of staff totalling 11.6 FTE. Approximately 300 days of planned internal audit work for 2013/14 were not delivered due to time spent on special investigations and vacant posts.</p>	<p>Consideration should be given to the way in which the work of internal audit is prioritised to focus on high risk areas. Sufficient allowances should be made within the programme to allow for a reasonable level of unplanned work or unplanned absence.</p>	<p>Closed – Internal audit has enhanced its risk based approach used to determine the internal audit programme for the year.</p>	-

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Report of the Head of Finance and Delivery

Audit Committee – 17 November 2015

BENEFITS INVESTIGATION TEAM - END OF YEAR REPORT - 2014/15

Purpose:	To report on the activities and achievements of the Benefits Investigation Team during 2014/15.
Policy Framework:	Anti-Fraud and Corruption Strategy.
Reason for Decision:	To allow the Audit Committee to review and discuss the work of the Benefits Investigation Team during 2014/15
Consultation:	Legal, Finance and Access to Services.
Recommendation(s):	It is recommended that: 1) The Report be noted.
Report Author:	Talfryn Davies
Finance Officer:	Paul Beynon
Legal Officer:	Sharon Heys
Access to Services Officer:	Sherill Hopkins

1. GLOSSARY

CTB - Council Tax Benefit.

CTR - The Local Council Tax Reduction Scheme which replaced CTB from 01.04.13.

Data Matching – An electronic comparison of Council records to those of other Council's and participating organisations. The aim is to identify and investigate discrepancies and minimise overpayments of benefits. There are two main types of Data Matching:

- **HBDMS** - The Housing Benefit Data Matching Service are part of the DWP. Each month they compare Council Benefit records to those of the other Council's, DWP, Retirement Pension, Royal Mail, and Her Majesty's Revenue and Customs. HBDMS highlights actual discrepancies.
- **NFI** - The National Fraud Initiative is a bi-annual exercise coordinated by the Audit Commission. They compare all Council records both internally and externally to other Councils and participating organisations. Records compared include Payroll, Pensions, Housing Rents, Taxi Licenses, Personal Alcohol Licenses, Student Loans, and Immigration. NFI simply highlights matches rather than actual discrepancies. Further evaluation is required to determine if benefits have been paid correctly or not.

DWP - Department for Work & Pensions.

FES - DWP's Fraud and Error Service (based in Murrison).

FES(O) - DWP's Organised Fraud and Error Service (based in Cardiff).

HB - Housing Benefit.

IUC - Interview Under Caution

An IUC is a taped interview conducted in accordance with the Police & Criminal Evidence Act 1984 (PACE).

An IUC is undertaken where an Investigator considers there is evidence to suspect a person has committed a criminal offence.

LA - Local Authority.

Sanction – After an IUC there are three Sanctions that can be applied / offered to persons who are considered to have committed Benefit fraud. They are:

- **Formal Caution**

A verbal warning. The person must sign a declaration confirming that they accept the warning and that they have committed a criminal offence.

- **Administrative Penalty**

A 'fine' offered to claimants or employers who have caused an overpayment. The person must sign a declaration confirming that they have committed a criminal offence.

- **Prosecution**

Criminal proceedings in the Magistrates or Crown Courts where the defendant has been Summoned or bailed to attend Court and subsequently found guilty of Benefit fraud.

Defendants have the option to refuse to accept the offer a Formal Caution or Administrative Penalty. However, if they do so, or they fail to attend an interview to discuss the offer, the Authority must consider prosecuting them instead. The standard of evidence for Formal Cautions and Administrative Penalties are the same as those for Prosecutions.

SFIS – The DWP's Single Fraud Investigation Service (part of the DWP's Fraud and Error Service - based in Morriston).

2. SUMMARY

2.1 **Headline figures:**

- Referrals = 1,186.
- Investigated / under Investigation =750.
- Fraud proven / Benefit Saved = 155.
- Interviews Under Caution (IUC's) = 174.
- Sanction action started = 125 cases.
- Overpayments created = £694,249.39.
- Sanctions achieved = 123.

2.2 **Joint Working with DWP Investigators:**

- Day to day joint between investigators generally continued to work well.
- However, the following have continued to result in less joint working cases:
 - DWP no longer being able to offer Formal Cautions to offenders.
 - DWP focusing on cases with the potential to yield prosecutions.

2.3 **Data Matching:**

- *National Fraud Initiative (NFI)*
The examination and investigation of matches relating to NFI 2012 and 2014.
- *Housing Benefit Data Matching Service (HBDMS)*
677 Data Match Referrals received and actioned by the Benefits Section.

2.4 **Fraud Awareness:**

- 'Adverts' screened at the Contact Centre.
- Court cases reported in the local media.
- Achievements 'publicised' to interested parties.
- Corporate Learning Pool training aid devised.

2.5 **Staff Resources:**

- An Assistant Benefits Officer retired on 31.03.14.
- 112 working days were lost due to sickness of 3 weeks or more.
- Officers participated in a significant joint police/Council operation relating to alleged benefit fraud and other public protection issues.
- On 01.06.15, the Single Fraud Investigation Service will be 'rolled out' in Swansea.

3. INTERVIEWS UNDER CAUTION (IUC)

3.1 This table illustrates the total number of IUC's undertaken and also those carried out jointly with FES.

IUC'S UNDERTAKEN – 2005/6 TO 2014/15																			
2005/6		2006/7		2007/8		2008/9		2009/10		2010/11		2011/12		2012/13		2013/14		2014/15	
TOTAL	JOINT	TOTAL	JOINT	TOTAL	JOINT	TOTAL	JOINT	TOTAL	JOINT	TOTAL	JOINT	TOTAL	JOINT	TOTAL	JOINT	TOTAL	JOINT	TOTAL	JOINT
226	110 49%	225	141 62%	185	125 68%	201	114 57%	152	79 62%	236	134 57%	320	201 63%	223	105 47%	238	84 35%	174	62 26%

4. OVERPAYMENTS AND SANCTION ACTION

4.1 This table illustrates overpayment and Sanction cases.

OVERPAYMENTS CREATED AND/OR SANCTION ACTION STARTED, CONCLUDED OR ONGOING			
TYPE	NUMBER OF CASES	JOINT CASES WITH FES	VALUE OF LA & DWP OVERPAYMENTS
BROUGHT FORWARD FROM 2013/14 <i>I.E. CASES NOT CONCLUDED BY 31.03.14</i>	41	24	£459,941.53
NEW CASES FOR 2014/15 <i>I.E. CASES STARTED BETWEEN 01.04.14-31.03.15</i>	125	32	£694,249.39
CASES CARRIED FORWARD TO 2015/16 <i>I.E. NOT CONCLUDED BY 31.03.15</i>	41	19	£457,068.90

4.2 This table illustrates Sanctions achieved.

SANCTIONS ACHIEVED – 2005/6 TO 2014/15											
Type / Year	2005/6	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	Total
Formal Cautions	26	21	36	53	62	78	91	80	94	59	600
Administrative Penalties	54	32	17	25	20	15	18	14	17	13	225
Guilty Verdicts	77	42	50	47	39	43	71	69	69	51	558
Total	157	95	103	125	121	136	180	163	180	123	1383
Sanctions Target				125	130	125	150	180	180	180	
Sanctions Achieved v Target				100%	93%	109%	120%	91%	100%	68%	

4.3 No target has been set for 2015/16 due the scheduled transfer of functions and staff to SFIS on 1st June 2015, and pre-transfer case and staff 'migration' issues.

5. JOINT WORKING WITH DWP

- 5.1 Day to day joint working with FES generally continued to work well. In addition, joint investigations have been undertaken with FES(O).
- 5.2 62 IUC's were undertaken jointly (26% of total IUC's).
- 5.3 35 Sanctions were achieved from joint working cases (28% of total Sanctions).
- 5.4 However, the following DWP policy changes introduced from 01.04.12 have continued to result in less joint working cases being undertaken:
- No longer being able to offer Formal Cautions to offenders.
 - Focusing on prosecution cases (i.e. with potential overpayments of at least £2,000).

Since 2011/12 the number of joint working invitations received from FES has fallen by 69%:

- 2011/12 = 177 invitations;
- 2012/13 = 79 invitations = a 55% reduction on the previous year;
- 2013/14 = 54 invitations = a 31% reduction on the previous year.
- 2014/15 = 58 invitations = a 7% increase on the previous year.

6. NATIONAL FRAUD INITIATIVE (NFI)

6.1 NFI 2012

- January 2012 - Data Matches were 'published' by the Audit Commission.
- The Authority had 3,648 HB/CTB related Matches from 36 different Reports.
- 1,346 Matches examined to determine if further investigative action is appropriate.
- 84 Matches were subject to an investigation.
- Overpayments of £99,131 identified (£46,526 in LA Benefits & £52,605 in DWP Benefits).
- 10 Sanctions achieved.
- 2 investigations are ongoing.

6.2 NFI 2014

- January 2014 - Data Matches were 'published' by the Audit Commission.
- The Authority had 2,547 HB/CTR related Matches from 40 different Reports.
- 953 Matches examined to determine if further investigative action is appropriate. Examination of the matches was shared by the Benefits Investigation Team and FES.
- 27 Matches were subject to an investigation.
- Overpayments of £16,984 identified (£13,803 in LA Benefits & £3,181 in DWP Benefits).
- 2 Sanctions achieved.
- 13 investigations are ongoing.

7. HOUSING BENEFIT DATA MATCHING SERVICE (HBDMS)

- 7.1 677 Data Match referrals were received.
- 7.2 141 matches were passed directly to Investigators.
- 7.3 539 matches were initially passed to Processors. After Processors corrected any discrepancies, of these 10 matches were subsequently considered for investigative action.
- 7.4 16 Sanctions were achieved, (13% of total Sanctions), from the 151 Matches considered by Investigators

8. FRAUD AWARENESS

- 8.1 Five different adverts highlighting benefit fraud and how to report suspicions continue to be shown on screens in the main reception area at the Civic Centre.
- 8.2 In an effort to reduce costs, in April 2014, the existing externally provided product was replaced with an in-house developed training aid via the Corporate Learning Pool.
- 8.3 Throughout the year:
 - Specific and detailed training was provided to new starters in the Benefits Section, as necessary.
 - Regular Newsletters and media publicity have been issued and forwarded to relevant LA staff and FES.

9. STAFF RESOURCES

- 9.1 ***An Assistant Benefits Officer (ABO) left the Authority***
The Team's 3 Assistant Benefits Officer posts have been reduced as follows:
 - September 2012, an ABO left the Authority.
 - On 31.03.14, an ABO retired.Due to austerity measures, neither Officer was replaced. This meant that from 01.04.14, only one Assistant Benefits Officer 'serviced' the Investigation Team.
- 9.2 ***Special operation***
'Operation Violet Quartz' was a significant multi-subject/address operation undertaken jointly between South Wales Police and the Benefits Investigation Team. Four of the Team's eight Officers were involved from August 2014 onwards in varying degrees. The operation covered alleged benefits fraud and drugs offences.
- 9.3 ***Single Fraud Investigation Service***
SFIS was introduced nationally on 01.04.14. It is located within the DWP and is to be 'rolled-out' gradually from 01.04.14 and 31.03.16.
The relevant investigative functions currently undertaken by the authority are scheduled to be transferred to SFIS on 01.06.15.

This means that from 01.06.15, SFIS will be solely responsible for investigating all welfare benefit fraud in the Swansea area, including Housing Benefit and Council Tax Benefit).

There are decisions to be made regarding the Authority's post-SFIS requirements (the authority will still be responsible for investigating Council Tax Reduction fraud).

These post-SFIS requirements will then inform how many posts from the authority's Benefits Investigation Team will transfer to SFIS on 01.06.15, and In February 2015, SFIS set up meetings commenced.

9.4 **Sickness**

In total, 112 working days were lost due to sickness of 3 weeks or more.

10. **FINANCIAL IMPLICATIONS**

10.1 There are no financial implications to those set out in the report.

11. **LEGAL IMPLICATIONS**

11.1 There are no legal implications to those set out in the report.

12. **EQUALITY AND ENGAGEMENT IMPLICATIONS**

12.1 An EIA Screening Form has been completed with the agreed outcome that a full EIA report is not required.

BACKGROUND PAPERS: None

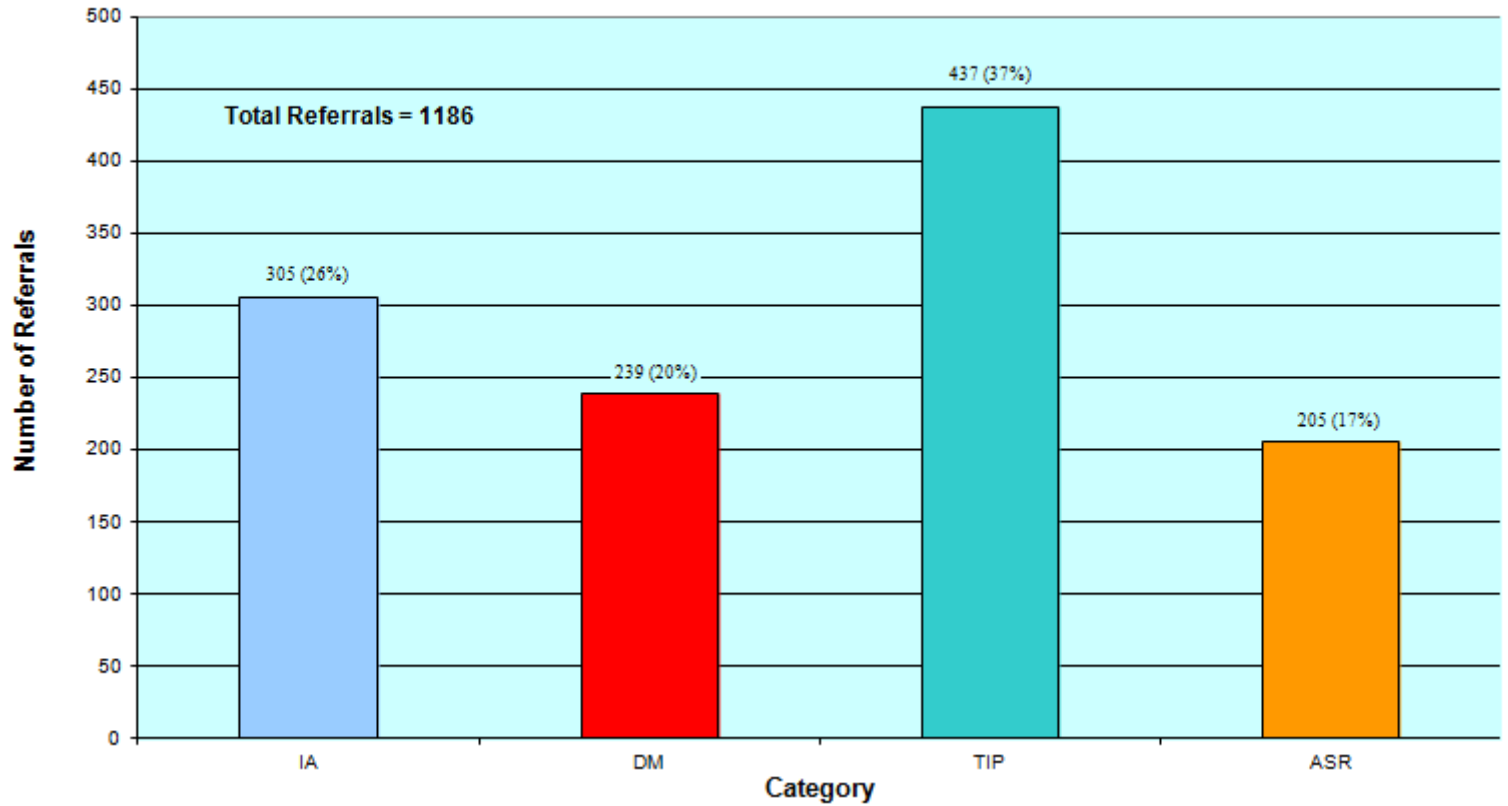
APPENDICES:





Appendix A – Bar Charts and Pie Charts.

Appendix B – A selection of publicity.

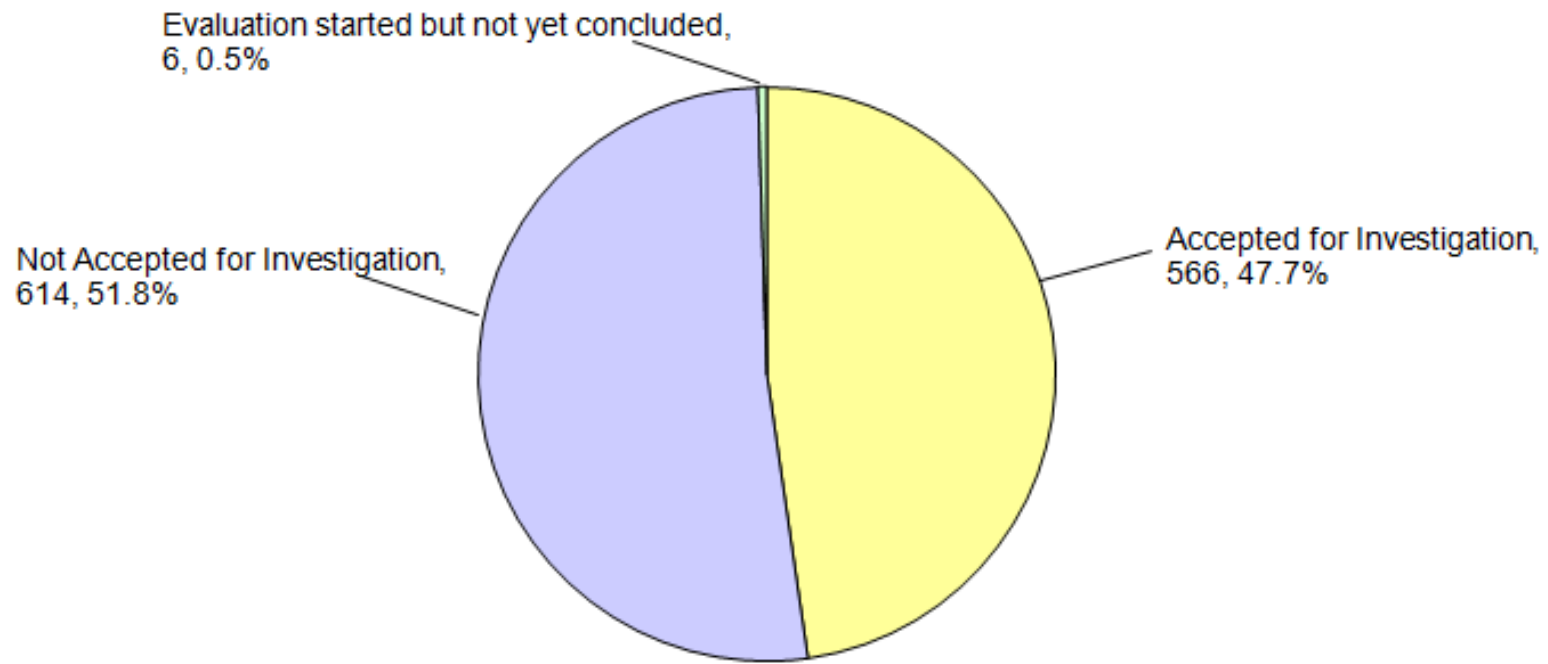
Appendix A – Bar Charts and Pie Charts

SOURCES OF FRAUD REFERRALS FOR 01.04.14 TO 31.03.15

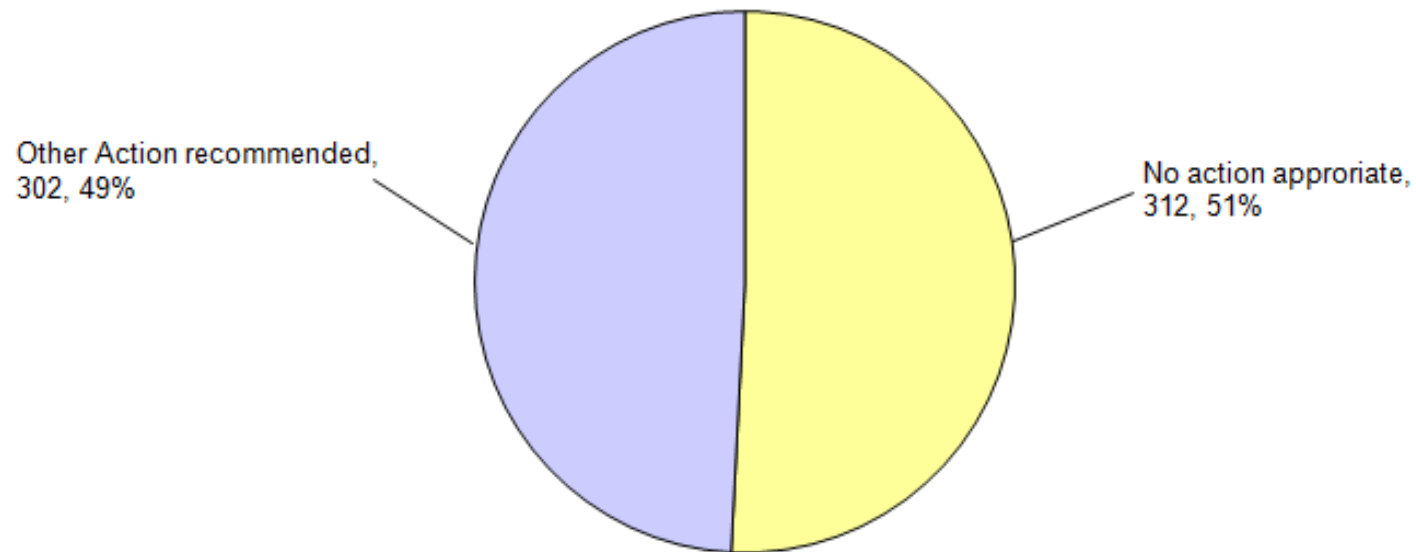


-  IA = Investigative Activity = DNR Mail / Late Notifications / Dta Tank / Other Activity
-  DM = Data Matching = HBMS / IDEA / NFI / RTI
-  TIP = Tip Offs from the public / joint working invitations from FES / 'Other' Council Tax Staff / Fraud hotline / Web-site / Notified by an Official body
-  ASR = Benefits staff / District Housing Office Staff

FRAUD REFERRALS - STATUS SUMMARY - 1186 CASES

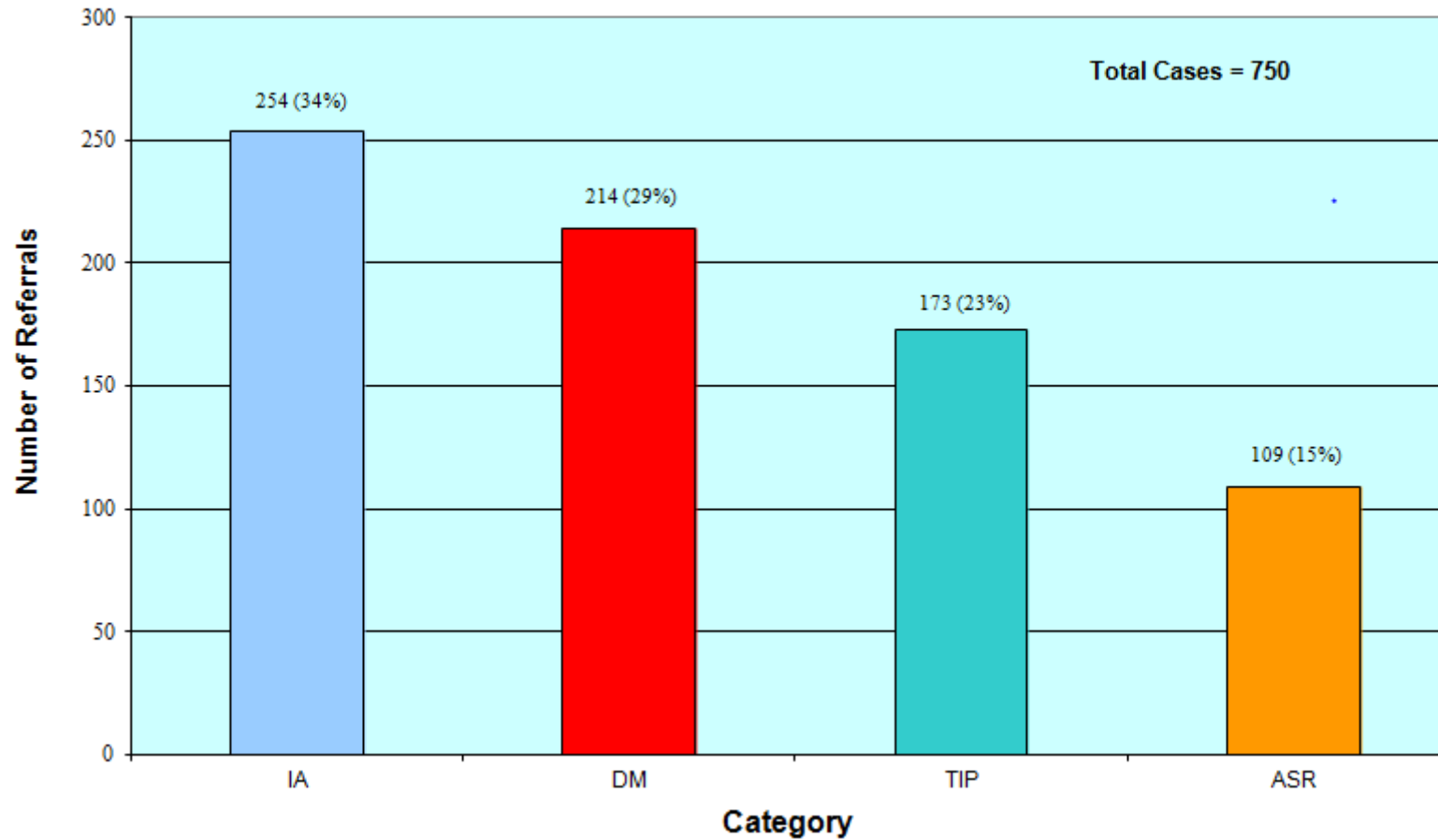


**FRAUD REFERRALS - BREAKDOWN OF STATUS TYPE
NOT ACCEPTED FOR INVESTIGATION - 614 CASES**



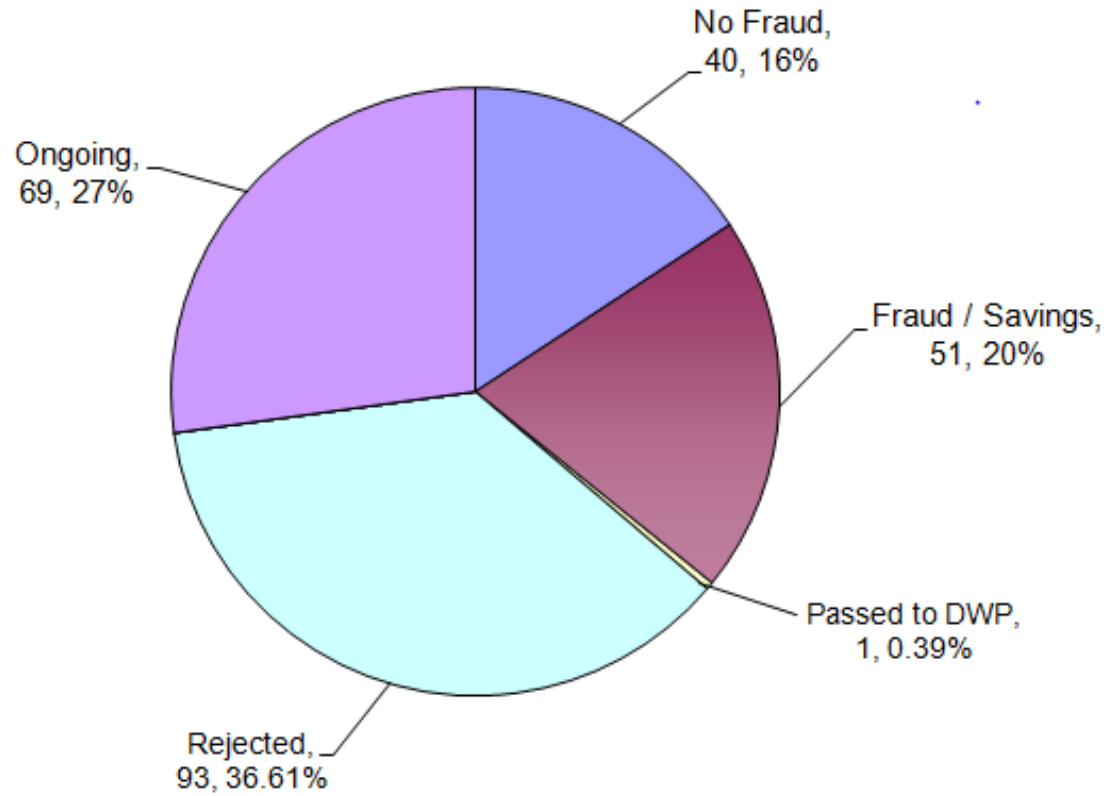
'Other Action recommended' includes:
1. Passing the Referral to the DWP;
2. Passing the Referral to an LA Benefits Processing Team or an LA Benefits Visiting Officer;
3. Issuing an LA Benefit Review Form;

SOURCES OF FRAUD CASES INVESTIGATED / UNDER INVESTIGATION - 01.04.14-31.03.15

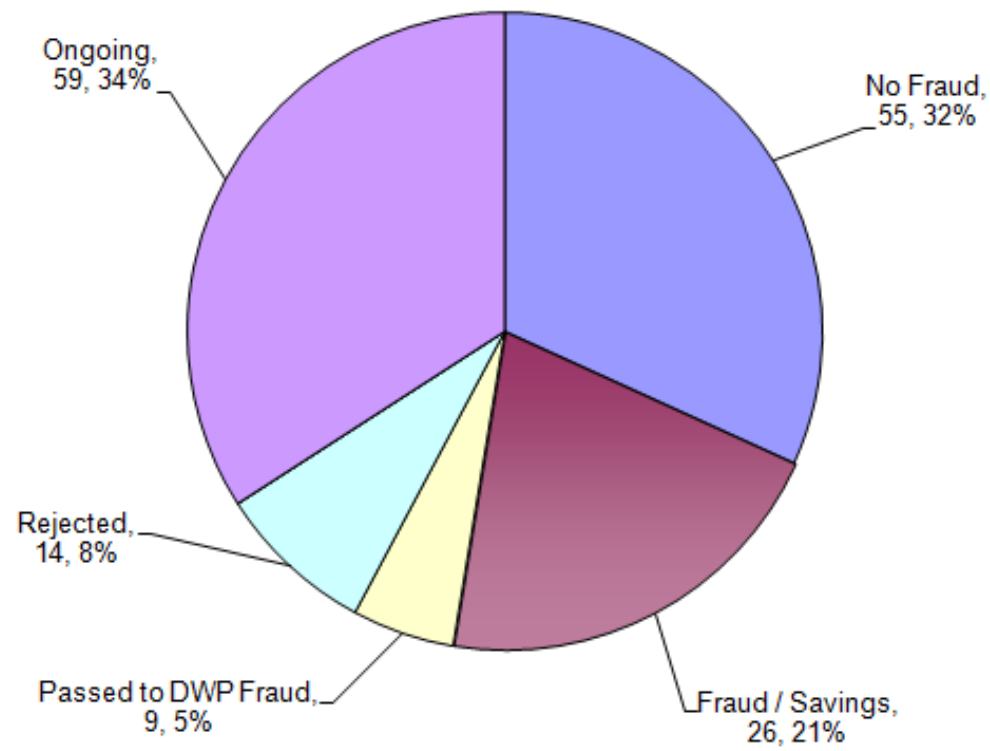


- IA = Investigative Activity = DNR Mail / Late Notifications / Data Tank / Returned mail (non DNR) / Other Activity
- DM = Data Matching = HBMS / IDEA / NFI / RTI
- TIP = Tip Offs from the public / joint working invitations from FIS / 'Other' Council Tax Staff / Fraud hotline / Web-site / Notified by an Official body
- ASR = Benefits staff / District Housing Office Staff

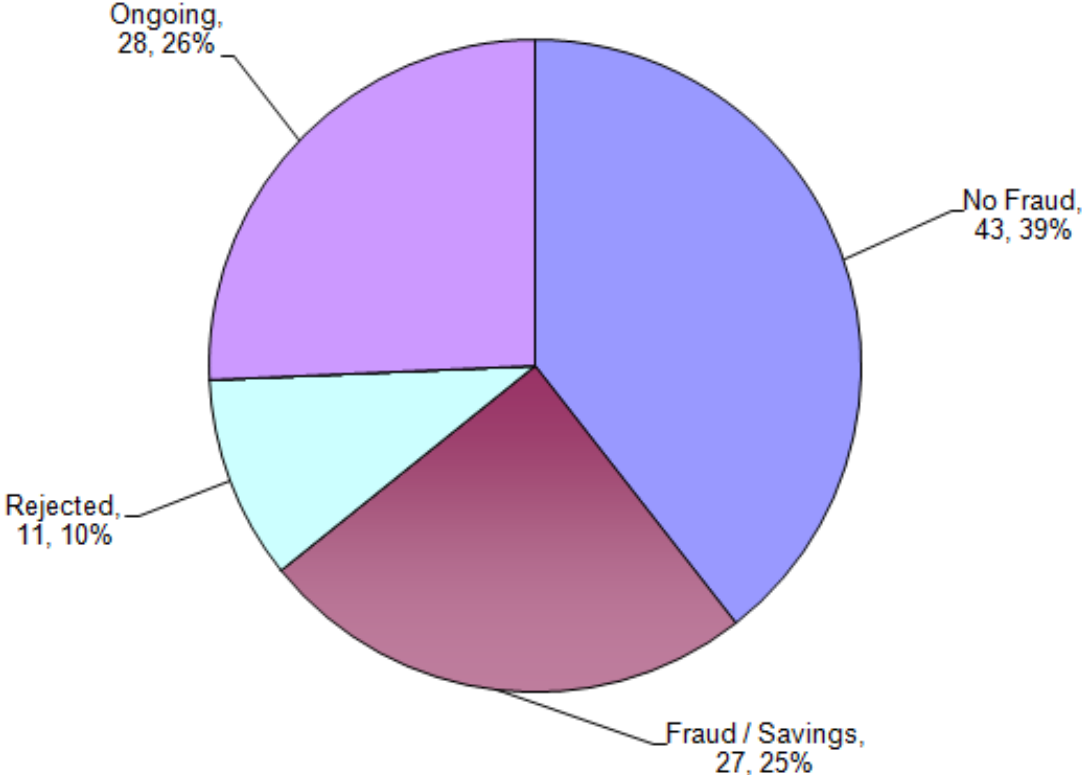
**FRAUD CASES INVESTIGATED / UNDER INVESTIGATION
INVESTIGATIVE ACTIVITY - 254 CASES**



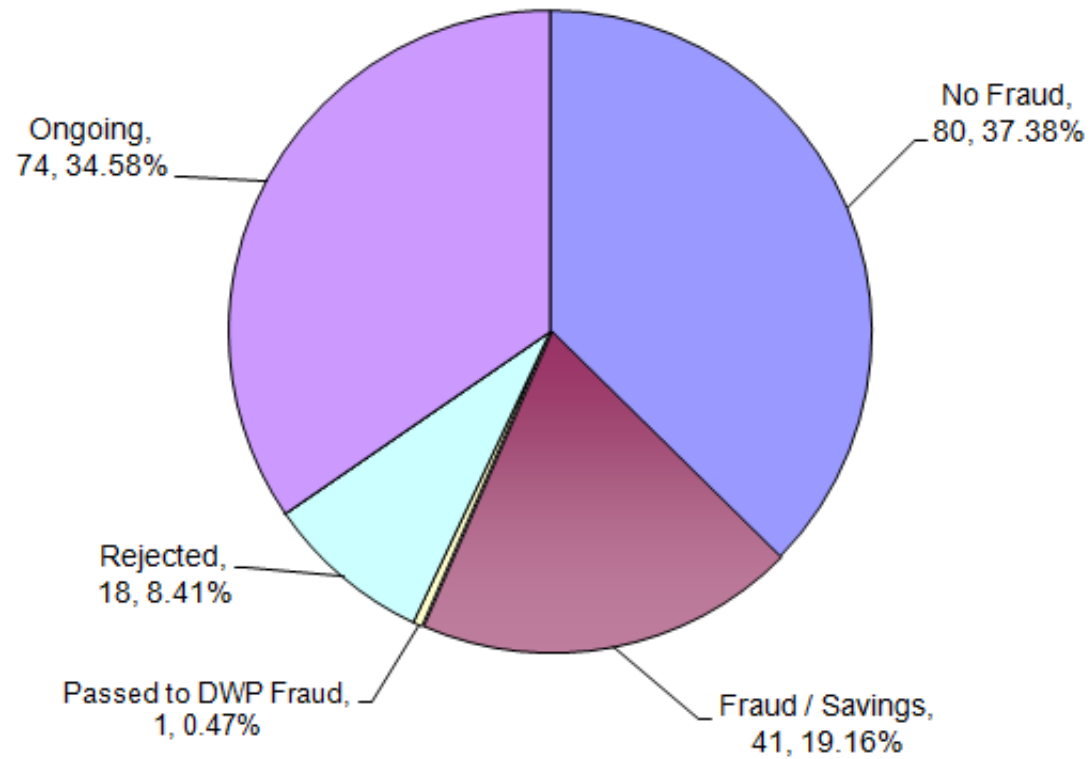
**FRAUD CASES INVESTIGATED / UNDER INVESTIGATION
TIP OFFS - 173 CASES**



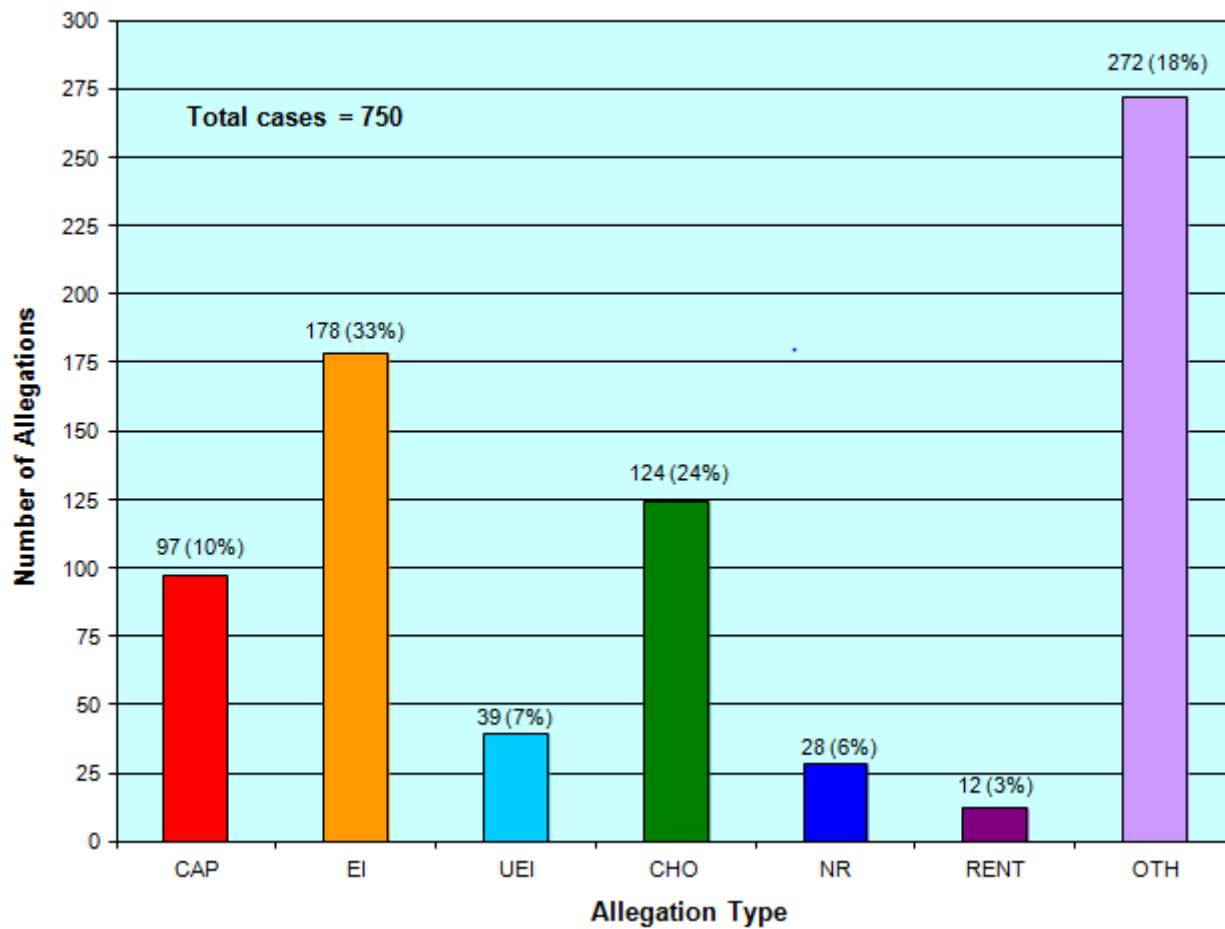
**FRAUD CASES INVESTIGATED / UNDER INVESTIGATION
BENEFITS & DISTRICT HOUSING OFFICE STAFF - 109 CASES**



**FRAUD CASES INVESTIGATED / UNDER INVESTIGATION
DATAMATCHING - ALL TYPES - 214 CASES**



ALLEGATIONS - FRAUD CASES INVESTIGATED / UNDER INVESTIGATION - 01.04.14-31.03.15



- CAP = Undeclared Capital (land/property/investments/cash)
- EI = Earned Income (work)
- UEI = Unearned Income (eg pension), Other Benefits
- CHO = Composition of Household (eg Partner / Non dependant / Dependant)
- NR = Not resident / Failure to notify a change of address
- RENT = Amount of eligible rent / Collusion Llord & tenant / Fraud solely by Llord / No tenancy / Contrived tenancy
- OTH = Other (expired reviews / incorrectly treated as on IS, JSA, PGC / Other)

Appendix B – A selection of publicity

PAGES 12 & 13 - SOUTH WALES EVENING POST - 22.04.14

NEWSfocus

Pledge to beat benefit cheats

RUTH MOSALSKI
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SWANSEA Council has uncovered more than £500,000 of benefit fraud in the last year — and they have warned that fraudsters will not get away with it.

Between April 1, 2013 and March 31, 2014, the council's benefits investigation team uncovered a total of £502,872.12 of benefit fraud.

That included £434,591 of housing benefit, £56,197 of council tax benefit and £12,082 of council tax reduction.

And by working with the Department for Work and Pensions (DWP) in joint cases, they found fraudulent claims, in a range of other benefits, amounting to £246,005.84.

That total amount, of £748,877, is down on previous years.

During the previous year, the council's team helped uncover more than £1.1million of fraud being committed in the area.

This year's efforts saw 180 people punished for benefit fraud. Of those, 69 found themselves in either the magistrates or crown court, another 17 received an administrative penalty and 94 accepted a caution.

They were caught by a variety of methods, including tip-offs from the public, data-matching exercises to check what a person was being given to live off and what they were spending as well as training for staff and joint-working with teams from the Department for Work and Pensions.

Rob Stewart, Swansea Council's cabinet member for finance, said: "As a council we work hard to help people claim the benefits they are legally entitled to.

"However fraudsters who knowingly withhold information or deliberately fail to promptly report a change in their circumstances to get benefit they're not entitled to are stealing from every one of us and they must be held to account. Case after case proves we will eventually catch the benefit cheats and they will not get away with their crimes."

Tal Davies, Swansea Council's investigations manager, added: "We are pleased our work is getting results and will continue to track down the benefit cheats."

He said they will plan to continue working with other agencies.

"In appropriate circumstances, we will continue to jointly work with the DWP's fraud team to ensure that the full extent of all benefit frauds are uncovered."

The UK Government say benefit fraud cost the economy £1.2 billion between 2011 and 2012.

If you know of anyone stealing benefits, report it in confidence online at www.swansea.gov.uk/benefitfraud or by calling 01792 635359. You can also call the National Benefit Fraud hotline on 0800 328 6340.

ONE of this year's biggest cases for the council's benefit investigation team was "Operation Bugs".

As part of that, 12 defendants found themselves not only being prosecuted for their part in the cold-calling scam to sell dodgy policies to customers, who were often vulnerable and elderly, but also benefit fraud for what was the biggest investigation of its kind in the city.

They claimed more than £51,000 in benefits which they were not entitled to while working for a call centre originally based in the Kingsway, from where they sold Sky TV policies.

The bosses of that call centre received lengthy sentences for fraud and many of their employees also received concurrent terms for falsely claiming benefits at the same time as being paid cash-in-hand.

The 12 individuals who faced benefit fraud charges received either terms of imprisonment, suspended sentences, community orders or official cautions.

The operation was run between the police, Swansea Council's trading standards and the Department for Work and Pensions.



An investigator from the Benefits Agency keeps a suspected benefit cheat under observation.

CASE STUDY NO.1

HUSBAND and wife fraudsters Lesley Isobel Jones and husband Thomas Adrian Jones are yet to be sentenced, but have been warned they face jail after being found guilty of fiddling £108,000 in benefits.

Lesley Jones drove around in a BMW with a personalised number plate, took her family on holiday to Turkey, Sharm el Sheikh and Spain and bought a £27,000 luxury caravan berthed in a seaside holiday park – all while claiming she was a single mum.

Thomas Jones had claimed that the relationship had ended when the couple split up during their wedding reception and the pair stood trial, but were convicted by a jury.

Thomas Jones had claimed he realised their marriage was a mistake on their wedding day in 2006, walked out of the wedding reception and did not see his wife again for two weeks and only moved in with her in 2011, but the prosecution proved they had lived together throughout their marriage.



CASE STUDY NO.2

HOLIDAYS in Hawaii, Bali and New York, artwork on the wall – a nice life if you can get it, and Susan Robinson did just that.

The pensioner from Llansamlet, Gower visited a host of far-flung destinations and spent "a large amount of money" on art while failing to tell the authorities about the substantial inheritance she had in a building society.

She claimed housing and council tax benefits and pension credits for almost six years without declaring she had £20,000 in an undeclared bank account.

She has already paid back £11,000 but did receive a four-month jail sentence, suspended for 18 months.



Counting on the tips that really do pay off



In these difficult times where every penny counts, RUTH MOSALSKI takes a look at how the net tightens around benefit cheats.

THE hotline phone never stops ringing, whether it's a disgruntled family member or colleague calling – the tip-offs about benefit cheats come all year round.

The Department of Work and Pensions calculate that in the last year, in the greater Swansea area, there has been £2 million overpaid to benefits cheats.

Not every tip-off leads to action being taken, but once they believe there is a good reason to investigate, they do.

Not only can they access their own records, but they can also call on colleagues from the police, Inland Revenue or council.

Sometimes cheats can face administrative penalties or land themselves in the dock.

Last year there were 120 prosecutions in the greater Swansea area.

The more the amount and the more deliberate the scam, the more likely the case is to end up in court.

Department of Work and Pensions fraud investigator, Delmie Evans, says the most frequent reason why people are prosecuted is by people not informing of a change in circumstances, having more capital – either property or savings than allowed when receiving benefits – or undeclared income.

Mr Evans said: "Most of our cases are based on circumstances whereby the original claim was accurate and correct, but there's been a change of circumstances that affect their benefit entitlement and they didn't tell us, either the change is in relation to the claimant or sometimes in relation to their partner."

He said people have to inform them of changes, no matter how small, because they easily add up.

"They say, 'I can leave it for a while, no-one is going to find me' and then it continues and continues."

But he urged people to keep ringing the hotline because last year the overpayment added up to £2 million. "People are sometimes afraid to report people they believe to be defrauding the benefit system in case they're not on benefits – however they should be reassured that we will not interview people without thoroughly checking the information received against our benefit systems and any intelligence gathered in the process."

CASE STUDY NO.3

A HOLIDAY home would be on a wish list for many of us and one man made that dream come true.

But, Paul Lapping bought it with £125,000 he received after his mother died and continued to claim an extra £45,800 in payouts. Lapping was told by the judge sentencing him that what he had done was driven by "pure greed" when he was sentenced last year.

He bought a house in Ontario in Canada, but told the court he had lost all but £17,000 when he sold the house five years later.

Lapping, aged 53, from Alderway, West Cross, was told taxpayers had lost £45,000 and he was repaying that at £14.20 a week – at that rate he would be over 100 when all paid back.

CASE STUDY NO.4

Ronald Morgan was claiming disability allowance while working as a roofer and landed himself in court.

Morgan, then 64, from Pembrey, was caught after an anonymous call to the DWP's fraud hotline.

He had claimed benefits after having problems with his right foot and balance – which would cause him to fall over three times a week.

But in 2011 he felt better, began working again and made an extra £4,000 in benefits.

He was filmed working on a roof by officers and admitted his guilt.



THE REAL STORY

BENEFIT CHEATS

Public outrage followed pictures of **White Dee** - aka **Deirdre Kelly**, star of Channel 4's **Benefits Street** - living it up on holiday earlier this month - despite claiming she's too depressed to work.

Benefit fraud cost the UK taxpayers £12 billion in 2013 - up £100 million on the previous year. But just 250 out of 7188 benefits cheats were banged up in 2012.

Last week, it was reported that the Department of Work and Pensions (DWP) has frozen the unlikely TV star's £101 a week sickness benefit after she started cashing in on her growing celebrity status.

Labour MP **Simon Danczuk**, whose single mum brought him up on benefits, said, "It's frankly insulting that on the one hand I have a constituent who's in a coma - who the Government is hassling to get back to work - while Kelly has been making a mockery of the system."

I'm delighted that, in light of the national outcry and that it obviously looks like she was making cash from promotional work, the DWP has done the right and proper thing and frozen her benefits until they investigate her."

There's plenty of people happy to play the system, though... With investigators turning to Facebook, Twitter and even YouTube to find proof of dubious claimants, a whole raft of shocking cheats are being unearthen.

Real People's **Andrea Leeboddy** investigates the UK's most outrageous benefit fraudsters...

White Dee on holiday

Poster Boy

Paul Lewis' crippling agoraphobia was so bad he allegedly suffered panic attacks whenever he left his house.

But his nerves didn't seem to get the better of him when appearing on stage as a pub singer and guitar player as his alter ego, **Paul Rio**.

While claiming disability benefits, the 49-year-old was living it large on the Swansea club circuit, pocketing £200 a week, before investigators spotted his face on a poster advertising his gigs.

The shamed singer initially tried to claim the posters had been doctored and his face had been Photoshopped onto Paul Rio's. But in May 2014, he got a 20-week jail sentence - suspended for 18 months - after admitting nine sample offences of fraud, having falsely received £35,749 in incapacity benefits.

Paul Lewis performing

to the Jobcentre to sign on, raking in housing benefit, income support and council tax benefit.

In April 2013, she was sentenced to a 12-month community order, with 215 hours unpaid work, and ordered to repay the she owed, after admitting six counts of fraud.

suspected of a housing benefit fiddle, allegedly claiming he and Caroline had up. He denied it, but paid back the cash to avoid legal proceedings.

WHAT A DRAG!

Mark Hawthorn, 49, told authorities he could barely get out of bed and needed round-the-clock care.

Over 10 years, he pocketed £88,000 in incapacity benefits while secretly working as a drag queen called **Aunt Tilly** - the star of a drag act called **Glittertips!** Donning frocks and wigs, Mark would mime to songs by Tina Turner and Diana Ross.

He was caught in the act - literally - when fraud snoopers discovered a YouTube and Facebook video of him in action, rocking a blonde wig, high heels and cocktail dress!

But Mark had to hang up his heels temporarily when he was jailed for six months at Stafford Crown Court, after admitting three counts of failing to notify a change in circumstances and two counts of fraud.

FIGHTING FIT

During an open-air display, as part of 2012 Olympic Relay, **Mark Ashman**, 51, took part in a boxing match crowd cheered filmed Mark on mobile phone he sparred with a partner in the outdoor ring in Wolverhampton.

But the boxer suffered a body blow when investigators uploaded to YouTube... because Mark fact, a benefit cheat who'd pocketed after claiming he couldn't walk and his was so bad he required round-the-clock care. He was spared jail after pleading guilty.

GOING BANANAS!

When she won £95,000 on telly show **Deal Or No Deal** in 2011, **Caroline Banana**, from Stoke-on-Trent, Staffs, was quids in.

But her winnings didn't deter her from making a fortnightly trip

Caught on camera boxing!

Mr Paul Lewis aka Paul Rio, claimed benefit from Somerset Place, Swansea. At Swansea Crown Court he pleaded guilty to failing to disclose employment. LA overpayments amounted to £14,836.00. On 02.05.14, Mr Lewis was sentenced to 20 weeks imprisonment suspended for 18 months.



Lesley Isobel Jones (left) and Thomas Jones cover their faces as they arrive at court.
Pictures: Athens News Agency

'Estranged' husband jailed in £100k scam

RUTH MOSALSKI

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A HUSBAND who said he had walked out of his wedding reception has been jailed after his supposedly estranged wife claimed more than £100,000 in benefits, claiming she was a lone parent.

Mum-of-five Lesley Isobel Jones fiddled more than £108,000 in benefits over ten years by claiming she was a single mum.

She has avoided an immediate term in prison, but Judge Keith Thomas said that was only because of her children.

Judge Thomas said her 15 month sentence would be suspended for two years: "There is one reason and one reason only in your case, and that's your children."

But he said she would also have to complete 300 hours of unpaid work. Her husband is beginning an immediate 15 month sentence after their claims they had separated before cutting the cake were "wholly rejected" by the jury.

"You worked together to hide the fact he was working and you were married and living as a couple."

Judge Keith Thomas

Thomas Jones, aged 52, said when he left the reception in 2000, he didn't see his wife again for two weeks.

He also claimed they hadn't living together until 2011, but his wages were sent to her address in Landore, Swansea, the TV licence was in his name, they had a joint bank account and he paid the bills.

Lesley Jones, aged 50, took her family to Turkey, Sharm el Sheikh and Spain while claiming income support, employment support, tax credits and council tax relief.

She drove a BMW and bought a £27,000 luxury caravan berthed in a seaside holiday park.

Thomas Jones had lost his job with Royal Mail after receiving a four month suspended sentence for stealing mail.

The pair had tried to hide their faces after appearing at court to avoid being photographed.

Judge Thomas said: "You worked together to hide the fact he was working and you were married and living as a couple. Each of you knew what the other was doing. It is a serious offence. Benefits are there for people who genuinely need them."

COURT

'No hiding place for frauds'

ALEX BROWN

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SWANSEA Council has welcomed tough sentences handed down to husband and wife benefits fraudsters who claimed their relationship ended on their wedding day.

Lesley Jones and Thomas Jones claimed they broke up at their reception and then separately claimed more than £108,000 in income support, employment support allowance and council tax benefit.

Now both have been sentenced after a joint operation between Swansea Council's Benefits Investigations Team and the Department for Work and Pensions revealed the extent of their fraud.

Lesley Jones was given a 15-month jail term -- suspended for two years. She also has to complete 300 hours of unpaid work. Thomas Jones was jailed for 15 months.

Following their appearance in court Swansea Council warned benefits fraudsters in Swansea that they would be pursued.

Rob Stewart, cabinet member for finance, said: "There is no hiding place for those who think they can

defraud the system.

"Benefit fraud is not a victimless crime, because the money this couple cheated was stolen from the rest of us to fund a lifestyle which they had not earned and to which they were not entitled."

Over the last year Swansea Council benefits investigators working alone or alongside the DWP, uncovered almost £750,000 in benefit fraud.

Furthermore the efforts of Swansea Council's Benefits Investigation Team resulted in 180 people being punished for benefit fraud with 69 being found guilty by magistrates or Crown courts, 17 accepting a financial penalty, and 94 accepting a verbal warning.

Tal Davies, Swansea Council's investigations manager, said: "We are pleased our work is getting results and will continue to find all those who steal benefits. We're also working with the DWP fraud team to make that happen. The team is currently investigating almost 150 cases of alleged benefit fraud."

●If you know of anyone stealing benefits you can report it, in confidence, locally online at www.swansea.gov.uk/benefitfraud, or by calling 01792 635359 or call the National Benefit Fraud hotline on 0800 328 6340.



Lesley Isobel Jones (left) and Thomas Jones.

Pictures: Athena Picture Agency

Woman in £18k benefits fraud

A WOMAN who claimed almost £18,000 in benefits she wasn't entitled to has been given a suspended prison sentence.

Victoria Louise Davies pleaded guilty to two charges at Swansea Magistrates' Court of committing fraud by failing to disclose to Swansea Council that she was living with a partner at Tymawr Street in Port Tennant.

The court was told the 29-year-old had been receiving employment support allowance on the basis she was a single person, as well as housing benefit and council tax benefit, between 2012 and 2013.

The court heard, however, that Associated British Ports had confirmed an employee, Keith Dyer, had identified Davies as his emergency contact and next of kin.

Prosecuting, Anwen Evans said when Davies had been interviewed by investigators: "She initially denied living with Mr Dyer, and had no financial help, but had got a relationship [with him]."

Mitigating, Grayson Tanner told the court that Davies had already begun repaying the £17,944, and added: "Her clean character has been lost as a result [but] she assures me she will not trouble this court again, and I believe the sentiment to be genuine."

Sentencing Davies to 18 weeks suspended for 12 months, chairman of magistrates Andy Pudduck said: "Nearly £18,000 is a substantial amount of money." She was also ordered to do 120 hours unpaid work, and pay £85 costs, and a victim surcharge of £80.

£26k benefit cheat owned two houses

Jason Evans

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AN oil rig worker falsely claimed more than £26,300 in benefits while getting a monthly income from an insurance policy and owning two houses in Scotland, a court has heard.

Mark Owen-Griffiths, from Clase, claimed more than £21,500 in council tax and housing benefit from Swansea Council and more than £4,000 in employment support allowance.

The fraud only came to light thanks to "data matching" with information held by Her Majesty's Revenue and Customs and other government agencies.

Owen-Griffiths, aged 50, of Rheidol Court, had previously pleaded guilty to 12 dishonestly failing to notify change of circumstance charges when he appeared at Swansea Crown Court for sentencing.

Leah Griffiths, in mitigation, said Owen-Griffiths — who is originally from Pembrokeshire — had had a well paid job on North Sea oil rigs before industrial accidents left him with limited use of his arms, and unable to work.

Because of his injuries he received money from a group insurance policy.

Ms Griffiths said her client suffered from severe depression as a result of what had happened, and was in constant pain requiring the use of the strong painkiller ketamine.

She said: "It is fair to say he is not a man in good health — he suffers on a daily basis.

"He confines himself indoors, and does not have much motivation to get himself outside.

"He came to Swansea to make a fresh start, he did not come to this area to make fraudulent claims."

She added that Owen-Griffiths "put the information on the forms he thought he had to put" but that now accepted that it was a fraudulent claim.

The court heard Owen-Griffiths was some £42,000 in debt but was now getting help from agencies including the Citizens' Advice Bureau in managing his finances.

He is also taking up Tai Chi.

Ms Griffiths said Owen-Griffiths had sold one of his Scottish houses and had paid back all the money owed to Swansea Council, and that he was in then process of selling the second to help clear his outstanding debts.

Magistrates imposed an eight-week prison sentence suspended for 12 months, and ordered him to pay £200 of the £840 costs the council had incurred in investigating the fraudulent benefit claims.

<http://www.southwales-eveningpost.co.uk/750-000-cocaine-plus-cars-quad-bikes-jewellery-50/story-24976443-detail/story.htm>

£750,000 of cocaine - plus cars, quad bikes, jewellery and £50,000 in cash - seized in police raids

By [EvansTheCrime](#) | Posted: December 02, 2014



Police have recovered more than 55lbs of cocaine worth some £750,000 in a series of raids on houses in Swansea.

The drugs bust also netted £50,000 in cash along with a haul of jewellery, cars, motorbikes and quad bikes.

The series of co-ordinated raids happened at properties in [Penlan](#), [Treboeth](#) and Cwmdru, and police have praised the public for coming forward with information about what was happening in their communities.

Ten people arrested in connection with the operation have been charged with conspiracy to supply the Class A drug, and all have been remanded into custody.

South Wales Police chief Superintendent Phil Davies, divisional commander for Swansea and Neath Port Talbot, said: "This was a major drugs operation which has resulted in 10 arrests and a significant amount of Class A drugs, cash and property being recovered.

“Much of the information we receive about drug dealing comes from the community and in this case I would like to thank members of the community, particularly in Penlan, for the information they have provided us which we have listened to and acted upon.

“You cannot underestimate the amount of damage drugs does to a community and the tragic consequences it has for users, their families and friends.”

He added: “Anyone with information about drugs in their community should contact police.”

Those arrested and charged were — Carl Honey-Jones, aged 30, of Penlan Road, Treboeth; Donna Marie Honey-Jones, aged 31, of Penlan Road, Treboeth; Christian Fielding, aged 32, of Heol Gwyrosydd, Penlan; Matthew Cole, aged 35, of Carmarthen Road, Cwmdy; Brian Harding, aged 58, of St Clears Place, Penlan; Sandra Harding, aged 61, of St Clears Place, Penlan; Peter John Harris, aged 58, of Prescelli Road, Penlan; Rachel Honey-Jones, aged 26, of Prescelli Road, Penlan; William Alan Harding, aged 42, of Penmynydd Road, Penlan; and 24-year-old Matthew Ashley Jones, of Heol Gwyrosydd, Penlan.

Police say that along with more than 55lbs cocaine officers recovered £50,000 in cash, expensive jewellery and watches, five cars, two motorbikes and four quad bikes.

The 10 people arrested are due to appear at Swansea Crown Court on December 8.

£33k benefits cheats hauled before courts

Liz Perkins

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THREE benefit fraudsters from Swansea have been prosecuted after cheating the system out of a whopping £33,000.

Karen Rix, aged 51, of Rosewood Court, Penlan, Amy Norman, aged 32, of Heol Will George, Waunarlwydd, and Jacqueline Owen aged 43 of Smyrna Street, Plasmarl, all pleaded guilty to the offence.

It emerged during the Swansea Magistrates Court case that they had diddled the system out of housing benefit, council tax benefit and council tax reduction.

The fraud was uncovered by Swansea Council's benefits investigation team.

David Hopkins, cabinet member for communities and housing, said benefits were in place for people in most need and that the case highlighted how people were ripping off the tax payer.

He said: "Benefits are designed to

help people who are financially vulnerable and really need the support. Cheating the system not only rips off the taxpayer but undermines a support system designed to protect the more vulnerable people in society.

"The investigation team constantly have potential cases flagged up to them. This could be, for example, by an anonymous tip-off about a partner living at the address or undeclared earnings. The team can uncover unlawful overpayments in various ways once someone is under investigation."

Karen Rix pleaded guilty to benefit fraud amounting to £12,467.67. She was sentenced to 20 weeks imprisonment suspended for 12 months. A six-week curfew was also imposed.

Amy Norman pleaded guilty to benefit fraud amounting to £4,991.28. She was sentenced to a community order for six weeks and a curfew for six weeks. Jacqueline Owen pleaded guilty to benefit fraud amounting to £15,523.00. She was sentenced to 20 weeks imprisonment suspended for 12 months and 180 hours unpaid work.

Agenda Item 5

Report of the Chief Auditor

Special Audit Committee – 17th November 2015

INTERNAL AUDIT ANNUAL PLAN 2015/16 MONITORING REPORT FOR THE PERIOD 1st JULY 2015 TO 30th SEPTEMBER 2015

Purpose:	This report shows the audits finalised and any other work undertaken by the Internal Audit Section during the period 1 st July 2015 to 30 th September 2015.
Policy Framework:	None
Reason for Decision:	To allow the Audit Committee to discuss and monitor progress against the Internal Audit Annual Plan 2015/16
Consultation:	Legal, Finance, Access to Services.
Recommendation(s):	It is recommended that: Committee review and discuss the work of the Internal Audit Section and note the contents of the report
Report Author:	Paul Beynon
Finance Officer:	Paul Beynon
Legal Officer:	Sharon Heys
Access to Services Officer:	Sherill Hopkins

1. Introduction

- 1.1 The Internal Audit Annual Plan 2015/16 was approved by the Audit Committee on 9th April 2015 and quarterly monitoring reports will be presented throughout the year to allow Committee to review and comment upon the progress of the Internal Audit Section in achieving the Annual Plan.
- 1.2 This report shows the audits which were finalised in the period 1st July 2015 to 30th September 2015.

2. Audits Finalised 1st July 2015 to 30th September 2015

2.1 The only vacant post currently within the Internal Audit Section is 0.5 of an Auditor post which was highlighted in the Annual Plan report and was initially being kept vacant until 30th September 2015 but will now continue for the rest of the year.

2.2 The Internal Audit Section has again experienced unusually high levels of sickness in the 2nd quarter with a total of 35 days sick leave being recorded. In the first half of the year a total of 78 days sick leave was recorded against an annual budget for sick leave of 49 days. The level of sickness in the 2nd quarter was due to long term sickness absence for 2 members of staff, both of whom have returned to work.

2.3 A total of 26 audits were finalised during Quarter 2. The audits finalised are listed in Appendix 1 which also shows the level of assurance given at the end of the audit and the number of recommendations made and agreed.

2.4 An analysis of the audits finalised during the 2nd quarter is shown in the following table

Assurance Level	High	Substantial	Moderate	Limited
Number	7	13	5	1

2.5 A total of 222 audit recommendations were made and management agreed to implement 221 recommendations i.e. 99.6% against a target of 98%.

2.6 All recommendations made are classified as high risk, medium risk, low risk or good practice. An analysis of the recommendations agreed during Quarter 2 is shown in the following table

High Risk	Medium Risk	Low Risk	Good Practice	Total
3	57	103	58	221

2.7 To allow the Audit Committee to more closely monitor the progress being made during the year by the Internal Audit Section to achieve its Annual Plan, Appendix 2 shows each audit included in the Plan approved by Committee in April and shows the position as at 30th September for each audit. The progress against each audit will be updated in each quarterly monitoring report to allow the Committee to track the progress being made in achieving the Annual Plan.

2.8 Appendix 3 shows brief details of the significant issues which led to the 6 audits being considered to be 'moderate' or 'limited'. There were other less significant findings also included in the final audit reports issued to management

- 2.9 A Management Action Plan which includes a series of recommendations to address the issues arising from each audit receiving a negative level of assurance has been agreed with the service. A follow up audit will be arranged within 6 months of the final report being issued to confirm that the agreed recommendations have been implemented.
- 2.10 The Internal Audit Section was also involved in the sample testing of Equal Pay calculations prior to offers being made to staff

3. Follow Ups Completed 1st July 2015 to 30th September 2015

- 3.1 The follow up procedures operated by the Internal Audit Section includes visits to any non fundamental audits which received a 'moderate' or 'limited' level of assurance to confirm that action has been taken by management to address the concerns raised during the original audit.
- 3.2 The follow up visit is usually within 6 months of the final report being issued and includes testing to ensure that any 'high' or 'medium' risk recommendations have been implemented. Where agreed recommendations have not been implemented, this will be reported to the appropriate Head of Service (or Chair of the Governing Body in the case of schools) and the Head of Finance and Delivery.
- 3.3 During the 2nd quarter a follow up visit was made to confirm that the recommendations arising from the Section 106 audit had been implemented.
- 3.4 It was found that good progress had been made by the Department with recommendations either already implemented or systems and procedures in place to implement the recommendations when the next Section 106 Agreement is signed. It was also found that systems were place to undertake quarterly reconciliations of the Section 106 database and the production of completion reports as well as an annual report to Planning Committee

4 Equality and Engagement Implications

- 4.1 There are no equality and engagement implications associated with this report

5. Financial Implications

- 5.1 There are no financial implications associated with this report.

6. Legal Implications

- 6.1 There are no legal implications associated with this report.

Background Papers: Internal Audit Plan 2014/15

Appendices: Appendix 1 Internal Audit – Monitoring Report Quarter 2 2014/15
Appendix 2 Internal Audit Plan 2015/16 – Progress to 30/09/15
Appendix 3 Moderate / Limited – Significant Issues

Moderate / Limited - Significant Issues

Audit	Rating	Reasons
Community Alarms Service	Moderate	<ul style="list-style-type: none"> • Discrepancy in number of service users leading to risk of income not being collected • Some internal and external organisations not fully recharged for service • No stock records maintained • Failure of equipment repair contractor to comply with call out response times • Failure to recover VAT on all P Card purchases
Integrated Community Equipment Service	Moderate	<ul style="list-style-type: none"> • Failure to comply with Section 33 agreement for budget increases • Significant projected overspend at time of audit • Funding contributions of partners does not reflect actual usage • Contract Procedure Rules not always complied with • Poor stores accommodation • Substantial obsolete and surplus stock held • Minimal usage of hire car • Delays in bringing significant items of equipment into use • Equipment inventory not up to date
Suresprung	Moderate	<ul style="list-style-type: none"> • Low levels of shop income • Unidentified credit in service bank account • Contract Procedure Rules not followed for carpet sub-contractor • No documentation found for 2 unpaid invoices from sample of 10 • No formal debt recovery procedures in place • No invoices referred to Legal for recovery action for significant period • Contract Procedures Rules not always followed • Stock held in disorganised manner • Equipment inventory not up to date

Victoria Park Kiosk	Moderate	<ul style="list-style-type: none"> • Lack of division of duties in income collection • Unexplained discrepancies in till 'Z' number readings
Payroll	Moderate	<ul style="list-style-type: none"> • A number of starter, leaver and deduction forms selected for sample testing could not be located • Two leaver forms from sample of 30 were unsigned • Unsigned timesheets and overtime sheets had been processed • Timesheets and overtime sheets not marked to indicated they had been processed • Up to date honorarium forms not held on employee file • Up to date Authorised Signatory lists not held • Error found in payment made to HMRC for deductions • Lack of division of duties in Education / Teachers payroll
Streetworks	Limited	<ul style="list-style-type: none"> • Incomplete applications processed • Incomplete evidence of authorisation procedures • Miscoding of income • Failure to collect income for 4 applications out of 20 tested • No spot checks to confirm compliance with licence / permit • No alert system to identify when licence / permit is due to expire • No alert system to identify when public liability insurance is due to expire

INTERNAL AUDIT - MONITORING REPORT QUARTER 2 2015/16

Head of Service	Audit	Date	Assurance Level	Recommendations		
				Made	Agreed	Not Agreed
Adult Services	Use of Taxis	29/06/2015	High	3	3	0
Finance & Delivery	Main Accounting System	02/07/2015	High	0	0	0
Education Planning & Resources	Dylan Thomas Community School	03/08/2015	High	6	6	0
Housing & Public Protection	Gorseinon District Housing Office	05/08/2015	High	6	6	0
Social Services Directorate Services	PARIS System	06/08/2015	High	7	7	0
Education Planning & Resources	Birchgrove Comprehensive School	28/08/2015	High	2	2	0
Housing & Public Protection	Housing Partnerships	22/09/2015	High	0	0	0
Education Planning & Resources	Cila Primary School	29/06/2015	Substantial	4	4	0
Education Planning & Resources	Arts in Education	01/07/2015	Substantial	5	5	0
Education Planning & Resources	Sketty Primary School	07/07/2015	Substantial	3	3	0
Housing & Public Protection	Leasehold Properties	14/07/2015	Substantial	17	17	0
Highways & Transportation	CTU - Fleet Hire/Spot Hire	16/07/2015	Substantial	4	4	0
Education Inclusion	Education Welfare Service	17/07/2015	Substantial	3	3	0
Social Services Directorate Services	Staff Development & Training Section	23/07/2015	Substantial	10	9	1
Human Resources & Organisational Development	Officers Expenses	05/08/2015	Substantial	9	9	0
Adult Services	Home Care	13/08/2015	Substantial	10	10	0
Information & Business Change	Education Internet Controls	24/08/2015	Substantial	9	9	0
Corporate Building & Property Services	Facilities Management	24/08/2015	Substantial	14	14	0
Education Inclusion	Education Other Than at School	25/08/2015	Substantial	12	12	0
Housing & Public Protection	Burials & Cremations	27/08/2015	Substantial	7	7	0
Adult Services	Victoria Park Kiosk	01/07/2015	Moderate	11	11	0
Adult Services	Community Alarms Service	29/07/2015	Moderate	10	10	0
Adult Services	Integrated Community Equipment Service	29/07/2015	Moderate	16	16	0
Adult Services	Suresprung	29/07/2015	Moderate	22	22	0
Human Resources & Organisational Development	Payroll	05/08/2015	Moderate	17	17	0
Highways & Transportation	Streetworks	08/07/2015	Limited	15	15	0
Total				222	221	1

INTERNAL AUDIT PLAN 2015/16 - PROGRESS TO 30/09/15

Head of Service	Risk Rating	Progress
Head of Education Planning & Resources		
Bishopston Primary School	Medium	Planned
Cila Primary School	Medium	Final Issued
Clydach Primary School	Medium	Planned
Crwys Primary School	Medium	Draft Issued
Cwmglas Primary School	Medium	Draft Issued
Gors Community Primary School	Medium	In Progress
Gorseinon Primary School	Medium	Planned
Gwyrosydd Primary School	Medium	Planned
Hendrefoilan Primary School	Medium	Planned
Knelston Primary School	Medium	In Progress
Pen-y-Fro Primary School	Medium	Planned
Penyrheol Primary School	Medium	In Progress
Pontarddulais Primary School	Medium	In Progress
Portmead Primary School	Medium	Draft Issued
St Helens Primary School	Medium	Planned
St Josephs Catholic Primary School	Medium	Planned
Townhill Community Primary School	Medium	In Progress
Trallwn Primary School	Medium	In Progress
Waun Wen	Medium	In Progress
YGG Y Login Fach	Medium	Planned
Primary School Self Assessment	Medium	In Progress
Birchgrove Comprehensive School	Medium	Final Issued
Bishop Gore Comprehensive School	Medium	In Progress
Bishop Vaughan Catholic Comprehensive School	Medium	In Progress
Dylan Thomas Community School	Medium	Final Issued
Ysgol Penybryn	Medium	Planned
School Funding & Information	Medium/High	Planned
School Kitchens	Medium	Planned
Civic Centre Catering	Medium	Draft Issued
Swansea Children's Centre	Medium	Draft Issued
Head of Education Improvement		
Support for the Arts	Medium	Final Issued
Head of Education Inclusion		
Access to Learning - Management & Admin	Medium	Planned
Psychology Service	Medium	Planned
Recoupment	Medium	Planned
SEN Statementing & Support	Medium	Planned
Behaviour & Learning Support	Medium/Low	Final Issued
Education Welfare Service	Medium	Final Issued

INTERNAL AUDIT PLAN 2015/16 - PROGRESS TO 30/09/15

Head of Service	Risk Rating	Progress
Education - Other		
Community Focused Childcare Grant	N/A	Planned
School Uniform Grant	N/A	In Progress
Foundation Phase Grant	N/A	Not Required
Schools Annual Report	N/A	Final Issued
Head of Child and Family Services		
Youth Offending Service	Medium/High	Planned
Use of Taxis - Authorisation	Medium	Final Issued
Safeguarding	New	In Progress
Head of Adult Services		
Unified Assessment of Care	Medium	In Progress
Taxi Framework Contract	Medium/High	Final Issued
Supporting People Grant	N/A	Final Issued
Victoria Park Kiosk	Medium/Low	Final Issued
Adult Family Placements	New	Planned
Establishments - Self Assessment Checklist	Medium/High	In Progress
Directorate Services		
No audits planned		
Head of Poverty & Prevention		
Partnerships, Performance & Commissioning	New	In Progress
Young Peoples Service	Medium	In Progress
Community Food Growing Team	Medium	Not Required
Info-Nation	New	Planned
Community Safety & CCTV	Medium	In Progress
Welsh Government Youth Strategy Grant	N/A	Not Required
Head of Corporate Building & Property Services		
Heol y Gors - Estimating	Medium	Planned
Heol y Gors - Plant	Medium	Planned
Day to Day Repairs - Maintenance Section	Medium/High	Planned
Facilities Management	Medium/Low	Final Issued
Mail Room	New	Not Required
Head of Waste Management		
Domestic Refuse collection	Medium	In Progress
Waste Enforcement	New	Planned
Parks Central Operations	Low	In Progress
Head of Highways & Transportation		
Concessionary Bus Fares	N/A	Planned
Car Parks	Medium/High	In Progress
Taxi Framework Contract	Medium	Planned
Clydach Depot - Stores	Medium	Planned
Clydach Depot - Plant	Medium	Planned
Streetworks	Medium	Final Issued
Central Transport Unit - Fleet Maintenance	Medium/High	Planned
Central Transport Unit - Fleet/Spot Hire	Medium	Final Issued

INTERNAL AUDIT PLAN 2015/16 - PROGRESS TO 30/09/15

Head of Service	Risk Rating	Progress
Central Transport Unit - Fuel	Medium	In Progress
Highways Trading Account	New	In Progress
Head of Housing & Public Protection		
Eastside District Housing Office	Medium	Draft Issued
Gorseinon District Housing Office	Medium	Final Issued
West Cross District Housing Office	Medium	Draft Issued
Leasehold Properties	Medium	Final Issued
Asylum Seekers	Medium/High	Not Required
Housing Partnerships	Medium	Final Issued
National Home Improvement Loan Scheme	New	Deferred
Sheltered Housing Service	New	In Progress
Burials & Cremations	Medium	Final Issued
Trading Standards Division	Medium	Draft Issued
Trading Standards NTSB Grant	N/A	Planned
Rechargeable Works	Medium	In Progress
Head of Cultural Services		
Bishopston Sports Centre	Medium/Low	Draft Issued
Pentrehafod Sports Centre	Medium/Low	Draft Issued
Spot Checks	N/A	In Progress
Grand Theatre	Medium/High	In Progress
Branch Libraries	Medium/Low	In Progress
Head of Economic Regeneration and Planning		
European Unit	Medium	Not Required
Rights of Way	New	Planned
Rural Development Plan	High	In Progress
Planning & Enforcement	New	Planned
Planning - AONB	New	Planned
Head of Communications & Consultation		
Executive Board Support	Medium	Draft Issued
Web Development	New	Planned
Head of Legal, Democratic Services & Procurement		
Coroners Service	Medium/High	In Progress
P Cards	Medium	In Progress
Election Expenses	N/A	Planned
Head of Human Resources		
Flexicard Machines & Security	Medium/High	Draft Issued
HR Policies	New	Planned
Employment of Agency Staff	New	In Progress
Head of Information & Business Change		
Project Management Methodology	New	Planned
Information Management	New	In Progress
ICT Contract Transfer	New	In Progress

INTERNAL AUDIT PLAN 2015/16 - PROGRESS TO 30/09/15

Head of Service	Risk Rating	Progress
Head of Finance & Delivery		
Cashiers Office	Medium/High	Final Issued
Write-off Requests by Departments	N/A	In Progress
Cashiers Write Offs	N/A	Planned
Bank Reconciliation	High	Draft Issued
Petty Cash Accounts	Medium	Final Issued
Insurance	Medium	In Progress
Grants Receivable	Medium/High	Planned
Leasing	Medium	Final Issued
Taxation - VAT	Medium	Draft Issued
Income Tax - Self Employed	Medium	Draft Issued
Pension Fund Other	New	Planned
Trusts and Charities	New	Planned
Budget Strategy & Setting Process	New	Planned
NPT DEAR Grant	N/A	Final Issued
Private Residential Care Charges	Medium/High	Planned
Social Services Debt Recovery	High	Planned
Short Term Care	Medium	Planned
Fundamental Systems		
Payroll	High	Planned
Pensions Administration	High	Planned
Teachers Pensions	Medium	In Progress
Accounts Receivable	High	In Progress
Business Rates	Medium	Planned
Pension Fund Investments	High	Planned
Housing Rents	Medium	Planned
Accounts Payable	Medium	Planned
Housing & Council Tax Benefit	Medium	Planned
Capital Accounting	Medium	Planned
Main Accounting	Medium	Planned
Contract Audits - Systems		
Legal		
Acceptance of Tenders	Medium	In Progress
Liquidations	Medium/High	Planned
Procurement		
Contract Register	Medium	Planned
Highways & Transportation		
Business Case, Tendering & Evaluation	Medium	Planned
Control of Contracts	Medium	Planned
Corporate Building Services		
Tendering	Medium	Planned
Finance/Legal		
Insurance Cover & Performance Bonds	New	Planned

INTERNAL AUDIT PLAN 2015/16 - PROGRESS TO 30/09/15

Head of Service	Risk Rating	Progress
Computer Audits		
ICT Data Storage	Medium	Planned
ICT Assets	Medium	Planned
Firewall Controls - Corporate	Medium	Planned
Firewall Controls - Education	Medium	Planned
Virtual Server Environment	New	Planned
Payment Card Industry - Data Security Standard	Medium	Planned
Disaster Recovery & Business Continuity	Medium/High	Planned
GCSX & Encryption	New	Planned
Change Control ISiS	High	Planned
Projects and Special Investigations		
P Card Review of Purchases	N/A	In progress
Departmental Gifts & Hospitality Registers	New	Draft Issued
Review of Corporate Risks	New	In Progress
Added Value Work	New	Planned

Moderate / Limited - Significant Issues

Audit	Rating	Reasons
Community Alarms Service	Moderate	<ul style="list-style-type: none"> • Discrepancy in number of service users leading to risk of income not being collected • Some internal and external organisations not fully recharged for service • No stock records maintained • Failure of equipment repair contractor to comply with call out response times • Failure to recover VAT on all P Card purchases
Integrated Community Equipment Service	Moderate	<ul style="list-style-type: none"> • Failure to comply with Section 33 agreement for budget increases • Significant projected overspend at time of audit • Funding contributions of partners does not reflect actual usage • Contract Procedure Rules not always complied with • Poor stores accommodation • Substantial obsolete and surplus stock held • Minimal usage of hire car • Delays in bringing significant items of equipment into use • Equipment inventory not up to date
Suresprung	Moderate	<ul style="list-style-type: none"> • Low levels of shop income • Unidentified credit in service bank account • Contract Procedure Rules not followed for carpet sub-contractor • No documentation found for 2 unpaid invoices from sample of 10 • No formal debt recovery procedures in place • No invoices referred to Legal for recovery action for significant period • Contract Procedures Rules not always followed • Stock held in disorganised manner • Equipment inventory not up to date

Victoria Park Kiosk	Moderate	<ul style="list-style-type: none"> • Lack of division of duties in income collection • Unexplained discrepancies in till 'Z' number readings
Payroll	Moderate	<ul style="list-style-type: none"> • A number of starter, leaver and deduction forms selected for sample testing could not be located • Two leaver forms from sample of 30 were unsigned • Unsigned timesheets and overtime sheets had been processed • Timesheets and overtime sheets not marked to indicated they had been processed • Up to date honorarium forms not held on employee file • Up to date Authorised Signatory lists not held • Error found in payment made to HMRC for deductions • Lack of division of duties in Education / Teachers payroll
Streetworks	Limited	<ul style="list-style-type: none"> • Incomplete applications processed • Incomplete evidence of authorisation procedures • Miscoding of income • Failure to collect income for 4 applications out of 20 tested • No spot checks to confirm compliance with licence / permit • No alert system to identify when licence / permit is due to expire • No alert system to identify when public liability insurance is due to expire

Agenda Item 6

Report of the Head of Finance & Delivery

Special Audit Committee – 17th November 2015

AUDIT COMMITTEE – WORKPLAN

Purpose:	This report details the Audit Committee Workplan to May 2016.
Report Author:	Paul Beynon
Finance Officer:	Paul Beynon
Legal Officer:	Sharon Heys
Access to Services Officer:	Sherill Hopkins

FOR INFORMATION

1. Introduction

1.1 The Audit Committee's Workplan to May 2016 is attached in Appendix 1 for information

2. Equality and Engagement Implications

2.1 There are no equality and engagement implications associated with this report.

3. Financial Implications

3.1 There are no financial implications associated with this report.

4. Legal Implications

4.1 There are no legal implications associated with this report

Background Papers: None

Appendix 1 – Audit Committee Workplan 2015/16

AUDIT COMMITTEE WORKPLAN 2015/16

Date of Meeting	Reports
17 November 2015	PwC Controls Report 2014/15 Risk Management Half Yearly Review 2015/16 Housing Benefit Investigation Team Annual Report 2014/15 Internal Audit Monitoring Report Quarter 2 2015/16
15 December 2015	Cabinet Advisory Committees – Briefing Chair of Scrutiny Programme Committee Corporate Governance Review – Update WLGA Peer Review – Progress Update PwC Annual Audit Letter 2014/15 Recommendations Tracker Report 2014/15 YGG Lon Las Lessons Learned – Referral from Cabinet Audit Committee – Training Programme
16 February 2016	Wales Audit Office Performance Audit Update Internal Audit Monitoring Report Q3 2015/16 Internal Audit Plan 2016/17 - Methodology Audit Committee Review of Performance 2015/16
19 April 2016	External Auditor Annual Financial Audit Outline 2015/16 Internal Audit Charter 2016/17 Internal Audit Annual Plan 2016/17 Risk Management Annual Review 2015/16 Draft Audit Committee Annual Report 2015/16