

Standards, Audit and Risk Committee

Please note this meeting will be held remotely.



Monday, 31st October, 2022 - 10.00 a.m.

AGENDA

	<u>Page Nos.</u>
1. APOLOGIES FOR ABSENCE	
2. DECLARATIONS OF INTEREST – In terms of Section 5 of the Code of Conduct, members of the Committee are asked to declare any interest(s) in particular items on the agenda and the nature of the interest(s) at this stage.	
3. MINUTE – Minute of the meeting of Standards Audit and Risk Committee 30 th June, 2022.	3 - 5
4. INFORMATION REQUESTS ANNUAL REPORT 2021-22 – Report by the Head of Customer and Online Services, Communities.	6 - 24
5. COMPLAINTS UPDATE – Report by the Executive Director - Communities.	25 – 44
6. 2022/23 ISSUED AUDIT REPORTS – Report by the Service Manager - Audit and Risk Management Services.	45 - 48
7. INTERNAL AUDIT PLAN PROGRESS REPORT – Report by the Service Manager - Audit and Risk Management Services.	49 - 60
8. NATIONAL FRAUD INITIATIVE IN SCOTLAND – Report by the Service Manager - Audit and Risk Management Services.	61 - 95
9. NATIONAL FRAUD INITIATIVE - SCOTTISH NATIONAL ENTITLEMENT CARDS, PILOT EVALUATION – Report by the Service Manager - Audit and Risk Management Services.	96 – 108
10. FRAUD AND IRREGULARITY 2021/22 – Report by the Service Manager - Audit & Risk Management Services	109 – 127
11. FIFE INTEGRATION JOINT BOARD (IJB) 2021/22 ANNUAL INTERNAL AUDIT REPORT – Report by the Service Manager – Audit and Risk Management Services.	128 – 152
12. STANDARDS, AUDIT AND RISK COMMITTEE FORWARD WORK PROGRAMME	153 - 154

Members are reminded that should they have queries on the detail of a report they should, where possible, contact the report authors in advance of the meeting to seek clarification.

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Finance and Corporate Services

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24th October, 2022

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**THE FIFE COUNCIL - STANDARDS, AUDIT AND RISK COMMITTEE –
REMOTE MEETING**

30th June, 2022

10.00 a.m. – 12.05 p.m.

PRESENT: Councillors Dave Dempsey (Convener), Tom Adams, Lesley Backhouse, John Beare, Al Clark, Graeme Downie, Brian Goodall (Substitute for Councillor Anne Verner), Gary Holt, Sarah Neal and Gordon Pryde.

ATTENDING: Eileen Rowand, Executive Director Finance and Corporate Services, Elaine Muir, Head of Finance, Laura Robertson, Finance Operations Manager, Pamela Redpath, Service Manager - Audit and Risk Management Services, Carolyn Ward, Audit Team Leader, Anne Bence, Accountant and Paul Noble, Accountant, Finance and Corporate Services; Charlie Anderson, Head of Business Technology Solutions; David Paterson, Community Manager (East Area), Communities; Helena Couperwhite, Manager - Committee Services and Wendy MacGregor, Committee Officer, Committee Services, Legal and Democratic Services.

ALSO IN ATTENDANCE: Ross Hubert, Senior Auditor, Audit Scotland.

1. DECLARATIONS OF INTEREST

No declarations of interest were submitted in terms of Standing Order 7.1.

2. MEMBERSHIP AND REMIT OF THE COMMITTEE

Decision

The Committee noted its membership as detailed on the Agenda.

3. MINUTE

The Committee considered the minute of the meeting of the Standards and Audit Committee of 19th April, 2022.

Decision

The Committee agreed to approve the minute.

4. 2021/22 ISSUED AUDIT REPORTS

The Committee considered a report by the Service Manager, Audit and Risk Management Services providing a summary of findings from the Internal Audit Reports finalised since the last meeting of the previous Standards and Audit Committee. Areas of concern and instances where Services had not taken appropriate action were highlighted in the report.

Decision/

Decision

The Committee acknowledged the contents of the 2021/22 Issued Audit Reports and the summary of findings as detailed in Appendix 1 of the report.

5. 2021/22 INTERNAL AUDIT ANNUAL REPORT

The Committee considered a report by the Service Manager, Audit and Risk Management Services providing an independent annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control framework and a summary of the key activities of Audit Services from which the opinion was derived.

Decision

The Committee considered and acknowledged the content of the 2021/22 Internal Audit Annual Report.

6. CORPORATE GOVERNANCE STATEMENT 2021-22

The Committee considered a report by the Chief Executive providing background information on the processes adopted for preparing the Fife Council Corporate Governance Statement, required for inclusion in the Fife Council Annual Accounts. A copy of the Corporate Governance statement was appended to the report for the Committee's approval.

Decision

The Committee:-

- (1) acknowledged the content of the report;
- (2) approved the draft Fife Council Corporate Governance Statement; and
- (3) requested the Executive Director of Finance and Corporate Services, in consultation with the Convener and Depute Convener of the Committee to raise Committee members' awareness in relation to any issues raised by the Governance Working Group.

7. FIFE COUNCIL UNAUDITED ANNUAL ACCOUNTS 2021/22

The Committee considered a report by the Executive Director of Finance and Corporate Services containing the unaudited annual accounts for Fife Council and its group for 2021/22.

Decision

The Committee:-

- (1) considered and acknowledged the unaudited annual accounts for Fife Council and its group for 2021-22;
- (2)/

2022 SA 3

- (2) acknowledged and thanked Officers of Fife Council Finance Services and Audit Scotland for their involvement and commitment in the preparation of the draft accounts for submission by the deadline of 30th June, 2022; and
- (3) agreed to recommend that the Council review the terms of reference of the Standards, Audit and Risk Committee in relation to the Annual Accounts.

Councillor Tom Adams left the meeting during consideration of the above item.

8. FIFE COUNCIL CHARITABLE TRUSTS - UNAUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS 2021/22

The Committee considered a report by the Executive Director of Finance and Corporate Services containing the unaudited annual accounts and Financial Statements for Fife Council Charitable Trusts for 2021/22.

Decision

The Committee:-

- (1) considered and acknowledged the Fife Council Charitable Trusts - unaudited annual accounts and Financial Statements 2021/22; and
 - (2) agreed that future reports submitted to Area Committees on Trusts include more detail on the level of funding available for use in Communities, outlining the processes to access the resources and to raise elected members' awareness.
-

31st October, 2022

Agenda Item No. 4

Information Requests Annual Report 2021-22

Report by: Diarmuid Cotter, Head of Customer and Online Services, Communities

Wards Affected: All

Purpose

This is the annual report detailing requests for information received in terms of the Freedom of Information (Scotland) Act 2002 (FOISA); the Environmental Information (Scotland) Regulations 2004 (EIR) and the GDPR/Data Protection Act 2018 (DPA).

Recommendation(s)

That the Committee:-

- Note the workload arising from managing information requests
- Comment on the performance detailed in this report.

Resource Implications

This report does not have any resource implications.

Legal & Risk Implications

Failure to comply with the relevant statutory provisions in relation to Information Requests leaves the Council exposed to reputational damage, and potential enforcement action from regulatory bodies including monetary penalty notices.

Impact Assessment

An IA Checklist is not required as this is a performance report and does not recommend changes to Council policy and does not require a decision.

Consultation

none

1.0 Background

1.1 **Glossary:** The following abbreviations are used throughout this report:

FOISA:	Freedom of Information (Scotland) Act 2002
EIR:	Environmental Information (Scotland) Regulations 2004
DPA:	GDPR/Data Protection Act 2018
SAR:	Subject Access Request (GDPR)
OSIC:	Office of the Scottish Information Commissioner (responsible for FOISA/EIR)
ICO:	Information Commissioners Office (responsible for DPA throughout the UK)
Data Controller:	Fife Council
IMRT	Information Management & Request Team
BAU	Business as Usual

1.2 Anyone has the right to ask the Council for information that is held by the Council. Once received, each Information Request will be processed in accordance with the relevant statutory requirements. To assist in understanding the following performance information, please find an explanation of the various types of requests received and managed by IMRT.

- FOI - Freedom of Information (Scotland) Act 2002 – all requests for information received by Fife Council fall in scope of FOI.
- EIR - Environmental Information (Scotland) Regulations 2004 – requests for information that is held relating to the environment, such as building, roads, health etc
- (SAR) General Data Protection Regulations 2018 – Subject Access Requests – Data subject requests personal information about themselves.
- Other – There are various requests received under this heading:
 - Pupils' Educational Records (Scotland) Regulations 2003 – information parents/carers can request in relation to their child Education.
 - Data Protection Act 2018 exemptions –
 - S2 – Crime & Taxation – In the main these requests are received from Police Scotland but can be made by authorities investigating fraud.
 - S5 – Information required to be disclosed by law etc or in connection with legal proceedings – These requests are received from other authorities who have legislative power to access personal information an example would be court orders
 - Child Disability Payments (CDP) – Requests received from Social Security Scotland for information to assist Parents with claims for CDP
 - Adult Disability Payments (ADP) – Requests received from Social Security Scotland for information to assist adults applying for disability allowance.

2.0 Developments – 2021/22

- 2.1 Previous reports have mentioned the likelihood of changes to the Freedom of Information (Scotland) Act 2002 being forthcoming. The Scottish Parliament Public Audit and Post-legislative Scrutiny Committee completed a review of the Act and published their review in May 2021.

The main points recommended were:

Code of Practice for proactive publication of information; culture; charging; clarification timescales; Transfer of requests between authorities; FOI Officer Role; extending the act to public bodies in receipt of significant public funds

The Scottish Government have been tasked with carrying out a consultation and to work with OSIC and public authorities to implement required changes. It was expected that an update of the consultation outcome could have been provided in this report, however this is not yet available at this time as the consultation has not yet started.

- 2.2 During 2021/22 Fife Council received notice of a Level 2 Intervention Notice from the Office of the Scottish Information Commissioner. The Commissioner has a duty to investigate failure of compliance and depending on the circumstances, these are set to different levels:

Level 1 – failure to follow good practice: A member of the Commissioner’s staff alerts the authority to the issue and requires remedial action.

Level 2 – practice failure: A member of the Commissioner’s staff raises the issue with the authority, initially at Chief Executive level or equivalent, and requires steps to be taken to resolve the issue and achieve a target outcome.

Level 3 – serious systemic practice failure: A member of the Commissioner’s Senior Management Team raises the issue with the authority’s Chief Executive or equivalent, and requires a detailed action plan to be put in place to address the failure and achieve a required outcome.

Level 4 - consistent, ongoing failure to comply with FOI law and guidance: The Commissioner uses his statutory powers to address the problem, which may include practice recommendations or enforcement action.

In this case, it was found that practice failure was occurring within the Council and the Level 2 Intervention Notice was served.

The concerns have now been addressed and are being monitored by IMRT. Awareness sessions have been provided to related teams within the Council by IMRT. These sessions are set up to provide the employees with knowledge of the following:

- Information Access Rights
- Internal Procedures and Employee Role

Further work is now being carried out by IMRT to provide these sessions to all Services throughout the Council.

Improvements were also made to staff information available on the intranet. These guides provide guidance on how to recognise a request and the process they should follow if they were to receive a request directly, along with providing information to IMRT.

- 2.3 Changes to the application for Disability Living Allowance and Personal Independence Payments have been implemented by Social Security Scotland and Scottish Government. Part of this process includes data sharing between Scottish Authorities and Social Security Scotland.

A request was made to authorities to identify a Team to manage requests being received from Social Security Scotland. IMRT have taken the lead to embed the process into Fife Council.

The programme went live for Child Disability Payment requests (CDP) in November 2021. This allowance replaced the previous Disability Living Allowance, these applications relate to families with children who have disabilities.

The next stage of the programme will implement similar processes for Adult Disability Payments (ADP). This will replace the allowance previously known as Personal Independence Payments (PIP). ADP went live in Fife July 2022.

- 2.4 During 2021/22 a new process was initiated for managing multi service requests. These had previously been logged to one service, although information was required from all Services.

3.0 Information Requests – 2021/22

This section provides the following information:

- data and performance of all types of requests
- request performance of FOI/EIR and SAR
- details of escalation that has been required to be carried out by IMRT to access the required data.
- information relating to the reason for lateness. This identifies whether the late response was due to IMRT, Service or Other

3.1 Overall Requests Received and Performance

3.1.1 4639 Information Requests were formally logged between 1 April 2021 and 31 March 2022.

This total is made up of:

- 1,389 Freedom of Information Requests (FOISA) – 30% of total requests received
- 666 Environmental Information Regulations (EIR) – 14% of total requests received
- 606 Subject Access Requests (SAR) – 13% of total requests received
- 1,978 Other requests including S2 and BAU – 43% of total requests received

3.1.2 Figure 1 below highlights the complete number of requests received between 2019/20 and 2021/22.

All Requests by Type

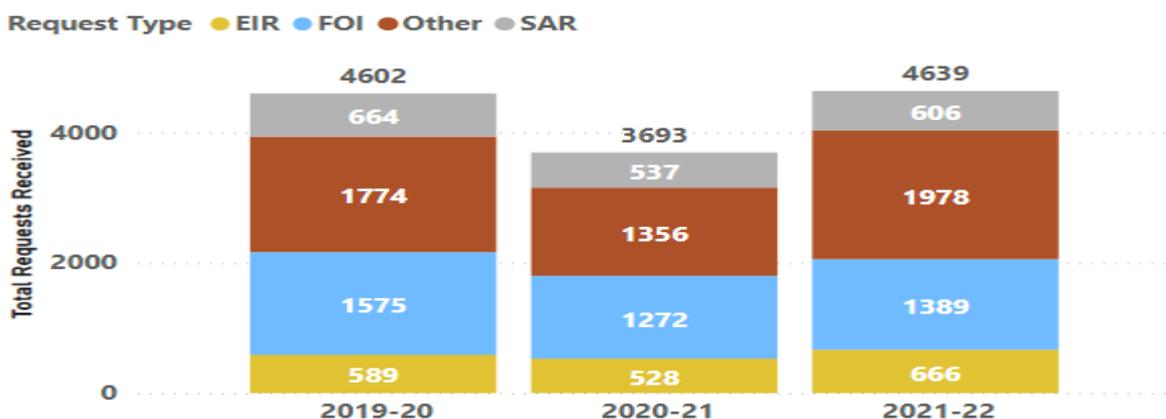


Figure-1 –shows all requests received

3.1.3 During the initial lockdown in April 2020, numbers of requests received dropped for a short period of time. 2021/22, found the number of requests received were slightly above those received in 2019/20.

3.1.4 Figure 2 below shows the performance of all types of requests received. This shows that performance continued to reach 91% despite the rise in requests received between 2020/21 and 2021/22.

Performance - All Requests Types



Figure-2 – All requests by Fife Council during 2021/22

3.1.5 The number of requests received monthly can be unpredictable and varied. Figure 3 below shows requests received by month over a three year period.

3.1.6 Requests during the last quarter of 2021/22 rose consistently high, which has also continued into 2022/23.

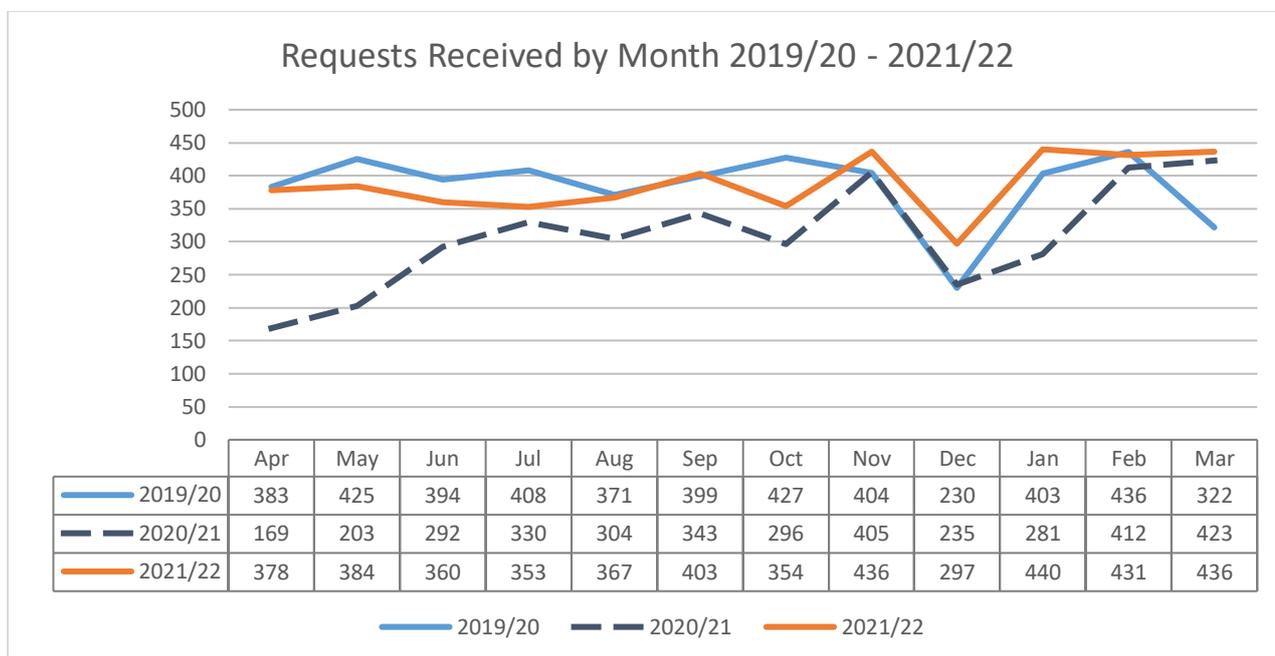


Figure 3– Information Request Monthly by Request type

3.1.7 All requests are individual, and although some requests can be dealt with speedily, most requests are complex and time consuming. There are various reasons for this, such as the number of questions within each request, the sensitivity of the subject, or the number of services/locations required to be contacted for information.

3.2 FOI/EIR Requests and Performance

3.2.1 Figures 4 and 5 below show the number of FOISA/EIR requests received during 2019/20 – 2021/22 and the performance of these request types during this time.

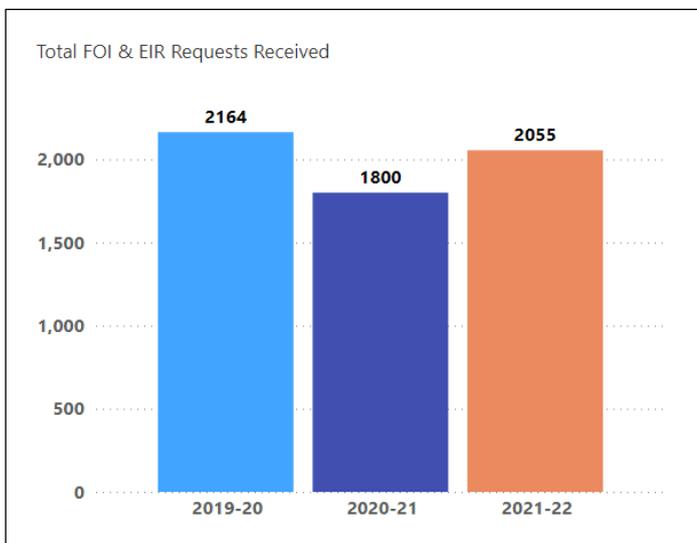


Figure 4 –FOI/EIR received

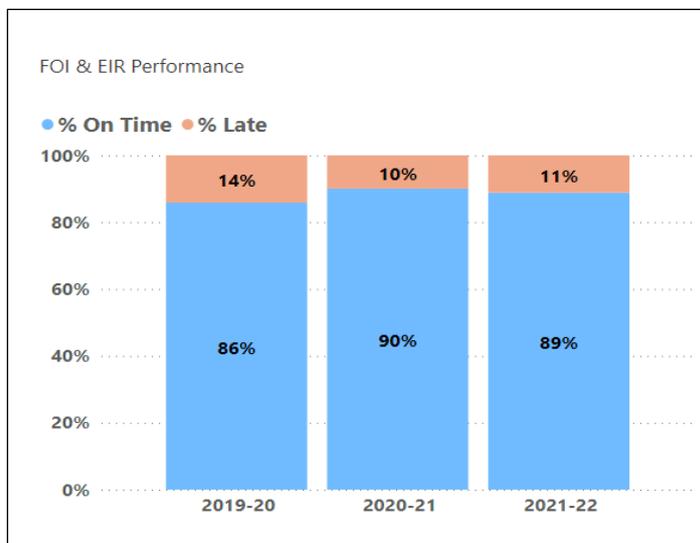


Figure 5 FOI/EIR Performance

3.2.2 The above figures show a slight drop in performance of 1 % during 2021-22 compared to the previous year. Please note over this time requests rose by 13%.

3.3 SAR Received and Performance

3.3.1 Below figures 6 & 7 show details for SAR's received by the Council and the performance between years 2019-20 to 2021/22.

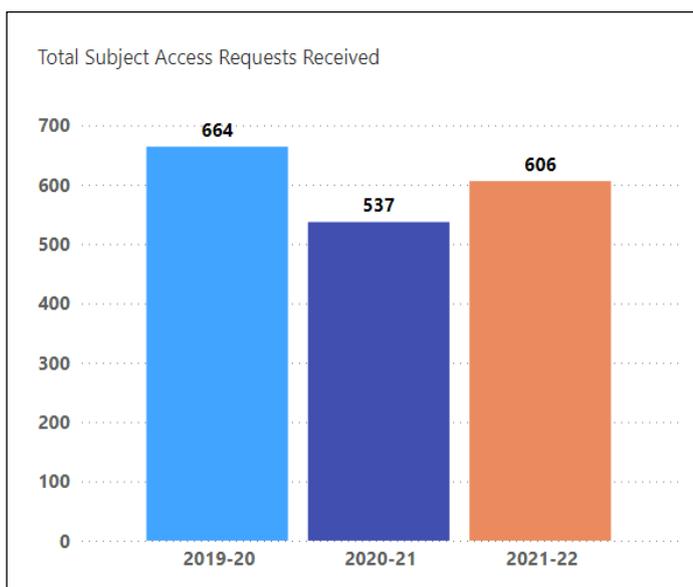


Figure 6 – SAR received

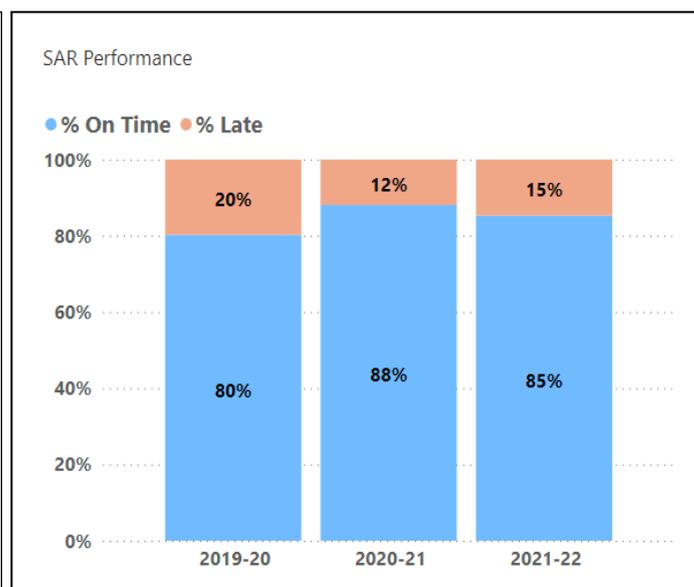


Figure 7 – SAR Performance.

3.3.2 Although the performance of SAR's dropped by 3%, the numbers of requests received also rose by 13% during 2021/22 compared to the previous year.

3.3.3 SARs are particularly time consuming to manage. Improvements in managing these types of requests is continuing, in particular how to manage the large amount of duplicate data held and transferring completed requests to the Applicants.

3.4 Service Performance

3.4.1 Service performance is shown below in figure 8. This shows the overall number of requests received by directorates and provides the percentage of the overall requests received that each area provided information towards.

3.4.2 The largest volume of requests shown in figure 8 relate to Community Services. This is due to the large number of s2 requests that are dealt with by Revenue Assessment Team and Housing Services.

3.4.3 Fife Council received 1,132 s2 requests during 2021/22. These requests are made by other authorities, such as Police Scotland, to access personal data that is held by the Council when it cannot be sourced by them through other means.

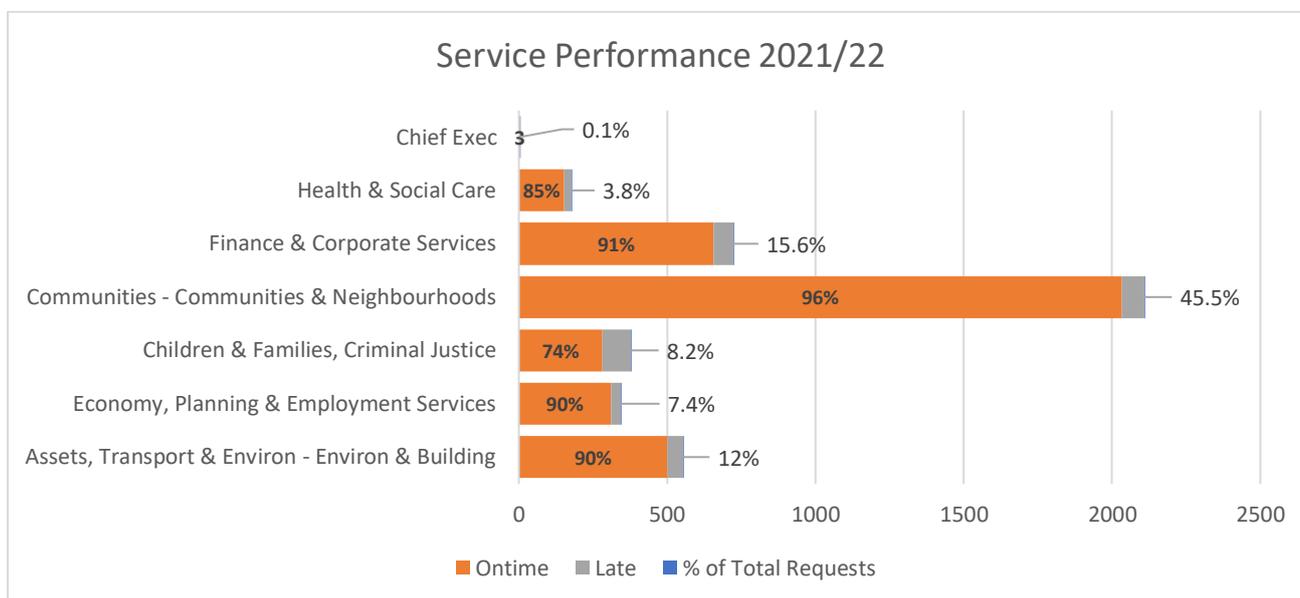


Figure 8 - above shows the requests received by each Directorate for 2021/22.

3.4.4 Figure 9 below shows recent data that has been gathered showing the reason requests were late and the requests that required to be escalated by service. Escalation is shown as a total number of requests each Service provided data for and the % of those that required to be escalated.

3.4.5 Reasons for lateness are recorded as being caused by Service, IMRT or Other. Due to the way requests are recorded, these may show a request being late for a Service, but the delay may have been caused by a different Service, these are logged as other.

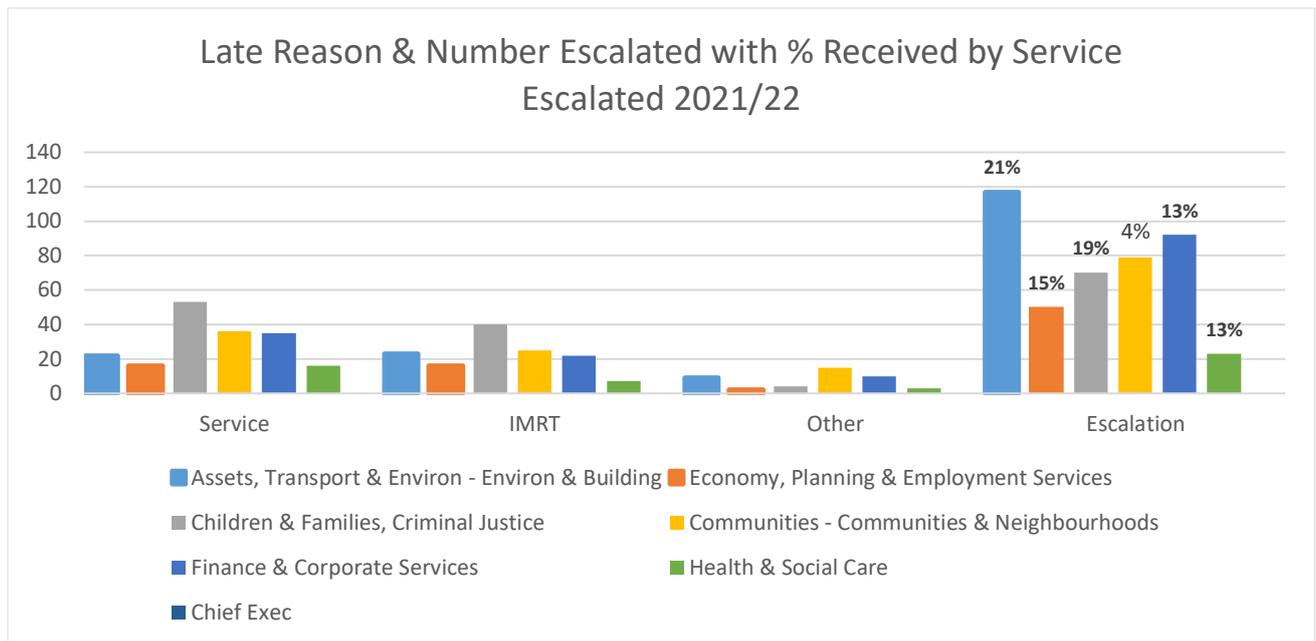


Figure 9 – reason for lateness and % of requests escalated by service

3.4.6 A full breakdown by all services/business units can be found in Appendix 1.

4.0 Reviews & Applications 2020/21

4.1 Reviews

4.1.1 If an Applicant is either dissatisfied with the response, or the response has not been provided within timescale, then in terms of Section 20 of FOISA and Article 15 of GDPR they are entitled to request that a review is carried out by the Council. Reviews are mostly triggered because the requestor is unhappy with:

- The content of the response.
- The way in which the request was processed.
- A breach of the statutory timescales.

4.1.2 Head of Legal Services is responsible for carrying out reviews for Fife Council. These are carried out by staff who have not been involved in the original request.

4.1.3 Figure 10 below shows the number of reviews requested by month broken down by SAR and FOISA/EIR, along with the percentage of reviews received each month.

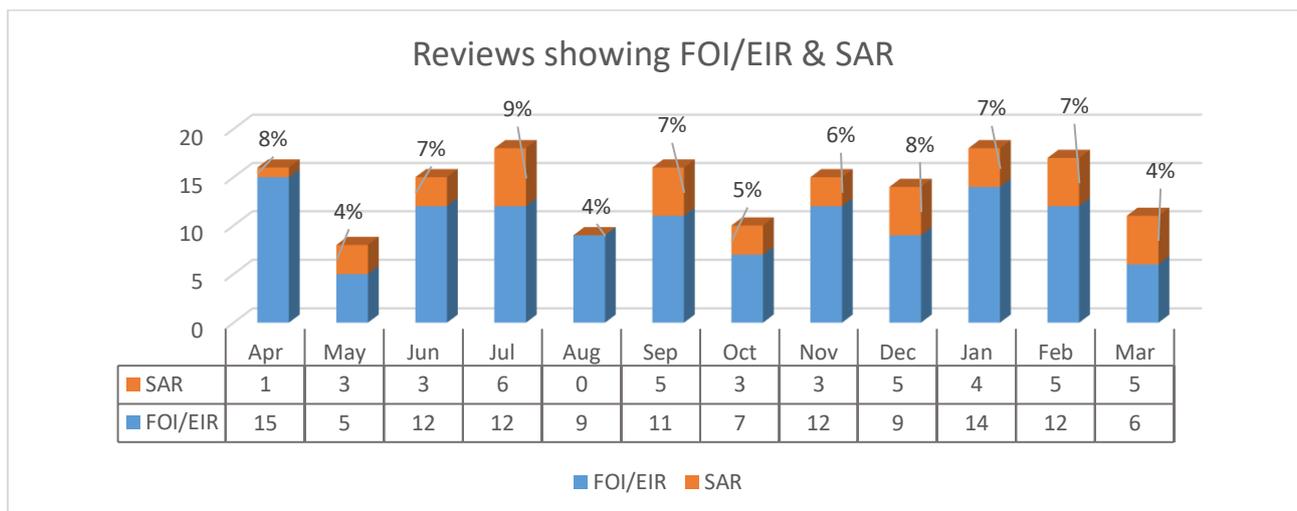


Figure 10 - FC Request for Reviews by Month 2021/22

4.1.4 Figure 11 below shows the comparison of reviews received over a 4 year period.

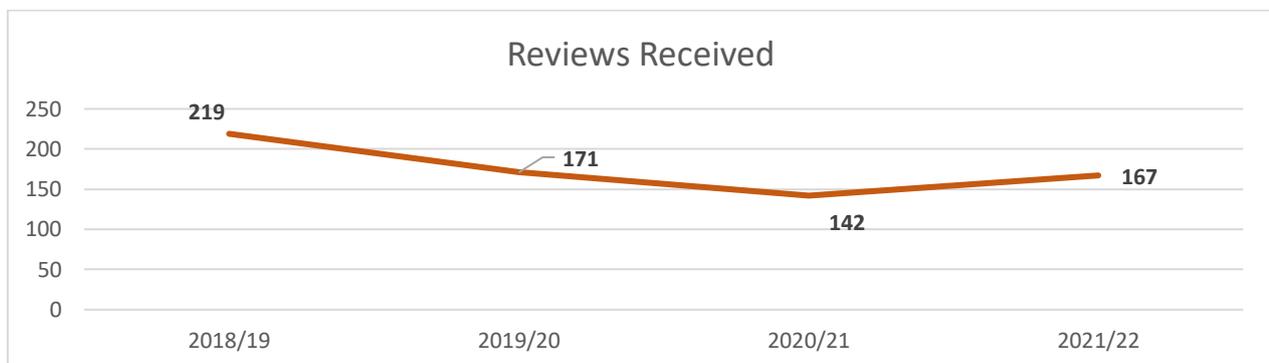


Figure-11 FC Requests for Reviews 2018/19 – 2021/22

4.1.5 Figure 12 below shows the review outcomes over a 3 year period.

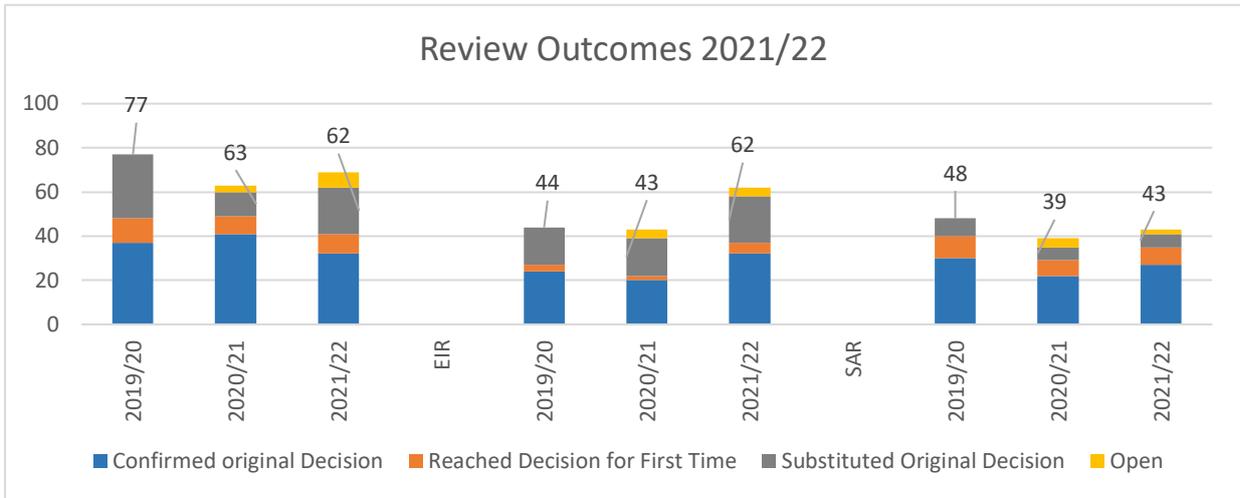


Figure-12 FC Review Outcomes 2019/20 – 2021/22

4.1.6 Due to recent changes to IMRT and the training programme taking place, the aim is to lower the number of times reviews reach a decision for the first time, or substitute the original decision.

4.2 Appeals and Complaints

4.2.1 If an Applicant remains dissatisfied with the way the Council has responded to their request for review under FOISA/EIR, they can refer their case to OSIC and apply for a Decision on how their request was dealt with.

4.2.2 If an applicant remains dissatisfied with the result of a review which is classified as a Subject Access Request, this falls under the remit of the ICO.

4.2.3 Figures 13 & 14 below show a breakdown of the applications/appeals received and the outcomes from OSIC. Outcomes given are different between ICO and OSIC. The outcomes from ICO investigations all reached satisfactory conclusions.

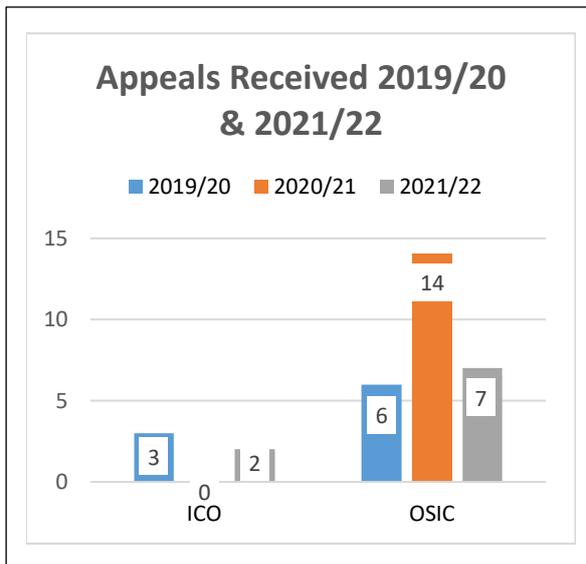


Figure-13 shows number of applications/complaints received

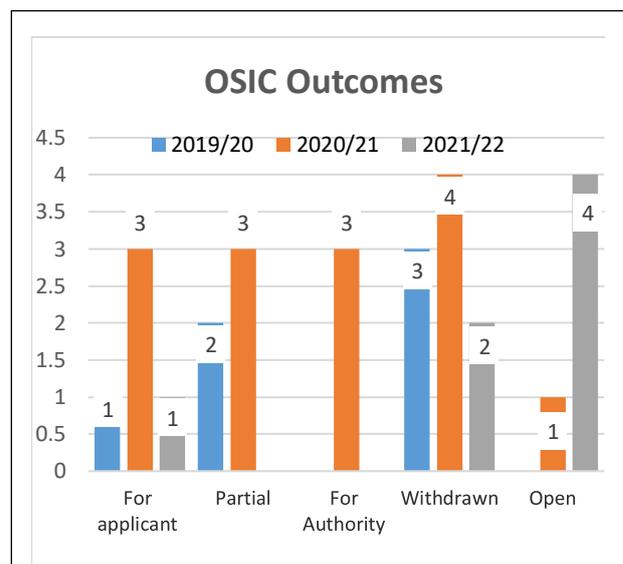


Figure-14 shows outcome of OSIC applications

4.3 In conclusion, figure 15 below shows the number of requests received that had the provision to be reviewed and appealed. This graph also shows the % of the total requests received of the number of reviews and applications/appeals received.

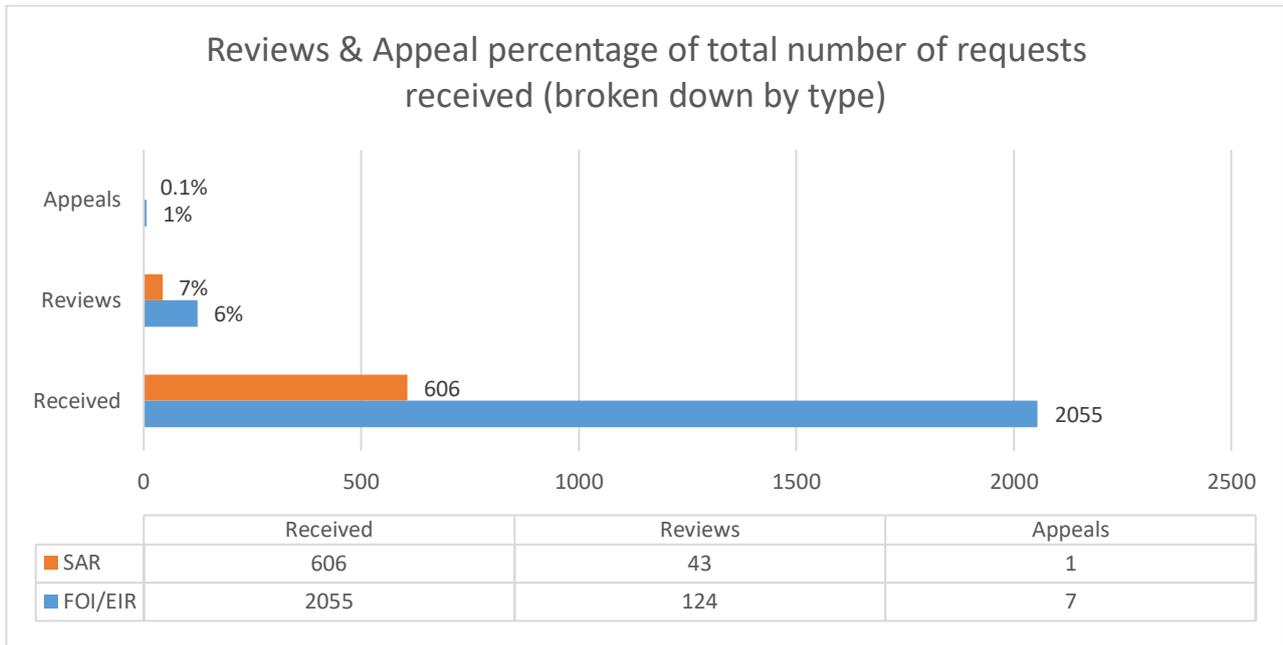


Figure-15 Total of number of requests received and the percentage of reviews and appeals from the overall totals.

5.0 Scottish Local Authority comparison 2021/22

5.1 All public authorities are requested to report statistical information to OSIC quarterly. Using this data, figure 16 below shows the total number of FOI/EIR's received by all Scottish Local Authorities and the performance achieved by each during 2021/22. The Local Authorities are shown in order of population.

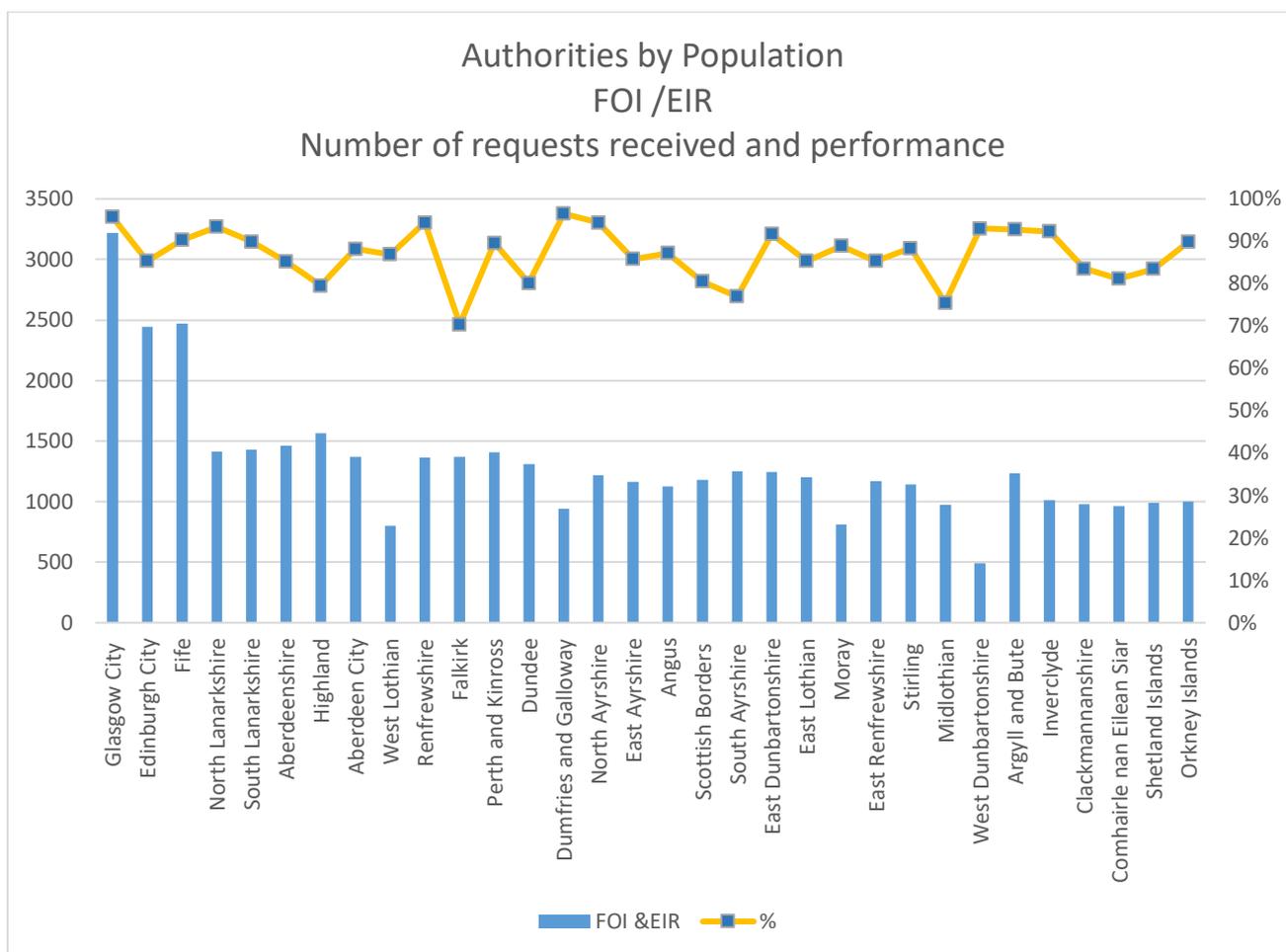


Figure 16 – Scottish Local Authority Information Requests 1 April 2021 – 31 March 2022

5.2 The chart above and the one below show that number of requests being received do not always relate to the size of the authority. There could be various factors for this such as how requests are managed and recorded, or particular events taking place in their local areas.

5.3 Figure 17 below shows the comparison in number of SAR's received by each local authority. This information is taken from the Scottish Information Commissioners website. Data relating to performance is not available on-line and some Authorities have not provided data for numbers of SAR's received.

As above, the Authorities are sorted by population.

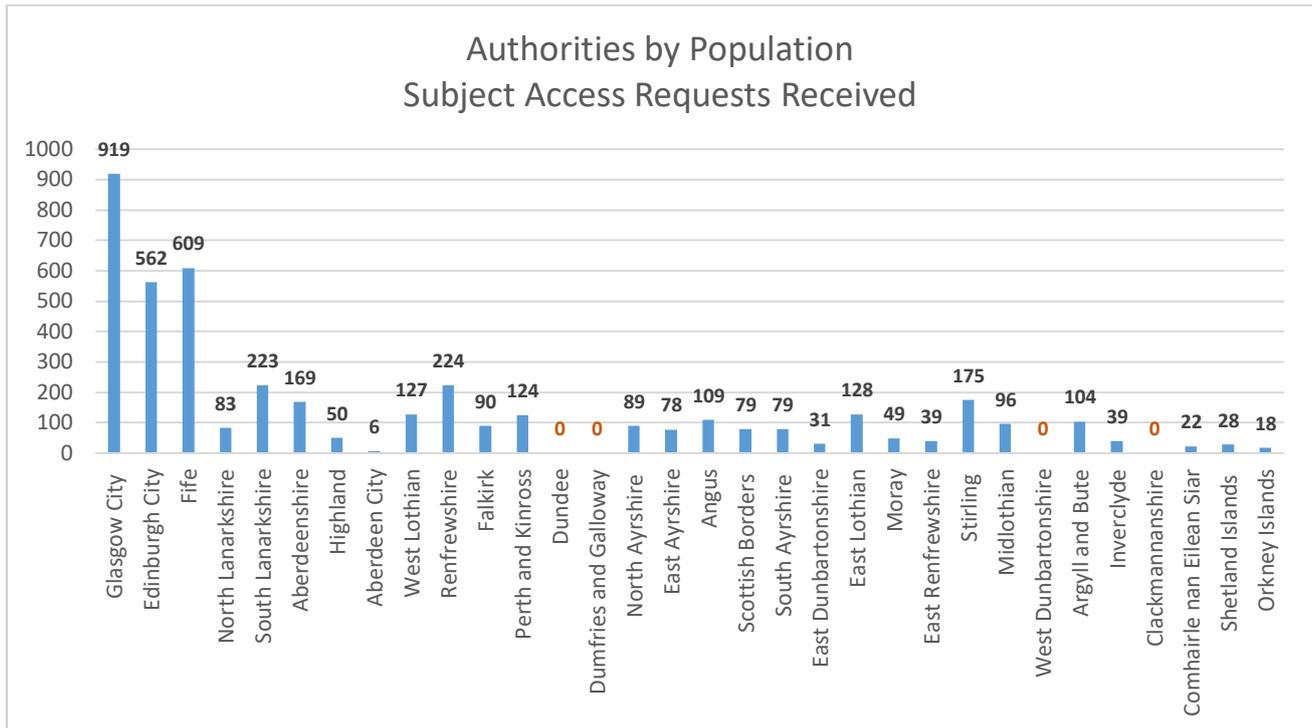


Figure 17 – shows the number of SAR's received by Local Authorities during 2021/22

5.4 Figures 18 and 19 below show the number of requests received by type, broken down to show the number of requests received by the authority for each 10,000 people living within an authority area.

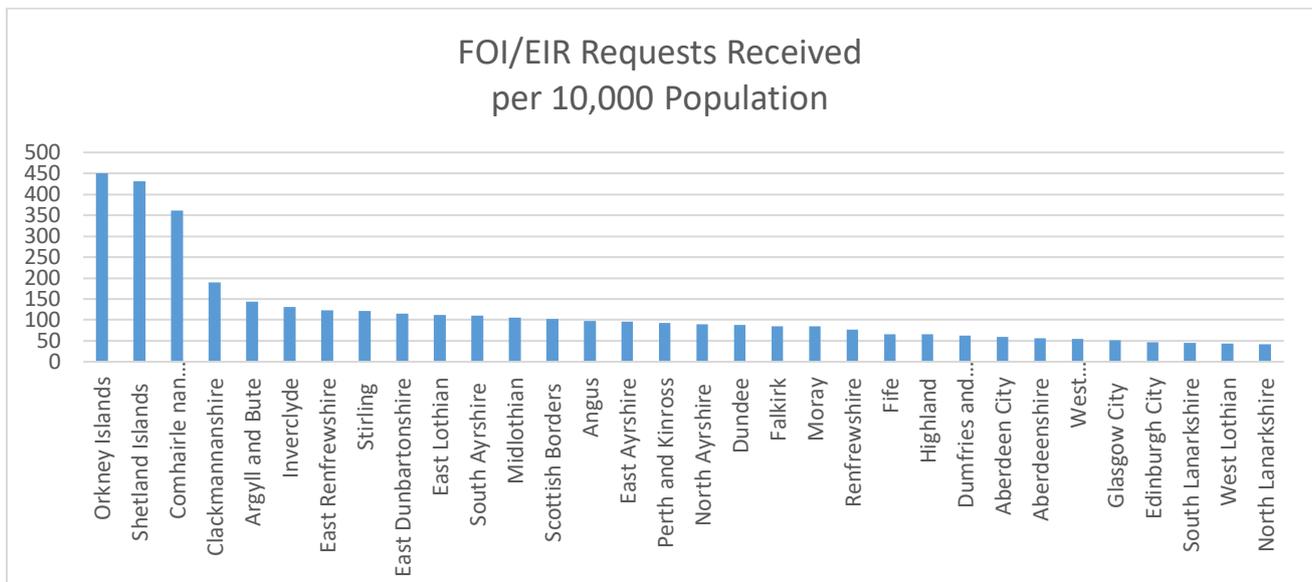


Figure 18 – shows the number of FOI/EIR's received by each authority per 10,000 of the population during 2021/22

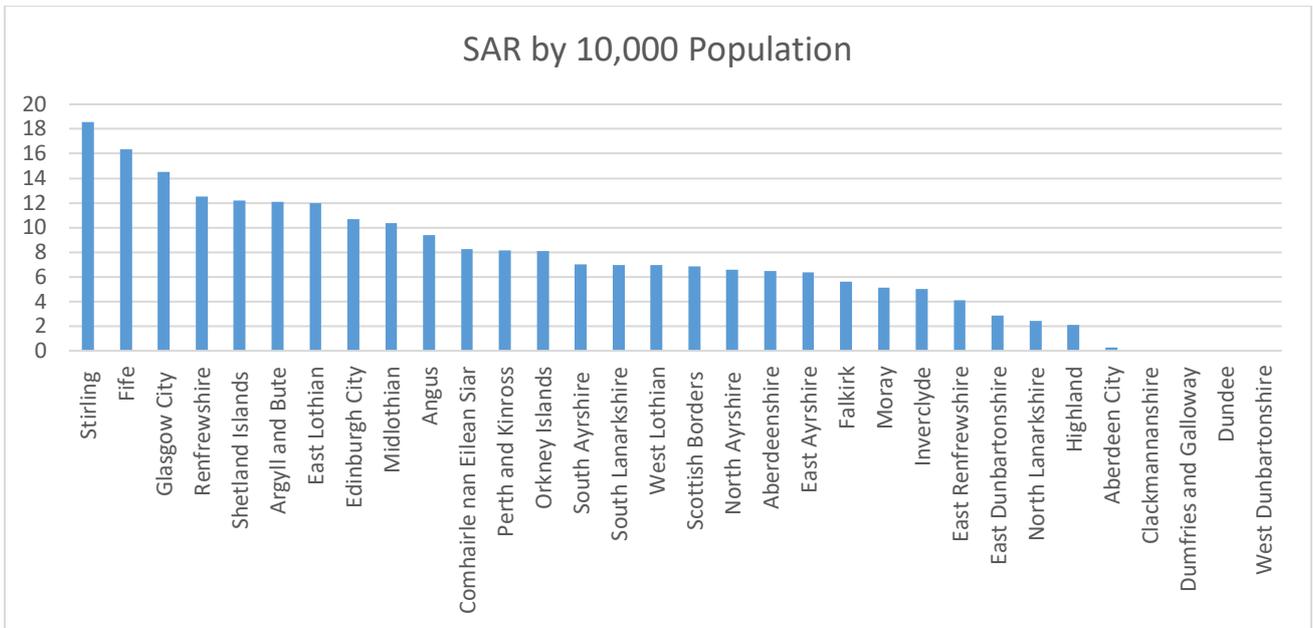


Figure 19 – shows the number of SAR's received by each authority per 10,000 of the population during 2021/22

5.5 To provide an explanation in relation to graphs 18 and 19 and the difference in the numbers being received for each type:

- FOI & EIR requests are often received from out with the Authority and there are a high number that are received by all Authorities from reporters, researchers etc.
- SAR's are more likely to be received from Applicants living within the Authority.

6.0 Conclusions

- 6.1 Information request performance has remained stable over the past year.
- 6.2 Improvements to the request process have been implemented during 2021/22 and continuing into 2022/23.
- 6.3 Awareness of staff roles and their responsibility in the processing of information requests is rising. This has led to cultures and behaviours improving. Further work is being undertaken to reach all employees.
- 6.4 The CDP request process is now operating and ADP is live from July 2022.

Report Contact

Laura McDonald
Customer Experience Lead Officer (Information Requests)

Email – laura.mcdonald-im@fife.gov.uk

Directorate	Service/Team	Total Requests Received	On Time	Late	Service %	% of Total Requests received by Fife Council	Service (Late)	IR Team (Late)	Other Reason (Late)	No. of Requests Escalated	% Requests Escalated
Assets, Transport & Environment											
Environment & Building											
	Building Services	37	32	5	86%	0.8%	0	3	2	3	8%
	Fleet	9	9		100%	0.2%	0	0	0	0	
	Parks, Streets & Open Spaces	30	28	2	93%	0.7%	0	2	0	3	10%
	Waste Operations	44	40	4	91%	1.0%	2	0	2	6	14%
Total		120	109	11	91%	2.6%	2	5	4	12	10%
Facilities Mgt & Property & Bereavement											
	Assets, Transport & Environ - Facilities Management	28	23	5	82%	0.6%	4	1	0	11	39%
	Assets, Transport & Environ - Property & Bereavement	108	102	6	94%	2.3%	4	0	2	19	18%
Total		136	125	11	92%	2.9%	8	1	2	30	22%
Roads & Transportation											
	Assets, Transport & Environ - Roads & Transport (Asset Mgt & Commercial)	8	8		100%	0.2%	0	0	0	1	13%
	Assets, Transport & Environ - Roads & Transport (Passenger Transport)	8	8		100%	0.2%	0	0	0	0	
	Assets, Transport & Environ - Roads & Transport (Roads & Lighting Contracts)	7	7		100%	0.2%	0	0	0	4	57%
	(Roads Design & Build)	4	2	2	50%	0.1%	1	0	1	0	
	Assets, Transport & Environ - Roads & Transport (Roads Maintenance)	31	26	5	84%	0.7%	2	2	1	8	26%
	Assets, Transport & Environ - Roads & Transport (Roads Network Mgt)	170	148	22	87%	3.7%	8	13	1	50	29%
	Assets, Transport & Environ - Roads & Transport (Structural Services)	20	19	1	95%	0.4%	1	0	0	4	20%
	(Sustainable Transport & Parking)	51	49	2	96%	1.1%	0	2	0	8	16%
Total		299	267	32	89%	6.4%	12	17	3	75	25%
AT&E Total		555	501	54	90%	12%	22	23	9	117	21%
Economy, Planning & Employability											
	Economy, Planning & Employability - Business & Employability	16	15	1	94%	0.3%	1	0	0	2	13%
	Economy, Planning & Employability - Planning	104	85	19	82%	2.2%	10	8	1	18	17%
	Economy, Planning & Employability - Protective Services	224	210	14	94%	4.8%	5	8	1	30	13%
EPES Total		344	310	34	90%	7.4%	16	16	2	50	15%
Chief Executive											
CEO Total	Chief Executive	3	3		100%	0.1%	0	0	0	0	

Directorate	Service/Team	Total Requests Received	On Time	Late	Service %	% of Total Requests received by Fife Council	Service (Late)	IR Team (Late)	Other Reason (Late)	No. of Requests Escalated	% Requests Escalated
Children & Families, Criminal Justice											
Total	Children & Families, Criminal Justice	378	281	97	74%	8.2%	53	40	4	70	19%
Education											
	Education - All Schools	9	2	7	22%	0.2%	6	1	0	9	100%
	Education - Central Team	163	129	34	79%	3.5%	26	6	2	43	26%
	Education - Nursery/Special Schools	12	12		100%	0.3%	0	0	0	1	8%
	Education - Primary Schools	72	60	12	83%	1.6%	8	2	2	16	22%
	Education - Secondary Schools	82	66	16	80%	1.8%	11	3	2	18	22%
Total		338	269	69	80%	7.3%	51	12	6	87	26%
C&F & Educ Total		716	550	166	77%	15.4%	104	52	10	157	22%
Communities											
	Communities - Area Services	21	20	1	95%	0.5%	1	0	0	4	19%
	Communities - Communities & Neighbourhoods (Areas)	41	40	1	98%	0.9%	1	0	0	9	22%
	Communities - Communities & Neighbourhoods (Corporate Development)	26	23	3	88%	0.6%	1	0	2	4	15%
	Communities - Communities & Neighbourhoods (Emergency Resilience)	5	1	4	20%	0.1%	1	3	0	0	
	Communities - Customer & Online Services (Contact Centre)	12	11	1	92%	0.3%	0	0	1	1	8%
	Communities - Customer & Online Services (Customer Service Centres)	7	5	2	71%	0.2%	2	0	0	1	14%
	Communities - Customer & Online Services (Escalation & Resolution)	8	8		100%	0.2%	0	0	0	1	13%
	Communities - Customer & Online Services (IMRT)	480	460	20	96%	10.4%	10	3	7	12	3%
	Communities - Customer & Online Services (Online Services)	7	5	2	71%	0.2%	2	0	0	1	14%
	Communities - Customer & Online Services (Registration)	10	9	1	90%	0.2%	0	1	0	1	10%
	Communities - Customer & Online Services (Revenue Assessment & Collection)	578	571	7	99%	12.5%	4	2	1	9	2%
	Communities - Customer & Online Services (Scottish Welfare Fund)	10	10		100%	0.2%	0	0	0	0	
	Communities - Housing Services	854	827	27	97%	18.4%	10	13	4	23	3%
	Communities - Safer Communities	39	33	6	85%	0.8%	3	3	0	7	18%
	Fife Resource Solutions	11	10	1	91%	0.2%	1	0	0	6	55%
Communities Total		2109	2033	76	96%	45.5%	36	25	15	79	4%

Directorate	Service/Team	Total Requests Received	On Time	Late	Service %	% of Total Requests received by Fife Council	Service (Late)	IR Team (Late)	Other Reason (Late)	No. of Requests Escalated	% Requests Escalated
Finance & Corporate Services											
	Finance & Corporate Services - Audit & Risk Management	64	57	7	89%	1.4%	3	2	2	9	14%
	Finance & Corporate Services - Business Support	1		1		0.0%	0	0	1	0	
	Finance & Corporate Services - Business Technology Solutions	45	37	8	82%	1.0%	7	1	0	16	36%
	Finance & Corporate Services - Democratic Services	18	15	3	83%	0.4%	2	1	0	1	6%
	Finance & Corporate Services - Financial Services	80	67	13	84%	1.7%	5	7	1	21	26%
	Finance & Corporate Services - Human Resources	101	85	16	84%	2.2%	10	3	3	26	26%
	Finance & Corporate Services - Investment	34	30	4	88%	0.7%	1	3	0	2	6%
	Finance & Corporate Services - Legal Services	71	66	5	93%	1.5%	4	1	0	9	13%
	Finance & Corporate Services - Procurement	40	39	1	98%	0.9%	0	0	1	4	10%
	Finance & Corporate Services - Shared Services	270	261	9	97%	5.8%	3	4	2	4	1%
Finance & Corp Serv Total		724	657	67	91%	15.6%	35	22	10	92	13%
Health & Social Care											
	Health & Social Care - Adults	79	66	13	84%	1.7%	6	5	2	8	10%
	Health & Social Care - Older People's Service	61	55	6	90%	1.3%	6	0	0	11	18%
	Health & Social Care - Resources	38	31	7	82%	0.8%	4	2	1	4	11%
H & SC Total		178	152	26	85%	3.8%	16	7	3	23	13%
Multiservice											
Multi Total	Multiservice	10	6	4	60%	0.2%	3	0	1	5	50%

31st October, 2022
Agenda Item No. 5

Complaints Update

Report by: Mike Enston Executive Director - Communities

Wards Affected: All

Purpose

To provide a brief update on complaints closed between 1 April 2021 and 31 March 2022 (performance and information)

Recommendation(s)

The Committee:

- is asked to consider the report on complaints received noting the complaints responded to in target timescales and the proportionality of Service complaints.

Resource Implications

There are no direct resource implications arising from this report.

Legal & Risk Implications

There are no direct legal and risk implications arising from this report.

Impact Assessment

An EqIA has not been completed and is not necessary as the report does not propose a change or revision to existing policies and practices.

Consultation

No specific consultation has been carried out in relation to this report however there is continuous consultation with Services through weekly status updates that provide a RAG status of open cases, there has however been less statistical and categorisation information available following data issues over this period when compared with previous years.

1.0 Background

- 1.1 The Council responds to over 7 million contacts from customers across Fife every year. This figure then puts into context the comparatively small number of corporately defined complaints received. When we do receive complaints, we aim to resolve these quickly, and to learn from feedback to improve future services.
- 1.2 Reports on customer complaints made to the Council are presented twice a year to this Committee. We also publicly report complaints performance information quarterly online and benchmark with other local authorities. No update report was requested in 2021 or 2022 and therefore reporting remains an annual update again into this year.
- 1.3 The areas highlighted for improvement from the 2020/21 report included:
- Improving upon current responsiveness rates, such as targeting poorer performing Services (more effective queue management and professional administrative support).
 - Learning and improving from complaints received (better corrective actions leading to revised processes or service provision)
- 1.4 Scottish Councils must follow the model complaint handling procedure developed by the Scottish Public Services Ombudsman (SPSO). The model was designed to provide a simpler, more consistent process for customers to follow and encourages local authorities to make best use of lessons learned from complaints. A revised version of the procedure with minor changes was launched in April 2021.

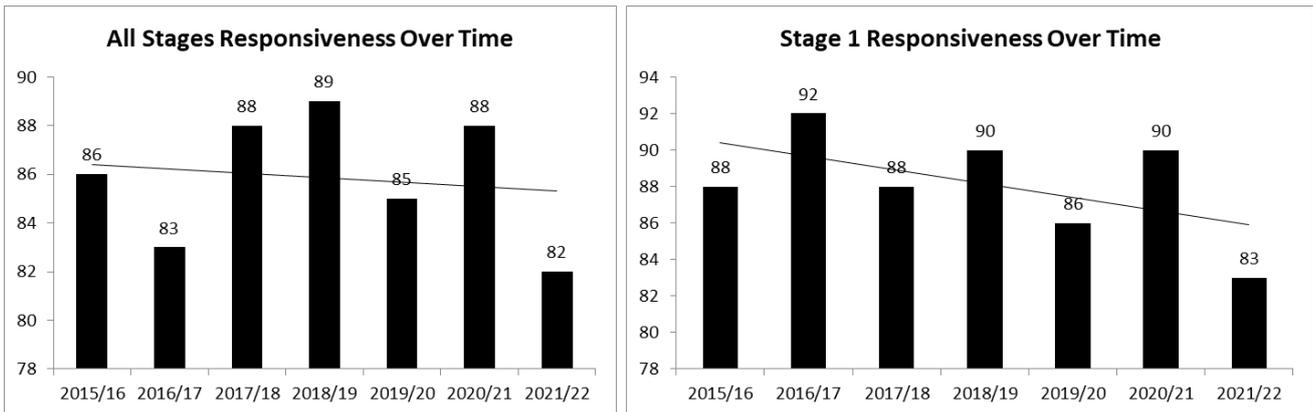
2.0 Performance and Issues Arising from Complaints

- 2.1 From the 2,667 complaints received from 1st April 2021 to 31 March 2022, 2,610 of these were closed (the remainder were still open, withdrawn or pending an allocation decision). This is a 17% decrease on the same period last year when 3,217 complaints were received. The volume of complaints had generally been reducing prior to the pandemic however this period again shows elevated volumes compared with 2019-20. There is evidence that some complaints this reporting period are further attributable to issues related to the pandemic such as absence and availability of parts.
- 2.2 To improve customer satisfaction and reduce costs, we aim to complete 80% of complaints at Stage 1, and within 5 working days and the remaining 20% at Stage 2, within 20 working days. 87% of complaints were successfully handled at stage 1 in period, 83% of which were handled in timescale. See Table 1 for performance.

Table 1

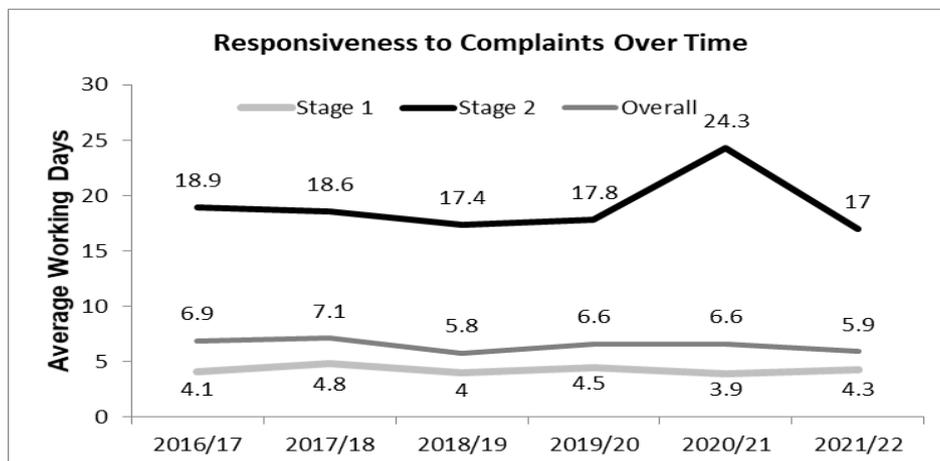
Stage	Total No. of complaints closed	No. closed in target timescales	% Closed in target timescales
	2,610	2,149	82 (88.3 in 20-21)
Stage 1 (5 days)	2,294 (87%)	1,908	83 (89.5 in 20-21)
Stage 2 (20 days)	316 (13%)	241	76 (80.3 in 20-21)

2.3 The graphs below show our performance over the last 7 years. The general trend would appear to be one of performance worsening over time. Where complaint volumes and complaints completed in timescale did increase last year, particularly for Domestic Waste, those concerned restrictions from the pandemic and were generally straightforward to respond to. Better responsiveness to those issues caused the spike in 2020/21. There are several Services with worsening performance over time and others increasingly reliant upon extensions (valid under the procedure) as complaints arising are either complex and serious, key staff have been unavailable or other priorities have prevented target timescales being met. See table in paragraph 2.8.



2.4 This period sees our poorest performance since 2014/15 (82% of all cases in timescale). Not shown is the fall in stage 2 cases in timescale that has also been in decline over the last 3 years (84% in 19/20 & 80% in 20/21) with 78% in timescale this period. Many stage 2 cases remain complex and serious and often require an extension not used in the calculation of these decreasing performance figures. Staff absence and backlog of work due to the pandemic will have had some impact. There is also anecdotal evidence from the experience of the Escalation & Resolution team that there has been less priority given to complaints, particularly during and into recovery from the pandemic.

2.5 The following graph shows the average working days to close a complaint and that from 2016 (and before) we have generally become quicker at responding to all the complaints received. The trend is an improving picture despite last year's spike with stage 2 cases. Education complaints that had been open for 4 months or more with no change communicated were closed and categorised accordingly in advance of the procedural change.



2.6 Table 2 provides a breakdown of the average working days at each stage by respective Services relative to the volume of complaints closed in period. The Volume Context offers some scale between the volume of complaints received and an indicative number of the activities carried out by the Services. The Volume Context is based upon indicative figures from 2018/19 however it should be recognised that the changes required during the pandemic and into recovery means these volumes may not be quite as representative for this period. The table is ordered by the average working days for all complaints responded to, from longest to shortest, for Services in receipt of greater than 90% of all Council complaints.

Table 2

Service	Working Days Stage 1	Working Days Stage 2	Working Days All	Vol	Vol Context
Protective	3.8	20.7	14.3	37	Food and workplace safety alone has 4500 annual jobs
Planning	5.7	22.8	13.9	82	>700 planning enforcement investigations per annum
Education	6.9	18.9	12.6	125	170 schools and establishments serving >56,000 pupils
C&F	5.7	21.8	9.3	96	1000 looked after children and another 2000 families on a voluntary basis per annum
Roads	8	17.3	8.4	208	Filled >22,000 potholes, fixed >5,000 street lights, provided >110,000 passenger journeys
Housing	5.1	14.8	6.6	517	>30,000 households managed
Recycling Centres	3.9	17.3	5.1	146	480,000 recycle centre bookings
Catering FM	4.8	20	5	63	Regularly clean 600 buildings and provide 22,000 meals a day
Benefits C/Tax	3.3	12.3	4.4	185	>64,000 calls relating to the assessment of housing benefit per annum
Building	3.7	15.9	4.1	294	>170,000 repairs per annum
Grounds Maintenance	3.6	8.6	3.9	108	
Bereavement	2.2	13.5	2.9	35	>700 burials & 3000 cremations per annum
Domestic Waste	2.8	6.1	2.9	497	13 million bins serviced
Contact Centre	2.6	2	2.6	68	Over 600,000 calls handled per annum
Total (All Services)	4.3	17	5.9	2,610	

2.7 Complaints that necessarily run into extra time (procedural extensions) are counted for statistical purposes as having not met timescale. Customers are however generally informed when an extension becomes strictly necessary. The procedure allows for such extensions. Overall, 30% of cases detailed in this report as out of timescale fell within the extension agreed timescale. This then provides the statistic that 88% of all complaints were in either procedural or customer agreed timescales.

2.8 Table 3 shows complaint responsiveness by the Services / departments in receipt of approximately 95% of FC complaints. Ordered by percentage all in timescale, worst to best. Please note that 5% of Housing & Building Services' combined complaints were attributed to sub-contractors (44 out of the total of 811).

Table 3

Service	Vol Stage 1	% Stage 1 in Timescale	Vol Stage 2	% Stage 2 in Timescale	Total Vol 21/22	Total Vol 20/21	% Complaints upheld /partially upheld	% All in timescale 2021/22	Adjusted for Extension	% All in timescale 2020/21	Change from last year
Planning	43	65.1%	39	56.4%	82	46	51.2%	61.0%	88.0%	87.0%	-29.9%
Roads & Transportation	199	59.8%	9	88.9%	208	237	51.4%	61.1%	64.0%	77.2%	-20.9%
Education	65	66.2%	60	65.0%	125	156	43.2%	65.6%	70.0%	66.0%	-0.61%
Children & Families	75	68.0%	21	57.1%	96	105	36.5%	65.6%	92.0%	70.4%	-6.8%
Catering & Facilities Mgt	62	79.0%	1	100.0%	63	30	84.1%	79.4%	83.0%	83.3%	-4.7%
Housing	437	78.5%	80	85.0%	517	486	33.8%	79.5%	85.0%	86.0%	-7.6%
Protective Services	14	85.7%	23	78.3%	37	24	43.2%	81.1%	92.0%	87.5%	-7.3%
Sustainability	133	81.2%	13	84.6%	146	71	20.5%	81.5%	84.0%	88.7%	-8.1%
Grounds Maintenance	103	80.6%	5	100.0%	108	90	79.6%	81.5%	87.0%	88.9%	-8.3%
Building Services	284	87.0%	10	70.0%	294	257	82.0%	86.4%	91.0%	92.2%	-6.3%
Benefits / C-Tax	164	92.7%	21	100.0%	185	210	39.5%	93.5%	96.0%	90.5%	3.3%
Domestic Waste	486	95.5%	11	100.0%	497	1000	62.0%	95.6%	98.0%	94.7%	1.0%
Contact Centre	67	95.5%	1	100.0%	68	54	69.1%	95.6%	98.0%	98.1%	-2.6%
Bereavement Services	33	100.0%	2	50.0%	35	20	77.1%	97.1%	100.0%	100.0%	-2.9%
Total FC Overall (includes remaining Services)	2,294	83.2%	316	76.3%	2,610	2,903	53.1%	82.3%	87.0%	88.3%	-6.8%

NB: Grey areas highlight a reduction over the previous year and overall responsiveness worse than the Council average.

2.9 From the greyed figures in the “% All in timescale 2020/21” column against paragraph 2.8 the comparative performance allowing for agreed extensions is as shown in Table 4:

Table 4

Service	% Cases out of timescale that had agreed extensions	% Overall, in procedural / customer agreed timescale
Planning	69%	88%
Roads & Transportation	6%	64%
Education	14%	70%
Children & Families	76%	92%
Catering & Facilities	15%	83%
Housing	25%	85%
Protective Services	57%	92%
Sustainability	11%	84%
Grounds Maintenance	30%	87%
Fife Council Overall	30%	88%

- 2.10 From the table Planning and Protective Services generally achieve procedural targets and require extensions on complex cases or when necessary to comply with the procedure. The type of service provided by Children & Families often generates more complex cases to be investigated and therefore require using the procedural extensions to respond fully. Other Services may benefit from the extension when they become a necessity however there is evidence that some Services simply need to improve in their ability to respond in timescale.
- 2.11 Escalation & Resolution continued to support Services including providing information, procedural support, qualitative review, and information around performance. They are also engaged daily in reminding Services of due dates in advance of their deadlines, weekly RAG status on cases, and supporting the administration of extensions and following due process.
- 2.12 Quarterly performance information on performance given to Services has however lacked fuller detail this period. Following the transformation of our website and changes to the online complaint reporting form and subsequently our complaint system, the data gathered has not been available in an easily reported format until late. Any quarterly reporting was therefore limited to basic statistical information in the period and lacking drilled down detail of opportunities for improvement.

3.0 Learning from Complaints

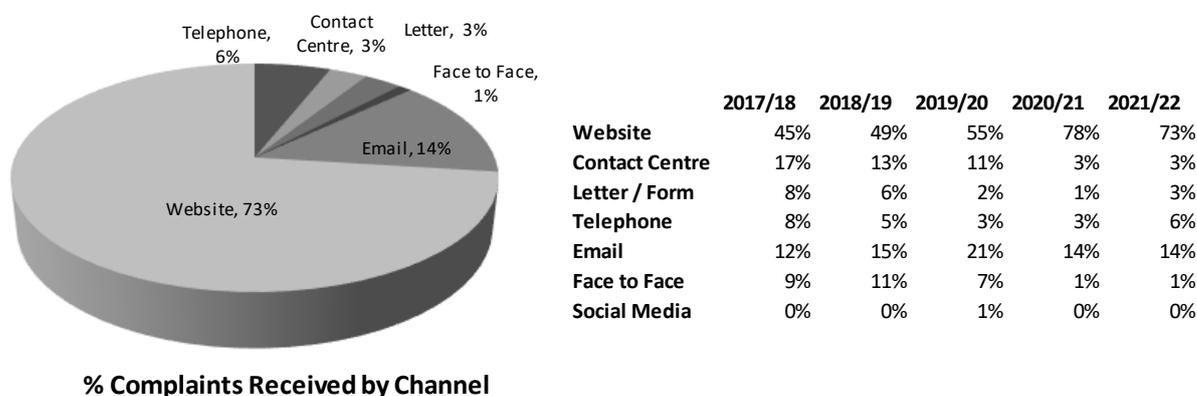
- 3.1 One key element of handling complaints is using customer feedback to rectify or improve upon the service provided. It has previously been reported that the improvements introduced allowed for more and better corrective actions to be captured.

- 3.2 Every upheld or partially upheld complaint presents an opportunity for the Council to address the failings identified and this is also a requirement of the procedure. Previous complaint update reports have described gaps in the volume and quality of corrective actions however there were fewer occasions this period where no statements were recorded.
- 3.3 A few instances remain where corrective action statements refer simply to the outcome of the complaint rather than specific actions that would potentially prevent future reoccurrence.
- 3.4 There are good examples when the Council gets listens to customer feedback and makes improvements to future service provision. Some from this reporting period included:
- Following a complaint about the condition of public toilets Catering Cleaning & Facilities Management committed to increased expenditure on resources including staff to better monitor and maintain public conveniences.
 - Following a complaint about a school meal paid for by the complainant Catering Cleaning & Facilities Management reviewed portion sizes and provided clarity to staff serving meals within a local primary school.
 - Following a complaint about offensive graffiti persisting in a public convenience there was a policy change that we will now attend incidents of racial, gender, or otherwise offensive graffiti within 48 hours of first report.
 - Where complaints were about the actions of employees (behaviour, poor driving, wrong information provided, process / procedure not followed etc.) the complaint has been addressed directly with employees, so they are aware of the impact on their customers.
- 3.5 One of the reasons for creating the new Communities Directorate was to increase customer responsiveness and this included setting up the Escalation and Resolution team.
- 3.6 To date the team have focussed upon key aims, including:
- Impacting current responsiveness rates, such as targeting poorer performing Services (more effective queue management and professional administrative support).
 - Improving compliance to the procedure and supporting Services by peer review of resolution letters and emails.
- 3.7 The approach to consider the quality of complaint handling includes surveying complaints that the organisation did not uphold. This presents a challenge as it is accepted that it may be difficult for complainants to separate out any redeeming features in how this was handled when the Council did not uphold their substantive matter. See section 4 Complaint Satisfaction.
- 3.8 Table 5 provides the details of complaint decisions.

Table 5

FC Overall	Not Upheld	Partially Upheld	Resolved	Upheld
Overall	43%	17%	3%	36%
Stage 1	42%	16%	4%	38%
Stage 2	52%	28%	0%	20%

- 3.9 The majority of complaints increasingly come in via our website, the graph and table display the shift over time away from traditional methods of receiving complaints (letters and telephone calls) to electronic, best value channels. The decrease in web traffic this reported period over last is likely due to normal business resuming post pandemic. This remains increasing in usage over previous years.



4.0 Complaint Satisfaction

- 4.1 In previous reports to this Committee the data used to provide satisfaction with complaint handling was obtained from a more generic transactional survey of four questions emailed out on a four-weekly basis. Following changes to both the Council's website and the customer management system this transactional survey became obsolete with a replacement pending development.
- 4.2 The complaints procedure requires that complainants are surveyed so the previous generic survey was replaced in January 2022 with a bespoke version that covers standard questions as agreed by the SPSO and the Local Authority Complaint Handlers Network. These questions will ultimately allow benchmarking amongst network members.
- 4.3 The replacement complaint satisfaction survey methodology has us ask customers how much they agree or disagree with the following statements generally 4-6 weeks after their complaint has closed.
- Information about the complaint procedure was easily accessible.
 - I found it easy to make my complaint.
 - I was happy that the person considering the matter fully understood my complaint.

- I was given the opportunity to fully explain my complaint.
- The points of my complaint were identified and responded to.
- The response to my complaint was easy to understand.
- Overall, I was satisfied with the handling of my complaint.
- I was told if the response was going to take longer than the set timescales (five working days at stage 1 and 20 working days at stage 2).
- I was clearly told what the next stage of the complaints process was for me.

4.4 This replacement survey now requires a manual issue of these questions by email however has the added benefit over the previous generic transaction survey as the text from a complainant's actual complaint is given in the invitational email as a reminder to make the survey more focussed.

4.5 There were 127 responses, and a breakdown of some comments included:

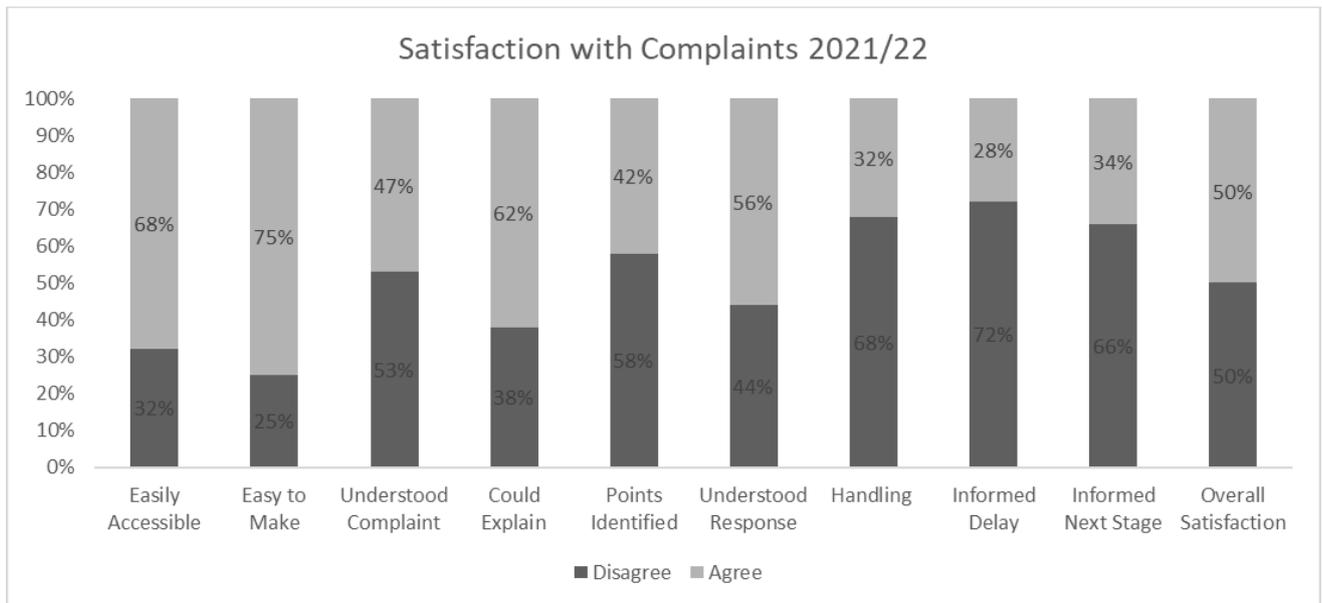
Positive

- Excellent service from Fife Council and wish to commend the company who carried out the work. Very professional, hardworking and at the end of each day, everything was tidied away and swept.
- The process was satisfactory in the outcome at this time.
- I was satisfied with the outcome of my complaint. The council contacted the company in question, and I was told a complaint was lodged against the individual concerned who treated me in an outrageous manner.
- Resolved swiftly. Website updated.
- It was dealt with quickly and efficiently
- I was very pleased with the outcome, thank you.

Negative

- No one has responded.
- This complaint was not dealt with at all as no one got in touch with me about it! Always thought the procedure was to follow up the complaint but there was no follow up whatsoever. I am very angry about this.
- This process was awful. Flat out. The website. The response. The resolution. Awful. You might have to put effort forth for this system to be less effective.
- I am most unhappy with response of the different departments, they seem to pass the buck from one department to another, time the council installed soundproofing to older buildings as your Safer Community Team put every noise down to normal household noise no matter what time of day or night the noise is being made. No help at all.
- Merely sending constituents back to the web site is insufficient. I was raising an important security matter and it wasn't dealt with.

4.6 Overall satisfaction was 50% and is slightly improved upon last year's figure of 37% noting that the response volumes are lower. Satisfaction with each question is as shown on the following graph.



- 4.7 It would appear from the graph that improvement is required in carefully identifying the full complaint made from a complainant and thereafter adequately addressing those. We would also benefit from being more effective with extensions (when necessarily required) and stage 1 email responses detailing what the next steps for a complainant would be should they remain dissatisfied following a stage 1 response.
- 4.8 The methodology used for the survey does not align a complaint reference number back to any responses received. This is due to GDPR, and the storage method used for satisfaction as the data is captured using Microsoft Forms against a single officer's account. It would not be considered secure or an appropriate place to store a customer's personal data. The survey is therefore fit for wider organisational learning in contrast to the previous version where Services could see satisfaction with their own complaint handling.

5.0 Other Customer Issues

- 5.1 The complaints procedure includes a clear definition of a complaint which means that some issues are recorded as fault reports or requests for service rather than as complaints.
- 5.2 Missed bins are generally considered as complaints however given the complexity and volumes, these are logged outside of the complaints system unless there is clear evidence of repeated failures or broader issues that are more than a missed collection.

Table 6

Enquiry Type	Volume 2017/18	Volume 2018/19	Volume 2019/20	Volume 2020/21	Volume 2021/22	Remarks
Missed Bins	8,618	9,574	9,434	10,223	9,894	Actual complaints around missed bins will overlap with service requests (8,946 collections & 948 Bulk Uplifts)

- 5.3 In previous years Table 6 has included data on street cleaning requests, reports of illegal dumping, dog issues and abandoned vehicles amongst others. Data provided

has always come with the caveat that this was a very simple database extract and likely different data from what would be expressed by owning Services. The difference would be in terms of job sheets issued or capturing requests through other channels made directly into Services. Additional information may be available from the Enterprise and Environment Directorate Section/Service Performance Reports. These formed part of the Environment and Protective Services Sub Committee meeting of 2 September 2021. Annual figures for all of Fife Council such as illegal dumping, grounds maintenance requests etc. are available. Committee members are likely to have seen annual update reports from Safer Communities at Local Area Committees where data around these enquiry types is provided at the local level.

Area Comparison

- 5.4 Table 7 provides the latest comparison of the volume of main Service complaints by area (presented per million of the population to provide better readability). Note that complaints made anonymously or from outside of Fife are not attributed to any Area Committee (therefore the grand total will not sum to 2,610 complaints). Population information copied over from last year's report.

Table 7

Area Committee	Dunfermline	Cowdenbeath	Glenrothes	Kirkcaldy	Levenmouth	North East Fife	South West Fife
Population Volume	56,832	41,288	50,257	60,214	37,288	74,674	49,777
Service Complaints by 1 Million Population	Per 1M	Per 1M	Per 1M	Per 1M	Per 1M	Per 1M	Per 1M
Benefits - C/Tax	682	454	1005	1505	410	1568	896
Bereavement	114	41	151	0	75	299	0
Building Services	2216	1445	1910	3191	1044	2838	1095
Catering & Facilities	227	41	50	120	149	821	149
Contact Centre	284	330	603	421	75	523	149
Domestic Waste	3012	1858	2362	2710	1081	8363	2837
Education	284	537	603	361	149	523	348
Housing	2387	2106	2161	4636	1454	3510	1842
Grounds	1137	537	553	241	149	597	398
Planning	284	330	503	241	112	1195	299
Protective	57	248	0	241	112	224	100
Sustainability							
Roads & Transport	909	661	754	1084	373	2166	697
Total	12844	9620	12313	15896	5966	25389	9856

- 5.5 Table 7 identifies in bold the top 3 Committee area complaints received by Service. Domestic Waste, Housing and Building Services are in the top 3 for each area with the biggest percentage of complaints concerning bin issues. Housing's main complaint category is the dissatisfaction with policy / current delivery arrangements e.g., timescales, priorities and criteria. Building Services' main category is a failure to fix first time.

- 5.6 There is some variation in area responsiveness to complaints. This ranges from 81% (down from 90% in 2020/21) of all complaints responded to in timescale in the Levenmouth area to 88% (also down from 90% in 2020/21) of all complaints in the Cowdenbeath area. Work continues to explore the nature of the variation however the high volume of missed bin complaints that were readily addressed last year in timescale have caused the difference in the poorer performance this period from last.

6.0 Progress and Future Improvements

- 6.1 The Council Executive Team are aware of the performance issues following a meeting on 5 October 2022. They are keen to support required performance improvement work that is expected to improve upon current responsiveness and best practice from Services in satisfying the procedure. The expectation is that Education's performance improves alongside their process for identifying, allocating and responding to complaints received.
- 6.2 Work continues with Education to support improvements including the development of new guideline materials for head teachers and a better process whereby complaints received directly by Education are managed more effectively, aligned more corporately, and managed accordingly.
- 6.3 Work continues with BTS towards a working insightful Power BI dashboard. The data is now available, and the dashboard is taking shape. BTS are currently working with key Service contacts to filter the information available so that Services have an instant gauge of performance over the range of data available. It is anticipated that the deeper insights available from this tool will support Service improvements such as area-based information and differences in complaints by Service in different areas of Fife. It will ultimately support raising responsiveness levels and awareness as the data is continually updated and instantly available without the need for bespoke report creation.
- 6.4 There has been some successful performance management within Escalation & Resolution and following this work the team are better engaged with Services. This includes preparatory work to support Grounds Maintenance with training in all aspects of complaint handling. Insight from the complaint survey, particularly that it would be beneficial to explain the next stages within a stage 1 response email, are being included as part of weekly RAG status emails to many Services from the team.
- 6.5 Discussions continue around a methodology to promote the positive nature of improvement. Related Services would share their approach to considering and working with complaints data towards improvement. Work here was suspended given the pandemic and Services' other priorities.
- 6.6 Escalation & Resolution may have an increased workload by 2023 as there are current proposals with Health & Social Care to agree the transfer of complaint administration over from being currently undertaken by Business Support staff working within that Directorate. Any change will be able to be managed within current resources.

7.0 Conclusions

- 7.1 Responsiveness (complaints in target timescales) requires improvement, broadly over the whole organisation. It is anticipated that work to improve performance

described in section 6 will impact upon next year's performance particularly given the support offered from the Council's Executive Team.

- 7.2 From Appendix 1 the issues customers complained about are generally the same as other years with Housing, Domestic Waste, and Building Services in receipt of around 50% of the complaints raised with the Council. The contents of many such complaints are directly related to service provision issues from the pandemic including sickness absence and backlog of routine maintenance.
- 7.3 The use of Power BI will facilitate improvements and support deeper insights as the use of this tool embeds over the organisation.

List of Appendices

1. Appendix 1 Details of complaints and compliments received
2. Summary of SPSO cases and decisions made in reporting period

Background Papers

SPSO revised model complaint handling procedure – [Link](#)

Report Contacts

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Appendix 1: Complaints and compliments (from Services / departments collectively in receipt of >90% of Fife Council complaints)

Service type	Summary data	Complaint & compliment examples, including details of any learning (all from upheld complaints)
Benefits & Council Tax	<p>Received: 7% of FC complaints</p> <p>Main categories:</p> <p>Time taken to process enquiry (24%)</p>	<p>Complaint: No reply from Fife Council after emailing, submitting a contact form and also leaving a voicemail. This has now resulted in a letter from <i>sub-contractor</i> even though my council tax has been getting paid! Appalling customer service and now resulting in a warrant notification! I look forward to hearing from someone as it's almost impossible to reach anyone by phone! This a matter of urgency.</p> <p>Outcome: Upheld and apology offered. Called customer to discuss complaint. Have dropped recovery and any costs which had been added and have also reinstated the customers direct debit instruction. The email issue is being investigated.</p> <p>Compliment: I received a call today from Fiona Matthew in regard to Universal Credits. She was so helpful, professional, and friendly towards me which made the whole experience very relaxing and productive.</p>
Bereavement Services	<p>Received: 1% of FC complaints</p> <p>Main categories:</p> <p>Untidy/Overgrown Vegetation (51%)</p>	<p>Complaint: The condition of Falkland Cemetery is disgraceful. It is nearly impossible to see where the paths are. The grass is obviously not cut until it is really long which results in a very untidy appearance after cut, with some long grass left. On visiting today to lay flowers, I noticed a recently interned grave which was crudely filled and topped with turfs of long grass. We find it most upsetting to see it neglected in this way. I hope you will understand and sympathise with my concerns, and I would be really grateful for a positive response.</p> <p>Outcome: Upheld and apology offered. Overtime offered to staff, and resources moved around where possible to help get maintenance back on track.</p> <p>Compliment: Gravedigger at a Service at Hillend last week - a Wendy Duncan - was very professional and pleasant</p>
Building Services	<p>Received: 11% of FC complaints</p> <p>Main categories:</p> <p>Failure to fix first time (15%)</p>	<p>Complaint: I told you in May my intercom was not working, and a man came out and said it was the phone, so he was coming back with a phone then I never heard from them, got told they were coming on date, and they never came then said they were coming the date never came then said they were coming in November and never came. I am in four in a block, and I have to go down the stairs to let people in sometimes the parcel man is back in his van and away, so I don't get my parcel and I am really fed up with this</p> <p>Outcome: Upheld and apology offered. Part required was out of stock and corrective action impossible given shortage was due to the pandemic.</p> <p>Compliment: Elderly tenant called to say the engineer came out and fixed this and she wanted to say thank you to him for the prompt service and also his manner and helpfulness to her.</p>
Catering & Facilities	<p>Received: 2.5% of FC complaints</p> <p>Main categories:</p> <p>Standard / condition of council buildings including toilets (24%)</p>	<p>Complaint: I was at Burntisland yesterday and we all needed to use the toilets. To put it bluntly they were vile!! Two of the ladies toilets were blocked and absolutely disgusting. You could smell them from outside. There were people coming out warning us not to go in as they were filthy. There were a lot of people needing to go but wouldn't go in because of the strong smell. Everyone started using the disabled toilet. You have the cheek to charge 30p for the use of a toilet. I think you would need to pay the public to use them. Absolutely shocking. I don't live in Fife but came for a nice day out. We were sickened by this.</p> <p>Outcome: Upheld and apology offered. Additional checks on standards and ensure appropriate receptacles are in place.</p> <p>Compliment: I would like to pass on my appreciation to the team who provide MOW's to my mother, they have basically saved her life.</p>
Children & Families	<p>Received: 4% of FC complaints</p> <p>Main categories:</p>	<p>Complaint: I want to make a complaint about a social worker. He has come out to do a visit with my son and has told my son about a previous drug use I had before my children were even born and left my child asking so many questions and very upset and crying things that a school boy should not know about. He had absolutely no right to say that in front of my son. If he had any questions, I</p>

Service type	Summary data	Complaint & compliment examples, including details of any learning (all from upheld complaints)
	Inappropriate staff attitude / behaviour (29%)	<p>am more than happy to answer them but not in front of my child. So instead of helping my son he has now made him more angry, more upset, and so confused. Disgusting treatment from someone who is supposed to help.</p> <p>Outcome: Upheld and apology offered. Further training and support to be provided to staff member.</p> <p>Compliment: I was hoping you would still be our social worker as you have been amazing and the support you have provided has been excellent. I just hope whoever we get is as good as you.</p>
Contact Centre	<p>Received: 2.6% of FC complaints</p> <p>Main categories:</p> <p>Inappropriate staff attitude / behaviour (31%)</p>	<p>Complaint: I've tried phoning (when I eventually found the number) No answer. Eventually at the third attempt of calling and waiting for 13 minutes listening to music, I got through to General Enquiries who put me on hold, but I was immediately put onto the answer machine options again and back to the start. I was caller 1 in the queue but had to wait 13 minutes! The person who answered the call seemed totally disinterested in what I was trying to achieve. I guess he just tried to get rid of the call. He didn't even say hello when he answered the phone. I had to speak first. All in all, a very unpleasant experience today.</p> <p>Outcome: Upheld and apology offered. The Customer Service advisor will be spoken to by their lead officer to try and improve the quality of their call taking.</p> <p>Compliment: Dealt with Fiona today (on behalf of my eldest son not for 1st time) Really makes you feel at ease. Told me step for step in detail the answers I was looking for to my questions. Very hard to find somebody like her within any organisation who can listen and deal with the questions to hand. A credit to Fife Council.</p>
Domestic Waste	<p>Received: 19% of FC complaints</p> <p>Main categories:</p> <p>Failure to collect / empty bin (30%)</p>	<p>Complaint: Customer would like to make formal complaint about Waste Operations and non-delivery of service, he has had a missed 2 x 1240 litre landfill bin missed, he has called to see why the bins were missed and is not happy with the 5 working day response for the bins to be empty as this takes it to the next collection date</p> <p>Outcome: Upheld and apology offered. Address placed on close monitor and bin serviced.</p> <p>Compliment: Customer called on Monday to request additional capacity bin and has received this today. Customer wanted to say how good this service and how quickly this was delivered.</p>
Education	<p>Received: 4.8% of FC complaints</p> <p>Main categories:</p> <p>Dissatisfaction with policy / current arrangements (33%)</p>	<p>Complaint: This afternoon PUPIL was pursued on his way home by PUPIL, who was wielding a knife. They also appear to have pursued other children in like manner. PUPIL says they did not take it as intending to cause actual harm but that it was intimidating. PUPIL was told by a classmate that the knife had previously been confiscated at school, so if this is the case then either they had a second knife with her, or the school returned the knife to her.</p> <p>Outcome: Upheld and apology offered. Class spoken to and acknowledged the incident which happened. Reassured our children and reminded them of the trusted adults in school they could talk to if they wished. Incident recorded on Fife Council's Health and Safety intranet. Revisited the Child Protection and Safeguarding procedures with all teaching staff, Early Years Officers and support staff. Further staff training will be included in our In-Service Day. As part of our Health and Wellbeing curriculum there will be an invite to the Community Police to speak to our children about being responsible citizens in our community.</p> <p>Compliment: Phoned Glenwood High School today as my son had lost his MyFife card. The lady that answered the phone was very efficient and helpful. She advised me on how to order and new one and gave me a PIN number to ensure that he could still access the funds on his account to pay for his school meals.</p>
Housing	<p>Received: 20% of FC complaints</p> <p>Main categories:</p>	<p>Complaint: Repair to kitchen floorboards. House repair not carried out for many months. Made contact 4 times to enquire. Was told every time that someone would call me back. But no-one did. Had no contact except housing officer who attended the house to look at damage and confirm repair was needed. Having 5 kids in the house this was not safe as floorboards needed covered as damaged. After many calls I had no choice but to pay to have the work done independently.</p>

Service type	Summary data	Complaint & compliment examples, including details of any learning (all from upheld complaints)
	Dissatisfaction with policy / current delivery arrangements e.g., timescales, priorities, criteria (17%)	<p>Outcome: Upheld and apology offered. Third party claim form issued over repair costs as repair had been recorded but no action taken.</p> <p>Compliment: I would like to thank Christine Welsh and her team for the amazing service. I got the help I needed swiftly and timely. They visited me even when it was bucketing down. They were so polite, helpful and so knowledgeable! Much appreciated help when I was feeling at wits end. Thank you so much!!</p>
Grounds Maintenance	<p>Received: 4% of FC complaints</p> <p>Main categories:</p> <p>Grass Cutting (33%)</p>	<p>Complaint: I want to complain about the lack of weed control and grass cutting around the village of Kincardine. Some of the areas have been completely missed out or been no attempt to cut the grass at all. Some of the roads look like abandoned streets with the number of weeds growing between the road and pavement.</p> <p>Outcome: Upheld and apology offered. Reducing staff has caused backlog however schedule continues including the impacted area.</p> <p>Compliment: The replacement of a dilapidated park bench on the Riverside walk in Cupar. After submitting my report, the old bench was promptly removed and now a new composite recycled plastic bench has been installed. On behalf of Cupar residents may I thank Fife Council for this excellent service to the community.</p>
Planning	<p>Received: 3% of FC complaints</p> <p>Main categories:</p> <p>Dissatisfaction with policy / delivery arrangements (21%)</p>	<p>Complaint: I am now 9 months on from my original application with no approval in place and to say I am frustrated is an understatement. I fully appreciate the error was mine to begin with however it should be noted that following a complaint from my neighbour in the first instance, your officers wasted no time in visiting my property and filing my breach. It's a shame that the same due diligence hasn't been paid to my efforts to rectify the breach and I am constantly having to chase this some 9 months on. The lack of responses to my numerous requests for information is extremely galling and I am now at the stage that I am considering my next steps should I not receive a timeous response to this complaint with the required satisfactory outcome.</p> <p>Outcome: Upheld apology offered. Reminder to case officer to give clear instructions and also reminder to validation team to send chaser emails on invalid applications. Officer concluded the retrospective planning.</p> <p>Compliment: Thank you. I have spoken to the housing development manager, and they are going to consider the garden development issues in Guardbridge</p>
Recycling Centres	<p>Received: 5.6% of FC complaints</p> <p>Main categories:</p> <p>Dissatisfaction with booking policy (38%)</p>	<p>Complaint: I appreciate these rules were put in place at the height of the pandemic, however they have surely served their purpose and slots per person could be increased, if not to be relaxed entirely. From my visits to the recycle centres at St Andrews, Ladybank and Cupar I have seen no more than 3 other users on site at any one time on any visit. and people are well aware of the need to maintain social distance. COVID restrictions are now being lifted across all areas of society, therefore Fife Council should be re-assessing their risk profile and their access policy and modifying it accordingly as it is now not fit for purpose as life returns to normal.</p> <p>Outcome: Not upheld – no evidence of maladministration in making the recycling centre policy. Policy and restrictions remain</p> <p>Compliment: As we are moving house this week, I needed further visits to the recycling centre and made contact through the HWRC enquiries facility. This was responded to by Simon and once I explained the situation, he reset the system to clear my mistake to allow further visits. It may seem like a relatively small issue however having Simon do this promptly and even providing an alternative option if required really helps during the stressful time of moving house.</p>

Service type	Summary data	Complaint & compliment examples, including details of any learning (all from upheld complaints)
Roads & Transportation	<p>Received: 8% of FC complaints</p> <p>Main categories:</p> <p>Potholes / poor condition of road surface (18%)</p>	<p>Complaint: I wish to formally complain about the poor state of the walking pavement on Ridgeway in Dalgety Bay. The pavement is so lumpy. This complaint has been ongoing for nearly a year and Fife Council, despite promising to me via phone call to make it a priority and do something about it, it has done nothing with the pavements which have been and continue to be in a sorry state.</p> <p>Outcome: Upheld apology offered. There are other priorities for repair however customer assured that this area was scheduled.</p> <p>Compliment: I use the Ring & Ride bus service frequently and would just like to say how much I appreciate the service. The drivers are all very courteous patient and kind as are all the staff at the booking office, the girls are all very helpful. This service is a great help to me as I can't get about very well anymore.</p>

Appendix 2 – Summary of SPSO Decisions

A2.1 The final stage for complainants is the Scottish Public Services Ombudsman (SPSO) and the following table presents the decisions taken by this office and notified to Fife Council in period

SPSO Ref No	Service Responsible	SPSO Decision
SPSO 201904682	Planning	Partially Upheld <i>1</i>
SPSO 201900081	Children & Families	Partially Upheld <i>2</i>
SPSO 202006804	Housing	Not taken forward for investigation
SPSO 202003092	Planning	Not taken forward for investigation
SPSO 202006844	Planning	Not taken forward for investigation
SPSO 202008570	Roads	Not taken forward for investigation
SPSO 202007929	Housing	Not taken forward for investigation
SPSO 202001644	Planning	Not taken forward for investigation
SPSO 202006784	Planning	Not taken forward for investigation
SPSO 202007167	Benefits Council Tax	Not taken forward for investigation
SPSO 202008945	Welfare Fund	Not taken forward for investigation
SPSO 202008483	Housing	Not taken forward for investigation
SPSO 202101256	Benefits Council Tax	Not taken forward for investigation
SPSO 202101116	Planning	Not taken forward for investigation
SPSO 202008782	Planning	Not taken forward for investigation
SPSO 202101883	Recycling Centres	Not taken forward for investigation
SPSO 202101429	Housing	Not taken forward for investigation
SPSO 201909669	Education	Not taken forward for investigation
SPSO 202101318	Housing	Not taken forward for investigation
SPSO 202102962	Protective Services	Not taken forward for investigation
SPSO 202103569	Roads & Transportation	Not taken forward for investigation
SPSO 202104559	Protective Services	Not taken forward for investigation
SPSO 202104227	Area Services	Not taken forward for investigation
SPSO 202104859	Children & Families	Not taken forward for investigation
SPSO 202106566	Housing	Not taken forward for investigation
SPSO 202105118	Building Services	Not taken forward for investigation
SPSO 202105427	Planning	Not taken forward for investigation
SPSO 202107048	Domestic Waste	Not taken forward for investigation
SPSO 202107139	Housing	Not taken forward for investigation
SPSO 202104482	Criminal Justice	Not taken forward for investigation
SPSO 202108036	Housing	Not taken forward for investigation
SPSO 202109123	Recycling Centres	Not taken forward for investigation
SPSO 202008461	Planning	Not taken forward for investigation
SPSO 202110439	Housing	Not taken forward for investigation

A2.2 Not taken forward for investigation typically means that the SPSO decision was that these complaints were either, out of their jurisdiction, the complainants' outcome is unachievable or that in the opinion of the SPSO they can add nothing further to the decision already reached. The SPSO remain obliged to alert the Council of these cases under their governing Act.

A2.3 The overwhelming decision to not take cases forward for investigation may suggest that resolutions provided are the correct ones. The decisions from the two cases where the SPSO did uphold some element of the complaints investigated are detailed below. These decisions are also available on the SPSO's website. For clarity Fife Council has complied with the recommendations made by the SPSO on both cases.

1 Summary

C complained about how the council handled and assessed a planning application. The planning application related to a proposal for an extension to an existing business premises and was approved by the council. C's own business premises are located nearby, and C raised concerns about how the extension would impact their business and the local area more generally. In response to C's complaint, the council acknowledged there were some failings in how the application was assessed and omissions in the Report of Handling. However, they concluded the application would have still been approved even if there were no failings in how it was assessed.

C complained that they did not think the council took appropriate action in response to the acknowledged failings and considered there to be other failings that the council did not identify in their stage 2 response. In addition to this, C complained about the council's sale of the land that the proposed extension is to be built on. In C's view, the sale of the land was not appropriately carried out by the council.

In respect of the first aspect of C's complaint, we took advice from an independent adviser with a background in planning. The advice we received, and accepted, was that there were further shortcomings in the assessment of the application and the content of the Report of Handling that were not identified by the council. While a number of C's outstanding concerns related to disagreements with the council's decision, we considered there to be examples of the council either failing to appropriately consider certain matters or not recording them in sufficient detail in the Report of Handling. As such, we upheld this complaint.

In respect of the second complaint, C was of the view that the land sold was classed as common good land and should not have been subject to sale. They also considered the council's sale of the land not to be in line with the European Commission's state aid rules. We concluded that the evidence did not support either of these conclusions and, therefore, did not uphold this complaint.

Recommendations

What we asked the organisation to do in this case:

Apologise to C for failing to consider certain matters appropriately in their assessment of the planning application and for the fact that the Report of Handling did not contain sufficient detail about parts of their decision-making. The apology should meet the standards set out in the SPSO guidelines on apology available at www.spsso.org.uk/information-leaflets.

Given the failings identified in both the council and our investigations, comment on their view remains that there are no grounds or good planning reasons to revoke the planning permission. Provide justification for the decision reached to both C and this office.

What we said should change to put things right in future:

Planning applications should be assessed thoroughly and in line with relevant guidelines. Reports of Handling should be appropriately detailed and contain clear justifications for the conclusions reached.

2 Summary

C raised a number of concerns about the social work service provided by the council in relation to the contact between their child (A) and A's non-resident parent. At the time of the complaint, the social work service was responsible for managing contact between A and the non-resident parent.

We took independent advice from a social work adviser. C firstly complained about the way the council acted in relation to concerns they raised about what was in A's best interest. We found that the council acted reasonably in relation to a number of the concerns C raised. However, we also found that there was a failure in one instance to carry out a risk assessment timeously. On balance, we upheld C's complaint.

C also complained about the way the council handled a meeting that had been arranged to discuss A's contact arrangements. We did not identify failings in relation to this aspect of C's complaint and we did not uphold the complaint.

Finally, we considered the council's handling of C's complaint. We found that the council's complaint response did not address a number of C's points of complaint and that it failed to include an apology for a service failing the council identified during their own investigation. We made recommendations in relation to complaint handling.

Recommendations

What we asked the organisation to do in this case:

Apologise to C for failing to carry out a risk assessment timeously; for the service failing identified in the council's stage 2 response; and for the issues with complaint handling. The apology should meet the standards set out in the SPSO guidelines on apology available at www.spsso.org.uk/information-leaflets.

What we said should change to put things right in future:

National Guidance for Child Protection in Scotland and the National Framework for Risk Assessment should be followed in relation to assessing risk.

In relation to complaints handling, we recommended:

Under the Local Authority Model Complaints Handling Procedure, an investigation should explore the complaint in more depth and establish all the relevant facts. The aim is to resolve the complaint where possible, or to give the customer a full, objective and proportionate response. Where failings are identified, an apology should be offered.

31st October, 2022

Agenda Item No. 6

2022/23 Issued Audit Reports

Report by: Pamela Redpath, Service Manager, Audit and Risk Management Services

Wards Affected: All

Purpose

To submit to Members of the Standards, Audit and Risk Committee a summary of findings from the Internal Audit Reports finalised since the last meeting of the Standards, Audit & Risk Committee. The report highlights any areas of concern and, if applicable, instances where Services are not taking appropriate action.

Recommendation(s)

Members are asked to note the contents of this report, including the summary of findings at Appendix 1.

Resource Implications

None.

Legal & Risk Implications

Without suitable internal controls, there is an increased risk that Services and / or the Council will not achieve their objectives.

Impact Assessment

An Equality Impact Assessment is not required because the report is not proposing a change or revision to existing policies and practices.

Consultation

Audit Services has consulted all subjects of the audit reports.

1.0 Background

- 1.1 Audit Services provides an assurance function that gives the Council an independent and objective opinion on the control environment by evaluating its effectiveness in achieving its objectives. We examine, evaluate and report, objectively, on the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 1.2 This report provides a summary of audit reports issued since the last report to this Committee. It describes key findings and highlights areas of concern.

2.0 Analysis of Issued Audit Reports

- 2.1 To enable the Standards, Audit and Risk Committee to form an opinion on the effectiveness of the internal control environment, to provide assurance where internal controls are working well and to highlight areas for concern, the Service Manager – Audit and Risk Management Services, prepares a report which provides a summary of the audit reports issued by Audit Services.
- 2.2 The reports issued in the current period cover areas within Enterprise & Environment and Education & Children’s Services Directorates.
- 2.3 A short outline of each report is contained in Appendix 1.
- 2.4 Following each completed internal audit / fraud risk report, Services are asked to complete a Post Audit Review (PAR) exercise. This indicates:
 - the Service’s progress in implementing agreed actions;
 - reasons for non-implementation; and
 - explanations for redundant recommendations.
- 2.5 The results of all PAR exercises are reported to Standards, Audit and Risk Committee.

3.0 Conclusions

- 3.1 This period’s audits reveal some instances of non-compliance with the Council’s governance arrangements. However, these are not systemic failings and, in general, satisfactory procedures are in place and being followed. Appropriate actions have been agreed in all instances to address these shortcomings.
- 3.2 I conclude that the findings do not pose a significant risk and implementation of all actions will improve the Council’s control framework.

List of Appendices

1. Summary of Audit Reports Issued

Report Contact:

Hazel Hastie

Auditor, Audit and Risk Management Services

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SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
<p>1. Enterprise & Environment - Planning Climate Change (Report 88)</p>	<p>This audit assesses Fife Council’s commitment to tackling climate change and achieving net zero emissions of all greenhouse gases by 2045, in line with Scottish Government targets as set out in the Climate Change (Emissions Reductions Targets) (Scotland) 2019 Act.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 2 • System Materiality Grade 5 • Overall Risk Medium <p><u>Findings:</u></p> <p>Generally, the controls were sound. However:</p> <ul style="list-style-type: none"> • The Risk and Vulnerability Assessment, required at least every two years under the EU Covenant of Mayors for Climate and Energy, is overdue by at least six months. • Seven of the 26 actions in the Addressing the Climate Emergency Action Plan are still in development, i.e., their timescales, assigned leads and/or outputs have yet to be confirmed. • Not all climate change actions have been costed to ensure budgets are sufficiently and appropriately allocated. The Climate Finance Working Group is currently reviewing capital plans for new projects. <p>Satisfactory actions have been agreed for the four substantial recommendations in the report to be implemented by 31 March 2024.</p>
<p>2. Education & Children’s Services Payroll Processing (Report 89)</p>	<p>The purpose of this audit is to review how well Education and Children’s Services controls the service level payroll functions in the Oracle Cloud payroll module and ensures compliance with current regulations, legislation and guidance.</p> <p><u>Audit Opinion:</u></p> <ul style="list-style-type: none"> • Level of Assurance Grade 2 • System Materiality Grade 5 • Overall Risk Medium <p><u>Findings:</u></p> <p>The following areas for improvement were identified:</p>

SERVICE, REPORT AND PURPOSE	SUMMARY OF FIFE COUNCIL AUDIT REPORTS
	<ul style="list-style-type: none"> • The accuracy of employment establishments in Oracle Cloud is not regularly checked by management. • Pay for new starts / transfers and leavers is not always correct due to timing of input by managers. • Leaver status is not always set in Oracle Cloud before the termination date. • Final pay including holiday pay, pay in lieu, etc for leavers is not always paid promptly. <p>Satisfactory actions have been agreed for the two substantial recommendations in the report to be implemented by 31 December 2022.</p>

31st October, 2022

Agenda Item No. 7

Internal Audit Plan Progress Report

Report by: Pamela Redpath, Service Manager, Audit and Risk Management Services

Wards Affected: All

Purpose

To submit to Members of the Standards, Audit and Risk Committee an update on the progress towards delivering the 2021/22 and 2022/23 Internal Audit Plans.

Recommendation(s)

Members are asked to note the update on progress towards delivering the 2021/22 and 2022/23 Internal Audit Plans at Appendix B and Appendix A respectively.

Resource Implications

None.

Legal & Risk Implications

Without suitable internal controls, there is an increased risk that Services and / or the Council will not achieve their objectives.

Impact Assessment

An EqIA has not been completed and is not necessary as the report does not propose a change or revision to existing policies and practices.

Consultation

None.

1.0 Internal Audit Plans – Progress Report

- 1.1 Standard 2060 of the PSIAS entitled Reporting to Senior Management and the Board states that “the chief audit executive must report periodically to senior management and the board on...performance relative to its plan” and that “reporting and communication to senior management and the board must include information about the audit plan and progress against the plan”. In addition, Standard 1110 of the PSIAS entitled Organisational Independence supports this requirement, stating that “examples of functional reporting to the board involve the board receiving communications from the chief audit executive on the internal audit activity’s performance relative to its plan”.
- 1.2 At a senior management level, this requirement is discharged by the Service Manager, Audit and Risk Management Services through established direct reporting channels to the Chief Executive, Executive Director of Finance and Corporate Services, Head of Finance (to whom the Service Manager, Audit and Risk Management Services reports administratively) and the Finance Management Team. This is the second report submitted to Committee during 2022/23 that provides a progress update against individual assignments contained within the 2021/22 Internal Audit Plan and the first progress report for the 2022/23 Internal Audit Plan. See Appendices A and B.
- 1.3 The revised 2021/22 Internal Audit Plan is almost complete with three assignments at review stage and one in the process of being planned. In relation to progress towards delivering the 2022/23 Internal Audit Plan, 15 (38%) of the 40 individual assignments and three (50%) of the six formal follow-ups within it have commenced and are at various stages of the internal audit process. For further information in relation to progress towards delivering the 2021/22 and 2022/23 Internal Audit Plans and the assignments within them, see Appendix B and Appendix A respectively.

2.0 Conclusions

- 2.1 Updates towards delivering the revised 2021/22 Internal Audit Plan will continue to be submitted to the Standards, Audit and Risk Committee until its completion, along with updates towards delivering the 2022/23 Internal Audit Plan.

List of Appendices

- A. 2022/23 Internal Audit Plan – Progress Report
- B. 2021/22 Internal Audit Plan – Progress Report

Report Contact:

Natasha Ashford

Auditor, Audit and Risk Management Services

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2022/23 Internal Audit Plan – Progress Report

Not Yet Commenced	Planning	Fieldwork	Reviewing	Draft Report Issued	Complete / S,A&R Committee Date
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2022/23 INTERNAL AUDIT PLAN	Proposed Coverage	Status
Governance Reviews		
Plan for Fife	Review of the governance arrangements in place to support delivery of the new Plan for Fife, including performance management and reporting arrangements.	
Corporate Governance & Best Value (Service Level)	Review Service arrangements for meeting Best Value obligations, including Management Structure, Scheme of Delegation, Planning & Performance Reporting, managing to Fife Excellence Model (FEM) and providing annual assurance.	
Project Management	Review of the Council's project management arrangements to ensure the efficient and effective planning, initiation, delivery, monitoring and evaluation of the key capital and revenue projects.	
Oversight of 'Trust' Companies (ALEOs)	Service oversight of arm's length 'trust' companies, including contractual and governance arrangements, agreed objectives, and performance management and reporting mechanisms.	
Partnership Working	High level review of the governance arrangements, including resource contribution policies, in place for partnerships with other local authorities to deliver a shared vision.	
Fraud Governance	To assess the robustness of the framework in place within the Council to identify potential risks arising from fraud and the measures in place to mitigate these	
Future Workstyles	Review of the governance, monitoring and reporting arrangements in place to support the deployment of future workstyles and ensure consistency of approach e.g., blended and flexible working.	
Media Relations	Review of the arrangements in place within the Communications Service to manage and monitor media relations on behalf of the Council, including strategy, performance management and reporting.	
ICT Reviews		
Compliance with Information Security Policies	Review of Services' compliance with information security policies.	
Payment Strategy / Income Collection / PCI DSS	Ensuring Payment Strategy is working, income from all sources is being correctly accounted for and compliance with Payment Card Industry Data Security Standard (PCI DSS). <ul style="list-style-type: none"> The scope of this review is the new cash receipting system, Adelante. 	
Liquidlogic	Review to assess the effectiveness of the deployment of the new children and adults case management system procured by the Council.	

2022/23 INTERNAL AUDIT PLAN (Cont'd)	Proposed Coverage	Status
Systems Reviews		
Asset Management	Service level needs assessment, recording, maintenance and utilisation of assets, including housing stock, property, vehicles, equipment and IT. <ul style="list-style-type: none"> The scope of this review is Education laptops. 	
Stock Control	Review of the working practices and procedures in place for stock control within Facilities Management, with a view to identifying potential efficiencies and other improvement opportunities.	
Care in the Home	Contracts with, and payments to, Care providers for clients' care in the home.	
Community Equipment Store	Review of the arrangements in place at the community equipment store, against recognised good practice, to help support delivery of an efficient and effective community equipment service.	
Safeguarding	Review of the arrangements in place to ensure the protection of vulnerable groups during the Council's selection and appointments process in line with relevant national policy and guidance.	
Scottish Welfare Fund	Review of the arrangements in place to manage the Scottish Welfare Fund Crisis Grants, Community Care Grants and Self-isolation Support Grants in line with Scottish Government guidance.	
Gas Safety	High level review of the adequacy of the systems in place within Housing to ensure that it can meet its statutory obligations in respect of gas safety checks.	
Homelessness	Review of the adequacy of the systems in place within Housing to ensure that it meets its statutory obligations in respect of homelessness and recording of associated outcomes.	
Pool Cars	Review of pool car usage within Enterprise and Environment from a reform and climate change perspective.	
Impact Assessments	Review of the Council's Impact Assessment process and procedures, including staff guidance, in place for committee reports.	
Lone Working	Assessment and deployment of the working practices and procedures in place to help ensure a safe working environment for employees through the provision of lone working fobs.	
Leavers Process	Review to assess the adequacy of the processes and procedures in place surrounding the notification and processing of leavers.	
Transition Arrangements	Review of the arrangements in place to support efficient and effective transitioning of service users from children and families to adult services.	

2022/23 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Status
Systems Reviews (cont'd)		
Operator Licensing	Review of the arrangements in place within Environment and Building Services to ensure compliance with the legislative and regulatory goods vehicle operator licensing provisions.	
Works Orders	Review of the works orders process operating within Environment and Building Services for the commissioning of grounds maintenance services.	
Vacant Properties	Review of the arrangements in place to ensure the effective ongoing protection of vacant Council buildings, including inspection regime and the identification / implementation of physical protections.	
Procurement / Contract Reviews		
Procurement Cards	Corporate review of the internal controls in place to manage and monitor the use of procurement cards, including the authorisation of card transactions.	
Purchase Ordering	Review of the requisition, approval and ordering arrangements in place within Oracle for non-contract spend below £5,000.	
Financial Reviews		
Teachers Payroll	Review of the control framework in place to ensure ongoing accuracy of the Teachers payroll, including arrangements for confirming active employees, rates of pay, variations and deductions.	
Devolved School Management (DSM)	Review of the Council's DSM scheme against the Scottish Government and COSLA's DSM Guidelines and supplementary Common DSM Framework.	
Arrangements for Cash Handling and Security (Education)	Focus on cash handling and security.	
Council Tax	Review of the arrangements in place within the Council to administer and monitor entitlements for Council Tax Reduction.	
Capital Plan	To assess the monitoring and reporting arrangements in place at both a corporate and service level for the capital programme of works contained within the Capital Plan.	
Stocks and Inventories	Review of arrangements in place to ensure that procedures and processes are in line with Council guidance and records are complete and accurate.	
Financial Assessments	End-to-end review of the financial assessments process in place to calculate contribution levels for long term care residents.	

2022/23 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Status
Financial Reviews (cont'd)		
Tell Us Once	Review of the processes, procedures and effectiveness of the national Tell Us Once service as it is operating within Fife Council.	
Audits for External Organisations		
FSLT - Income Collection	Review at FSLT to check that all income collected via cash collection at establishments and by electronic means, e.g., through direct debits and web payments, is accounted for.	
FSLT - Imprests and Cash	Review at FSLT of the arrangements in place to ensure the security of imprests and cash floats.	
CIRECO – Data Protection	High level review of the arrangements in place to ensure its statutory duties surrounding Data Protection and GDPR are effectively discharged.	
Contingency		
Advice and Guidance	Provision of ad-hoc support to assist services in respect of specific queries and contribute to the delivery of improvements in the Council's framework of governance, risk management and control.	Ongoing
Follow-up Reviews	Specific reviews undertaken by internal audit staff to provide formal assurances to management and Elected Members that recommendations previously agreed have been implemented.	
	<ul style="list-style-type: none"> • Internal Audit Report No. 46 - Information Governance 	
	<ul style="list-style-type: none"> • Internal Audit Report No. 57 - Employability, Matrix Fife 	
	<ul style="list-style-type: none"> • Internal Audit Report No. 58 - Performance Management 	
	<ul style="list-style-type: none"> • Internal Audit Report No. 62 - Asset Management, Land and Buildings 	
	<ul style="list-style-type: none"> • Internal Audit Report No. 71 - Risk Management & Business Continuity 	
Post Audit Reviews (PARs)	Completion of the PAR exercise whereby formal assurances are obtained from management that internal audit recommendations have been implemented.	
PSIAS Self-assessment	To ensure conformance with the PSIAS, conduct a self-assessment of the Council's Internal Audit Service against the PSIAS utilising the revised external quality assessment framework.	Ongoing
External Quality Assessment Process	As part of the peer review process developed to ensure conformance with the PSIAS, deliver an external quality assessment of the internal audit service provided in another Scottish Local Authority.	

2022/23 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Status
Contingency (cont'd)		
Specific Investigations	To respond to requests for advice and assistance as required in respect of cases of suspected fraud, corruption or malpractice.	Ongoing

2021/22 Internal Audit Plan – Progress Report

Not Yet Commenced	Planning	Fieldwork	Reviewing	Draft Report Issued	Complete / S,A&R Committee Date
2021/22 INTERNAL AUDIT PLAN		Proposed Coverage			Status
Governance Reviews					
Emergency Resilience	Review the compilation and maintenance of the Council's plans for saving lives and property in the event of a major incident.				19/04/22
Complaints Procedure	That the Council's complaints procedures are being followed and are resolving customers' complaints, and that the information is used to improve services.				19/04/22
Members					
Electoral Registration	To ensure that the Council's Electoral Register is accurate and complete.				19/04/22
Main Systems					
Procure to Pay (P2P)	Controls over ordering, receipting and suppliers' payments through Oracle, including maintenance of the list of suppliers and cheque / BACS runs. <ul style="list-style-type: none"> The scope of this review is recurring payments. 				
Payroll and Expenses – Central Processing	Central processing of payroll, i.e., gross to net, and payment of approved expenses. Over a 5-year period, cover all elements including standing data, statutory and non-statutory deductions and verification.				30/06/22
Payroll and Expenses (Service Level – Children's Services)	Processing of payroll up to gross, including checking and authorisation of expenses.				31/10/22
Subsidiary Systems					
Bank and Suspense Accounts Reconciliations	Reconciliation of the Council's main bank accounts and related suspense accounts, including the General Fund. <ul style="list-style-type: none"> The scope of this review is payroll reconciliations. 				

2021/22 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Status
Staffing		
Human Resources	<p>To review the recruitment process and the role of HR Direct / Recruitment Portal, PVG / disclosure checks, that there are proper procedures in place covering the role of HR Direct / Recruitment Portal, Recruitment, Code of Conduct, PVG / Disclosure Checks, Contribution Management and training.</p> <ul style="list-style-type: none"> • Education & Children's Services • Enterprise & Environment 	<p>07/10/21 16/12/21</p>
Purchases		
Social Housing Agreements	To ensure that agreements with other social housing organisations in Fife are appropriate and operating effectively.	30/06/22
Repairs and Maintenance	Maintenance of the Council's administration buildings and council houses.	
Climate Change and Energy Management	Management of the purchases of energy and the monitoring and reduction of its use across the Council. Review processes for achieving outcomes on Climate Change.	31/10/22
Health and Social Care		
Direct Payment to Clients and Support for Carers	Management of direct payments to clients for care (Self Directed Support).	30/06/22
Other Audits		
Common Good and Trust Funds	Management and security of the common good fund for which the Council is responsible.	19/04/22
Social Media Investigation & Research	Compliance with legislation in relation to the Council's use of social media. This covers the social media policy, checking compliance and authorisation for investigations and confirming the privacy impact assessment is completed.	19/04/22

2021/22 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Status
Information Technology Audits		
Management of IT Operations, Knowledge & Quality	Review of the co-ordination and execution of activities and operational procedures required to deliver internal and outsourced IT services, including the execution of pre-defined operating procedures and required monitoring activities. Review whether there are quality requirements for all, processes, procedures and related enterprise outcomes, and whether knowledge is provided to support all staff in their work activities. <ul style="list-style-type: none"> • The scope of this review is Civica Cx. 	30/06/22
Mini Audits		
Financial Check - Health and Social Care	IJB and Health & Social Care establishment(s) to undertake a financial check.	Advice & Guidance
Continuous Auditing / Grants		
Monthly stock checks	Monthly stock checks to be carried out.	
External Grants Received (including EU) process	To review the Council's processes for identifying, claiming and recording external grants including compliance with conditions.	
Audit Certification* - Fitzgerald Trust, Grants, City Deals, INTERREG, Fife Education Trust Accounts, Clipper, Mutual Work - Clackmannanshire etc. * Note – there is not always a formal output.	Certifying accounts and grant claims as necessary, including: <ul style="list-style-type: none"> • LEADER in Fife Programme • Bus Service Operators' Grant 	16/12/21 07/10/21
Post Audit Review and Follow Up		
PAR Reviews	Issue and review of PAR action plans for all audits to check on implementation of agreed recommendations.	19/04/22
Follow-up(s)	Specific review undertaken by internal audit to provide formal assurances to management and Elected Members that recommendations previously agreed have been implemented. <ul style="list-style-type: none"> • Internal Audit Report No. 6 – BTS Change Management 	07/10/21

2021/22 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Status
Planned Consultancy		
Data Matching	Matching Council Tax and rent arrears and Council payrolls.	
Non-Fife Council Internal Audits		
Fife Sports and Leisure Trust	<p>Income, Expenditure, Fees and charges, HR, Purchasing, Health and Safety, Treasury Management, Revenue Budget Setting and Monitoring.</p> <ul style="list-style-type: none"> • Recruitment and Training • Payroll 	<p>30/06/22 30/06/22</p>
Carry Forwards from 2020/21		
Risk Management & Business Continuity (Housing)	Examine the arrangements in Services for managing risk and review the compilation and maintenance of Services' contingency plans for continuing to provide services in the event of incidents that are liable to disrupt its services.	16/12/21
Management of Information (Adult Services)	Ensure Services are taking necessary action to apply the Data Protection and Freedom of Information Acts, records Management and deal with information generally, including ICT Policies.	07/10/21
Non-Domestic Rates	Income from the Council's Non-Domestic Rates Tax base, including billing, collection and recovery.	07/10/21
Asset Management	Corporate recording and utilisation of the Council's properties, including comparison with the Insurance Register.	07/10/21
Capital Expenditure	Management of major capital expenditure projects, e.g., Schools Estate, tendering, build, including PPP or similar schemes. Specification and awarding of tenders and monitoring of contract progress including Construction Industry Scheme (CIS), guarantees, etc. Applies to capital contracts. As part of The Affordable Housing Programme, the Private Sector Workstream is included from 2016.	07/10/21
Fleet Management	Management of the Council's vehicles, including purchase, sales, security, assessment of number needed, green policy and usage of vehicle fuel bought by the Council.	16/12/21
Management of Contracts	<p>Review the arrangements in place for monitoring a contract after it has been awarded and is in place. This applies to revenue contracts. When auditing IT related contracts, refer to COBIT APO10.</p> <ul style="list-style-type: none"> • Street Lighting Installations 	19/04/22

2021/22 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Status
Resource Transfers	Payments from the NHS for transfers of people into Council care. Including all transfers, not only those specifically called resource transfers.	16/12/21
Clients' Funds	Management and security of funds / assets held on behalf of clients, i.e., people in care and the assets of deceased persons.	19/04/22
Management of Portfolio, Programmes and Projects (COBIT 5 APO05, BAI01 & BAI05)	<p>Review how Business Technology Solutions optimises the portfolio of programmes in response to programme and service performance & changing Council priorities, including managing organisational change enablement. (Note assessing mechanisms for ensuring IT enabled programmes and projects are managed effectively and in accordance with Council Project Management Framework is covered under Management of Projects).</p> <ul style="list-style-type: none"> • BTS Management of Projects 	19/04/22
Management of Availability, Capacity & Continuity (COBIT 5 EDM04, BAI04 & DSS04)	<p>Review how BTS ensures that adequate and sufficient IT related capabilities are available to support objectives effectively. It also covers maintenance of service availability, efficient management of resources, and optimisation of system performance, continuation critical Council operations and maintains availability of information in the event of a significant disruption.</p> <ul style="list-style-type: none"> • The scope of this review is Disaster Recovery. 	30/06/22
Management of IT Security (COBIT APO13 & DSS05)	Review the information security policies and arrangements in place for information security management, i.e., protection against malware, network and connectivity security, endpoint security, user identity and logical access, physical access to IT assets, management of sensitive documents and output devices and monitoring of the infrastructure for security related events (including cyber).	16/12/21
Purchasing Cards	A review of purchasing cards in Education.	
COBIT 5 Capability Assessment	Provision of assurance on outcomes of BTS' COBIT 5 Capability Model Assessment.	30/06/22

31st October, 2022

Agenda Item No. 8

NFI in Scotland

Report by: Pamela Redpath, Service Manager, Audit and Risk Management Services

Wards Affected: All

Purpose

To submit to Members of the Standards, Audit and Risk Committee a copy of Audit Scotland's national report on the 2020/21 NFI exercise, and an update on local planning and preparations for the 2022/23 NFI exercise.

Recommendation(s)

Members are asked to:

- note Audit Scotland's national report summarising the outcomes from the 2020/21 National Fraud Initiative (NFI) exercise, published August 2022 at Appendix A;
- note progress towards planning and preparations for the 2022/23 NFI exercise; and
- review the completed NFI Self-Appraisal Checklist, for those charged with governance, at Appendix B.

Resource Implications

None.

Legal & Risk Implications

Participation in the NFI exercise is mandatory.

Impact Assessment

An EqIA has not been completed and is not necessary as the report does not propose a change or revision to existing policies and practices.

Consultation

No consultation required.

1.0 Background

- 1.1 The NFI is a biennial data matching exercise, co-ordinated at a national level by the Cabinet Office, designed to help participating bodies detect fraud and error. Computerised techniques are utilised to compare electronic data held by different public and private sector bodies in Scotland, England and Wales and identify data matches, which may, following further examination, uncover fraud or error. In Scotland, 132 public bodies participate in the NFI exercise, which is led by Audit Scotland. Participation is mandatory for Fife Council.
- 1.2 The Senior Responsible Officer for the NFI exercise in the Council is the Executive Director of Finance and Corporate Services, and the Key Contacts work within the Council's Corporate Fraud Team (CFT), reporting operationally to the Service Manager – Audit and Risk Management Services. Key Contact responsibilities include:
- fulfilling the organisation's privacy notice requirements (in conjunction with the organisation's data protection officer or equivalent)
 - ensuring that the data formats guidance and data specifications are followed
 - nominating appropriate users to upload data submissions, investigate the matches and act as the point of contact for other bodies about a match (preferred dataset contact)
 - co-ordinating and monitoring the overall exercise
 - ensuring that outcomes from the investigation of matches are recorded on the web application promptly and accurately
- 1.3 The mandatory datasets submitted for the biennial 2020/21 NFI exercise were as follows:
- Payroll
 - Pensions – Fife Pension Fund (current & deferred)
 - Housing Tenants (former tenants who completed a right to buy application during the period stated in the specification & current tenants)
 - Housing Waiting List
 - Blue Badge
 - Resident Parking Permits
 - Private Residential Care Payments (Council Funded)
 - Taxi Driver Licenses
 - Trade Creditors (Current & historic)
 - Personal Budgets (paid as Direct Payments to current recipients)
 - Council Tax Reduction Scheme
 - Council Tax Single Person Discount / Exemptions
 - Electoral Register
- 1.4 Matches were made available to participating bodies, including the Council, for investigation in January 2021. Whilst local reports on Council specific progress and outcomes are submitted periodically to the Standards, Audit and Risk Committee (previously Standards and Audit Committee), Audit Scotland publishes a national report following each biennial NFI exercise which summarises key messages and national outcomes recorded.

2.0 Audit Scotland National Report

- 2.1 The most recent national report, published in August 2022, which covers the 2020/21 NFI exercise, summarises key messages and national outcomes recorded for all participating public bodies since the last report was issued in July 2020. The report is attached for noting at Appendix A.
- 2.2 The national report states that the 2020/21 NFI exercise identified outcomes valued at £14.9m in Scotland, a fall in £0.4m from the previous exercise. The reasons behind the reduction in outcomes are detailed in the report.

- 2.3 Page 3 of the national report outlines 3 recommendations for improvement for all participating bodies. One of the 3 recommendations states, to ensure that their organisation's planning, approach, and progress during the next NFI exercise is appropriate, the NFI Self-Appraisal Checklist should be reviewed by the Audit Committee, or equivalent, and staff leading the NFI process. The national report contains a link to the NFI Self-Appraisal Checklist.
- 2.4 The Self-Appraisal Checklist has been completed by officers in respect of the 2022/23 NFI exercise and Part A, for those charged with governance, is attached for review purposes at Appendix B.

3.0 2022/23 NFI Exercise

- 3.1 The next biennial NFI exercise commences this year. The Council has received instructions from the Cabinet Office, via the Audit Scotland NFI Team, surrounding how it should prepare for the 2022/23 NFI exercise and steps have been taken to plan for the extraction of required data sets in line with the detailed specifications and timetable.
- 3.2 The data sets will be uploaded to the NFI Website in line with the National Fraud Initiative in Scotland 2022/23 - Instructions for Participants, commencing Friday 7 October 2022. Data matches will be made available to the Council for investigation from Thursday 26 January 2023. Training on how to deal with the data matches along with responsibilities, investigation procedures and how to record outcomes on the NFI Website will be delivered in the meantime, by the CFT.

4.0 Conclusions

- 4.1 Audit Scotland publishes a national report following conclusion of each biennial NFI exercise, summarising corresponding key messages and national outcomes recorded. The most recent report, which relates to the 2020/21 NFI exercise, was published in August 2022.
- 4.2 The next biennial NFI exercise commences this year and steps have been taken to plan for the extraction of required data sets in line with the detailed specifications and timetable. The data sets will be uploaded to the NFI Website, as required, commencing Friday 7 October 2022.
- 4.3 Part A of the NFI Self-Appraisal Checklist, for those charged with governance, has been completed by officers and is attached at Appendix B for review.

List of Appendices

- A. The National Fraud Initiative in Scotland 2022
- B. NFI Self-Appraisal Checklist (Part A)

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The National Fraud Initiative in Scotland 2022



 AUDIT SCOTLAND

Prepared by Audit Scotland
August 2022

Key messages

The National Fraud Initiative (NFI) is a counter-fraud exercise which aims to prevent and detect fraud. The exercise operates across the UK public sector and includes 132 public bodies in Scotland. The NFI shares and matches data held by public bodies and helps confirm that services and payments are provided to the correct people. See [Appendix 1](#) for more information about the NFI exercise.

- 1 The 2020/21 NFI exercise has identified **outcomes** valued at £14.9 million ([see page 4](#)).
- 2 The cumulative outcomes from the NFI in Scotland since 2006/07 are now £158.5 million. Across the UK, the cumulative total of NFI outcomes are now £2.4 billion ([see page 4](#)).
- 3 The overall level of fraud identified by the NFI has fallen since our last report. Outcomes from the Scottish NFI exercise fell by £0.4 million in 2020/21, from £15.3 million in 2018/19. The reduction in outcomes could be due to less fraud and error in the system, strong internal controls or due to some key data sets from previous exercises not being included in the latest exercise ([see page 4](#)).
- 4 Data sharing enables matches to be made between bodies and across national borders. Data submitted by Scottish bodies for the 2020/21 NFI exercise helped other organisations in Scotland and across the UK to identify outcomes of £1.2 million ([see page 17](#)).
- 5 Most bodies that participate in the NFI continue to demonstrate a strong commitment to counter fraud and the NFI ([see page 18–19](#)). However, a lower percentage of participating public bodies managed their roles in the 2020/21 NFI exercise satisfactorily compared to the 2018/19 NFI exercise.
- 6 Pilot work to look at potential data matches for future NFI exercises identified £2.2 million in incorrect non-domestic rates relief. The pilot work also identified one £25,000 fraudulent Covid-19 grant payment and 1,737 national entitlement travel cards which should have been cancelled ([see pages 20–23](#)).

An NFI **outcome** describes the overall amounts for fraud, overpayments and error that are detected by the NFI exercise as well as an estimate of future losses that it prevents ([see Appendix 3](#)).



Recommendations

1. Maximise the benefits

All participating bodies in the NFI exercise should ensure that they maximise the benefits of their participation. This includes reviewing matches timeously and prioritising high-risk matches.

NFI users should review the guidance within the NFI secure web application, to help ensure the most effective use of limited resources when reviewing and investigating NFI matches.

2. Self-appraisal

The [NFI self-appraisal checklist](#) should be reviewed by the audit committee, or equivalent, and staff leading the NFI process. This is to ensure that their organisation's planning, approach, and progress during the next NFI exercise is appropriate.

3. Take improvement action

Where local auditors have identified specific areas for improvement, participating bodies should act on these as soon as possible.

Outcomes from 2020/21 National Fraud Initiative

Trends in overall outcomes between 2018/19 and 2020/21 NFI exercises



The number of public bodies participating in the NFI exercise has increased by eight since the last exercise, to 132 bodies.



Outcomes in Scotland have fallen by £0.4 million since the last exercise, from £15.3 million to £14.9 million.



The number of matches generated has fallen by over 73,000 since the last exercise, to 507,354.

NFI participants include all councils, NHS bodies, colleges and all larger central government bodies, for example, the Scottish Government, Revenue Scotland and Transport Scotland. In addition, 14 councils include data from Arm's-Length External Organisations (ALEOs), joint boards or subsidiaries within their NFI submissions. A list of all participating bodies is available on our [website](#).

Reduced levels of outcomes could be due to less fraud and error in the system, strong internal controls or some key datasets from previous years not being included in the latest exercise. Residential care home data, direct payments and social care customers' data were not matched in the 2020/21 exercise due to a legal question being raised around the definition of patient data. Immigration data was also not included in the 2018/19 and 2020/21 exercises due to restrictions placed on it by the Home Office.

NFI participants have identified pressures on staffing and services particularly because of the Covid-19 pandemic, and the strengthening of controls where previous fraud or error has been identified, as contributing to reduced outcomes in the 2020/21 exercise.

NFI outcomes



£14.9 million

NFI outcomes in Scotland from the 2020/21 exercise



£158.5 million

NFI outcomes cumulatively in Scotland since 2006/07

UK NFI outcomes



£442.6 million

from the 2020/21 exercise

£2.4 billion

cumulatively since 2006/07



4 cases

referred for prosecution in Scotland

Having fewer outcomes provides some assurance there does not appear to be significant problems in the areas covered by the exercise. However, participants still benefit from the deterrent effect the NFI creates.

The fall in the number of matches is mainly due to the matches between housing benefit and payroll or pensions not being included in the matches returned to councils during the 2020/21 NFI exercise. Instead, this data was matched in Department for Work and Pensions (DWP) systems ([see page 11](#)). In addition, the removal of immigration, residential care home, direct payments and social care customers' data has also reduced the number of matches.

Four cases were referred to the Crown Office and Procurator Fiscal Service for prosecution. One resulted in Police Scotland issuing a caution and the offender is now repaying the money. The outcomes from the other three cases are not yet known.

Although the main purpose of the NFI is to ensure funds and services are provided to the correct people, the review of NFI matches may also identify that a customer is entitled to additional services or payments.

A breakdown of the recorded outcomes for Scottish participants is on our [Counter-fraud hub](#).

Results

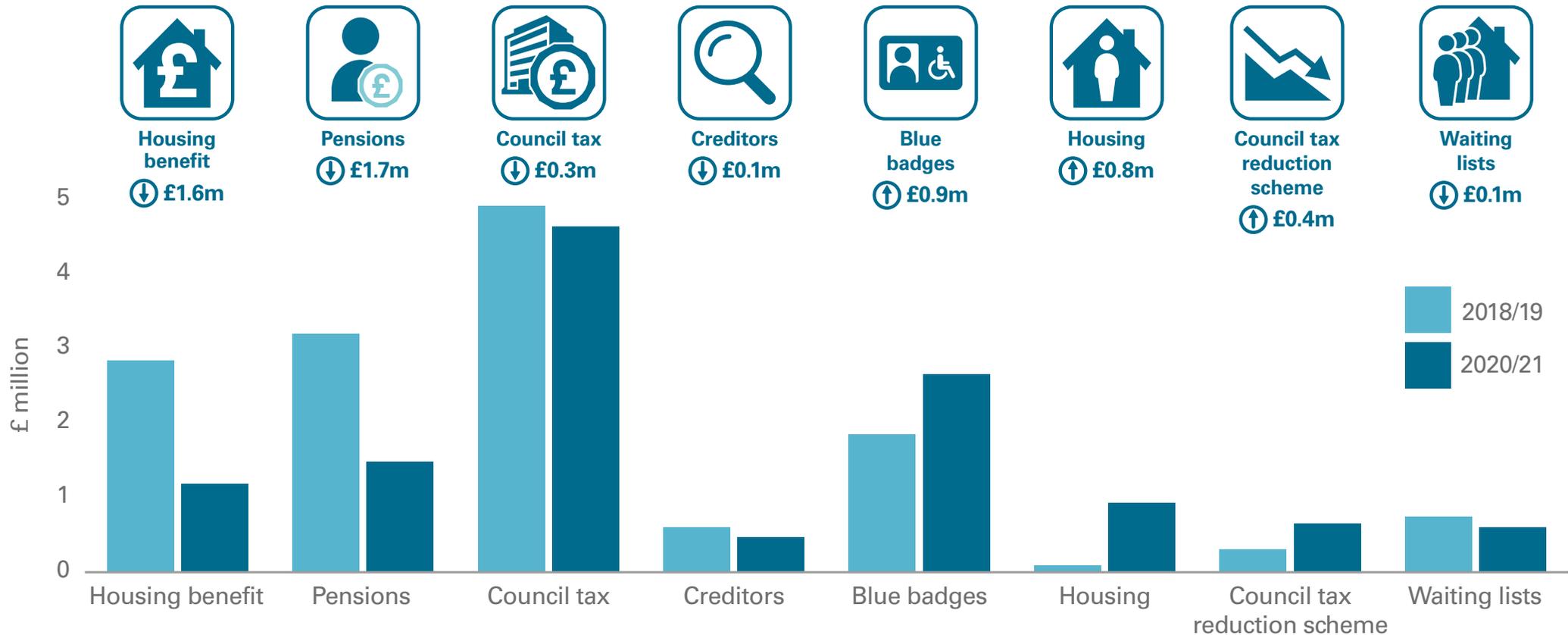
Overall outcomes

How the latest outcomes compare to the last exercise

The areas with significant changes are:



NFI outcomes in Scotland have fallen by £0.4 million, to £14.9 million in the 2020/21 exercise



NFI participants have cited the following reasons as to why outcomes are less in the 2020/21 exercise:

- staff have had less time available to commit to NFI because of the added pressures on services caused by the Covid-19 pandemic
- external agents were used instead of the NFI to carry out certain data matching such as the council tax single occupant discounts
- new controls were introduced because of previous errors identified through the NFI
- a new system was introduced for reporting the death of customers.

More information about the outcomes for each category is provided on [pages 8 to 15](#).

A full breakdown of outcomes for each participating body is available on our [Counter-fraud hub](#).

Once overpayments have been identified, public bodies can take appropriate action to recover the money.



At 31 March 2022

£4.3 million

(95%) of cash overpayments were being recovered

How NFI matches help to identify areas for improvement

The NFI exercise has helped participants to identify system weaknesses and to make improvements. These include the introduction of:

- a more robust control environment in the creditors system. This includes monthly purchase ledger reviews, improved checks on new suppliers, and controls to identify duplicate payments and duplicate suppliers
- revised procedures when setting up new suppliers
- a review and cleansing of data held in systems
- strengthened controls in the blue badge system
- improved controls around the change of bank details
- a review of policies aimed at supporting good governance such as declaring interests, registering of conflicts of interest and checks for identifying potential related parties.



Council tax discounts

People living on their own, or with no countable adults in the household, are eligible for a 25 per cent single person discount (SPD) on their annual council tax bill.

The 2020/21 NFI exercise found that the total council tax discount incorrectly awarded across Scottish councils totalled £4.6 million.

Four councils reported that they did not use the NFI and instead used alternative data matching or verification arrangements to review SPD cases during 2020/21. The graphs below include outcomes from the other 28 councils.

£4.6 million

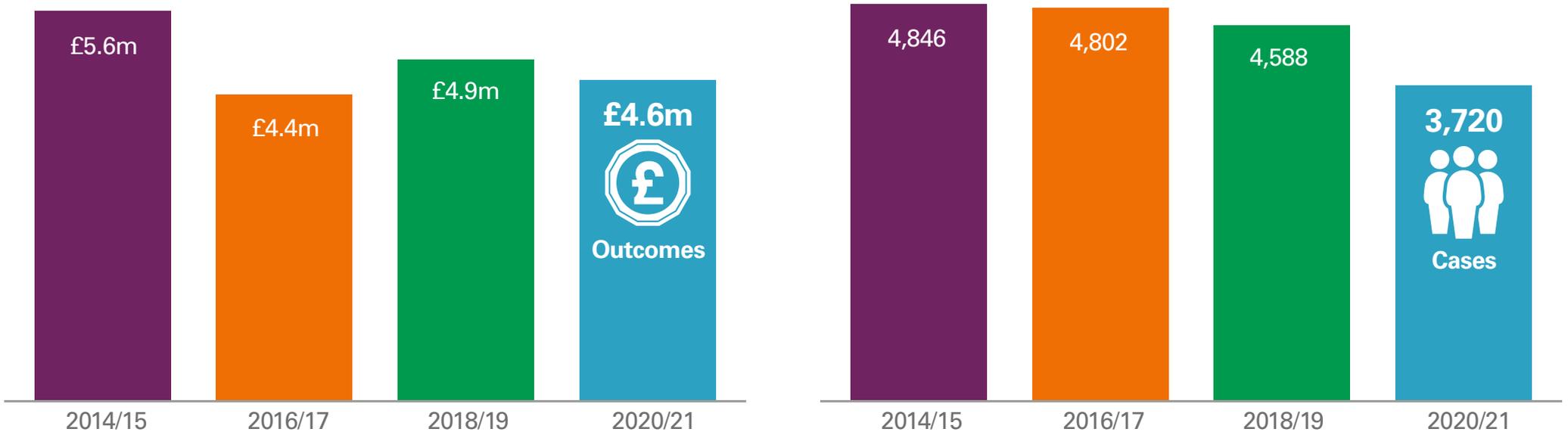
Total outcomes in 2020/21 exercise

£1,248

Average outcome

3,720

Cases



Council tax data is matched to:

- Electoral register
-

Note. Due to an error with the data deletion schedule in the Cabinet Office, some supporting evidence for 11 councils was inadvertently deleted. Therefore, full supporting documentation is not available for these councils. The Cabinet Office has taken steps to prevent this error from re-occurring.



Blue badges

The blue badge parking scheme allows people with mobility problems to park for free at on-street parking meters, in 'pay and display' bays, in designated blue badge spaces, and on single or double yellow lines in certain circumstances.

The 2020/21 NFI exercise identified 4,616 blue badge outcomes, an increase of 1,401 (44 per cent) since the last exercise. The estimated value of these outcomes is £2.7 million.

£2.7 million

Total outcomes in 2020/21 exercise

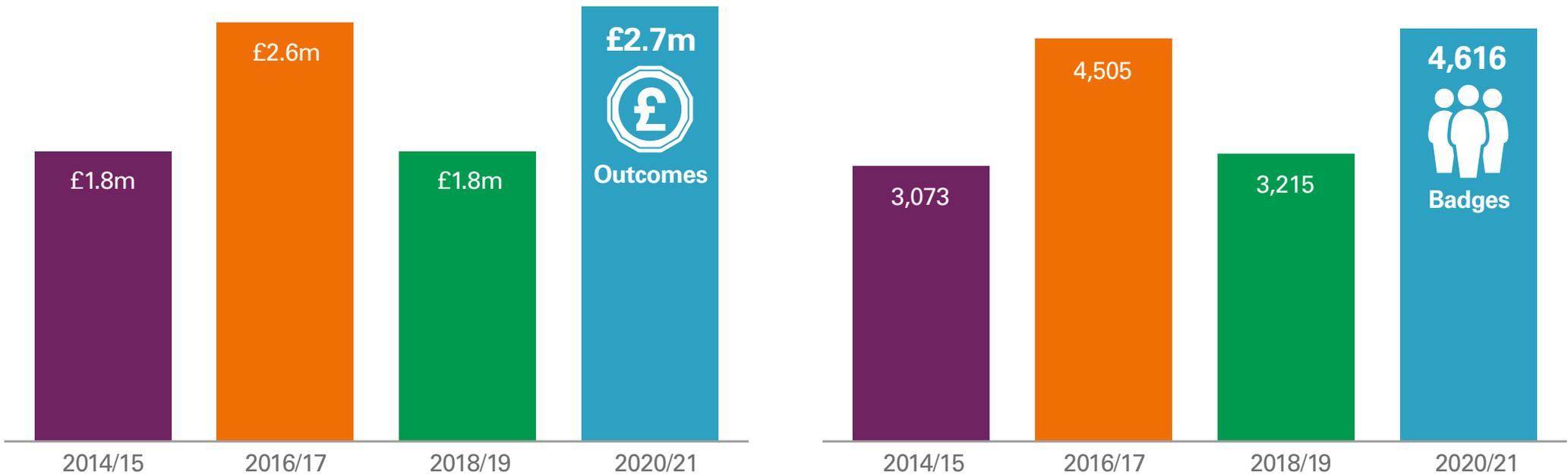
4,616

Total number of blue badge outcomes in 2018/19 exercise

1,401

Increase from NFI 2018/19 exercise

Blue badges are sometimes used or renewed improperly by people after the badge holder has died. It is an offence for an unauthorised person to use a blue badge.



Blue badge data is matched to:



Deceased persons



Amberhill data¹

¹ Amberhill is a system used by the Metropolitan Police to authenticate documents presented for identity



Pensions

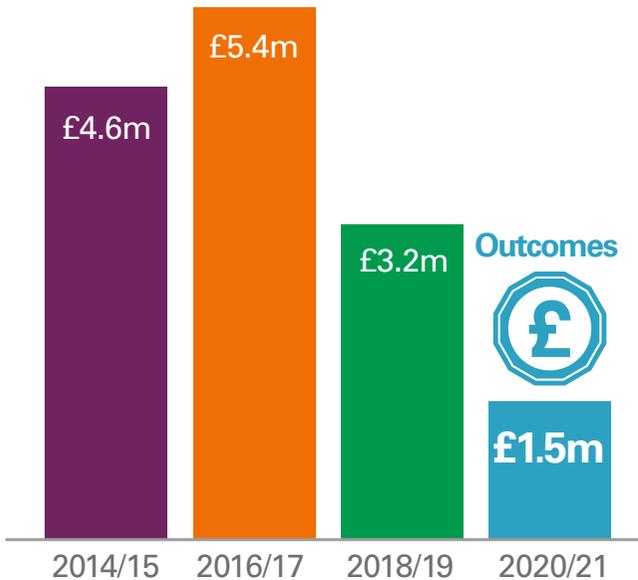
The NFI provides both councils that administer pensions and the Scottish Public Pensions Agency (SPPA) with an efficient and effective way of checking that they are only paying people who are alive.

£1.5 million

Total outcomes in 2020/21 exercise

£1.7 million

Reduction on the 2018/19 NFI exercise



In total, pension outcomes for the 2020/21 NFI exercise are £1.5 million, down £1.7 million (53 per cent) from the 2018/19 NFI exercise. This includes two outcomes identified through the pre-application screening (AppCheck)² part of the NFI system.

Pension outcomes may have fallen due to the 'tell us once'³ reporting process and to controls working effectively within pension bodies.

Case study



An NFI match identified one fraud with a gross annual pension amount of £10,560 which was stopped and resulted in an overpayment of £6,601. The fraudster had notified Fife Pension Fund of a change of bank details for receipt of the pension after the pensioner had died. The council reported the fraud to Police Scotland which identified the person who submitted the fraudulent bank mandate. Following a police caution, the full amount was repaid. This case was reported as part of a 2020/21 NFI Progress Update to both the council's Standards and Audit Committee and the Superannuation Fund & Pensions Committee in December 2021 for their consideration.

Pension data is matched to:



Deceased persons



Payroll



Housing benefit



Injury benefits



Amberhill data

² AppCheck is an NFI data matching service used at point of applications for a service or benefit.

³ 'Tell us once' is a service that lets you report a death to most government organisations when registering the death.



Housing benefit

Housing benefit helps people on low incomes pay their rent. The NFI provides councils and the DWP with the opportunity to identify a wide range of benefit frauds and errors.

£1.2 million

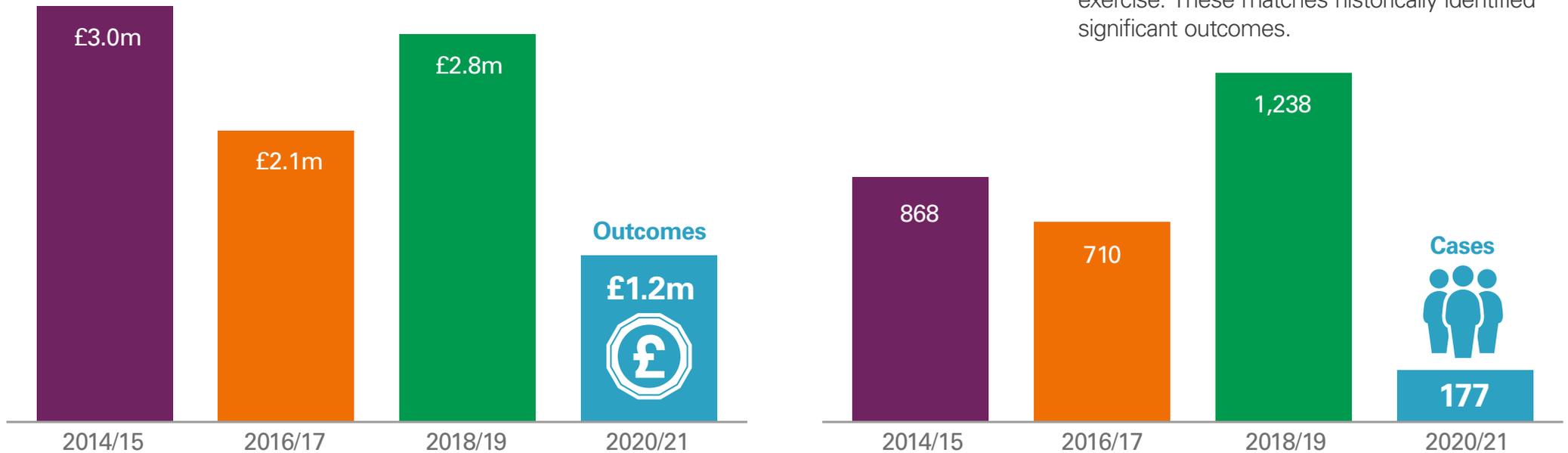
Total outcomes in 2020/21 exercise

£6,663

Average individual value of overpayments

177

Cases



The value and number of housing benefit cases recorded with overpayments has significantly reduced, from £2.8 million from 1,238 cases in the 2018/19 NFI, to £1.2 million from 177 cases in the 2020/21 NFI. Over the same period, the average individual value of overpayments has risen from £2,292 in 2018/19 to £6,663 in 2020/21.

The fall in outcomes is mainly due to the matches between housing benefit and payroll or pensions not being included in the 2020/21 NFI exercise. These matches historically identified significant outcomes.

Housing benefit data is matched to:

- Student loans
- Housing benefit
- Housing tenants
- Right to buy (in England)
- Licences
- Deceased persons
- Amberhill data

These matches were not included in the 2020/21 NFI exercise as similar data matching is undertaken by the DWP's Verify Earnings and Pensions (VEP) Alerts service which identifies discrepancies between payroll and pension details held by HM Revenues & Customs and council benefits services. Alerts from VEP are sent to councils to investigate discrepancies.



Housing tenancy

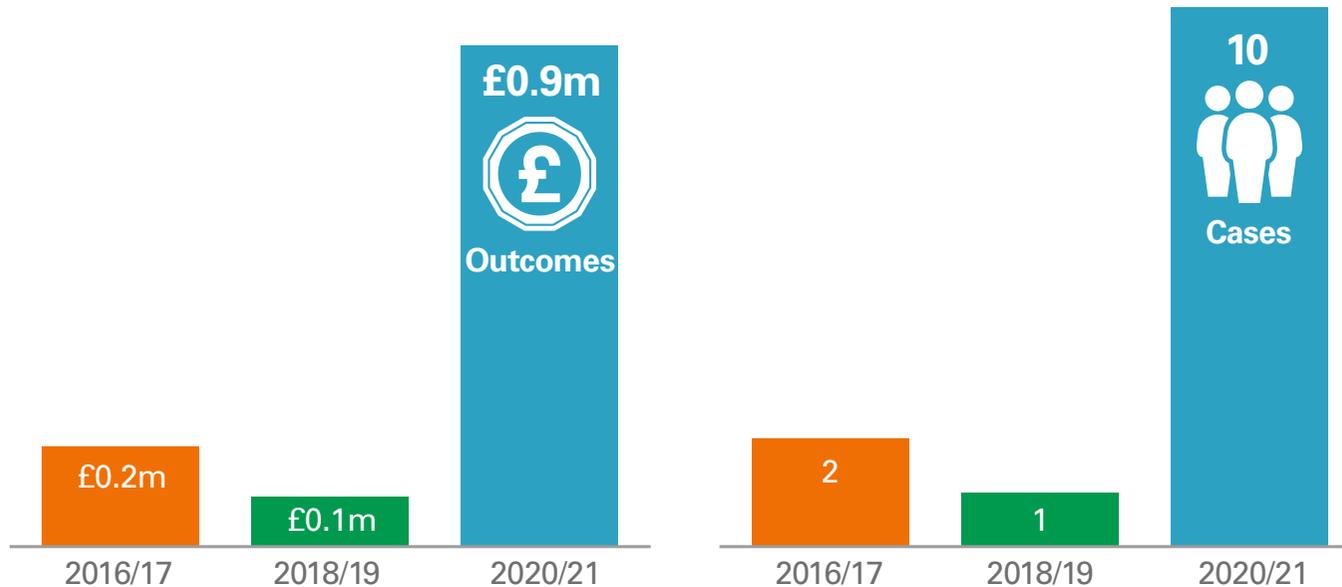
The NFI uses housing tenants' data to identify possible cases of tenancy fraud. This may happen when a tenant has sublet their property. It also helps identify cases where the tenant has died, and the property is either empty or has other individuals living in it.

£0.9 million

Total outcomes in 2020/21 exercise

10

Cases



Case study



An NFI match identified a Midlothian Council tenant who had failed to disclose that they had purchased a property within another council area at the same time they had been allocated a council house. Enquiries established the tenant moved into the owned property ten years ago and sublet their council house to a family member. The council has recovered the property.

NFI matches resulted in councils recovering ten properties as part of the 2020/21 NFI exercise, compared to one property in 2018/19.

The estimated value of these cases is £0.93 million, based on a calculation of the average four-year fraudulent tenancy.

Housing tenancy data is matched to:

- Waiting list
- Housing benefit
- Housing tenants
- Right to buy (in England)
- Deceased persons
- Amberhill data
- Council tax reduction



Council tax reduction

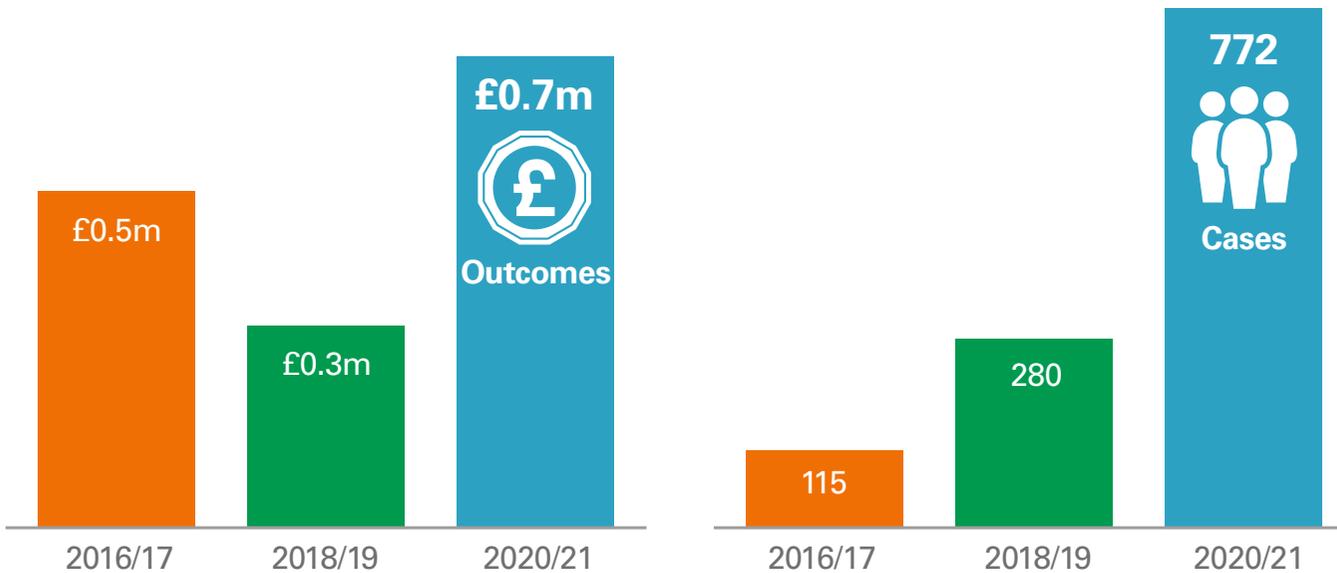
Council tax reduction helps people on low incomes to pay their council tax bills. The NFI provides councils with the opportunity to identify a range of council tax reduction frauds and errors.

£0.7 million

Total outcomes in 2020/21 exercise

772

Cases



Council tax reduction data is matched to:



Council tax reduction



Payroll



Pensions payroll



Housing benefit



Housing tenants



Right to buy (in England)



Licences



Deceased persons



Amberhill data

Case study



An NFI match identified that a council tax reduction claimant in Renfrewshire Council had failed to declare their company pension and pension lump sum. This resulted in the claimant fraudulently receiving £14,450 council tax reduction. This amount is being recovered by the council.

This is a relatively new match which has been included in the NFI since 2016/17.

Outcomes of £0.7 million were identified in the 2020/21 NFI, an increase of £0.4 million from the £0.3 million reported in 2018/19.

Councils have identified 772 cases in 2020/21, more than 2.5 times the number of cases in 2018/19 (280).

One council advised that the increase in outcomes was directly caused by the Covid-19 pandemic. For example, an increase in mortality rates for those with underlying health conditions disproportionately impacted on people in receipt of disability benefits, council tax reduction and blue parking badges. In addition, there was an increase in the number of un-notified increases in the hours worked by those in lower paid service jobs who are more likely to be in receipt of council tax reduction.



Housing waiting lists

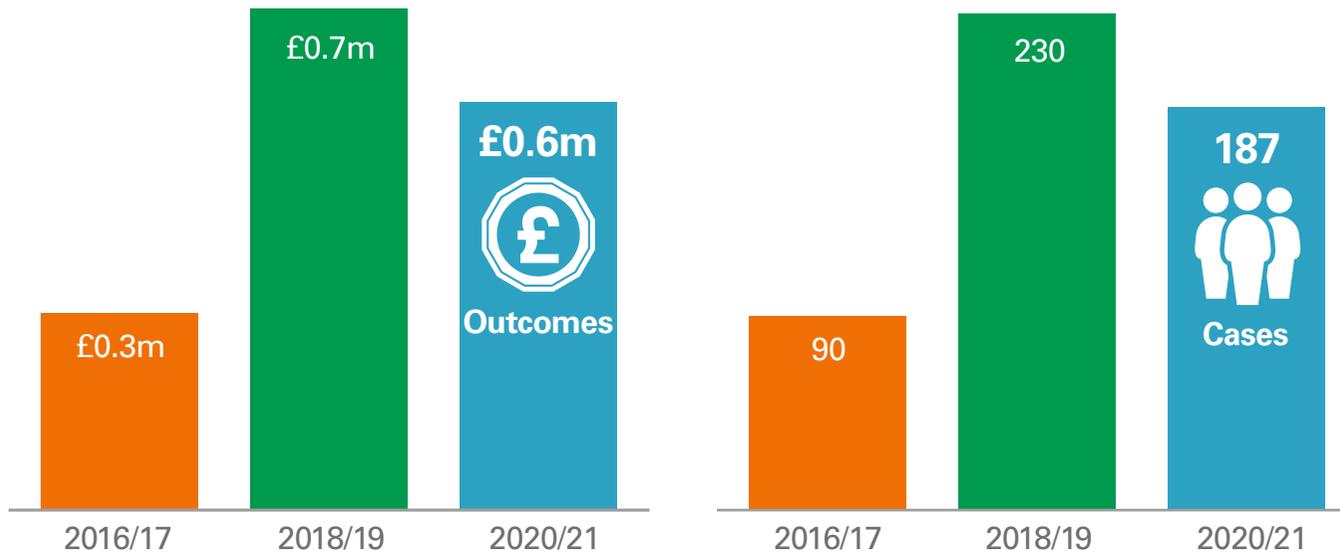
The NFI uses housing waiting list data to identify possible cases of waiting list fraud. This may happen when a person has registered on a council's waiting list but there are possible undisclosed changes in circumstances or false information has been provided. Social housing provides affordable accommodation, allocated according to need. It usually provides a more secure, long-term tenancy when compared to private renting.

£0.6 million

Total outcomes in 2020/21 exercise

187

Cases



Councils identified 187 cases in 2020/21 where applicants were removed from waiting lists (230 in 2018/19).

The estimated value of these cases is £0.6 million. This is based on a calculation of the annual estimated cost of housing a family in temporary accommodation and the likelihood a waiting list applicant would be provided a property [\(see Appendix 3\)](#).

Housing waiting list data is matched to:

-  Waiting list
-  Housing benefit
-  Housing tenants
-  Right to buy (in England)
-  Deceased persons
-  Amberhill data



Creditors

The NFI provides an efficient way to check for duplicate payments and that payments are only made to appropriate creditors. A creditor is a person or an organisation that a public body pays money to for a good or service.

£0.5 million

Total outcomes in 2020/21 exercise

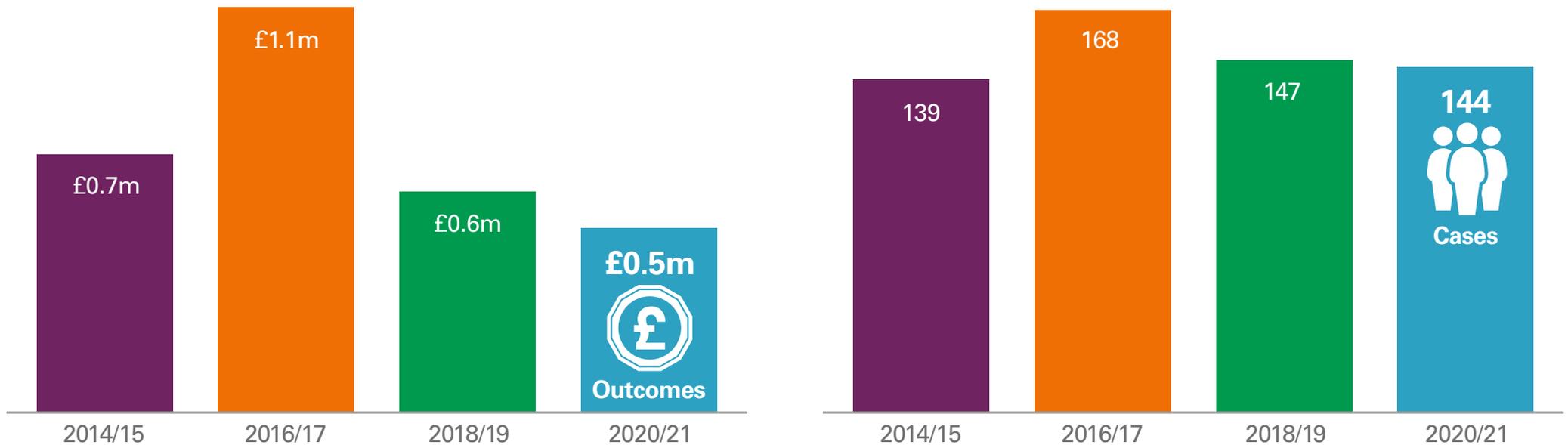
100%

Recovery action is taking place

144

Cases

The 2020/21 NFI exercise identified 144 creditor outcomes of £0.5 million, a fall of three outcomes and £0.1 million from 2018/19. Recovery action is taking place for these overpayments.



Creditor data is matched to:



Creditor data



Payroll



Other data matches

Payroll

The NFI also matches all participating bodies' employee payroll data as well as those of MSPs and councillors to identify cases of potential payroll fraud. The 2020/21 NFI exercise identified three outcomes valued at £27,000 compared to eight outcomes valued at £20,000 in the 2018/19 exercise.

Past NFI exercises have identified larger outcomes for payroll. This fall in outcomes is partly due to immigration data not being included in the 2020/21 exercise due to restrictions placed on it by the Home Office.

2018/19



eight outcomes valued at

£20,000

2020/21



three outcomes valued at

£27,000

Case study



An NFI match identified an employee who left Fife Council in September 2019 and who continued to be paid their salary until February 2021. The council overpaid a total of £20,288 to the ex-employee. Recovery of the overpayment is in progress and internal audit services have investigated the circumstance surrounding the overpayment. Recommendations for improvements have been discussed with management and an audit on the council's leavers process is part of the 2022/23 Internal Audit Plan. This case was reported as part of a 2020/21 NFI Progress Update to the council's Standards and Audit Committee in December 2021 for consideration.

Case study



New NFI matching of non-domestic rates small business bonus scheme (SBBS) in East Dunbartonshire Council identified a case where a ratepayer had failed to declare other business premises in another council area. This resulted in almost £11,000 in SBBS relief being claimed from April 2018. The case is being referred to the Crown Office and Procurator Fiscal Service for prosecution. We understand this is the first business rates case to be reported for prosecution in Scotland.

Matches benefiting other public bodies

A key benefit of a UK-wide data matching exercise is that it enables matches to be made between bodies and across national borders. For those public bodies taking part in the NFI which may not always identify significant outcomes from their own matches, it is important to appreciate that other bodies and sectors may do so.

Data provided by Scottish participants for the 2020/21 NFI exercise helped other public bodies, both within and outwith Scotland, to identify outcomes worth £1.2 million (a reduction of £0.5 million from 2018/19).

Most of these outcomes relate to housing benefits, housing waiting list and council tax reductions where, for example, payroll data from an NHS board may allow a council to identify a council tax reduction fraud or error.



Councils

£601,591



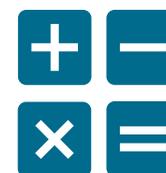
Central government

£483,943



NHS

£100,456



Colleges

£0



Total

£1,185,990

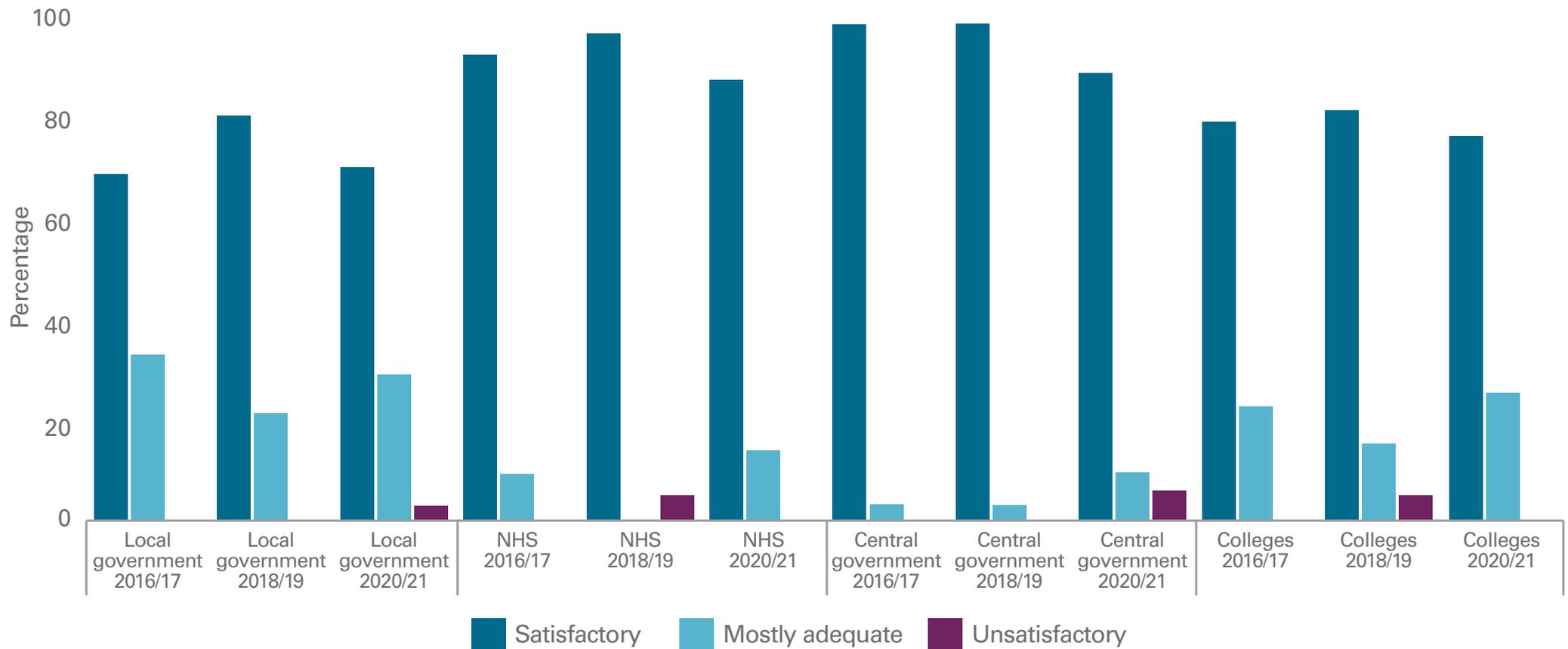
2018/19	2018/19	2018/19	2018/19	2018/19
£854,760	£759,879	£120,408	£12,672	£1,747,719

How bodies worked with the NFI in 2020/21

How bodies work with the NFI

Overall rating of NFI arrangements by year

Auditors reviewed each participating body's planning and progress with the NFI and provided recommendations for improvement where appropriate.



Most participating bodies continue to demonstrate a strong commitment to counter fraud and the NFI. However, across all sectors, a smaller percentage of participating bodies managed their roles in the 2020/21 NFI exercise satisfactorily compared to the 2018/19 NFI exercise.

Auditors identified that some bodies could be more pro-active in their approach to the NFI. One central government body was unable to review matches due to a cyber-attack, one council did not review matches citing resource issues as the reason, and a central government body was unable to action matches due to the impact of reallocating resources to the provision of Covid-19 grant funding to organisations.

Six **key contacts** felt they did not have sufficient time and/or resources to allow them to oversee the NFI exercise. In four bodies, the key contact considered that they lacked sufficient authority to seek action across the relevant departments.

The Covid-19 pandemic created additional pressures for public bodies and impacted upon the resources available to support the NFI exercise. Auditors reported that 15 bodies reduced their participation in the NFI exercise due to resourcing issues including staff vacancies, sickness absences or changing priorities as a result of Covid-19.

We recommend that all bodies use our [checklist](#) to self-appraise their involvement in the NFI before and during the 2022/23 NFI exercise. For the 2020/21 NFI exercise, 64 per cent of bodies completed the checklist, although not all presented it to their audit committee; ten per cent reviewed it but did not complete it; and just over a quarter did not review it. This was reported as being because either the key NFI contact had changed and was unaware of the checklist, staff had prior experience of the NFI process, and Covid-19 pressures.

A **key contact** is appointed by the NFI participating body. They are responsible for coordinating and monitoring the overall NFI exercise, ensuring outcomes from investigations are accurately recorded and nominating appropriate users of the NFI system.



Public bodies usage of our NFI checklist



64% completed the checklist

26% did not review it

10% reviewed it but did not complete it

Pilots help identify the value of extending the NFI exercise

Audit Scotland undertakes new areas of data matching on a pilot basis to test their effectiveness in identifying fraud.

Only pilots which achieve matches that demonstrate a significant level of success are extended nationally and included in the main NFI exercise going forward. A small number of serious incidents of fraud or a larger number of less serious ones may both be considered successful.

The NFI pilots undertaken or under way over the last two years are shown on the following pages.

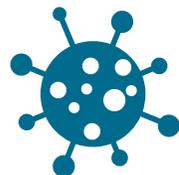
Exemptions for NHS dental and ophthalmic charges



Data matching was undertaken to help identify NHS patients who have claimed to be exempt from NHS dental and ophthalmic charges, when they are not entitled. Patient exemption claims were matched to payroll data to ensure that dental and ophthalmic exemptions, eg for glasses or dental treatment, are only awarded to those patients qualifying for exemptions.

NHS Scotland Counter Fraud Services (CFS) received the matches in the second half of 2019. It worked to identify the highest-risk matches and then started verifying payroll details before undertaking investigations. As part of this investigative work, CFS asked dentists and opticians to supply the original exemption claim signed by the patient. However, CFS was unable to progress this part of the investigation due to dentists, opticians and the CFS being required to close down due to Covid-19 lockdown restrictions. CFS then decided not to use the matches as originally intended but instead use them as intelligence, for example, as an alert if the same people claim again. CFS considered it not worthwhile re-doing the pilot in 2021 as there were very few exemptions claimed between April to December 2020. This was due to opticians and dentists initially being closed and then only able to do emergency treatment which was free of charge. CFS intends to re-run the exercise after new payroll data goes into NFI in autumn 2022.

Covid-19 grants for businesses



Following a Covid-19 grants data matching pilot exercise in England in the summer of 2020, it was decided to expand the English pilot to cover Covid-19 business grants paid to Scottish businesses.

These grants were paid under the Small Business Grant Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RHLCF). Scottish councils submitted data from early in 2021. Initial matches were released in April 2021, however, match numbers were low. The Scottish schemes were more complex than similar schemes in other parts of the UK, eg in respect to second and subsequent properties held by each ratepayer. As a result, the algorithms were rechecked and additional matching was undertaken.

Additional matches were released in September 2021. Despite the data having been rematched, only one fraudulent grant payment of £25,000 was identified. Due to Covid-19 grant payments having stopped, it is not expected that this matching will be required again. However, the systems are in place should the matching be required for any similar grants or payments in the future.



Only one fraudulent grant payment of £25,000 was identified

Additional counter-fraud measures introduced by NFI participants in respect of Covid-19 grant funding



Auditors identified that around 43 per cent of NFI participating bodies awarded Covid-19 funding during the pandemic.

Almost three-quarters of these bodies introduced additional counter-fraud measures such as new internal controls. This included actively working through national networks, such as the Scottish Local Authority Investigators Group, the Institute of Revenues Rating and Valuation, the National Anti-Fraud Network, and with Police Scotland as well as strengthening internal controls. This resulted in, for example, Dundee City Council preventing 143 attempted fraudulent applications valued at £381,500 from being paid in 2020/21. It also resulted in Aberdeenshire Council identifying eight fraudulent grants totalling £107,000 plus 14 attempted frauds totalling £151,000. The bodies that did not take additional counter-fraud measures reported these were not necessary as for some, payments were made to existing customers using the existing controls whereas others relied on existing controls around the setting up of new suppliers and associated payments.



Aberdeenshire Council identified eight fraudulent grants totalling £107,000

Non-domestic rates – Small Business Bonus Scheme



In 2019/20, a pilot was undertaken with the Scottish Government and seven Scottish councils to help identify businesses inappropriately claiming Small Business Bonus Scheme (SBBS) relief. The SBBS provides rates relief to owners of non-domestic properties with rateable values under certain thresholds.

The seven participating councils provided 81,827 ratepayer records to the NFI system, which were then matched across the councils and with data from Companies House in order to identify SBBS fraud. The pilot identified £412,974 in incorrect awards.

Due to the success of this pilot, a national roll-out of this data matching exercise was carried out in 2021/22.

The 2021/22 pilot identified 17,676 matches which resulted in £2.2 million in incorrect SBBS relief being identified in 208 SBBS awards. Councils will now try to recover SBBS which was incorrectly awarded. Recovery is already in progress for 119 cases with a value of almost £745,000 in incorrectly awarded relief.

Given the success of the 2021/22 pilot, consideration is now being given as to how this data match can be repeated on a regular basis as part of the main NFI exercise. The pilot report is available on [our website](#).



The pilot identified £412,974 in incorrect awards

National entitlement cards for travel



The National Entitlement Card (NEC) is Scotland's National Smartcard. Supported by the Scottish Government to deliver national and local services, the NEC makes it convenient for people to access various public services and facilities with only one card. The NEC can be used for services such as a travel pass, a library card, a leisure membership card and a Young Scot card as well as providing access to other local services.

In 2021/22, a pilot was undertaken with Fife Council, to match travel passes for elderly and disabled customers with deceased customer records. Fife Council provided a total of 112,044 NEC records for matching against deceased person records. This resulted in 1,737 matches being identified for review by Fife Council (a return rate of 1.6 per cent).

Following Fife Council's review, all 1,737 cards (100 per cent) were cancelled on the NEC system as it was established that the customers had died. This means no further cards can be requested for these customers, and the card will be blocked should someone attempt to use it. No matches were identified where the customer was still alive.

Thirteen matches showed cause for concern as the NECs appeared to have been used after the death of the cardholder. Two of these cards were used for journeys to the value of almost £2,300 for one, and £240 for the other. The value of the journeys for the other 11 cards varied from £3.10 to £69.00.

Given the success of this pilot, consideration will be given as to how this data match can be expanded to other councils in Scotland and included in the main NFI exercise in the future. The pilot report is available on [our website](#).

Case study

A new NFI pilot matching National Entitlement cards in Fife Council against deceased person records identified one card that had been fraudulently used for bus travel valued at almost £2,300 after the cardholder had died. Investigations are continuing into the individual(s) who used this card.



Applications for student awards

A pilot was undertaken with Student Awards Agency Scotland (SAAS) to help confirm residency and address details for students applying for awards for tuition fees, grants and bursaries. SAAS funds students from Scotland and as such it is interested in verifying the address of student applicants and flagging where students are potentially fraudulently misrepresenting their address to benefit from the more attractive financial support offered to Scottish students.

Student applications were matched against data held in the NFI system. An initial batch of 50 applications was processed which SAAS found very helpful in verifying and querying address details. One known fraud was put through the NFI pre-application screening service (AppCheck) to test the system. A match was highlighted, demonstrating the benefit AppCheck can bring in preventing fraud.

SAAS is now looking to expand the pilot to allow the upload of a large batch of applications to the NFI system quickly, securely and easily.



Social security benefits

A pilot is under way with Social Security Scotland to identify any instances where claimants received support but were not residing in Scotland, or where claimants appear to have claimed benefits more than once, eg from more than one Scottish address. Claimant data was matched to data already in the NFI system from across the UK. Data was submitted in March 2022, with matches released to Social Security Scotland in May 2022. Social Security Scotland is currently reviewing the matches.



Police Scotland's use of AppCheck

Police Scotland's Serious and Organised Crime Interventions Team deals with vetting applications, eg for landlord registration and pre-contract procurement check requests from public bodies such as councils and the NHS. These checks aim to prevent and detect fraud within public procurement and other public services such as landlord registration and taxi licencing. Police Scotland is undertaking a pilot to identify if data in the NFI data base can be used to help its vetting processes to prevent and detect fraud. Data has yet to be shared.



A match was highlighted, demonstrating the benefit AppCheck can bring in preventing fraud

Future developments

The 2022/23 NFI exercise is due to start in late summer 2022. Datasets have been reviewed and updated as necessary.

Audit Scotland continues to work with the Cabinet Office in developing new ways to prevent and detect fraud. This includes piloting new data matching opportunities.

[The Scottish Parliament](#) approved [The Digital Government \(Scottish Bodies\) Regulations 2022](#) in March 2022. These Regulations name Audit Scotland under Regulation 3 - 'Scottish bodies for the disclosure of information in relation to fraud against the public sector'. This allows Audit Scotland to access HM Revenue & Customs income and savings data for Scottish residents for future NFI exercises. This will help identify outcomes where customers have received benefits and services above what they are entitled to.

Audit Scotland continues to work with the Scottish Government in promoting and enhancing participation in the NFI across Scotland.

The Scottish Parliament's Public Audit Committee (PAC) is considering the expansion of legislative powers around the NFI. This may include expanding the NFI to bodies in receipt of significant amounts of public funding that do not fall under the audit remit of the Auditor General for Scotland or the Accounts Commission.

[The Cabinet Office](#) recently consulted on extending its legal powers around the purposes for which data matching can be used. It is looking to potentially extend its legal powers in the following areas:

- to assist in the prevention and detection of crime other than fraud
- to assist in the apprehension and prosecution of offenders
- to assist in prevention and detection of errors and inaccuracies. The NFI data could be used to help public-sector bodies to ensure citizens get access to their full benefit entitlements. For example, a number of passported benefits across the welfare system entitle recipients to help with housing costs, free school meals, etc. A match could identify citizens entitled to additional help they are not claiming
- to assist in the recovery of debt owing to public bodies. Public bodies may need to trace individuals with outstanding overdue debt and with no arrangement to pay in place. In some instances, these individuals may be difficult to trace. The NFI data could be used to help identify where a debtor was living or working, for example.

The Cabinet Office is considering the responses and will publish a formal consultation response in due course.

[Section 97 of the Criminal Justice and Licensing Act 2010](#) already permits Audit Scotland to use data matching for the first two purposes. We will monitor developments.

Appendix 1. Background to the NFI

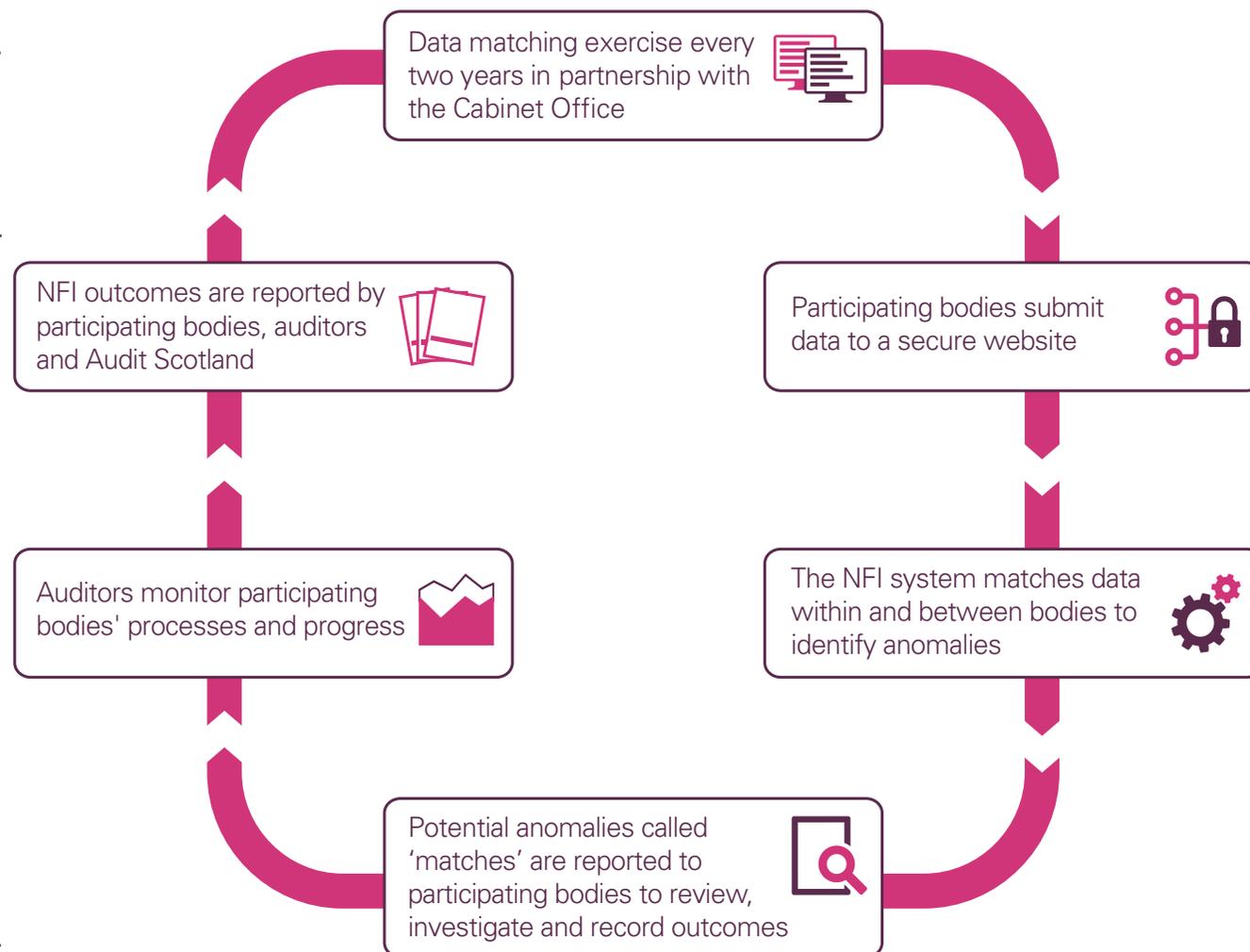
The NFI is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. The Cabinet Office oversees it, and Audit Scotland leads the exercise in Scotland, working with a range of Scottish public bodies and external auditors.

The NFI uses data sharing and matching to help confirm that services are provided to the correct people. The NFI takes place every second year. 132 public-sector bodies in Scotland participated in the 2020/21 exercise including councils, NHS bodies, colleges and larger central government bodies such as the Scottish Government, Revenue Scotland and Transport Scotland. A full list of participants is available [here](#).

The NFI enables public bodies to use computer data matching techniques to detect fraud and error.

We carry out the NFI under powers in The Criminal Justice and Licensing (Scotland) Act 2010. It is important for all parties involved that this exercise is properly controlled, and data is handled in accordance with the law. [The Audit Scotland Code of Data Matching Practice](#) includes a summary of the key legislation and controls governing the NFI data matching exercise.

Although the main purpose of the NFI is to ensure funds and services are provided to the correct people, the review of NFI matches may also identify that a customer is entitled to additional services or payments, eg housing benefit matches may identify customers entitled to council tax discount or reduction.



Appendix 2. Costs and benefits of participating in the NFI

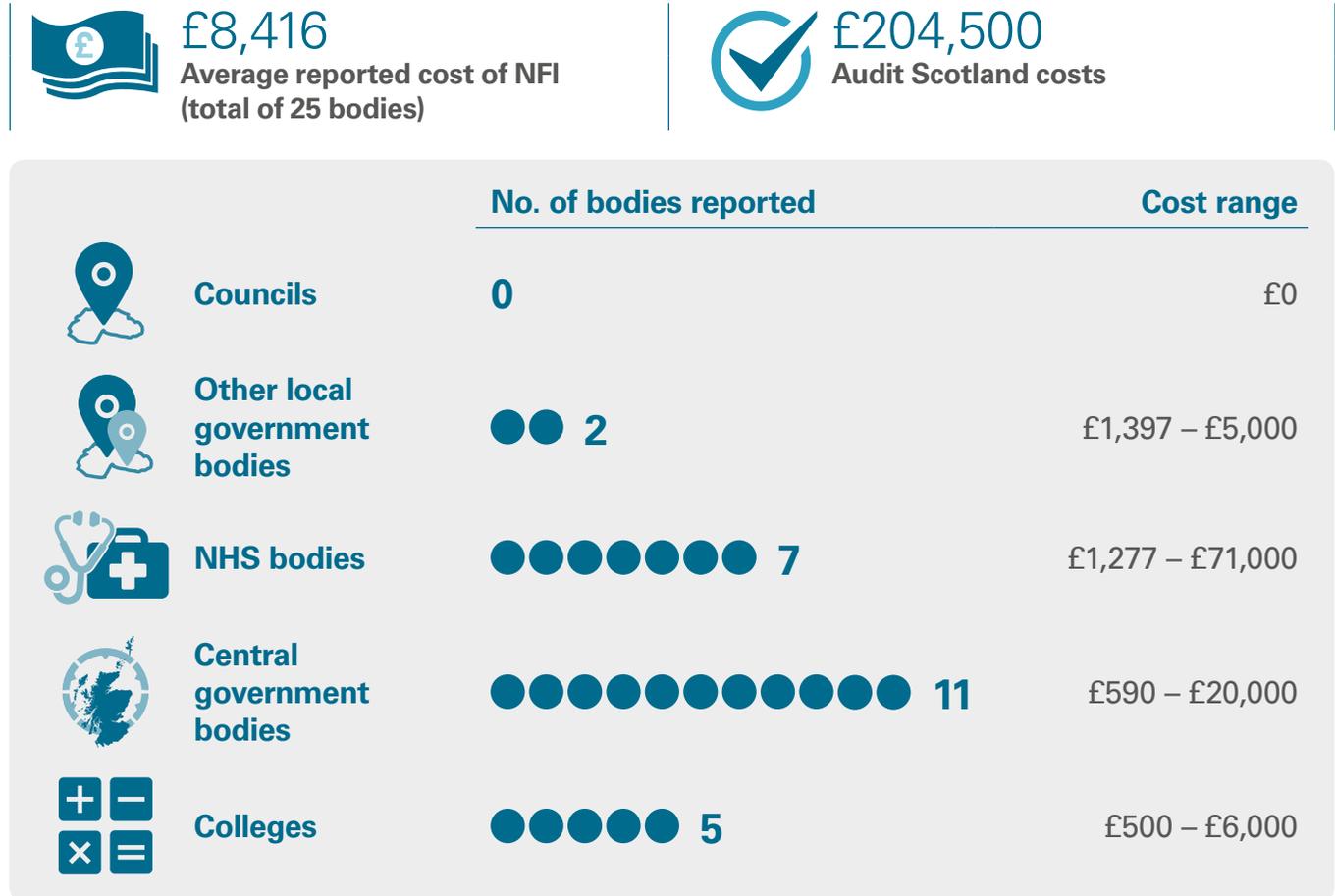
The Scottish Parliament provides funding to Audit Scotland to cover public-sector participants' NFI fees for the biennial data matching exercise.

Participating bodies incur costs following up matches and investigating. Participating bodies also incur costs for pilot work and additional services such as the AppCheck pre-application screening and the ReCheck⁴ flexible data matching service.

Many bodies do not keep separate records for NFI costs as it is just one of many counter-fraud activities they are doing. Those that do have records were able to estimate that their costs ranged from £500 to £71,000. This compares favourably with the average outcome for each public body in Scotland of £113,000 for the 2020/21 NFI exercise.

Overall, the £14.9 million of outcomes from the 2020/21 NFI outweigh the costs.

⁴ ReCheck is a flexible data matching service that complements the NFI biennial national exercise. It allows NFI participants re-perform the existing NFI data matching at a time that suits them.



Appendix 3. Estimation bases

The figures used in this report for fraud, overpayments and errors include outcomes already delivered (actual amounts participants have recorded) and estimates. Estimates are included where it is reasonable to assume that incidents of fraud, overpayments and errors would have continued undetected without NFI data matching.

Details of estimate calculations used in the report are shown below.

Data match	Basis of calculation of estimated outcomes
Council tax single person discount	Annual value of the discount cancelled multiplied by two years.
Housing	£93,000 per property recovered, based on average four-year fraudulent tenancy. Includes: temporary accommodation for genuine applicants; legal costs to recover property; re-let cost; and rent foregone during the void period between tenancies.
Housing benefit	Weekly benefit reduction multiplied by 21 weeks.
Pensions	Annual pension multiplied by the number of years until the pensioner would have reached the age of 85.
Payroll	£5,000 for each employee dismissed or resigns as a result of NFI matching, or £10,000 for each resignation or dismissal for employees who have no right to work in the UK.
Council tax reduction scheme	Weekly change in council tax discount multiplied by 21 weeks.
Housing waiting lists	£3,240 for each case based on the annual estimated cost of housing a family in temporary accommodation, the duration a fraud may continue undetected and the likelihood a waiting list applicant would be provided a property.
Blue badges	Number of badge holders confirmed as having died multiplied by £575 to reflect lost parking and congestion charge revenue.

The National Fraud Initiative in Scotland 2022

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NFI Self-Appraisal Checklist 2022

Part A: For those charged with governance	Yes/No/Partly	Is action required?	Who by and when?
Leadership, commitment and communication			
<p>1. Are we aware of emerging fraud risks and taking appropriate preventative and detective action?</p>	<p>Yes</p> <p>We receive alerts surrounding emerging risks from various agencies / national groups, e.g. Police Scotland, National Anti-Fraud Network (NAFN), Scottish Local Authorities Chief Internal Auditors Group (SLACIAG), Scottish Local Authorities Investigators Group (SLAIG), Audit Scotland and circulate them as appropriate to key members of staff in the Council for awareness / potential action.</p> <p>Staff in the Corporate Fraud Team actively participate in professional networks and groups.</p> <p>There is a Council Fraud Strategy & Response Plan and a Fraud Risk – Areas for Review Plan.</p> <p>Members of the Standards, Audit and Risk Committee have received induction training, which included Corporate Fraud.</p> <p>Relevant national reports, including those compiled by Audit Scotland, are reviewed and acted upon.</p>	No	

<p>2. Are we committed to NFI? Has the council/board, audit committee and senior management expressed support for the exercise and has this been communicated to relevant staff?</p>	<p>Yes</p> <p>Fife Council is committed to participating in the NFI exercises. These are exercises included as anti-fraud measures within the Strategy and Response Plan for the Prevention and Detection of Fraud and Corruption, agreed by Standards & Audit Committee in April 2018.</p> <p>Updates on NFI exercises, including outcomes, are reported to CET and Standards, Audit and Risk Committee.</p> <p>The Chief Executive, Executive Directors and Heads of Service are notified of the NFI exercise.</p> <p>Participation in NFI exercises is communicated to staff via Outlook Administrator's e-mail and Fife Council's website:</p> <p>National data matching exercise starts in October (sharepoint.com)</p> <p>National Fraud Initiative - NFI Fife Council</p> <p>NFI Key Contacts are members of staff in the Corporate Fraud Team.</p>	<p>No</p>	
<p>3. Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error?</p>	<p>Yes</p> <p>As 2 above, NFI is included in our Strategy and Response Plan for the Prevention and Detection of Fraud and Corruption.</p>	<p>No</p>	
<p>4. Have we considered using the point of application data matching service offered by the NFI team (AppCheck), to enhance assurances over internal controls and improve our approach to risk management?</p>	<p>Not considered to date</p> <p>We do not currently utilise AppCheck but this will be considered for future use by the Service Manager, Audit & Risk Management.</p>	<p>Yes</p>	<p>Service Manager - Audit and Risk Management</p> <p>31 Dec 22</p>

<p>5. Are NFI progress and outcomes reported regularly to senior management and elected/board members (e.g., the audit committee or equivalent)?</p>	<p>Yes</p> <p>As 2 above, outcomes and progress with NFI are reported to Standards, Audit & Risk Committee and CET.</p> <p>Any failure to make satisfactory progress with the NFI exercise would be reported to senior management. This has not arisen to date.</p>	<p>No</p>	
<p>6. Where we have not submitted data or used the matches returned to us (e.g. council tax single person discounts), are we satisfied that alternative fraud detection arrangements are in place and that we know how successful they are?</p>	<p>Yes</p> <p>The Council submits all mandatory data and uses the matches returned. However, there is one exception, Council Tax Single Person Discount (CTSPD). As previously reported, the Council does not participate in the matching part of this exercise although it does provide the required data.</p> <p>The Council utilises a third party, Datatank, to carry out a review of its CTSPD using data from a credit reference agency.</p> <p>Results from the Datatank exercise are reported to Standards, Audit and Risk Committee and CET at the same time as NFI reporting.</p>	<p>No</p>	
<p>7. Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?</p>	<p>Yes</p> <p>The NFI Key Contacts report operationally to the Service Manager, Audit & Risk Management.</p> <p>Explanations for and actions arising from the outcomes are discussed with the Service Manager, Audit & Risk Management and are followed up where necessary.</p>	<p>No</p>	

	The Council's approach to NFI is also subject to an annual review by External Audit.		
8. Do we review how frauds and errors arose and use this information to improve our internal controls?	<p>Yes</p> <p>Explanations for and actions arising from the outcomes are reported to Standards & Audit Committee and CET, as at 2 above.</p> <p>Weaknesses in internal controls are also be discussed, with a view to making improvements, with the Services and the Service Manager, Audit & Risk Management.</p> <p>If we feel there is a fraud risk that needs to be investigated further, it will be included in "Fraud Risks – List of Areas for Review" or the audit plan.</p>	No	
9. Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (e.g. successful prosecutions)?	<p>Yes</p> <p>Reports are published externally via the Standards, Audit and Risk Committee and internally via papers to CET.</p>	No	

31st October, 2022

Agenda Item No. 9

National Fraud Initiative – Scottish National Entitlement Cards, Pilot Evaluation

Report by: Pamela Redpath, Service Manager, Audit and Risk Management Services

Wards Affected: All

Purpose

To submit to Members of the Standards, Audit and Risk Committee a copy of Audit Scotland's report entitled National Fraud Initiative – Scottish National Entitlement Cards Pilot Evaluation. Fife Council voluntarily and exclusively participated in the data matching pilot to which this report relates.

Recommendation(s)

Members are asked to note the contents of this report.

Resource Implications

None.

Legal & Risk Implications

Voluntarily participating in this pilot helped mitigate the risk of ongoing NEC card misuse, to obtain free bus travel, following the death of the cardholder.

Impact Assessment

An EqIA has not been completed and is not necessary as the report does not propose a change or revision to existing policies and practices.

Consultation

No consultation required.

1.0 Background

- 1.1 Fife Council voluntarily and exclusively participated in an Audit Scotland led pilot data matching exercise during 2021/22. The National Fraud Initiative was utilised by Audit Scotland to match National Entitlement Card (NEC) data to DWP deceased persons records. The main purpose of the pilot was to determine whether it would be worthwhile to incorporate the data match into the mainstream NFI exercise going forward.
- 1.2 The NEC is Scotland's National Smartcard, offering access to numerous public services across the country, including free bus travel, cashless catering and leisure memberships. The National Entitlement Card Programme Office assists Scottish local authorities to integrate various national and local public services onto the smartcard.
- 1.3 The pilot, which was funded by Transport Scotland and focussed on the use of NEC cards for free bus travel, helped the Council to identify NEC cards that were still in circulation for adults over the age of 18 who had died. It also identified a small number of instances where NECs were used for bus journeys after the cardholder's date of death.

2.0 NEC Pilot

- 2.1 On 6 July 2021, Fife Council provided a total of 112,044 NEC records for matching against DWP deceased persons records.
- 2.2 The data matching exercise resulted in 1,737 cards being cancelled in the system because the cardholders had died, in turn mitigating the potential risk of those cards being misused going forward.
- 2.3 The exercise also highlighted that 13 of the 1,737 cards had been used for bus travel following the cardholders date of death. The card with the highest use comprised bus journeys totalling almost £2,300.

3.0 Conclusions

- 3.1 Following the success of the pilot, Audit Scotland, the NECPO and Transport Scotland, are considering, in consultation with the Cabinet Office, how this data match could be extended to other Scottish local authorities through the NFI exercise going forward. The pilot exercise was heavily dependent on the manual checking, and updating, of records. When considering the pilot extension, opportunities surrounding potential automation will also be explored.

List of Appendices

- A. National Fraud Initiative - Scottish National Entitlement Cards Pilot Evaluation

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National Fraud Initiative

Scottish National Entitlement Cards
Pilot evaluation



 AUDIT SCOTLAND

Prepared by Audit Scotland
May 2022

Contents

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2. Background	4
3.The pilot	6
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1. Executive summary

1. The Scottish National Entitlement Card (NEC) is a single **smartcard** which allows eligible citizens to conveniently access many services with one card. One of these services is free bus travel. There is the potential risk that cards belonging to deceased customers could possibly be misused if the council does not have a record of the death.

A smartcard is a physical card with an embedded chip that acts as a security token and provides access to various services.

2. Audit Scotland used the National Fraud Initiative (NFI) to match data between NEC records and deceased persons records. This data matching exercise was a pilot to determine whether it is useful to extend this to other Scottish councils as part of the full NFI in future.

3. Audit Scotland worked with Fife Council, the National Entitlement Card Programme Office (NECPO) and Transport Scotland to identify National Entitlement Cards (NECs) which are still in circulation for adults over 18 years of age who have died. This work focused on the use of NECs for free bus travel.

4. Fife Council provided a total of 112,044 NEC records for matching against deceased person records. This resulted in 1,737 matches being identified for review by Fife Council (a return rate of 1.6 per cent).

5. Following Fife Council's review, all 1,737 cards (100 per cent) were cancelled on the NEC system as it was established that the customers had died which could result in the potential misuse of the card. Therefore, no further cards can be requested for these customers, and should someone attempt to use an existing card the card will be blocked. No matches were identified where the customer was still alive.

6. Thirteen matches showed cause for concern as the NECs appeared to have been used after the death of the cardholder. Two of these cards were used for journeys to the value of almost £2,300 for one and £240 for the other. The value of the journeys for the other 11 cards varied from £3.10 to £69.00. Investigations are continuing into the individuals who used these cards.

7. Given the success of this pilot, consideration will be given as to how this data match can be expanded to other councils in Scotland and included in the full NFI exercise in the future.

2. Background

National Entitlement Cards (NECs)

8. The Scottish NEC is a smartcard which enables eligible citizens to conveniently access many services with a single card. The Scottish Government supports the card to deliver national and local services.

9. The **Improvement Service** is the accountable body for the National Entitlement Card Scheme, with the National Entitlement Card Programme Office (NECPO) delivering the NECs on its behalf. The NECPO is led by Dundee City Council and supports Scottish councils with the integration of various national and local public services which are made available on the smartcard.

The Improvement Service is the Scottish improvement organisation for local government in Scotland.

10. The NEC assists councils to efficiently deliver various public services to customers including:

- a travel pass providing free, discounted or concessionary travel
- a library card
- a leisure membership card
- a cashless catering card in schools
- a Young Scot card providing proof of age and various discounts.

The NEC as a travel pass

11. This pilot focused on the NEC as a travel pass for free bus travel. This was due to the high cost (in excess of £200 million per year) to the public purse for free travel and the potential risk that cards belonging to deceased cardholders could possibly be misused if the council does not have a record of the death.

12. Certain groups of people with a NEC are entitled to free bus travel and may also receive discounts on other methods of travel such as ferry crossings and rail journeys:

- People with a disability are eligible for free bus travel if they meet the following criteria:
 - they are a resident in Scotland

- they are aged five or over, or of any age if they require to be accompanied on the basis of their disability
- they receive certain benefits such as the higher or middle rate of the care component of Disability Living Allowance, Attendance Allowance or Personal Independence Payment.

Customers with a disability are required to renew and replace their travel card at least every three years. This means the data held for customers with a disability should be, at most, three years old.

- Customers of age 60 or over and who are a permanent resident in Scotland are eligible for free bus travel.

13. NECs for older customers do not have an expiry date. Therefore, older customers' data is not refreshed or updated unless the customer specifically contacts their council to advise of a change of details or the council is notified of their death.

Numbers of NECs in use

14. There were 1.4 million NEC cards with free travel for people aged 60 and over or people with a disability in circulation in Scotland in October 2021.

15. During 2018/19 there were 144.6 million journeys, equating to £367.4 million in fares, made by people using NECs issued to customers with a disability or older people. In 2020/21, Covid-19 restrictions had an impact on people's ability to travel by public transport and the number of journeys fell to 48.6 million, equating to £118.5 million in fares.

3.The pilot

Data matching

16. Audit Scotland conducts data matching exercises for the prevention and detection of fraud under statutory powers added to [the Public Finance and Accountability \(Scotland\) Act 2000](#) by [Section 97 of the Criminal Justice and Licensing \(Scotland\) Act 2010](#).

17. Audit Scotland used the National Fraud Initiative (NFI) for this pilot. The NFI in Scotland is a counter-fraud exercise led by Audit Scotland and overseen by the Cabinet Office for the UK as a whole. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems that might suggest the existence of fraud or error. It means that public bodies can take action if any fraud or error has taken place, and it allows auditors to assess fraud prevention arrangements that those bodies have. Audit Scotland works with the Cabinet Office in developing new ways to prevent and detect fraud through the NFI. This includes identifying and piloting new data matching areas. More information about the NFI is on Audit Scotland's [website](#).

18. This pilot looking at NEC data was undertaken using these statutory powers and the NFI computer system. Fife Council kindly volunteered to participate in the pilot.

Potential risks

19. Due to NECs for elderly customers having no expiry dates and NECs for some customers with a disability only being required to be renewed every three years ([paragraphs 12-13](#)), there is a risk that NECs belonging to people who have died could be misused. This may involve continued use of the pass by relatives or acquaintances of the deceased, use of a stolen card, or forgery of a pass in the name of a deceased person.

20. Following checks at the time the card is first issued, there are no formal requirements for councils to review NEC customers' details unless they are issuing a replacement card. Therefore, address details held by councils are only as up to date as of when the card was last issued. In some cases, address details may be many years out of date for elderly customers. The NECPO has advised that approximately 15 per cent of elderly customer's cards were issued more than five years ago.

21. Historically, the NEC Scheme used data matching to identify some customers who had died. The data used was provided under agreement from the National Health Service Central Register. This agreement has now lapsed. Therefore, this matching is no longer carried out and, although other methods of identifying deceased customers are in place, there is a risk that NECs in the

name of people who have died could still be in circulation and could potentially be used fraudulently.

22. Some councils use the “Tell Us Once” service that lets families report a death to most government organisations at one time. The “Tell Us Once” data can help councils to cleanse their NEC data. However, the use of “Tell Us Once” is not universal across councils.

23. The Cabinet Office uses the NFI system to match concessionary travel passes to deceased person records in England. The Cabinet Office reported that 151,815 concessionary travel passes were cancelled in England, resulting in £3.6 million of outcomes for the period April 2018 to March 2020 (234,154 passes and £5.6 million of outcomes were reported in the previous two-year period).

An NFI outcome describes the amount of fraud and error that was detected and an estimate of future losses that it prevents.

24. This pilot looked to identify if the issues in England were also evident in a Scottish council. The pilot looked to identify deceased cardholders not previously notified to Fife Council and to remove those cardholders from the database of those customers entitled to free concessionary travel. Data matching also looked to identify the potential misuse of NECs belonging to someone who had died. The pilot only looked at data matching of passes with free travel. No data was considered for customers aged under 18 years of age.

Data included in this pilot

25. Fife Council’s data relating to travel passes with free travel entitlement was matched against records for deceased persons held within the NFI system.

26. Cards identified for customers who had died were deactivated and flagged. Additionally, Transport Scotland’s records were checked to establish any cards which had been used after the death of the cardholder.

27. Fife Council uses “Tell Us Once”. The NECPO has advised that because of using “Tell Us Once” and other effective internal controls operating within Fife Council, the NEC data for Fife Council is of a much higher quality than that for other Scottish councils. Therefore, outcomes from Fife Council could reasonably be expected to be much lower than those identified in many other Scottish councils if this pilot was repeated.

28. This pilot looked at 112,044 records relating to NECs issued for free travel by over 18-year-olds in the Fife area.

Funding the pilot

29. The pilot activity was undertaken by counter-fraud officers in Fife Council, officers in the NECPO and Transport Scotland. The Audit Scotland NFI team and the Cabinet Office NFI Programme team supported the pilot with the data matching of the data. Transport Scotland funded the Cabinet Office’s contractor IT development costs of £3,497.

Success factors

30. Success for the pilot was defined as deceased cardholders being identified that the council was not previously aware of. Fife Council has robust practices in place and so the number of identified deceased customers was anticipated to be relatively small. Despite this, the pilot went ahead as even a small percentage increase in the number of cards identified as no longer valid reduces the number of cards that are in circulation and potentially open to fraudulent use.

31. The success of the pilot, and hence the desirability of applying this process as part of the regular NFI activity, was measured. This took account of the differing degrees of rigour employed in maintaining data across different Scottish councils identified by NECPO and Transport Scotland, as well as the results identified by Fife Council.

4. Results

Methodology

32. Fife Council submitted data via the secure direct file upload facility on the NFI website and received its matches back via the secure NFI website.

Data matching

33. Fife Council provided a total of 112,044 records for matching against deceased person records. This resulted in 1,737 matches being released back to Fife Council for review in August 2021. This is a return rate of 1.6 per cent.

Fraud and error identified

34. The council recorded:

- the number and percentage of NECs identified from matches where the customer had died
- the success rate, ie outcomes/matches returned
- any system, data-matching or other issues or suggestions for improvement in future matching exercises.

35. All 1,737 cards (100 per cent) were cancelled on the NEC system as it was established that the customers had died. Therefore, no further cards can be requested for these customers. It also means that should someone attempt to use an existing card then the card will be blocked. No matches were identified where the customer was still alive.

36. Thirteen matches (0.75 per cent) showed cause for concern, as the NECs appeared to be used after the death of the cardholder. Two of these cards were used for journeys to the value of almost £2,300 for one and £240 for the other. The value of fares for the other 11 cards varied from £3.10 to £69.00. Investigations are continuing into the individuals who used these cards.

37. Of the matches returned to Fife Council, 110 did not have the actual date of death recorded. Instead, the death registration data only held an indicator to say the customer had died. Fife Council checked its records, e.g. council tax records, to verify that the customers were deceased. In these cases, it was not able to be determine if the NECs had been misused by being used after the death of the cardholder before the matching occurred. However, these cards have been cancelled and are being monitored for any new usage.

38. 2021 was not a representative year to establish the amount of fraudulent misuse of deceased persons' NECs. Covid-19 restrictions meant bus passenger

numbers were significantly less than in pre-pandemic years. Therefore, outcomes identified from this pilot are estimated to be understated as it is thought that in a year of routine bus usage there could have been more misuse of NECs.

39. Given the success of this pilot, Audit Scotland, NECPO and Transport Scotland, are considering in consultation with the Cabinet Office how this data match can be extended to other councils in Scotland and included in the full NFI exercise in the future. The further roll-out of the pilot to other councils would help to remove deceased cardholders from the NEC database of those entitled to free concessionary travel. Data matching would also help prevent and detect the potential misuse of NECs belonging to someone who has died.

40. It is expected that extension of this data matching to other councils would result in the number of matches returned being higher than those in Fife Council. This is due to NECPO advising that Fife Council has robust checking processes in place which are not in place in all councils. It is also expected that once bus journeys return to pre Covid-19 levels, the potential for cards to be used fraudulently may also increase.

41. This exercise required Fife Council to manually check and then update the records of 1,737 cards. It also required Transport Scotland to update its records. When considering the expansion of this pilot to other councils, NECPO and Transport Scotland will explore possibilities around automation to reduce the resource requirement on councils and Transport Scotland.

National Fraud Initiative

Scottish National Entitlement Cards Pilot evaluation

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

www.audit-scotland.gov.uk/accessibility

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31st October, 2022

Agenda Item No. 10

Fraud and Irregularity 2021/22

Report by: Pamela Redpath, Service Manager, Audit and Risk Management Services

Wards Affected: All

Purpose

To provide Members of the Standards, Audit and Risk Committee with a summary of the above national briefing that has been compiled by Audit Scotland for public bodies and auditors.

Recommendation(s)

Members are asked to note the key messages arising from the Audit Scotland briefing.

Resource Implications

None.

Legal & Risk Implications

There is a risk if the recommendations stated in this report and suggestions to mitigate the risk of fraud are not acted upon the Council could be left open to the risk of fraud, particularly in the areas highlighted.

Impact Assessment

An EqIA has not been completed and is not necessary as the report does not propose a change or revision to existing policies and practices.

Consultation

No consultation required.

1.0 Background

- 1.1 Fraud and Irregularity 2021/22 is a report prepared by Audit Scotland for all public bodies and auditors in Scotland (see Appendix A). The report shares information about cases where internal control weaknesses in public bodies have led to fraud and irregularity. The fraud and irregularity cases reported were around pensions, procurement cards, invalid suppliers, ticket income, COVID-19 Funding and IT / Cybercrime.
- 1.2 Control weaknesses which contributed to the fraudulent activity were: procedures not being followed, or which were easily circumvented; weak authorisation processes for payments; lack of staff training; customer details not being up to date and weak IT security arrangements.
- 1.3 The purpose of the report is to help prevent similar circumstances happening again. External auditors conducting audits in public bodies throughout Scotland have shared specific details surrounding significant frauds and other irregularities during 2021/22. The level of fraud and irregularity reported by external auditors was over £354,000, a very small proportion of the 2021/22 Scottish budget of £54 billion.
- 1.4 Public bodies are encouraged to consider whether the weaknesses in internal control that facilitated each of the cases highlighted in this report may also exist in their own arrangements and take corrective action if required.

2.0 Report Recommendations

- 2.1 The report recommends that organisations should ensure effective counter-fraud arrangements are in place. It also states that auditors should confirm that the governance arrangements in place are effective, regularly reviewed and amended as appropriate for new fraud risks and internal controls are operating effectively to help prevent fraud and irregularity, including the examples detailed in the report.
- 2.2 It suggests ways to reduce counter-fraud risks such as how to mitigate the risk of fraud as well as trying to prevent fraudulent activity from occurring.

3.0 Conclusions

- 3.1 The Council has a Strategy and Response Plan for the Prevention and Detection of Fraud and Corruption and an ongoing Fraud Plan which is continually reviewed and updated to include any relevant emerging counter-fraud risks, including those identified from the Fraud and Irregularity Report.
- 3.2 The Corporate Fraud Team is currently planning and preparing for the 2022/23 National Fraud Initiative (NFI) biennial data matching exercise led by the Cabinet Office which is designed to help participating bodies detect fraud and error. The Team has provided guidance and made recommendations for improvement in relation to COVID-19 Business Support Grants, Supplier Bank Detail Amendments and Pensions Fraud.
- 3.3 The Audit Team continues to regularly review and evaluate controls and ensure effective governance arrangements are in place. Some of the areas highlighted in the Audit Scotland Report are already included in the 2022/23 Internal Audit Plan such as Procurement Cards and Cybersecurity. Audit and Risk Management Services will consider whether control weaknesses exist in the other areas reported, which have not already been covered in previous audit / fraud work or included in the current Internal Audit Plan.

List of Appendices

A. Fraud and Irregularity Report 2021/22

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Fraud and irregularity

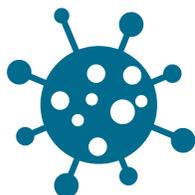
2021/22

Sharing risks and case studies to support the Scottish public sector in the prevention of fraud



Key messages

The Covid-19 pandemic heightened the risk of fraud as new systems and ways of working were introduced.



1. The Covid-19 pandemic introduced many challenges for the Scottish public sector

Public Bodies delivered both existing and new services in new working environments. These changes resulted in additional fraud risks for public bodies to manage.



2. New challenges

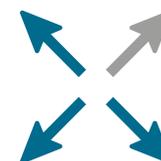
Despite these new challenges, auditors have found that most bodies have responded well by introducing new systems, procedures, and controls.

Key messages continued



3. The Covid-19 pandemic has seen new fraud introduced

For example, fraudsters have targeted the grants to support businesses through the pandemic. Steps have subsequently been taken to reduce fraud and error in these schemes by grant-paying bodies and government.



4. Weaknesses in controls contributed to seven cases of fraud and irregularities totalling over £354,000

During 2021/22, internal control weaknesses contributed to seven cases of fraud and irregularity valued at over £354,000 being identified in public bodies. In comparison, 13 cases of fraud and irregularity valued at £401,500 were identified during [2020/21](#). Despite many challenges facing public bodies over the past two years because of the Covid-19 pandemic, the value of fraud and irregularity detected remains low compared to the 2021/22 annual Scottish budget of [£54 billion](#).

Audit Scotland's [counter-fraud hub](#) contains useful counter-fraud information.

Recommendations

Public bodies should ensure effective counter-fraud arrangements are in place.

These include:

- having effective governance and oversight arrangements for counter-fraud
- understanding the current and emerging counter-fraud risks facing the body
- regularly reviewing their counter-fraud strategy and counter-fraud plan
- regularly assessing and reviewing internal controls and governance arrangements to ensure they remain effective
- considering whether the risks and weaknesses in controls identified in this report may exist in their organisation and taking appropriate corrective actions
- reviewing the independent reviews and associated recommendations that were commissioned by the Scottish Environment Protection Agency (SEPA) following a ransomware attack on its systems.

Auditors should confirm that:

- the governance arrangements in place in their audit clients are effective, regularly reviewed and amended as appropriate for new fraud risks
- internal controls are operating effectively to help prevent fraud and irregularity, including the examples detailed in this report.

Fraud and irregularity identified during 2021/22

Auditors have provided Audit Scotland with details of cases of fraud and other irregularity discovered in their audited bodies during 2021/22. This report sets out examples of the various categories of fraud and irregularity reported during 2021/22 and the control weaknesses which contributed to these cases.

Aims of this report

This report shares information about cases where internal control weaknesses in public bodies have led to fraud and irregularity, to help prevent similar circumstances happening again. External auditors have shared specific details about significant frauds and other irregularities in public bodies during 2021/22. The level of fraud and irregularity reported by external auditors was over £354,000, which is a very small proportion of the 2021/22 Scottish budget of £54 billion.

External auditors are required to report frauds, or suspected frauds, to Audit Scotland where they are caused or facilitated by weaknesses in public bodies' **internal controls**. Frauds and irregularities are considered significant where the value of the loss is over £5,000 or where it is of significance owing to the nature of the activity.

The cases included in this report are likely to have been investigated internally, but it is not necessary for the police to have been involved or for it to have been proven as fraud in a court of law.

Reporting cases about fraud and irregularity and sharing information about what happened helps highlight weaknesses in internal controls and aims to help prevent similar circumstances from happening in other public bodies.



Internal controls help organisations to respond to risks, to comply with legislation and regulations and to prepare quality financial information. This includes policies and procedures organisations put in place to help prevent errors and irregularities.

Public bodies are encouraged to consider whether the weaknesses in internal control that facilitated each of the cases highlighted in this report may also exist in their own arrangements and take the required corrective action.

Fraud and irregularity identified during 2021/22

Fraud and irregularity reported during 2021/22 totals over £354,000 and falls into the following categories:



1 case

Pension fund



1 case

Procurement cards



1 case

Invalid supplier



1 case

Ticket income



2 cases

Covid-19 funding - 2 cases are included in this report as examples.



1 case

IT and cybercrime

Control weaknesses

The fraudulent and irregular activity reported by external auditors during 2021/22 highlighted control weaknesses which contributed to the fraudulent and irregular activity.



Not checking customer details are up to date



Procedures not followed



Weak IT security arrangements



A lack of staff training



A weak authorisation process for payments



Easily circumvented procedures

Specific details of the fraud and irregularity are reported on the following pages.

Pension fraud

Pension fraud relates to people receiving payments from a pension fund to which they are not entitled.

Case Study 1: Pension fraud

A family member of a deceased pensioner continued to collect £300,000 of pension payments over a 31-year period from a public sector pension fund.



Key features

The pension fund was not notified of the death of the pensioner and the pension payments continued to be paid.

The fraud was discovered by the pension fund after mail sent to the deceased pensioner was returned.

The fraud was possible as the pensioner's death pre-dated data-matching controls which are now in place to automatically highlight when a pensioner has died.

The pension payments have been stopped and the matter reported to Police Scotland.

Expenditure fraud

Expenditure frauds relate to cases where a body has incurred additional expenditure because of fraud. This may be due to invalid suppliers, fictitious invoicing, or the redirection of payments intended for legitimate suppliers.



Action Fraud UK is the national centre where individuals can report fraud and cybercrime.

Case Study 2: Corporate procurement card fraud

A council employee misused a corporate procurement card to fund personal purchases valued at over £7,300.



Key features

The employee used an emergency authorisation process to bypass the requirement to obtain authorisation at a local level. It was therefore not identified that the purchases were not legitimate. The employee also dishonestly accessed emails and misused a computer system to fraudulently authorise their own purchases.

The fraud was identified through budgetary control processes.

The employee has been dismissed and reported to the Procurator Fiscal. Two managers are also subject to the council's disciplinary procedures.

The council has since provided staff with detailed instructions and training which outline the proper process for using and authorising corporate procurement cards.

Case Study 3: Invalid supplier

A third party defrauded over £23,000 from a public body by purporting to be a supplier to the body.



Key features

The public body received a request by email to amend a supplier's bank account details. The supplier's email address had been intercepted by a fraudster who requested the change.

The fraud was possible as the public body did not telephone the supplier to verify the change of bank details.

The issue was identified when the genuine supplier queried why the payment had not been received.

The public body's internal audit team has reviewed the process for changing suppliers' bank account details. Improvements have been made to procedures and training has been provided for relevant staff.

The matter has been reported to Police Scotland and **Action Fraud UK** has also been notified of the case.

Income fraud

Income fraud relates to cases where a body has lost income because of fraud.

Case Study 4: Admission ticket income

Third parties defrauded over £8,600 in admission ticket income from a public body.



Key features

Unknown third parties fraudulently purchased and then resold admission tickets for events. The purchases were made using credit cards issued by an international provider. A loss was incurred as tickets had been used before the fraud was identified.

The fraud was discovered when the genuine cardholders subsequently requested refunds.

The fraud was facilitated by the international card provider not having secondary authentication procedures in place. The public body has stopped accepting credit cards without any secondary authorisation procedures in place.

Processes have been put in place to enhance card holder authentication for card payments.

Covid-19 funding fraud

Covid-19 funding fraud relates to cases where fraudulent funding applications have been paid.

UK Government funding to the Scottish Government to support businesses and individuals throughout the Covid-19 pandemic was provided quickly, and often with lower levels of scrutiny and due diligence than are normally in place. Support was often provided to individuals and businesses that the paying organisation had no previous relationship with. This made verification of claims for funding difficult. To get the funding out quickly to those in need, the Scottish and UK governments introduced schemes which relied on self-declaration by the claimant.

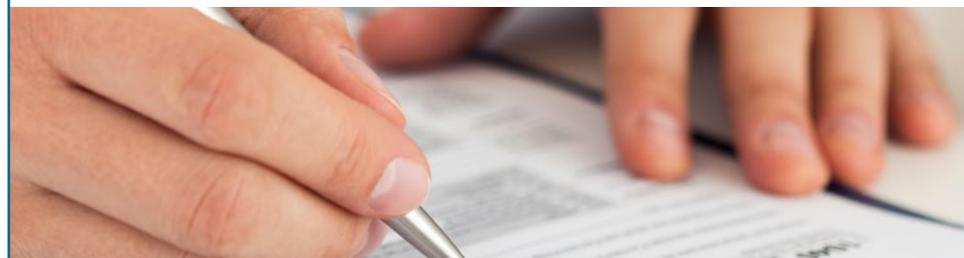
This has resulted in applicants being paid funding which subsequently have been found to have been fraudulent.



The value of some **grants** paid by councils depended on the type of business and the rateable value of the business premises.

Case Study 5: Covid-19 funding (1)

A council paid out a £10,000 Covid-19 business support grant which later was discovered to be fraudulent.



Key features

A fraudster submitted an application supported by a forged lease document for the business premises and a forged bank statement. A previous fraudulent change in ratepayer had been notified to the council.

The fraud was identified when the legitimate applicant submitted a grant application.

A second subsequent application has since been made for another grant in a subsequent grant-funding phase. The council did not process this second application.

The council has shared the details of the fraudulent application with other public bodies and has notified Police Scotland.

Covid-19 funding fraud (continued)

Case Study 6: Covid-19 funding (2)

A public body paid out a grant of £5,250 to a business based on an application having been received with a self-declaration by the business. The business stated that it had been adversely impacted by Covid-19. The public body paid out funds in accordance with the instructions and procedures issued by the Scottish Government.



Key features

The public body subsequently received a communication from a third party highlighting concern over the award of the funding to this business. The public body's internal audit team carried out a review and requested further supporting evidence. This established that the recipient did not meet the eligibility criteria for the funding.

The public body is seeking recovery of the grant paid.

Cybercrime

Cybercrime relates to losses due to crime which has been committed using computer systems and IT networks.

Case Study 7: Cyber-attack

SEPA suffered a cyber-attack and subsequent data loss on 24 December 2020. Our 2020/21 Fraud and irregularity report contained initial details which were known at that time. Further details and learning from the attack are now available and a summary is provided below.

Key features

The cyber-attack resulted in SEPA being unable to retrieve a significant amount of its data. This was despite independent reviews finding that SEPA had a high level of cyber security maturity. The criminals demanded a ransom which SEPA did not pay.

Investigations have not yet identified the exact route source of where the cyber-attack breached SEPA's systems. However, there are indications that it was through a **phishing** attack. This means there may have been a degree of human error involved, which is very difficult to mitigate against.

SEPA immediately implemented its emergency management arrangements in response to the cyber-attack. It also worked with the Scottish Government, Police Scotland, the National

Cyber Security Centre (NCSC) and the Scottish Business Resilience Centre (SBRC) to deliver a recovery strategy.

SEPA commissioned [independent reviews](#) to assist it and other public-sector organisations in learning from the incident and to help protect itself and others from ongoing cyber threats. The independent reviews identified a number of recommendations.

Public-sector bodies should review these recommendations and learn lessons from what has happened to SEPA. This incident highlights that no organisation can fully mitigate the risk of the ever-increasing threat and sophistication of a cyber-attack but it is crucial that organisations are prepared.

The Auditor General has published a [report](#) on the cyber-attack against SEPA.



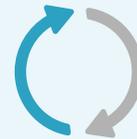
Phishing is where criminals send emails purporting to be from reputable sources to deceive individuals into providing information or data such as passwords, or to click on a link that allows malware to be downloaded.

Ways to reduce counter-fraud risks

There are many ways that public bodies can attempt to mitigate the risk of fraud as well as trying to prevent fraudulent activity from occurring.

This includes:

- understanding the organisation's fraud risks. An appropriate counter-fraud strategy and plan should be in place
- ensuring appropriate governance arrangements are in place, with oversight of counter-fraud arrangements
- agreeing the organisation's fraud risk appetite and approach to newly-emerging risks
- having appropriate fraud prevention and detection processes in place
- regularly carrying out a fraud risk assessment to identify vulnerable areas
- having internal audit regularly reviewing and evaluating controls to ensure they operate effectively and can adapt to new or emerging risks
- ensuring staff are appropriately trained in their area of work. This will include counter-fraud training specific to their role
- ensuring processes are in place to report any suspected fraud or error
- having effective fraud response arrangements in place
- reviewing any instances of fraud or error for any lessons that could be learnt to prevent future losses
- using digital innovations, eg data analytics, to help identify weakness in controls
- using data matching such as the [National Fraud Initiative \(NFI\)](#) and analytical procedures to help identify fraud or error
- working collaboratively with partners to prevent and detect fraud
- ensuring IT systems are protected and the latest guidance from bodies such as the [National Cyber Security Centre](#) is followed.



The NFI is a data matching exercise that matches electronic data within and between public and private-sector bodies to prevent and detect fraud.

Further information

Further information about Audit Scotland's work to support counter-fraud and good governance is available on our website. This includes information about:



Website:
Our work on counter-fraud



Report:
Covid-19: Emerging fraud risks
July 2020



Report:
Red flags in procurement
October 2019



Website:
The National Fraud Initiative



Blog:
Cybercrime: A serious risk to Scotland's public sector
May 2021



Report:
How councils can safeguard public money
April 2019



Report: **The 2020/21 audit of the Scottish Environment Protection Agency**
February 2022

Fraud and irregularity

2021/22

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31st October, 2022

Agenda Item No. 11

Fife IJB 2021/22 Annual Internal Audit Report

Report by: Pamela Redpath, Service Manager, Audit and Risk Management Services

Wards Affected: All

Purpose

To submit to Members of the Standards, Audit and Risk Committee, for information only, the Fife Integration Joint Board (IJB) 2021/22 Annual Internal Audit Report.

Recommendation(s)

Members are asked to note the contents of the Fife Integration Joint Board (IJB) 2021/22 Annual Internal Audit Report at Appendix 1.

Resource Implications

None.

Legal & Risk Implications

Without proper corporate governance, risk management and internal controls in place, the risk increases that the IJB, and its Health and Social Care Partnership, will not achieve its objectives and may suffer financial loss and / or reputational damage. Obtaining independent assurances around the IJB's framework of governance, risk management and control are of fundamental importance to the Council.

Impact Assessment

An Equality Impact Assessment is not required because the report is not proposing a change or revision to existing policies and practices.

Consultation

No consultation required.

1.0 Background

- 1.1 The Integrated Resources Advisory Group guidance states that it is the responsibility of the IJB to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources. This responsibility includes determining who will provide the internal audit service for the IJB and nominating a Chief Internal Auditor.
- 1.2 The IJB formally took over operational responsibility of the delegated functions with effect from 1 April 2016. As detailed in the Chief Internal Auditor's Annual Internal Audit Report for 2021/22 for the Fife IJB, Fife, Tayside and Forth Valley Audit and Management Services (FTF) were appointed as the Internal Auditors for Fife IJB for financial year 2021/22 onwards, including the role of Chief Internal Auditor. Prior to that, Fife Council's Audit Services provided those services.
- 1.3 The Internal Audit Output Sharing Protocol sets out principles in relation to the sharing of key internal audit outputs between the IJB, Fife Council and NHS Fife, including Internal Audit plans and annual reports. In the context of Fife Council and in relation to annual reports specifically, the Internal Audit Output Sharing Protocol requires the IJB Annual Audit Report to be presented to Fife Council's Standards, Audit and Risk Committee for assurance purposes. In return, Fife Council's Annual Audit Report is shared with the IJB.
- 1.4 The Chief Internal Auditor's Annual Internal Audit Report for 2021/22 for the Fife IJB, which was approved by the IJB's Audit and Assurance Committee at its meeting on 19 July 2022, is attached at Appendix 1. The report includes the Chief Internal Auditor's opinion on the IJB's internal control framework for the financial year 2021/22, which was used by the IJB to inform its Annual Governance Statement. The report also summarises the work carried out during the year that supports the opinion.

2.0 Conclusions

- 2.1 The Chief Internal Auditor's Annual Internal Audit Report for 2021/22, which is attached at Appendix 1, includes the Chief Internal Auditor's opinion on the IJB internal control framework for the financial year 2021/22.

List of Appendices

1. Fife IJB's Annual Internal Audit Report 2021/2022

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FTF Internal Audit Service

Fife IJB Internal Audit Service Annual Internal Audit Report 2021/2022

Issued To: N Connor, Chief Officer
A Valente, Chief Finance Officer (Fife H&SCP)
A Sweeney, Risk Compliance Manager (H&SCP)
F McKay, Head of Strategic Planning, Performance & Commissioning
N Aitken, Head of Corporate Services
P Redpath, Service Manager- Audit and Risk Management Services
(Fife Council)

Fife Integration Joint Board Audit and Assurance Committee
External Audit

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Section 3	Definition of Assurance	22

Draft Report Issued	08 July 2022
Management Responses Received	12 July 2022
Target Audit & Assurance Committee Date	19 July 2022
Final Report Issued	12 July 2022

INTRODUCTION AND CONCLUSION

1. The Integrated Resources Advisory Group (IRAG) guidance outlines the responsibility of the Integration Joint Board (IJB) to establish adequate and proportionate internal audit arrangements for review of the adequacy of arrangements for risk management, governance and control of the delegated resources.
2. This guidance states that the IJB has responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control. To inform this review and the preparation of the governance statement, as stated in the CIPFA framework on Delivering Good Governance in Local Government, Internal Audit is required to provide an annual assurance statement on the overall adequacy and effectiveness of the framework of governance, risk management and control.
3. Guidance issued in April 2017 requires IJBs to prepare their annual accounts and governance statements in accordance with Local Authority Accounts (Scotland) Regulations 2014. These regulations require an authority to:
 - Be responsible for ensuring that the financial management of the authority is adequate and effective and that the authority has a sound system of internal control which:
 - a) facilitates the effective exercise of the authority's functions; and
 - b) includes arrangements for the management of risk.
 - Conduct a review at least once in each financial year of the effectiveness of its system of internal control.
4. The CIPFA 'Delivering Good Governance' in Local Government Framework 2016 places a responsibility on the authority to ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.
5. To inform this review and the preparation of the governance statement, as stated in the CIPFA framework on Delivering Good Governance in Local Government, Internal Audit is required to provide an annual assurance statement on the overall adequacy and effectiveness of the framework of governance, risk management and control. As Chief Internal Auditor, this annual report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2021/22.
6. This review examined the framework in place during the financial year 2021/2022 to provide assurance to the Chief Officer, as Accountable Officer, that there is a sound system of internal control that supports the achievement of the IJB's objectives. It considered:
 - Corporate Governance
 - Clinical Governance
 - Staff Governance
 - Financial Governance
 - Information Governance
7. Whilst the IJB has made good progress strategically, operationally and financially, and its governance is characterised by openness and transparency, a range of governance

developments identified within the IJB's own self assessment and through internal and external audit recommendations need to be progressed at greater pace.

8. There are a number of ongoing developments in strategy, risk management, planning and performance, the implementation of the Ministerial Steering Group (MSG) recommendations and governance, which, once fully implemented, should ensure administrative coherence between Governance Structures, Performance Management, Risk Management and Assurance. These developments together with a commitment from the IJB to further enhance the sustainability of services will improve Fife IJB's ability to monitor the achievement of operational and strategic objectives.
9. Fife IJB has produced a draft Governance Statement for 2021/22 which reflects the IJB's own assessment for areas for development, setting out a number of actions to further strengthen governance arrangements. A number of these are complex areas which are specific to the IJB only, while others are dependent on the Partner Bodies and have remained outstanding for a number of years.
10. The Fife IJB Governance Statement noted key actions for 2022/23 as follows:
 - the development and implementation of a Risk Strategy, risk appetite and robust risk management reporting, with a session on risk appetite planned for 2022/23;
 - Further refinement of the Board skills matrix and Board self assessment framework;
 - Formal adoption and implementation of a self-assessment governance review to provide focus on key areas of development;
 - Further work in relation to the MSG report;
 - Development of statutory guidance regarding set aside services in collaboration with NHS Fife;
 - Development of a Board Induction Programme in conjunction with NHS Education for Scotland (NES).
11. Fife IJB is in an interdependent relationship with both partner bodies in which the controls in place in one body inevitably affect those in the other.
12. The NHS Fife Governance Statement concluded that *'During the 2021/22 financial year, no other significant control weaknesses or issues have arisen, in the expected standards for good governance, risk management and control'*.
13. Fife Council produced a Corporate Governance Statement which concluded that *'the last year has been a challenging year for the Council and the focus has been to ensure that support is provided to communities, individuals and businesses during these difficult times whilst safeguarding the Council's financial sustainability and maintaining service delivery. We consider that the governance and internal control environment operating within 2021-22 to provide reasonable assurance and the actions identified in section 4 will address the governance issues that have been highlighted. We are satisfied that the actions highlighted in this Statement reflect the Council's commitment to continuous improvement and once implemented, will further enhance our corporate governance and internal control arrangements.'*
14. "Section 4", as referred in paragraph 13 above, sets out the following relevant actions on areas for improvement and development:
 - The revised code of conduct for Councillors was published in December 2021. An extensive programme of induction is planned for new members and a refresh for returning Councillors is planned for 2022-23.

- The Council's risk management arrangements have improved significantly during 2021/22, an action plan was compiled in 2021/22 and this will be further developed to drive forward continuous improvement in relation to risk management.
 - Health and Social Integration - the Council noted the key actions outlined within the Fife IJB Governance Statement as detailed in paragraph 10 above.
15. An Annual Assurance Statement for Fife Council was also prepared by the Service Manager of Audit and Risk Management Services and concluded that *'the overall audit opinion reached is that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control. The conclusion also highlighted that this year, the organisations corporate risk management arrangements have been enhanced.'*
16. Whilst these statements contain some issues which are of interest to the IJB, neither would give rise to any requirement for consideration in the IJB Governance Statement.
17. As Chief Internal Auditor, this Annual Internal Audit Report to the IJB provides my opinion on the IJB internal control framework for the financial year 2021/22.
18. Based on the work undertaken, I have concluded that:

- Reliance can be placed on the IJB governance arrangements and systems of internal controls for 2021/22.

19. In addition, I have not advised management of any concerns around the following:

- Consistency of the Governance Statement with information that we are aware of from our work;
- The format and content of the Governance Statement in relation to the relevant guidance;
- The disclosure of all relevant issues.

ACTION

20. The IJB is asked to note this report in evaluating the internal control environment for 2021/22 and consider any actions to be taken on the issues reported for consideration.

INTERNAL CONTROL

21. FTF Internal Audit (FTF) have been appointed as the Internal Auditors for Fife IJB for 2021/22 onwards. The September 2021 Audit and Risk Committee meeting approved the Internal Audit Charter as well as a protocol for the sharing of audit outputs between the partner organisations. We can confirm that FTF complies with the Public Sector Internal Audit Standards (PSIAS).
22. PSIAS require an independent external assessment of internal audit functions once every five years. The most recent External Quality Assessment (EQA) of the NHS Fife Internal Audit Service in 2018/19 concluded that, *'it is my opinion that the FTF Internal Audit Service for Fife and Forth Valley generally conforms with the PSIAS.'*
23. The 2021/22 internal audit plan was approved by the IJB Audit and Risk Committee in September 2021. Audit work has been undertaken to allow the Chief Internal Auditor to provide his opinion on the adequacy and effectiveness of internal controls.

24. To inform our assessment of the internal control framework, we developed a self assessment governance checklist for completion by management. The checklist was based on the requirements of the Integration Scheme, guidance issued by the Scottish Government to support Health and Social Care Integration and best practice. It was also cross referenced to the requirements of the CIPFA 'Delivering Good Governance in Local Government Framework 2016' and supporting guidance notes for Scottish Authorities.
25. Internal Audit validated the assessments reached through discussion with management and examination of the supporting evidence and documentation. Based on our validation work, we can provide assurance on the following key arrangements in place by 31 March 2022; any ongoing developments and also comment on where further development is needed in 2022/23.
26. Last year's Annual Assurance Statement by the previous Chief Internal Auditor highlighted:
- *'The Risk Management review identified the need for clarity on whether development of a shared risk management strategy has been delegated to the IJB and the need for a timetable to drive completion of the risk review actions. These actions were delayed due to dependencies of the outcome of the review of the Integration Scheme.'*
 - *The Transformation and Change Governance Review focused on how IJB transformation and change governance arrangements align to its priorities and the IJB's overall governance structure. The recommendations related to clearly linking the IJB Strategic Plan and its resultant transformation programmes to the Plan for Fife, updating the Governance Manual to include strategic planning and transformation governance processes, developing a change management framework and highlighted areas of improvement the transformation governance process.*
 - *The IJB Financial Regulations Audit confirmed that the IJB has approved regulations, which are included in the Governance Manual, but highlighted that these require be reviewing and updating to clearly set out financial management responsibilities for the Health and Social Care Partnership.*
 - *The overall outcome of the self assessment on Governance arrangements during Covid19 highlights that risk management, governance and internal controls and assurance have been key considerations in the recovery and redesign of services with decision making supported by financial management and reporting.'*
27. Follow up and assessment of the recommendations from the previous Annual Assurance Statement will be included in the next follow up report.

Our evaluation of the IJB Governance Framework is summarised below:

A – Corporate Governance
A1 – Key arrangements in place at year end 2021/22
<p>Integration Scheme</p> <ol style="list-style-type: none"> I. The September 2021 Finance, Performance and Resources Committee and Clinical Governance Committees meetings considered the revised Integration Scheme (IS) and recommended approval to the IJB Board of the revisions to the IS, to enable NHS Fife Board to provide formal approval before submission to the Scottish Government. The IS was formally approved by Scottish Ministers on 8 March 2022. Updates on the IS were provided in Fife IJB Development Sessions on 5 February and on 6 August 2021. II. The approved IS was presented for assurance to the March 2022 IJB meeting. The Governance Manual is being updated to reflect changes in governance structures and updates to the IJB Standing Orders and Financial Regulations, arising from the new IS. <p>Covid Arrangements</p> <ol style="list-style-type: none"> III. During the year, Covid has had no further impact on the governance arrangements of Fife IJB with all meetings held virtually. IJB members have continued to receive briefings during peaks of the pandemic keeping them informed of service challenges and responses. IV. During the Covid pandemic, there was a necessary shift of focus in all IJBs towards operational priorities, which reflected the extreme risks in those areas as well as an influx of Covid related funding which lessened the immediate financial risk. In future, the risks related to financial sustainability are likely to rise sharply and rapidly. However, whilst the longer term financial risks have increased, the culture and conditions which provided financial stability may have dissipated in the face of overwhelming operational pressures, the prioritisation of operational activity and ease of access to funding. V. The focus on cost improvement is intended to reset the culture, with processes to ensure strong financial grip and strategic prioritisation of financial balance to be re-established. <p>Strategic Plan</p> <ol style="list-style-type: none"> VI. Work has commenced on the development of a full replacement strategic plan. The Strategic Planning Group has resumed meetings in May 2022, after the group was paused and the new Strategic Plan is due in November 2022. A Strategic Plan update was provided at the IJB development session on 25 February 2022. Whilst we welcome this update which provided an opportunity for an open discussion, internal audit F05-22 Strategic Plan Review is progressing and focuses on the development of the new Strategic Plan and will highlight that regular formal update papers on the direction, timetable and progress of the replacement Strategic Plan to the IJB is required. VII. A revised IJB Participation and Engagement Strategy for Fife 2022-25 is in development.

- VIII. Given the scale of changes to demand, operations and availability of resources, this work will be fundamental to the future sustainability of services, and should be an area of focus for the IJB Board, notwithstanding the many operational exigencies that may arise. The IJB will need to balance the very serious risks posed by the current operational pressures, with the potentially existential risks to services created by the demographic and workforce pressures which were already threatening sustainability, even before Covid both exacerbated those pressures and created a range of new difficulties.
- IX. The SGHSCD issued the 'NHS Recovery plan' on 25 August 2021. The recent Audit Scotland report 'NHS in Scotland 2021' stated that 'The ambitions in the plan will be stretching and difficult to deliver against the competing demands of the pandemic and an increasing number of other policy initiatives. The recovery plan will involve new ways of delivering services and these will take a lot of work. There is not enough detail in the *plan to determine whether ambitions can be achieved in the timescales set out.*'
- X. Whilst the IJB will need to be cognisant of SG ambitions, its priority must be the production of a realistic, achievable strategy which addresses the needs of the local population post-Covid within the parameters of available resources, most particularly financial, digital and workforce. This will almost inevitably involve extremely difficult decisions, which may not fully align with public or SG expectations.

Performance Management

- XI. The Fife Health & Social Care Partnership (HSCP) Performance Report Executive Summary presented to the March 2022 IJB meeting showed operational performance has been challenging where Covid19 continues to impact on operational activity. The following indicators have deteriorated in comparison to the previous year:
- Performance for Emergency admissions and Emergency Admissions from A&E;
 - Performance on Unscheduled hospital bed days;
 - A&E % seen within 4 hours;
 - Delayed discharge bed days: All reasons; Delayed discharge bed days: Code 9 and Delayed discharge bed days: Health and Social Care Reasons.
- XII. The following indicators have shown an improvement in performance in comparison to the previous year:
- A&E Conversion Rate %;
 - Unscheduled hospital bed days – Mental Health;
 - A&E Attendances;
 - Delayed discharge bed days: Patient/Carer/Family-related reasons;
 - Percentage of last six months of life: Community Percentage of population in community or institutional settings (65+)
- XIII. We evidenced regular performance reporting to the Fife IJB as well as the Finance & Performance Committee (F&PC) now Finance, Performance & Scrutiny Committee (FP&S). The Annual Performance Report scheduled for presentation to the July 2022 meeting of the FP&S Committee has been delayed. We have been informed by the Chief Officer that the Scottish Government reporting timescale is for November 2022 and that progress is on track for this date.

Remobilisation

- XIV. Regular verbal updates on Covid19 and Remobilisation have been provided to the Fife IJB throughout 2021/22. A Covid19 and Remobilisation Briefing was circulated to members prior to the IJB meeting on 22 April 2022. The HSCP is using the Operational Pressures Escalation Levels (OPEL) tool to manage day-to-day pressures, with clear triggers for action and escalation. The Chief Officers Report to the 25 March 2022 IJB meeting stated that 'whilst we are working towards mobilising services, this has to be when this is safe to do so and is monitored on a daily basis using the OPEL tool.'
- XV. A self-assessment paper on Governance Arrangements during Covid19 was presented to the June 2021 meeting of the IJB Audit and Risk Committee. The overall outcome of the self assessment highlighted that risk management, governance and internal controls and assurance were key considerations in the recovery and redesign of services with decision making supported by financial management and reporting.

Governance arrangements

- XVI. The remit of the Audit and Risk Committee for 2021/22 required a minimum of 4 meetings per financial year. The Audit and Risk Committee Terms of Reference state that an Annual Statement of Assurance will be submitted to the IJB and to both partner organisations, but this has not been presented for 2021/22. We have been informed by the Chief Officer that due to the election the committee and IJB meetings were impacted and therefore it will be presented alongside the Annual Assurance Statements for the F&PC and Clinical & Care Governance Committee (C&CGC) to the July 2022 meeting of the Audit and Assurance Committee.
- XVII. We welcome the use of an action tracker which provides governance committees with the opportunity to monitor progress on actions agreed as part of previous meetings discussion.
- XVIII. All the IJB's Governance Committees have in place annual workplans to ensure that they fulfil their remits through the business undertaken during the year. However, these have not been presented for consideration and approval in 2021/22. We recommend that the annual workplans are presented to the Committees at the beginning of the year.

Transformation

- XIX. The Fife HSCP Transformation Board held an initial meeting on 24 January 2022 and an update on Transformation and Change was provided to the March 2022 meeting of the F&PC. The paper included the draft Terms of Reference of the Transformation Board and updates on the programmes, along with the Transformation Portfolio Dashboard which provides a RAG status for all the programmes. The dashboard as at 24 January 2022 reported seven of the nine projects as green (successful delivery is highly likely), with two projects reported as amber (the project is feasible with existing issues which require attention).

Risk Management

- XX. The Fife IJB Risk Management Strategy was approved by the IJB in December 2019. Following the recent updating of the IS, a revised Risk Management Strategy is to be developed and will include risk appetite.

- XXI. The Strategic Risk Register has been reviewed and updated, and was presented to the 13 January 2022 meeting of the Audit and Risk Committee and the January 2022 meeting of the IJB.
- XXII. Reports on risk management were reported to all the Audit and Risk Committee meetings in 2021/22, most recently in April 2022. The Strategic Risk Register details 10 risks, 5 risks with high residual scores and 5 risks with medium residual scores.
- XXIII. Whilst we note the minimal change to the risk profile during the year, we would expect this to change as the new risk arrangements embed within the organisation. With the revised committee structure and the recent review of Strategic Risk Register, it is an opportune time for strengthening the governance arrangements around Strategic Risks by delegating them to the relevant governance committees and where these risks have a current residual risk score above the target risk score or tolerance level, a deep dive review should be undertaken. The Chief Internal Auditor has provided advice to the Risk Compliance Manager on the Strategic Risk Register. In addition, any decision papers should incorporate FTF Assurance Principles and provide informative narrative on risk within the committee paper template.

Risk	Residual Risk Score (April 2022)	Residual Risk Score (March 2021)	Target Score	
Finance	HR (16)	HR(20)	MR 8	↓
Contractual /Market Capacity	HR (16)	HR (16)	MR 9	→
Primary Care Services	HR (16)	HR (16)	MR 8	→
Whole System Capacity	HR (16)	New Risk	MR 8	↑
Strategic Plan	HR (16)	HR (15)	MR 8	↑
Workforce	MR (12)	MR (12)	MR 8	→
Demographic/Changing Landscape Impacts	MR (12)	MR (12)	MR 8	→
Clinical and Care Governance	MR(12)	MR(12)	LR 6	→
Transformation Change	MR(12)	MR(12)	LR 4	→
Resilience	MR(10)	MR(10)	MR 8	→

Directions

- XXIV. A Directions Policy was approved at the April 2021 meeting of the IJB. The Monitoring and Review section of the Directions Policy states that 'a Directions tracker will be used as the template for monitoring progress on the delivery of each Direction on a six monthly basis,' with the F&PC charged with responsibility for oversight of the implementation of the Directions. However, no update on the

monitoring of Directions was provided to the F&PC Committee throughout 2021/22.

Feeley Report

- XXV. The Chief Officer provided information on the Independent Review of Adult Social Care in Scotland report (the Feeley Report), published in February 2021 to a virtual IJB development session on 6 August 2021.
- XXVI. We would highlight the recent Audit Scotland report which stated that fundamental transformation of services is required now and cannot wait for the formation of the new National Care Service; As pointed out in the Strategy section above; difficult strategic decisions require to be made now.

Category 1 Responders/ Business Continuity

- XXVII. IJBs are now Category 1 Responder bodies and the Fife HSCP Resilience Assurance Group (Assurance Group) remit is to ensure the HSCP supports compliance with the duties of the Civil Contingencies Act for the IJB, NHS Fife and Fife Council. It is also required to provide assurance that the Partnership effectively prepares for, responds to and recovers from civil emergencies and business continuity disruptions impacting on Fife's Communities and the delivery of Health and Social Care services. The Assurance Group held its first meeting on 31 March 2022 and met again on 12 May 2022. The remit of the Group also states that it will provide progress updates to the Senior Leadership Team and formally report progress to the relevant committees and IJB on an annual basis.

Best Value

- XXVIII. A Best Value Framework paper was presented to the January 2019 meeting of the F&PC Committee, setting out key areas where the IJB would seek to demonstrate delivery of best value for the delegated functions. A Best Value Position Statement was presented to the February 2020 meeting of the Audit and Risk Committee. An Annual Review of Best Value is scheduled to the July 2022 meeting of the FP&S.

Code of Conduct/ Induction

- XXIX. At its March 2022 meeting the IJB adopted the new model Code of Conduct, section 4 of which refers to responsibilities for declaration of interests. In addition, the IJB and governance committees have a standing agenda item for members to declare interests at the beginning of each meeting. We were informed by the Chief Officer that a questionnaire was sent to all IJB members seeking their input for induction and a handbook has been developed. The Head of Corporate Services has advised that an initial induction Development Session was held in June 2022 and a second Development Session is planned for August 2022 for Members.

A2 – Planned and ongoing developments

These areas have been identified as requiring development according to the Governance Statement of the Fife IJB.

- I. An update on the MSG self assessment was provided to the April 2022 meeting of the Audit and Risk Committee and included an action plan of quarterly deadlines and planned completion dates for outstanding actions. Two areas will require

<p>further investigation before implementation dates can be agreed:</p> <ol style="list-style-type: none"> II. Delegated hospital budgets & set aside budget requirements must be fully implemented. III. Improved capacity For Strategic Commissioning of delegated hospital services must be in place. IV. The Annual Governance Statement identified the following areas as requiring improvement: <ul style="list-style-type: none"> • Implementation of statutory guidance regarding set aside services in collaboration with NHS Fife. • Implementation of statutory guidance regarding Directions which was approved at IJB in April 2021 • Implementation of various internal and external audit actions and recommendations • Organisational restructure changes and associated governance.
<p>B –Financial Governance/ Clinical & Care Governance / Staff Governance/ Information Governance</p>
<p>Key arrangements in place as at year end 2021/22 as well as planned and ongoing developments</p>
<p>B1- Financial Governance</p>
<ol style="list-style-type: none"> I. The April 2022 revision of Terms of Reference for governance committees replaced the Finance & Performance Committee with a Finance, Performance and Scrutiny Committee (FP&S). The FP&S will meet a minimum of six times per financial year. II. Following the agreement of the IS, we have been advised that the Financial Regulations have been updated and will be presented to the FP&S. III. The provisional year end position at 31 March 2022 of the combined HSCP delegated and managed service report was a projected outturn underspend of £5.846m. Variance analysis was provided for any variance over £300k. IV. Financial monitoring reports were regularly considered by the IJB and the then Finance & Performance Committee throughout 2021/22, including the projected outturn position, as well as details on the financial impact of Covid19 and remobilisation costs in the Local Remobilisation Plan, the reserves position, and general information on the savings plan. V. A savings plan for the year was agreed at the March 2021 meeting of the F&PC Committee. The total value of planned savings for the 2021-22 financial year was £8.723m. A financial tracker is included within the draft report to the Finance Governance Board which provided an update on all savings and highlights that £7.479m was attained, which is 85.7% of savings against the target. VI. A Medium Term Financial Strategy 2021-2024 for the IJB was presented and approved at the March 2021 meeting of the F&PC. VII. The Integrated Budget has been agreed but the Large Hospital Set Aside (LHSA) budget has been delayed due to the pandemic. The Chief Finance Officer advised that this work will recommence with a focus on an appropriate delivery model,

<p>which, in turn, will allow the finance to follow the model. We welcome this approach and have recommended across our other FTF clients that the LHS is instrumental to the strategic shift in the balance of care and that the focus should be on strategic, holistic solutions which allow the transfer of resources to facilitate improvements in services and shifting the balance of care.</p> <p>VIII. The future financial framework will carry much larger risks for the financial sustainability of the organisation, meaning that transformation and service redesign will be even more important. The format and content of reporting on savings progress should highlight any potential shortfalls as soon as possible, together with an explanation of lessons learned and remedial action, as well as future commentary on its effectiveness.</p> <p>IX. The IJB has not previously undertaken a self assessment of compliance with the CIPFA statement on the role of the Chief Finance Officer (CFO). The CFO has now completed the checklist and assessed all elements as either compliant or not applicable. We recommend that as part of the year end assurance process in the future, the CFO checklist is submitted to a relevant governance committee e.g. Audit & Assurance Committee.</p>
<p>B2 – Clinical & Care Governance</p>
<p>I. A review of Governance Structures was presented to the April 2022 Meeting of the IJB, including Terms of Reference for the Quality and Communities Committee (QCC) which has replaced the Clinical & Care Governance Committee (C&CGC). The Terms of Reference states that the QCC will meet a minimum of six times per financial year.</p> <p>II. The Chief Officer has advised internal audit that the Quality Matters Assurance Group (QMAG) will report operationally to the SLT Assurance Group, Chaired by the Director of Health and Social Care with escalation to QCC. The governance structures underneath the QMAG are in development. We previously highlighted that the Terms of Reference of the QCC do not refer to the QMAG which is a fundamental omission. Similarly the new QMAG Terms of Reference still refer to the C&CGC, and is being further developed.</p> <p>III. Internal audit F06-22 Clinical & Care Governance is reviewing arrangements over the continued development of the Clinical and Care governance arrangements for the partnership and will be reported to the September 2022 Audit and Assurance Committee, with recommendations for improvement including the issues with Terms of Reference referred to above.</p> <p>IV. The Clinical and Care Governance Strategy 2015-2018 remains in place, whilst the revised Clinical and Care Governance Strategic Framework is in development.</p> <p>V. The August 2021 meeting of the C&CGC considered a paper on the Mental Welfare Commission (MWC) Authority to Discharge Audit & Findings for the HSCP. A Short Life Working Group was set up to address the recommendations and an improvement plan was developed. The SBAR stated that ‘the updated report following the submission of evidence from the MWC indicated that Fife did not place anyone without consent and without a legal duty.’ However not all actions were completed and no further reports have been provided. We recommend an update on the status of the improvement plan is brought back to the Quality and Communities Committee for assurance.</p> <p>VI. The March 2022 meeting of the C&CGC approved its Annual Assurance Statement</p>

for 2021-2022. The Annual Assurance Statement provides the IJB, and through the IJB, the NHS Fife Governance Committees and the Fife Council Scrutiny Committee, with assurance that adequate and effective Clinical & Care Governance arrangements were in place across all Divisions of the Fife HSCP during the year.

- VII. The C&CGC received Complaints updates at their September 2021 and March 2022 meetings.

B3 - Staff Governance

- I. The Fife HSCP Workforce Strategy and Plan 2022-2025 is in draft and is planned for presentation to the Senior Leadership Team (Strategic) on 20 July 2022 and then to the FP&S Committee, before presentation to the July 2022 IJB meeting, before submission to the Scottish Government.
- II. We have noted here and in other FTF clients, that workforce is likely to be the biggest risk to the achievement of all IJBs' operational and strategic objectives and the main challenge for the Health Board, Council, third and private sectors who will deliver the Strategic Plan. As such, it is essential that the workforce risk reflects the seriousness of these challenges in the long and short term, that it incorporates the actions arising from the workforce plan and that the partner bodies provide robust assurance on delivery.
- III. The IJB does not currently receive specific staff governance assurances from the employing partners and we recommend that the overall review of assurances on strategic risks to the IJB should include assurances over staff governance.
- IV. Since 1 April 2021, NHS organisations have been required to follow National Whistleblowing Principles and Standards. This includes specific information for HSCPs (Part 8). Whistleblowing arrangements were discussed at the Local Partnership Forum and the IJB place reliance on the Fife Council and NHS Fife policies on anti Fraud and Corruption arrangements, although, at present, neither NHS Fife or Fife Council provide formal assurance to the IJB on compliance.

B4- Information Governance

- I. Fife Council, NHS Fife and the IJB have developed and agreed an over-arching Information Sharing Agreement (ISA) which governs and supports the sharing of personal information between the Fife partner agencies. The ISA utilises the templates and guidance provided in the Scottish Government's Information Sharing Toolkit, which was developed as a data sharing standard for public bodies. The Toolkit aligns with the Data Sharing Code of Practice published by the Information Commissioner and takes account of changes introduced through the EU General Data Protection Regulation and the UK Data Protection Act 2018.
- II. A Records Management Plan was submitted to and agreed by the Keeper of the Records of Scotland in December 2021. The Public Records (Scotland) Act Assessment Teams Evaluation concluded that Fife IJB continue to take their statutory obligations seriously and are working hard to bring all the elements of their records management arrangements into full compliance with the act and fulfil the keepers expectations.

ACKNOWLEDGEMENT

28. On behalf of the Internal Audit Service I would like to take this opportunity to thank the Chief Officer and Chief Finance Officer of the IJB as well as staff within the partnership for the help and co-operation extended to Internal Audit throughout the year.

A GASKIN, BSc. ACA
Chief Internal Auditor

Action Point Reference 1**Finding:**

The development of an achievable IJB Strategic Plan within available resources is vital. During the Covid pandemic, there was a necessary shift of focus towards operational priorities, which reflected the extreme risks in those areas as well as an influx of Covid related funding which lessened the immediate financial risk. In future, the risks related to financial sustainability are likely to rise sharply and rapidly, with the acute sector in particular facing very significant financial challenges.

However, whilst the longer term financial risks have increased across NHS Scotland and beyond the culture and conditions which provided financial stability may well have dissipated in the face of overwhelming operational pressures, the prioritisation of operational activity and ease of access to funding.

Maintaining the culture and processes which allows strong financial grip and strategic prioritisation of financial balance will require constant vigilance and refocusing of the IJB's intent and will.

Audit Recommendation:

The IJB should ensure that financial sustainability is given appropriate priority in all decisions, recognising that money spent now will not be available for future needs. The Strategic planning process must give suitable priority to financial (and indeed workforce) sustainability.

There may be benefit in a future IJB Development sessions giving overt consideration as to how such a culture can be reinforced in all future decisions.

Assessment of Risk:

Our assessment of the above finding is as follows:

Moderate



Weaknesses in design or implementation of controls which contribute to risk mitigation.

Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.

Management Response/Action:

The SLT have recognised the importance of aligning the strategic plan with Medium Term Financial Strategy and workforce strategy and this is clearly documented in the budget papers presented to the IJB in March.

A paper which identifies the budget gap over the medium term will be presented to the IJB in September /October of 2022. This document will clearly identify the planning assumptions and that actions to close the budget gap will be required, and brought back for consideration to a future IJB meeting. There will also be development sessions with committee members that ensure there is priority to ensure financial balance.

The finance governance board will also have a standing agenda item which considers

delivery of savings and support mechanisms where obstacle to delivery have been identified.	
Action by:	Date of expected completion:
Chief Finance Officer	31 March 2023

Action Point Reference 2	
Finding:	
We have noted here and in our reporting to other FTF clients, our view that workforce is likely to be the biggest risk to the achievement of the IJB's operational and strategic objectives and the biggest challenge for the Health Board, Council, 3 rd and private sectors who will deliver the Strategic Plan.	
Audit Recommendation:	
As one of the most critical risks facing the organisation, it is essential that the workforce risk reflects the seriousness of these challenges in the long and short term, that it incorporates the actions arising from the workforce plan and that the partner bodies provide robust assurance on its delivery to the IJB.	
Assessment of Risk:	
Our assessment of the above finding is as follows:	
Significant	 <p>Weaknesses in control or design in some areas of established controls.</p> <p>Requires action to avoid exposure to significant risks in achieving the objectives for area under review.</p>
Management Response/Action:	
Workforce risk to be reviewed and updated clearly describing level of risk and the short /medium term actions being taken to address/mitigate the concerns and the assurance sought from partners on delivery.	
Action by:	Date of expected completion:
Chief Officer	31 March 2023

Action Point Reference 3	
Finding:	
With the revised committee structure and the recent review of Strategic Risk Register, it is an opportune time for strengthening the governance arrangements around Strategic Risks and the operation of assurances to Committees.	
Audit Recommendation:	
We recommend that the Strategic Risks are delegated to the relevant governance committees and where these risks have a current residual risk score above the target risk score or tolerance level, a deep dive review should be undertaken to allow further detailed scrutiny and reported to the relevant governance Committee. Appendix A of the Committee Assurance Principles documents (shared by internal audit) provides suggested questions for risk owners and questions for committees which may be useful in shaping discussion.	
As the new structure of the governance committees has been approved it is an opportune time for the IJB to consider the overall flow assurance, through the remits, workplans, reporting papers and annual reports and how they can be fulfilled on a timely basis. A set of Assurance Principles were developed by the FTF Chief Internal Auditor, working with officers from NHS Fife and other Client Health Boards, together with a series of questions which would help Standing Committees assess the assurances they receive on risks delegated to them. These Principles have been shared with the IJB's Senior Management Team.	
Assessment of Risk:	
Our assessment of the above finding is as follows:	
Moderate	 Weaknesses in design or implementation of controls which contribute to risk mitigation. Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.
Management Response/Action:	
Development sessions for each of the committee's to discuss the recommended committee assurance principles in accordance with the strategic risks delegated to each committee with regular review of risks is included in the committee work plan and the full risk register will be overseen by the Audit and Assurance Committee.	
Ensure a robust work plan in place for all committees and IJB.	
Action by:	Date of expected completion:
Chief Finance Officer	30 December 2022

Action Point Reference 4	
Finding:	
<p>Since 1 April 2021, NHS organisations are required to follow National Whistleblowing Principles and Standards. This includes specific information for HSCPs (Part 8). Whistleblowing arrangements were discussed at the Local Partnership Forum and the IJB places reliance on the Fife Council and NHS Fife policies to anti Fraud and Corruption arrangements.</p>	
Audit Recommendation:	
<p>We recommend that the Fife IJB receive assurance from its partners on the processes in place for Whistleblowing and Fraud and an update is provided for assurance to the Fife IJB on the HSCP's responsibilities on these arrangements.</p>	
Assessment of Risk:	
<p>Our assessment of the above finding is as follows:</p>	
<p>Merits attention</p>	<p> There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.</p>
Management Response/Action:	
<p>Whistleblowing has been discussed on various occasions at SLT and LPF. There is clarity from both partners as to what these arrangements are. We have a nominated lead in the HSCP and they will bring a report to IJB in due course.</p>	
Action by:	Date of expected completion:
Chief Officer	30 December 2022

Action Point Reference 5	
Finding:	
<p>A Fife IJB Directions Policy was approved at the April 2021 meeting of the IJB. The Monitoring and Review of Directions section states that <i>'a Directions tracker will be used as the template for monitoring progress on the delivery of each Direction on a six monthly basis,'</i> with the F&PC Committee (now FP&S) charged with responsibility for oversight of the implementation of the Directions. However, no update on the monitoring of Directions was provided to the F&PC Committee throughout 2021/22.</p>	
Audit Recommendation:	
<p>We recommend an update is provided on the monitoring of Directions to the Finance Performance and Scrutiny Committee as outlined within Directions Policy approved at the April 2021 IJB meeting.</p>	
Assessment of Risk:	
<p>Our assessment of the above finding is as follows:</p>	
<p>Merits attention</p>	<p> There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.</p>
Management Response/Action:	
<p>This something that is currently being progressed by SLT and is scheduled to be reported to IJB on a quarterly basis with the first report scheduled for end of August.</p>	
Action by:	Date of expected completion:
Chief Finance Officer	30 September 2022

Action Point Reference 6	
Finding:	
The IJB has not previously undertaken a self assessment of compliance with the CIPFA statement on the role of the Chief Finance Officer (CFO). The CFO has now completed the checklist and assessed all elements as either compliant or not applicable.	
Audit Recommendation:	
We recommend that as part of the year end assurance process in the future, the CFO checklist is considered by a relevant governance committee e.g. Audit and Assurance Committee.	
Assessment of Risk:	
Our assessment of the above finding is as follows:	
Moderate	 Weaknesses in design or implementation of controls which contribute to risk mitigation. Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.
Management Response/Action:	
The Chief Finance Officer will develop a report for presentation to a governance committee.	
Action by:	Date of expected completion:
Chief Finance Officer	30 September 2022

Assessment of Risk

To assist management in assessing each audit finding and recommendation, we have assessed the risk of each of the weaknesses identified and categorised each finding according to the following criteria:

Risk Assessment		Definition	Total
Fundamental		Non Compliance with key controls or evidence of material loss or error. Action is imperative to ensure that the objectives for the area under review are met.	None
Significant		Weaknesses in control or design in some areas of established controls. Requires action to avoid exposure to significant risks in achieving the objectives for area under review.	One
Moderate		Weaknesses in design or implementation of controls which contribute to risk mitigation. Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.	Three
Merits attention		There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.	Two

Standards, Audit and Risk Committee of 28 November 2022			
Title	Service(s)	Contact(s)	Comments
Data Protection Annual Report	Finance and Corporate Services	Fiona Smyth-fc	
RIPSA Annual Report	Finance and Corporate Services	Lindsay Thomson	
Standards Commission for Scotland - Annual Report and accounts and Decisions of the Hearing Panel of the SCS	Finance and Corporate Services	Lindsay Thomson	
Standards, Audit and Risk Committee Forward Work Programme	Finance and Corporate Services	Lindsay Thomson	
Risk Management Update	Finance and Corporate Services	Pamela Redpath	
Fife Council and Charitable Trusts - Annual Audit Report and Audited Accounts	Finance and Corporate Services	Elaine Muir	

Standards, Audit and Risk Committee of 2 March 2023			
Title	Service(s)	Contact(s)	Comments
Minute			
Standards, Audit and Risk Committee Forward Work Programme			

Standards, Audit and Risk Committee of 25 May 2023			
Title	Service(s)	Contact(s)	Comments
Minute			
Standards, Audit and Risk Committee Forward Work Programme			

Unallocated			
Title	Service(s)	Contact(s)	Comments
Local Government in Scotland: Challenges and Performance			
Safeguarding & Self- Assessment Action Plan, including Committee Self- Assessment 2021-22		Pamela Redpath	
Update Report on the Outcome of the RISPA Inspection		Lindsay Thomson	
Financial Overview Report		Elaine Muir	