

Report of the Head of Internal Audit

**Audit & Counter Fraud Monitoring Report**

**Summary**

- 1 This report provides an update on progress made in delivering the internal audit workplan for 2018/19 and on current counter fraud activity.

**Background**

- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). In accordance with the standards, periodic reports detailing the outcomes of internal audit work are presented to this committee.

**Internal Audit**

- 3 To date (up to 21<sup>st</sup> November 2018), internal audit has completed 15% of the 2018/19 audit plan (compared to 31% at this point last year). The figure is based on reports issued and does not reflect audits in progress or recently completed<sup>1</sup>. The level of completion is lower than originally anticipated at this point for a number of reasons. For example scheduling issues and a higher level of non-plan audit work (for example audits of grant claims) in the early part of the year. Workplans continue to be updated to ensure that all remaining audit work can be completed and it is anticipated that the 93% target for the year will be exceeded by the end of April 2019 (the cut off point for 2018/19 audits). The current status of audits included in the audit plan is shown in annex 3.

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<sup>1</sup> The figure including work in progress and work completed but not yet reported is 69%.

- 4 Details of audits completed and reports issued since the last report to this committee in September 2018 are given in annex 1.
- 5 A number of variations to the audit plan have been approved by the Director of Customer and Corporate Services since the last report to this committee in September 2018. Details of the variations are included in annex 2.

### **External Assessment**

- 6 An external assessment of Veritau internal audit working practices was completed by the South West Audit Partnership (SWAP) in the week commencing 5 November. The review included a discussion of internal audit work with the chair of the Audit and Governance Committee and a range of chief officers at the council. Initial verbal feedback from the assessment was positive and it is expected that the reviewers will conclude that internal audit arrangements generally conform<sup>2</sup> to the Public Sector Internal Audit Standards (PSIAS). A report is expected at the end of November and a verbal update will be provided at the meeting on 5 December if it is available by that date. The findings will be reported formally to a future meeting of the committee, including any areas for improvement identified in the report.

### **Breaches of Financial Regulations**

- 7 No breaches of the council's financial regulations have been identified during the course of recent audit work.

### **Counter Fraud**

- 8 Counter fraud work has been undertaken in accordance with the approved plan. Annex 4 provides a summary of the work undertaken in the period.
- 9 Up to 31<sup>st</sup> October, the fraud team had achieved £277k in savings for the council as a result of investigation work (against a target for the year of £200k). Successful outcomes were recorded for 62% of investigations completed - where

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<sup>2</sup> PSIAS guidance suggests a scale of three ratings, 'generally conforms', 'partially conforms' and 'does not conform'. 'Generally conforms' is the top rating.

cases have resulted in some form of action against the perpetrator such as recovery of funds, prosecution, issue of a warning, or other action.

### **Consultation**

- 10 Not relevant for the purpose of the report.

### **Options**

- 11 Not relevant for the purpose of the report.

### **Analysis**

- 12 Not relevant for the purpose of the report.

### **Council Plan**

- 13 The work of internal audit and counter fraud helps to support overall aims and priorities by promoting probity, integrity and accountability and by helping to make the council a more effective organisation.

### **Implications**

- 14 There are no implications to this report in relation to:

- **Finance**
- **Human Resources (HR)**
- **Equalities**
- **Legal**
- **Crime and Disorder**
- **Information Technology (IT)**
- **Property**

### **Risk Management Assessment**

- 15 The council will be non-compliant with the PSIAS if the results of audit work are not reported to the committee and could

therefore be exposed to increased levels of scrutiny and challenge.

### **Recommendation**

- 16 Members are asked to note the progress made in delivering the 2018/19 internal audit work programme, and current counter fraud activity.

Reason: To enable members to consider the implications of audit and fraud findings.

### **Contact Details**

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**Report  
Approved**



**Date** 22/11/2018

### **Specialist Implications Officers**

Not applicable

**Wards Affected:** Not applicable

**All**

**For further information please contact the author of the report**

### **Background Papers**

- 2018/19 Internal Audit and Counter Fraud Plan

## **Annexes**

Annex 1 - 2018/19 Audits Completed and Reports Issued

Annex 2 - Variations to the 2018/19 Audit Plan

Annex 3 - Current Status of Planned Audits

Annex 4 - Counter Fraud Activity

## **Available on the Council's website**

The following Internal Audit reports referred to in annex 1 are published on the council's website:

- ICT Governance & Cyber Security
- Overtime
- Section 106 Agreements

Information which might increase risk to the council, its employees, partners or suppliers has been redacted.