

Audit & Counter Fraud Monitoring Report

Summary

- 1 This report provides an update on progress made in delivering the internal audit workplan for 2016/17 and on current counter fraud activity.

Background

- 2 The work of internal audit is governed by the Accounts and Audit (England) 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, internal audit has completed 21% of the 2016/17 audit plan based on reports issued. The figures do not reflect audits in progress or recently completed¹. It is anticipated that the 93% target for the year will be exceeded by the end of April 2017 (the cut off point for 2016/17 audits). The current status of audits included in the audit plan are shown in annex 5.
- 4 Details of the audits completed and reports issued since the last report to this committee in June 2016 are given in annex 1.
- 5 Three of the audits listed in the annex were given a Limited Assurance opinion, and are included as annexes to this report

¹ The figure including work in progress and work completed but not yet reported is 51%.

(annex 6 - Direct Payments audit report; annex 7 - Staff Register of Interests and Gifts & Hospitality audit report; annex 8 - Sub-Contracting Arrangements (Civil Engineering and Building Maintenance) audit report). All of the other final reports referred to in annex 1 are published with the agenda papers on the council's website.

- 6 A number of variations to the audit plan have been approved by the Director of CBSS since the last report to this committee in June 2016. Details are included in annex 2.

Counter Fraud

- 7 Counter fraud work has been undertaken in accordance with the approved plan. Annex 3 provides a summary of the work undertaken.
- 8 To date the fraud team has recovered £45k in actual savings and is on track to meet its annual target (£100k). The team has achieved successful outcomes in 49% of the investigations undertaken (for example resulting in some form of action against the perpetrator, recovery of funds or other action by management).
- 9 The target for notional savings (e.g. estimated savings through housing fraud investigation) has been reduced from £500k to £250k this year. The reduction is due to a change in the scope of work undertaken for the housing department. The fraud team used to assist in the recovery of abandoned council properties but this is now the sole responsibility of the housing department.

Breaches of Financial Regulations

- 10 Five breaches of the council's financial regulations have been identified during the course of recent audit work. Details of these breaches are summarised in annex 4.

Consultation

- 11 Not relevant for the purpose of the report.

Options

- 12 Not relevant for the purpose of the report.

Analysis

- 13 Not relevant for the purpose of the report.

Council Plan

- 14 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

- 15 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

- 16 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

- 17 Members are asked to:

- (a) Note the progress made in delivering the 2016/17 internal audit work programme, and current counter fraud activity.

Reason

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

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**Report
Approved**



Date 14/09/2016

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All

For further information please contact the author of the report

Background Papers

- 2016/17 Internal Audit and Counter Fraud Plan

Annexes

Annex 1 - 2016/17 Audits Completed and Reports Issued
Annex 2 - Variations to the 2016/17 Audit Plan
Annex 3 - Counter Fraud Activity
Annex 4 - Breaches of Financial Regulations
Annex 5 - Current Status of Planned Audits
Annex 6 - Direct Payments audit report (Limited Assurance)
Annex 7 - Staff Register of Interests and Gifts & Hospitality audit report (Limited Assurance)
Annex 8 - Sub-Contracting Arrangements (Civil Engineering and Building Maintenance) audit report (Limited Assurance)

Available on the council's website

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

<http://democracy.york.gov.uk/ieListDocuments.aspx?CId=437&MId=9185&Ver=4>

- Canon Lee Secondary School
- Data Quality
- Gas Servicing
- Health and Safety follow-up
- High Needs SEN
- Implementation of School's Finance System
- Members' Allowances
- Partnerships
- Schools Themed Audit - Procurement

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

If you require a paper copy of these reports please contact jayne.carr@york.gov.uk telephone (01904) 552030.