

Internal Audit & Counter Fraud Plans 2020/21

Summary

- 1 This report seeks the committee's approval for the planned programme of internal audit work to be undertaken in 2020/21. It also includes details of the planned programme of counter fraud work.
- 2 The audit plan includes an allocation of time for work already undertaken in the period, in response to Covid-19.

Background

- 3 The council's internal audit service has to comply with the Public Sector Internal Audit Standards, and the council's own Internal Audit Charter. The standards and charter require that the Head of Internal Audit gives an annual opinion on the adequacy and effectiveness of the council's framework of governance, risk management, and control. The basis for the opinion is the programme of work that internal audit carries out. The plan is required to be approved by this committee as part of its responsibility for overseeing the work of internal audit.
- 4 An indicative risk based audit plan is drawn up each year, setting out what work will be done. The plan is a working document, and changes are made throughout the year to reflect changes in risk and issues that may arise. This is particularly pertinent this year due to the need to remain responsive to issues that arise as a result of the impact of Covid-19 on all areas of the council.

- 5 The Audit and Governance committee were consulted on the audit plan in February 2020. The results of that consultation have been taken into account in the production of the plan.
- 6 In addition to internal audit, Veritau also provides the council with specialist counter fraud services. To reflect the independent nature of the counter fraud and internal audit services, and for the purposes of transparency, counter fraud work is reported in a separate plan.

2020/21 Internal Audit Plan

- 7 Annex 1 sets out proposed internal audit work for 2020/21. The planned audit work is based on an assessment of risk undertaken by Veritau alongside discussions with chief officers and members.
- 8 The impact of Covid-19 has been considered in the planning process. This includes an updated assessment of risk by Veritau, using existing knowledge, professional networks and sector guidance. The plan was also produced with reference to the council's Covid-19 Recovery and Renewal Plan.
- 9 Total planned days for 2020/21 are 1,095. An allocation of 185 days is included for work in the first part of the year, during the initial response to Covid-19. A further 910 days is included, to be scheduled over the remainder of the year.
- 10 The 2020/21 plan aims to ensure that audit resources are prioritised towards those systems which are considered to be the most risky, or which contribute the most to the achievement of the council's priorities and objectives. For 2020/21 this will be significantly influenced by the impact of Covid-19.
- 11 The plan reflects the continued need to look at key corporate financial systems. These areas will have been significantly impacted by Covid-19 issues. The plan also recognises the continued need to meet statutory obligations for adult and children's social care and effective financial management in these areas.
- 12 The plan allocates time to key service areas within the council and identifies potential audits that will be undertaken within those areas. In order to be flexible and responsive to

emerging risks, issues and client needs, the individual audits will be agreed with officers during the year. Significant variations from the attached plan will continue to be reported to the committee during the year.

- 13 During the 2020/21 audit year regular liaison will take place with senior officers across the council, in order to determine the audits that will be done and the timing of the work. Audits will be drawn from the indicative audit plan.

2020/21 Counter Fraud Plan

- 14 Annex 2 sets out proposed areas of counter fraud work for 2020/21. No estimate of time is made for each area as this will depend on levels of suspected fraud reported to the team. Reactive investigations (determined by allegations of fraud received) account for the largest proportion of work. Priorities for work in the remaining areas will be determined in accordance with the council's Counter Fraud Strategy and Counter Fraud Risk Assessment (presented to the committee in February).
- 15 The plan includes an allocation of time for work on Covid-19 related fraud issues during the first part of 2020/21. This included support on emerging counter fraud risks and development of a Covid-19 fraud risk assessment, undertaking counter fraud checks as part of grant payment processes and the investigation of suspected Covid-19 related grant fraud. It is expected that the level of reactive fraud investigations resulting from Covid-19 related issues will continue to increase as issues come to light through post payment assurance processes.
- 16 Total planned days for 2020/21 are 1,060, which is the same as for 2019/20.

Consultation

- 17 In preparing the audit and counter fraud plans consultation has taken place with the Audit and Governance Committee, and key officers across the council.

Options

- 18 Not relevant for the purpose of the report.

Analysis

- 19 Not relevant for the purpose of the report.

Council Plan

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

Implications

- 21 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

- 22 The council will be non-compliant with the Public Sector Internal Audit Standards if the internal audit plan is not approved by the committee, and it may be subject to increased scrutiny and challenge.

Recommendation

- 23 Members are asked to
- approve the 2020/21 internal audit plan and note the proposed counter fraud plan.

Reason

In accordance with the committee's responsibility for overseeing the work of internal audit and the counter fraud service.

Contact Details

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**Report
Approved**



Date

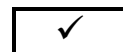
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Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All



For further information please contact the author of the report

Annexes

Annex 1 – 2020/21 Internal Audit Plan
Annex 2 – 2020/21 Counter Fraud Plan