

## **Audit & Counter Fraud Monitoring Report**

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### **Summary**

- 1 This report provides an update on the delivery of the internal audit work plan for 2020/21 and on counter fraud activity undertaken so far in 2020/21. Due to Covid-19, approval of the annual audit plan was delayed and normal work was temporarily suspended at the request of the council. Work has now resumed and this report updates members on the progress made to date in 2020/21.

### **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 on internal audit work are presented to this committee.

### **Internal Audit**

- 3 Normal internal audit work was suspended in March 2020 at the request of the council, to allow officers to respond to Covid-19. Veritau continued to provide support to the council during this time, including providing advice and assisting in the processing of Covid-19 business support grants.
- 4 The 2020/21 internal audit plan was approved by this committee at its meeting on 15 July 2020.
- 5 Annex 1 summarises the current position of 2020/21 audit plan work. To date, work has commenced on 19 audits. The audits listed are those that are underway or have been agreed with management to take place during the year. All audits are

currently being carried out remotely and virtual meetings held with officers.

- 6 The audit plan was designed to be flexible and further audits will be added as these are agreed with managers. Audits to be completed will include consideration of emerging issues and risks arising from Covid-19.
- 7 At the time audit work was suspended, there were a number of audits where fieldwork had been completed or draft reports issued. Where appropriate, these are now being finalised and actions agreed with managers. Reports finalised since the last progress report to this committee are included at annex 2.
- 8 In some cases, further work is being undertaken in 2020/21 as the risk and control environment has changed substantially due to Covid-19. For these audits, issues will be reported and actions agreed with managers as part of the 2020/21 audit programme of work.
- 9 Agreed actions are formally followed up to ensure they have been implemented. Follow up work was suspended in response to Covid-19 but has recently recommenced. Further details on follow up work will be reported as part of future monitoring reports.

### **Counter Fraud**

- 10 Counter fraud work has been undertaken in accordance with the approved plan. Annex 3 provides a summary of the work undertaken in the period to date.
- 11 In the 6 month period to 30 September 2020, the counter fraud team has achieved £185k in savings for the council as a result of investigation work (against a target for the year of £200k). Successful outcomes have been recorded for 46% of investigations completed - where cases have resulted in some form of positive action such as the recovery of funds, prosecution, the issue of a warning, or other action.
- 12 The Covid-19 pandemic has created a number of issues, and unplanned work, for the counter fraud team. New procedures have had to be implemented to replace activities which involved face to face contact with the public, e.g. interviews under caution and visits to properties. The priority in the first

quarter was to provide support to the council with the payment of Covid-19 business grants. The Council has paid over £47m in grants to local businesses during the pandemic.

- 13 The counter fraud team has supported the Council by helping to minimise the risk of fraud relating to these grants. Eighteen investigations have been completed to date and £131k of potentially fraudulent payments have been prevented or recovered. In addition, data matching work for the Council's Microbusiness Grant Fund prevented £21k of incorrect payments being made. The team is also sharing intelligence with regional partners and national organisations such as the National Investigation Service (NATIS) and the National Anti-Fraud Network (NAFN).

### **Consultation**

- 14 Not relevant for the purpose of the report.

### **Options**

- 15 Not relevant for the purpose of the report.

### **Analysis**

- 16 Not relevant for the purpose of the report.

### **Council Plan**

- 17 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**

- 18 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**

19 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**

20 Members are asked to:

- (a) note the progress made in delivering the 2020/21 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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#### **Chief Officer Responsible for the report:**

Janie Berry  
Director of Governance

**Report  
Approved**



**Date** 10/11/2020

### **Specialist Implications Officers**

Not applicable

**Wards Affected:** Not applicable

**All**



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

## **Background Papers**

- 2020/21 Internal Audit and Counter Fraud Plan

## **Annexes**

Annex 1 – 2020/21 audits in progress

Annex 2 – Final reports issued

Annex 3 – Counter fraud activity