

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

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### **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 29% of the 2016/17 audit plan based on reports issued. The figures do not reflect audits in progress or recently completed<sup>1</sup>. 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 is shown in annex 4.
- 4 Details of the audits completed and reports issued since the last report to this committee in September 2016 are given in annex 1.
- 5 One of the audits listed in the annex was given a Limited Assurance opinion (Schools Themed Audit - Information Governance) and the report is therefore included at annex 5.

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<sup>1</sup> The figure including work in progress and work completed but not yet reported is 74%.

- 6 A review of the procurement of consultants has been carried out in the period. The findings will be reported to this Committee once investigations have been completed.
- 7 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 2016. Details of these variations are included in annex 2.

### **Counter Fraud**

- 8 Counter fraud work has been undertaken in accordance with the approved plan. Annex 3 provides a summary of the work undertaken in the period.
- 9 To date the fraud team has recovered £121k in actual savings and has already surpassed its annual target (£100k). The team has achieved successful outcomes in 47% of the investigations undertaken (where cases have resulted in some form of action against the perpetrator, recovery of funds or other action by management). The team has also identified £126k in notional savings principally derived from housing fraud investigations.
- 10 As previously reported, the target for notional fraud savings 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**

- 11 A number of breaches of the council's financial regulations have been identified during the review of the procurement of consultants. These will be reported once investigations have been completed. No other breaches have been identified during the course of recent audit work.

### **Consultation**

- 12 Not relevant for the purpose of the report.

### **Options**

- 13 Not relevant for the purpose of the report.

## **Analysis**

- 14 Not relevant for the purpose of the report.

## **Council Plan**

- 15 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**

- 16 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**

- 17 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**

- 18 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.*

## Contact Details

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**Report  
Approved**



**Date** 24/11/2016

## 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 - Current Status of Planned Audits

Annex 5 – Schools Themed Audit - Information Governance 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:

- Housing Rents

- Petty Cash
- St Paul's Nursery
- Use of Interims, Specialists and Consultants

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