

Internal Audit & Counter Fraud Plans 2018/19

Summary

1. This report seeks the committee's approval for the planned programme of internal audit work to be undertaken in 2018/19. It also includes details of the planned programme of counter fraud work.

Background

2. 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. An indicative risk based audit plan is drawn up at the start of each year, setting out what work will be done. The plan is required to be approved by this committee as part of its responsibility for overseeing the work of internal audit.
3. In addition to internal audit, Veritau also provides the council with specialist counter fraud services. In previous years, counter fraud work has been included as part of the internal audit plan. However, to reflect the independent nature of the counter fraud and internal audit services, and for the purposes of transparency, counter fraud work is being reported in a separate plan for the first time for 2018/19.

2018/19 Internal Audit Plan

4. Annex 1 sets out proposed internal audit work for 2018/19. The planned audit work is based on a risk assessment undertaken by Veritau. The plan is also informed by discussions with chief officers and members, risk management arrangements, and by plans for development and change within the council.
5. Total planned days for 2018/19 are 1,210 which is a reduction of 60 days from 2017/18.
6. The 2018/19 plan is similar in focus to previous years. It recognises the continuing change taking place within the council. Veritau will continue to provide support, advice and challenge in relation to major projects in addition to overall plans to meet current needs (eg to achieve savings targets). Whilst the plan reflects the continued need to look at key corporate systems, and to undertake regularity work in areas such as the main financial systems, it also recognises the increasing expenditure and focus in areas such as Adult Social Care.
7. Other audits considered for the 2018/19 plan include the following.
 - Overtime
 - Risk Management
 - Members Allowances
 - Health & Safety
 - Regional Adoption Agency
 - Community Safety Plan
 - Public Health - Delivery of Outcomes
 - Better Care Fund
 - Right to Buy
 - Housing Environment Improvement Programme
 - Ethics
8. These were not included in the plan in order to balance planned work with available resources. Ultimately these areas were considered a lower priority for internal audit for 2018/19. For example because, they were deemed to be a lower risk, were subject to other scrutiny (eg by external audit), or because of timing issues (eg they were likely to be undertaken later in the year and could be considered in 2019/20).

2018/19 Counter Fraud Plan

9. Annex 2 sets out proposed areas of counter fraud work for 2018/19. 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) accounts 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).
10. Total planned days for 2018/19 are 1,060, which is a reduction of 63 days from the previous financial year.

Consultation

11. 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

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 supports 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 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

17. Members are asked to approve the 2018/19 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



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Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All

For further information please contact the author of the report.

Background Papers:

None

Annexes:

Annex 1 – 2018/19 Internal Audit Plan

Annex 2 – 2018/19 Counter Fraud Plan