

Audit & Counter Fraud Monitoring Report

Summary

- 1 This report provides an update on progress made in delivering the internal audit workplan for 2018/19 and on current counter fraud activity.

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 detailing the outcomes of internal audit work are presented to this committee.

Internal Audit

- 3 To date (up to 5th September 2018), internal audit has completed 9% of the 2018/19 audit plan. The figure is based on reports issued and does not reflect audits in progress or recently completed¹. While the figure is lower than reported at this point last year (27%), the level of work in progress is in line with expectations and it is anticipated that the 93% target for the year will be exceeded by the end of April 2019 (the cut off point for 2018/19 audits). The current status of audits included in the audit plan is shown in annex 3.
- 4 Details of the audits completed and reports issued since the last report to this committee in June 2018 are given in annex 1.

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

- 5 One variation to the audit plan has been approved by the Director of Customer and Corporate Services since the last report to this committee in June 2018. Details of the variation are included in annex 2.

External Assessment

- 6 In order to comply with the PSIAS, internal auditors working in local government are required to maintain a quality assurance and improvement programme (QAIP). As part of this programme, providers are required to have an external assessment of their working practices at least once every five years. The last external assessment of Veritau was undertaken in April 2014 by the South West Audit Partnership (SWAP).
- 7 A further external assessment of Veritau will be undertaken by SWAP in November 2018. SWAP is a not for profit public services company operating primarily in the South West of England. As a large shared service internal audit provider it has the relevant knowledge and expertise to undertake external inspections of other shared services and is independent of Veritau.
- 8 The assessment will include a review of documentary evidence, including self-assessments completed by Veritau, and face to face interviews with a number of senior officers at each of the Veritau clients, and Veritau auditors. The assessors may also wish to speak to the chair of the audit committee as part of the assessment process. The results of the assessment will be included in future internal audit progress reports to the committee, once a report has been received from the assessor. Any specific areas identified as requiring further development and/or improvement will also be included in the QAIP.

Breaches of Financial Regulations

- 9 No breaches of the council's financial regulations have been identified during the course of recent audit work.

Counter Fraud

- 10 Counter fraud work has been undertaken in accordance with the approved plan. Annex 4 provides a summary of the work undertaken in the period.
- 11 Up to 28th August, the fraud team had achieved £208k in savings for the council as a result of investigation work (against a target for the year of £200k). Successful outcomes were recorded for 64% of investigations completed - where cases have resulted in some form of action against the perpetrator such as recovery of funds, prosecution, issue of a warning, or other action.

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 2018/19 internal audit work programme, and current counter fraud activity.

Reason

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

- (b) note the arrangements for the external assessment of internal audit.

Reason

To enable members to fulfil their responsibilities for oversight of internal audit arrangements.

Contact Details

Author:

Max Thomas
Head of Internal Audit
Veritau Limited
01904 552940

Chief Officer Responsible for the report:

Ian Floyd
Director of Customer & Corporate
Services
Telephone: 01904 551100

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

- 2018/19 Internal Audit and Counter Fraud Plan

Annexes

Annex 1 – 2018/19 Audits Completed and Reports Issued

Annex 2 - Variations to the 2018/19 Audit Plan

Annex 3 - Current Status of Planned Audits

Annex 4 - Counter Fraud Activity

Available on the council's website

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

- Car Parking
- Clean Air Data
- Council Tax & NNDR
- High Needs SEN
- Register of Interests
- Taxi Licensing
- Trading Standards

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