

Report of the Head of Internal Audit

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 15 February 2019), internal audit has completed 53% of the 2018/19 audit plan (compared to 73% in the corresponding report last year¹). The figure is based on reports issued and does not reflect audits in progress or recently completed². As noted in the last progress report in December 2018, the level of completion of audits during the year has been slower than originally anticipated although the shortfall is reducing quickly. The majority of work to be undertaken in 2018/19 is underway and workplans continue to be updated to ensure that the remaining audit work can be completed. It is still anticipated that the 93% target for the year

¹ The corresponding report for 2017/18 was produced over a month later than the current report and was presented to the committee in April 2018.

² The figure including work in progress and work completed but not yet reported is 94%.

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 2.

- 4 Details of audits completed and reports issued since the last report to this committee in December 2018 are given in annex 1.

Breaches of Financial Regulations

- 5 A number of breaches of the council's financial regulations have been identified during the course of recent audit work. Further details can be found at Annex 3.

Counter Fraud

- 6 Counter fraud work has been undertaken in accordance with the approved plan. Annex 4 provides a summary of the work undertaken in the period.
- 7 Up to 31st January, the fraud team had achieved £303k in savings for the council as a result of investigation work (against a target for the year of £200k). Successful outcomes were recorded for 59% 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

- 8 Not relevant for the purpose of the report.

Options

- 9 Not relevant for the purpose of the report.

Analysis

- 10 Not relevant for the purpose of the report.

Council Plan

- 11 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

12 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

13 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

14 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.

Contact Details

Author:	Chief Officer Responsible for the report:
Max Thomas	Ian Floyd
Head of Internal Audit	Director of Customer & Corporate Services
Veritau Limited	Telephone: 01904 551100
01904 552940	

**Report
Approved**



Date 22/02/2019

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 - Current Status of Planned Audits

Annex 3 – Breaches of the Financial Regulations

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:

- Adult Education
- Housing Performance
- Information Security Checks
- Payroll
- Provision of School Places

- Section 117 of the Mental Health Act (follow-up)
- Wenlock Terrace

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