

## **Audit and Governance Committee**

**6 March 2019**

Report of the Head of Internal Audit

### **Internal Audit & Counter Fraud Plans 2019/20**

#### **Summary**

- 1 This report seeks the committee's approval for the planned programme of internal audit work to be undertaken in 2019/20. 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. To reflect the independent nature of the counter fraud and internal audit services, and for the purposes of transparency, counter fraud work is reported in a separate plan.

#### **2019/20 Internal Audit Plan**

- 4 Annex 1 sets out proposed internal audit work for 2019/20. The planned audit work is based on an assessment of risk undertaken by Veritau alongside discussions with chief officers and members, review of risk management

arrangements, and plans for development and change within the council.

- 5 Total planned days for 2019/20 are 1,093 which is a reduction of 117 days from 2018/19.
- 6 The 2019/20 plan is similar in focus to previous years. It aims to ensure that audit resources are prioritised towards those systems which are considered to be the most risky or which contribute the most to the achievement of the council's priorities and objectives. 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. But also recognises increasing expenditure and focus in areas such as Adult Social Care and the continuing change taking place within the council.
- 7 Other audits considered for the 2019/20 plan include the following.
  - Apprenticeships
  - Brexit preparations
  - External Legal Advice
  - Free Early Education Funding
  - Overtime
  - Special Educational Needs
  - Treasury Management
  - VAT Accounting
  - York Financial Assistance scheme
  - Community Safety
- 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 2019/20. 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 2020/21).

### **2019/20 Counter Fraud Plan**

- 9 Annex 3 sets out proposed areas of counter fraud work for 2019/20. 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 2019/20 are 1,060, which is the same as for 2018/19.

### **Consultation**

- 11 In preparing the audit and counter fraud plans consultation has taken place with the Audit and Governance Committee, CMT, 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 2019/20 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



Date 22/02/2019

## Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All

For further information please contact the author of the report

## Annexes

Annex 1 – 2019/20 Internal Audit Plan  
Annex 2 – 2019/20 Counter Fraud Plan