

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

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### **Summary**

- 1 This report provides an update on the delivery of the internal audit work plan for 2020/21 and on counter fraud activity undertaken so far in 2020/21. Due to Covid-19, approval of the annual audit plan was delayed and normal work was temporarily suspended at the request of the council. This report updates members on the progress made to date in 2020/21.

### **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 on internal audit work are presented to this committee.

### **Internal Audit**

- 3 The 2020/21 internal audit plan was approved by this committee at its meeting on 15 July 2020. Prior to this, audit work had been suspended to help ensure officers were not diverted from ongoing work to respond to, and arising from, the coronavirus pandemic. Internal audit resources were instead used to provide support related to the pandemic, including advice on systems and emerging risks, and support in the processing of Covid-19 business support grants.
- 4 From July 2020, more routine audit work recommenced although at a reduced level. This has been partly a result of needing to adapt arrangements – for example all audits are currently being carried out remotely through virtual meetings

with officers. We have also continued to try to minimise disruption to officers to ensure they can continue to prioritise work arising from the impact of Covid-19.

- 5 It will remain a significant challenge to complete all work to expected deadlines. Continued assistance and prioritisation by officers from now until the end of April 2021 will be important to help us complete a plan of work sufficient to provide an annual internal audit opinion. We will also be looking to place increased reliance on wider sources of assurance in forming an opinion for 2020/21.
- 6 Annex 1 summarises the position on internal audit assignments currently planned to be carried out during 2020/21. To date, work has commenced on 23 audits. Fieldwork has been completed for three of these and is in progress for a further 16. No reports have been finalised since the last progress report to this committee on 30 November 2020.

### **Counter Fraud**

- 7 Counter fraud work has been undertaken in accordance with the approved work programme. Annex 2 provides a summary of the work undertaken in the period to date.
- 8 In the 9 month period to 31 December 2020, the counter fraud team has achieved £292k in savings for the council as a result of investigation work (against a target for the year of £200k). Successful outcomes have been recorded for 47% of investigations completed - where cases have resulted in some form of positive action such as the recovery of funds, prosecution, the issue of a warning, or other action.
- 9 The Covid-19 pandemic has created a number of issues, and unplanned work, for the counter fraud team. New procedures have had to be implemented to replace activities which involved face to face contact with the public, e.g. interviews under caution and visits to properties. The priority throughout this year has been to provide support to the council with the delivery of Covid-19 payments to businesses and the public. In Quarter 4 the team will be undertaking post-payment assurance work on successful applications in line with requirements from central government.

- 10 The counter fraud team has supported the council by helping to minimise the risk of fraud relating to these Covid-19 related payments. Twenty-six investigations have been completed to date and £173k of potentially fraudulent payments have been prevented or recovered. In addition, data matching work for the council's Microbusiness Grant Fund prevented a further £21k of incorrect payments being made. The team is also sharing intelligence with regional partners and national organisations such as the National Investigation Service (NATIS) and the National Anti-Fraud Network (NAFN).

### **Consultation**

- 11 Not relevant for the purpose of the report.

### **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 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**

- 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 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

- 17 Members are asked to:
- (a) note the progress made in delivering the 2020/21 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



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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

- 2020/21 Internal Audit and Counter Fraud Plan

## **Annexes**

Annex 1 – 2020/21 audits in progress

Annex 2 – Counter fraud activity