

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

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### **Summary**

- 1 This report provides an update on progress made in delivering the internal audit workplan for 2016/17 and on current counter fraud activity.

### **Background**

- 2 The work of internal audit is governed by the Accounts and Audit (England) 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 20 April 2017), internal audit has completed 85% of the 2016/17 audit plan based on reports issued. The figures do not reflect audits in progress or recently completed<sup>1</sup>. It is anticipated that the 93% target for the year will be exceeded by the end of April 2017 (the cut off point for 2016/17 audits). The current status of audits included in the audit plan is shown in annex 5.
- 4 Details of the audits completed and reports issued since the last report to this committee in December 2016 are given in annex 1.
- 5 A number of variations to the audit plan have been approved by the Director of Customer and Corporate Services since the

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<sup>1</sup> The figure including work in progress and work completed but not yet reported is 97%.

last report to this committee in December 2016. Details of these variations are included in annex 2.

### **Counter Fraud**

- 6 Counter fraud work has been undertaken in accordance with the approved plan. Annex 3 provides a summary of the work undertaken in the period.
- 7 Up to 28 February, the fraud team had achieved £244k in savings for the council as a result of investigation work (against a target for the year of £100k). Successful outcomes were recorded for 50% of the investigations undertaken (where cases have resulted in some form of action against the perpetrator, recovery of funds or other action by management). The team also identified £144k in notional savings principally derived from housing fraud investigations.

### **Breaches of Financial Regulations**

- 8 Seventeen breaches of the council's financial regulations have been identified during the course of recent audit work. Thirteen of these related to the review of the procurement of consultants which was reported to this committee in February 2017. Details of the breaches are summarised in annex 4.

### **Consultation**

- 9 Not relevant for the purpose of the report.

### **Options**

- 10 Not relevant for the purpose of the report.

### **Analysis**

- 11 Not relevant for the purpose of the report.

### **Council Plan**

- 12 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**

13 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**

14 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**

15 Members are asked to:

- (a) Note the progress made in delivering the 2016/17 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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|------------------------|--|
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**Report  
Approved**



**Date** 20/4/17

## Specialist Implications Officers

Not applicable

**Wards Affected:** Not applicable

**All**

**For further information please contact the author of the report**

## Background Papers

- 2016/17 Internal Audit and Counter Fraud Plan

## Annexes

Annex 1 - 2016/17 Audits Completed and Reports Issued

Annex 2 - Variations to the 2016/17 Audit Plan

Annex 3 - Counter Fraud Activity

Annex 4 – Breaches of Financial Regulations

Annex 5 - Current Status of Planned Audits

## Available on the council's website

The following Internal Audit reports referred to in annex 1 are published on the council's website (paper copies available on request from Democratic Services):

- Access to Key IT Systems
- All Saints' RC Secondary School
- Better Care Fund (follow-up)

- Clifton Green Primary School
- Debtors
- Digital Services Project Review
- Dringhouses Primary School
- Elvington CE Primary School
- Free Early Education Funding
- Information Security Sweeps (September)
- Learning and Development
- Office Security
- Overtime
- PCI DSS Compliance
- Project Management (follow-up)
- Right to Buy
- VAT Accounting
- Ward Committee Budget Decision Making
- Yearsley Grove Primary School
- York Financial Assistance Scheme
- York High School

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