

Audit & Counter Fraud Monitoring Report

Summary

- 1 This report provides an update on progress made in delivering the internal audit workplan for 2019/20 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 4 September 2019), internal audit has completed 10% of the 2018/19 audit plan (compared to 9% in the corresponding report last year). The figure is based on reports issued and does not reflect audits in progress or recently completed¹. It is anticipated that the 93% target for the year will be exceeded by the end of April 2020 (the cut off point for 2019/20 audits). The current status of audits included in the audit plan is shown in annex 3.
- 4 Details of audits completed and reports issued since the last report to this committee in June 2019 are given in annex 1.

¹ The figure including work in progress and work completed but not yet reported is 41%.

- 5 One variation to the audit plan has been approved since the last report to this committee in June 2019. Details of the variation are included in annex 2.
- 6 Following an internal review, some minor amendments to the council's internal audit charter are proposed. These reflect updated guidance published by Cipfa² (the new local government application note for the United Kingdom Public Sector Internal Audit Standards and guidance on The Role of the Head of Internal Audit). A number of other minor drafting changes and updates to job titles are also proposed. The updated charter with tracked changes highlighted is included at annex 4.

Counter Fraud

- 7 Counter fraud work has been undertaken in accordance with the approved plan. Annex 5 provides a summary of the work undertaken in the period.
- 8 Up to 31 August, the counter fraud team has 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

- 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

² The Chartered Institute of Public Finance and Accountancy - the responsible standard setter for internal audit for local government.

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.

Recommendations

15 Members are asked to:

- (a) Note the progress made in delivering the 2019/20 internal audit work programme, and current counter fraud activity.

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

- (b) Approve the proposed changes to the internal audit charter at annex 4.

Reason: In accordance with the responsibility of the committee to consider reports dealing with the management of the internal audit function, and to comply with proper practice for internal audit.

Contact Details

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Report
Approved



Date 6/9/2019

Specialist Implications Officers

Not applicable

For further information please contact the author of the report

Background Papers

- 2019/20 Internal Audit and Counter Fraud Plan

Annexes

Annex 1 – Final reports issued

Annex 2 – Variations to the internal audit plan

Annex 3 – Current status of planned audits

Annex 4 – Proposed revised internal audit charter

Annex 5 – 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:

- Asset Management and Property Services
- Contract Management – Allerton Park
- Council Tax Support and Housing Benefits
- Debtors
- Equalities
- Funded Early Education
- GDPR Compliance
- ICT Asset Management
- ICT Governance & Cyber Security

- Main Accounting System
- Procurement & Contract Management
- Project Management
- Schools Themed Audit – Budget Management
- Services to Schools
- Waste Services and Public Realm – Procurement

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