

Audit and Governance Committee

15 January 2008

Report of the Assistant Director of Resources (Audit & Risk Management)

Audit and Fraud Mid-Term Monitor

Summary

- 1 This report provides details of the progress made in delivering the internal audit and fraud work plan for 2007/08.

Background

- 2 The work of Internal Audit is governed by the Accounts and Audit Regulations 2003 (as amended) and the CIPFA Code of Practice for Internal Audit in Local Government. In accordance with the Code of Practice, the 2007/08 Audit and Fraud Plan was approved by the Audit and Governance Committee on 3 April 2007. The Plan included a programme of audit reviews and details of planned counter fraud activities. The total number of planned audit days was 1,340. However, there were still insufficient resources in the Audit team to allow all the systems or areas identified through the 5 year Strategic Audit planning process to be audited. As with previous year's Audit Plans, priority was therefore given to 'high' and 'medium' risk areas. The counter fraud activity plan was based on the resources available to the Fraud Team. The total number of days allocated to counter fraud activities in 2007/08 was 1,100.
- 3 It was also recognised that changes may need to be made to the Audit Plan through the year as a result of new or changed priorities and/or as new risks were identified. Any variations to the Audit Plan would be approved by the AD (Resources) ARM and then reported to the S151 Officer and the Audit and Governance Committee.
- 4 The Counter Fraud Activity Plan included details of;
 - planned activities, including fraud detection and investigation;
 - fraud awareness and training;
 - proactive fraud work;
 - joint working with other counter fraud agencies;
 - resource allocation.

2007/08 Internal Audit Plan – Progress to Date

- 5 Two of the priorities for the service are to deliver at least 90% of the Audit Plan and to ensure that Internal Audit continues to retain its 'managed audit' status with the Audit Commission. These are the minimum requirements necessary to achieve a good score for internal control as part of the Use of Resources CPA assessment process.
- 6 Internal Audit successfully delivered 92% of the 2006/07 Audit Plan (compared to 91.3% in 2005/06 and 90% in 2004/05). Whilst only 36% of the 2007/08 Audit Plan has been completed to date it is still anticipated that the 90% target will be achieved this year. This is because the current figures do not take into account a further 33% of audit fieldwork which is either complete or in progress. Details of the audits completed and the reports issued are given in Annex 1.
- 7 As noted in paragraphs 3 and 4 above, it has been necessary to make a number of variations to the Audit Plan to accommodate a shortfall in resources and to take account of changes in priorities. Details of the Audit Plan variations approved by the AD (Resources) ARM to date, are given in Annex 2.

2006/07 Counter Fraud Activity Plan – Progress to Date

- 8 Counter fraud work has been undertaken in accordance with the approved Plan. Annex 3 provides a summary of the work completed. The majority of the work undertaken by the Fraud team during the year has continued to relate to the identification and investigation of suspected fraudulent Housing and Council Tax benefit claims. However, the team has also worked closely with Internal Audit on internal fraud investigations. In addition, a number of other external fraud investigations have been conducted, including the identification of fraudulent blue badge use. Details of the investigations undertaken and, prosecutions and sanctions achieved in the year are given 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.

Corporate Priorities

- 12 This report contributes to the Council's overall aims and priorities by helping to ensure probity, integrity and honesty in everything we do. It also contributes to all the improving organisation effectiveness priorities.

Implications

- 13 The implications are;
- **Financial** – there are no financial implications to this report.
 - **Human Resources (HR)** – there are no HR implications to this report.
 - **Equalities** - there are no equalities implications to this report.
 - **Legal** – the report includes details of prosecutions carried out during the year in accordance with the Council's Fraud and Corruption Prosecution Policy.
 - **Crime and Disorder** – there are no crime and disorder implications to this report.
 - **Information Technology (IT)** - there are no IT implications to this report.
 - **Property** - there are no property implications to this report.

Risk Management Assessment

- 14 The Council will fail to properly comply with the CIPFA Code of Practice for Internal Audit in Local Government if the results of audit work are not reported to those charged with governance. This in turn would adversely impact on the Council's CPA score for the Use of Resources and therefore its overall CPA score when it is re-assessed.

Recommendation

- 15 Members are asked to:
- Note the results of the audit and fraud work undertaken to date in 2007/08.

Reason

To enable Members to consider the implications of audit and fraud findings.
 - Note the variations to the 2007/08 Audit Plan, approved to date by the AD (Resources) ARM.

Reason

To enable Members to consider the delivery of the Internal Audit Plan.

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

- 2007/08 Internal Audit Plan
- 2007/08 Counter Fraud Activity Plan

Annexes

Annex 1 – Audits Completed and Reports Issued
Annex 2 – Variations to the Audit Plan
Annex 3 – Counter Fraud Activity
Annex 4 – Investigations, Prosecutions and Sanctions (Housing and Council Tax Benefits)