

Audit and Governance Committee

13 January 2009

Report of the Assistant Director (Customer Service and Governance)

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 2008/09.

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 2008/09 Audit and Fraud Plan was approved by the Audit and Governance Committee on 13 May 2008. The Plan included a programme of audit reviews and details of planned counter fraud activities. The total number of planned audit days was 1,392, with an additional 200 days to be provided through the use of direct funding from a number of client departments. 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 2008/09 was 1,160.
- 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 Head of Internal Audit and then reported to the Assistant Director (Customer Service and Governance) 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.

2008/09 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 assessment process.
- 6 Internal Audit successfully delivered 91.6% of the 2007/08 Audit Plan (compared to 92% in 2006/07 and 91.3% in 2005/06). Whilst only 51% of the 2008/09 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 figure is based on reports issued and does not take into account further audit fieldwork which is either complete or in progress and which if included would increase the percentage of the plan complete to 74%. Details of the audits completed and the reports issued are given in Annex 1.
- 7 As noted in paragraphs 3 above, it has been necessary to make a number of variations to the Audit Plan to accommodate a shortfall in resources caused primarily by long term sickness absence and staff vacancies¹ and to take account of changes in priorities. Details of the Audit Plan variations approved by the Head of Internal Audit to date are given in Annex 2.

2008/09 Counter Fraud Activity Plan – Progress to Date

- 8 Counter fraud work has been undertaken in accordance with the approved Plan. Annex 3 provides details of the investigations completed and provides a summary of the work completed. As in previous years, the majority of the work undertaken relates to the identification and investigation of suspected fraudulent Housing and Council Tax benefit claims. However, the team also works jointly with Internal Audit on internal fraud investigations and is involved in the investigation of other external fraud for example blue badge fraud.

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.

¹ While these have been partially offset through the use of agency staff, this has been insufficient to meet the full shortfall in resources.

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.

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 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/CAA score for the Use of Resources and therefore its overall 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 2008/09.

Reason

To enable Members to consider the implications of audit and fraud findings.

- Note the variations to the 2008/09 Audit Plan, approved to date by the Head of Internal Audit.

Reason

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

Contact Details

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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

- 2008/09 Internal Audit Plan
- 2008/09 Counter Fraud Activity Plan

Annexes

Annex 1 – Audits Completed and Reports Issued
Annex 2 – Variations to the Audit Plan
Annex 3 – Counter Fraud Activity