

## **Audit and Governance Committee**

26 April 2010

Report of the Assistant Director of Customer & Business Support Services (Customer Service & Governance)

## **Audit and Counter Fraud Mid-Term Monitor**

### **Summary**

- 1 This report provides details of the progress made in delivering the internal audit and counter fraud work plan for 2009/10.

### **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 2009/10 audit and fraud plan was approved by the Audit and Governance Committee on 29 June 2009. The plan included a programme of audit reviews and details of planned counter fraud activities. The total number of planned audit days was 1,420. 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 2009/10 was 1,282.
- 3 It was also recognised that changes might need to be made to the audit plan through the year as a result of new or changed priorities and/or if new risks were identified. To reflect the new contractual relationship between the council and Veritau, all proposed variations to the agreed audit plan arising as the result of emerging issues and/or requests from management are subject to a change control process. Where the variation exceeds 5 days then the change must be authorised by the Assistant Director (Customer Service and Governance) who is the client manager for the service. All agreed variations will then be communicated to the Audit and Governance Committee for information.
- 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.

## **2009/10 Internal Audit Plan – Progress to Date**

- 5 Two of the priorities for Veritau are to deliver at least 90% of the audit plan and to ensure that the service continues to operate to recognised professional standards (as determined by the Code of Practice). 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 94.2% of the 2008/09 audit plan. 80% of the 2009/10 audit plan had been completed by 23 March 2010. This figure is however based on reports issued and does not take into account further audit fieldwork which is either complete or in progress. Based on the current work programme it is anticipated that the 90% target will be achieved. Details of the audits completed and the reports issued since the last progress report to this committee (on 21 December 2009) are given in annex 1.
- 7 As noted in paragraph 3 above, it has been necessary to make a number of variations to the audit plan to accommodate a shortfall in resources and changes in priorities. Details of the audit plan variations approved by the client manager since the last report to this committee in December 2009 are given in annex 2.

## **2009/10 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 undertaken. Additional work undertaken in 2009/10 (shown in the annex) includes the following.
  - A fraud awareness survey of council managers and supervisors. This has highlighted a number of issues and an action plan to address these is currently being prepared.
  - A project to investigate housing tenancy related fraud, for which a major publicity campaign is currently in progress.

## **Breaches of Financial Regulations**

- 9 There have been a number of breaches of the council's financial regulations identified during the course of internal audit work in 2009/10. A summary of those breaches identified since the last report to this committee in December 2009 is included in annex 4.

## **Consultation**

- 10 Not relevant for the purpose of the report.

## **Options**

- 11 Not relevant for the purpose of the report.

## **Analysis**

- 12 Not relevant for the purpose of the report.

## **Corporate Priorities**

- 13 This report contributes to the council's overall aims and priorities by helping to ensure probity, integrity and honesty in everything we do. In doing so it contributes to the corporate objective of making the council an effective organisation.

## **Implications**

- 14 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**

- 15 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 Use of Resources assessment score.

## **Recommendation**

- 16 Members are asked to:

- (a) Note the results of the audit and fraud work undertaken to date in 2009/10.

### Reason

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

- (b) Note the variations to the 2009/10 Audit Plan, approved to date by the Internal Audit Client Manager (see annex 2).

Reason

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

**Contact Details**

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Report Approved



Date 13 April 2010

**Specialist Implications Officers**

Not applicable

**Wards Affected:** Not applicable

All



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

**Background Papers**

- 2009/10 Internal Audit Plan
- 2009/10 Counter Fraud Activity Plan

**Annexes**

Annex 1 – 2009/10 Audits Completed and Reports Issued  
Annex 2 – Variations to the 2009/10 Audit Plan  
Annex 3 – Counter Fraud Activity  
Annex 4 – Summary of Breaches of Financial Regulations