

Audit & Counter Fraud Monitoring Report

Summary

- 1 This report provides an update on progress made in delivering the internal audit workplan for 2014/15 and on current counter fraud activity.

Background

- 2 The work of internal audit is governed by the Accounts and Audit (England) Regulations 2011 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, internal audit has delivered 35% of the 2014/15 audit plan based on the number of reports issued. It is anticipated that the 93% target for the year will be exceeded by the end of April 2015 (the cut off point for 2014/15 audits).
- 4 Details of the audits completed and reports issued since the last progress report to this committee in September 2014 are given in annex 1.

Counter Fraud

- 5 Counter fraud work has been undertaken in accordance with the approved plan. Annex 2 provides a summary of the work completed in the period.

6 Also attached at annexes 5 and 6 are two recent publications relating to counter fraud management:

- Cipfa have produced a Code of Practice on Managing the Risk of Fraud (annex 5). This represents good practice, and includes suggestions for reflecting adherence with the code within the Annual Governance Statement.
- The Audit Commission have published their latest annual report summarising fraud activity in local government, Protecting the Public Purse (annex 6).

Breaches of Financial Regulations

7 One breach of the council's financial regulations has been identified during the course of recent audit work. This is summarised in annex 3. The breach does not represent a significant risk to the council.

Internal Audit Charter

8 The Audit Charter was approved by this Committee in November 2013. A review of the Charter has now been completed and a minor change is considered necessary to clarify the fact that auditors will not be assigned to review areas where they have had any direct operational or managerial involvement within the last year. A copy of the revised Charter with the tracked changes showing is attached at appendix 4.

Audit Opinions

9 The standard internal audit report format has been reviewed and a number of changes made. The changes are relatively minor but include adopting 'reasonable' assurance instead of 'moderate' assurance as part of the ranking of opinions. The number and definition of the opinions otherwise remains unchanged. The change to the opinion is considered necessary to more closely reflect the wording of the definition and to avoid possible misinterpretation.

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.

Council Plan

- 13 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

- 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 be non-compliant with the PSIAS if the results of audit work are not periodically reported to an appropriate committee. The failure to provide ongoing assurance to those responsible for the council's framework of governance, risk management and control may diminish the council's overall effectiveness.

Recommendation

- 16 Members are asked to:

- a) note the progress made in delivering the 2014/15 internal audit work programme, and the results of recent counter fraud activity.

Reason

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

- b) Approve the proposed changes to the Audit Charter, and note the change to audit opinions and recent counter fraud publications.

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

Author:

Max Thomas
Head of Internal Audit
Veritau Limited
01904 552940

Chief Officer Responsible for the report:

Ian Floyd
Director of CBSS
Telephone: 01904 551100

Report
Approved



Date 25/11/14

Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All

For further information please contact the author of the report

Background Papers

- 2014/15 Internal Audit, Counter Fraud, and Information Governance Plan
- Copies of all final Internal Audit reports included in Annex 1 are available on the council's website as background papers to this report.

Annexes

Annex 1 – 2014/15 Audits completed and reports issued

Annex 2 – Counter Fraud activity

Annex 3 – Identified breaches of Financial Regulations

Annex 4 – Internal Audit Charter

Annex 5 – CIPFA Code of Practice on Managing the Risk of Fraud

Annex 6 – Audit Commission report 'Protecting the Public Purse'