

AUDIT AND ANTI-FRAUD PROGRESS REPORT SEPTEMBER 2016**AUDIT COMMITTEE
MEETING DATE 2016/17****18 January 2017****CLASSIFICATION:****Open****If exempt, the reason will be listed in the
main body of this report.****WARD(S) AFFECTED****All Wards****CORPORATE DIRECTOR****Ian Williams Group Director of Finance and Corporate Resources**

1. INTRODUCTION AND PURPOSE

- 1.1 The purpose of this report is for the Audit Committee to consider the performance of the Audit & Anti-Fraud Service up to the end of December 2016, the areas of work undertaken, and information on current developments in Internal Audit and Anti-Fraud as well as statistical information about the work of the investigation teams.
- 1.2 This is part of the Committee's role in overseeing corporate governance and the report is presented for information and comment.

2. RECOMMENDATION(S)

The Audit Committee is recommended to:

- 2.1 Note and consider Audit & Anti Fraud's progress and performance to December 2016.

3. REASONS FOR DECISION

- 3.1 The Public Sector Internal Audit Standards (PSIAS) came into force in April 2013 and applies to all internal audit service providers. These Standards were updated in April 2016.
- 3.2 PSIAS requires the Chief Audit Executive (or equivalent) to report functionally to a board and to communicate the internal audit service's performance relative to its plan and other matters. For the purposes of the PSIAS the Audit Committee has been designated the 'board'.

4. BACKGROUND

- 4.1 The Progress Report of the Internal Audit Service is provided in Appendix 1 and includes a summary of:
 - Performance against key performance indicator targets
 - Internal Audit work carried out up to the end of December 2016
 - Implementation of agreed audit recommendations
 - School audits
- 4.2 Details of progress with planned audits are provided in Appendix 2.
- 4.3 Definitions of the assurance levels used are provided in Appendix 3.
- 4.4 Summary of the external review conducted by the London Borough of Hillingdon and Action Plan is attached as Appendix 4.

4.5 A statistical summary of the work undertaken by the Anti-Fraud Service is provided in Appendix 5.

4.6 Policy Context

The work of the Internal Audit Service complies with the Public Sector Internal Audit Standards. Internal Audit reviews consider all applicable policies of the Council.

4.7 Equality Impact Assessment

This report does not require an equality impact assessment but where applicable equality issues and adherence to corporate policies would be considered in audit reviews

4.8 Sustainability

Not applicable.

4.9 Consultations

Consultation on the Internal Audit Annual Plan 2016/17 took place with senior management and the Audit Sub Committee.

4.10 Risk Assessment

The work of Internal Audit was based upon a risk assessment which covers all areas of the Council's activity and is continually changing to reflect new initiatives, risk areas and legislation. There was also continuous reassessment of risk as audits were undertaken, plus regular consultation with directors, chief officers and senior managers to ensure that account was taken of any concerns they raised during the year.

5. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

5.1 There are no financial implications arising from this report as the costs of providing the internal audit service are included within the Council's base budgets.

5.2 However, an effective internal audit service is important in order to ensure that key internal controls are assessed, thereby aiding the prevention and detection of fraud and other occurrences that could otherwise result in budget pressures.

6. COMMENTS OF THE DIRECTOR OF LEGAL

- 6.1 The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk. An adequate system of internal audit is inherent. This report demonstrates how the Council is fulfilling its obligations in this regard.
- 6.2 The Audit Committee is asked to note the report on Audit and Anti-Fraud's performance and opinion. There are no immediate legal implications arising from the report.

Appendices

Appendix 1 - Audit & Anti-Fraud Progress Report (December 2016)

Appendix 2 - Progress with planned audits

Appendix 3 - Definitions of audit assurance levels

Appendix 4 - External review of Internal Audit Summary & Action Plan

Appendix 5 - Audit Investigation Service statistics to December 2016

BACKGROUND PAPERS

Publication of Background Papers used in the preparation of reports is required.

Description of document (or None)

None

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