

**AUDIT AND ANTI-FRAUD PROGRESS REPORT APRIL 2017****AUDIT COMMITTEE  
MEETING DATE 2016/17****20 April 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 March 2017, 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 March 2017.

## **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 March 2017
  - 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 A statistical summary of the work undertaken by the Anti-Fraud Service is provided in Appendix 4.

4.5 Highlights of the work of the Audit & Anti Fraud Service for the reporting period include: -

- At year end 91.1% of audits are either completed or underway
- 100% of 'High' level recommendations are agreed by management
- Percentage of 'High' level recommendations implemented within timeframe has now reached 98% (87% fully implemented, 11% partially implemented)
- Results of post audit questionnaires showed that 100% of our clients said we met or exceeded expectations
- Recovery of 28 social housing properties at an estimated value of £504,000
- Cancellation of 13 housing applications following investigation representing a potential saving of between £52,000 and £234,000
- Cancellation of 3 Right to Buy applications leading to a saving of up to £308,100
- Cancellation or refusal of 41 applications for support under the No Recourse to Public Funds arrangements, resulting in an estimated saving of £827,350 for the year
- Recovery of 17 misused 'Blue Badge' disabled parking permits

#### **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, 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 Quarterly Progress Report (March 2017)  
Appendix 2 - Progress with planned audits  
Appendix 3 - Definitions of audit assurance levels  
Appendix 4 - Audit Investigation Service statistics to March 2017

### BACKGROUND PAPERS

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

**Description of document (or None) – None**

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