

**AUDIT AND ANTI-FRAUD PROGRESS REPORT JANUARY 2019****AUDIT COMMITTEE  
MEETING DATE 2018/19****28 January 2019****CLASSIFICATION:****Open****If exempt, the reason will be listed in the  
main body of this report.****WARD(S) AFFECTED****All Wards****GROUP DIRECTOR****Ian Williams, Group Director of Finance & 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, 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**

- 2.1. The Audit Committee is recommended to note and consider Audit & Anti Fraud's progress and performance to December 2018.

## **3. REASONS FOR DECISION**

- 3.1. The Public Sector Internal Audit Standards (PSIAS) came into force in April 2013 and apply to all internal audit service providers. These Standards were updated in April 2016 and again in April 2017.
- 3.2. The 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 Audit Committee approved the Internal Audit Plan 2018-19 in April 2018 and this report notes the progress against that plan and progress against high and medium priority recommendations. 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 up to the end of August 2018
- Implementation of high and medium audit recommendations
- School audits

Details of progress with planned audits are provided in Appendix 2.  
Definitions of the assurance levels used are provided in Appendix 3.  
The 2018 Annual Report of the Audit Committee is provided for information in advance of preparation of the 2019 iteration as Appendix 5.

- 4.2 A statistical summary of the work undertaken by the Audit Investigation service is provided in Appendix 4. In summary, the key financial benefits to arise from selected key areas of enquiry are as follows:

<b>Investigation area</b>	<b>Estimated saving arising from enquiries £</b>
Tenancy Fraud	936,000 (minimum)
Overstaying Families	201,792
National Fraud Initiative 2016	27,742
Blue Badge/Parking	1,320
<b>Total</b>	<b>£1,166,854</b>

### **4.3 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.

### **4.4 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

### **4.5 Sustainability**

Not applicable.

### **4.6 Consultations**

Consultation on the internal audit plan took place with senior management and the Audit Committee.

### **4.7 Risk Assessment**

The work of Internal Audit is based upon a risk assessment which covers all areas of the Council's activity and is continually changing to reflect new initiatives, emerging risk areas and new legislation. There is also continuous reassessment of risk as audits are undertaken, plus regular consultation with directors, chief officers and senior managers to ensure that account is 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 audit service are included within the Council's base budgets.

5.2. However, an effective 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 - Internal Audit Progress Report – December 2018

Appendix 2 - Progress with planned audits

Appendix 3 - Definitions of audit assurance levels

Appendix 4 - Audit Investigation Service statistics to December 2018

### BACKGROUND PAPERS

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

#### Description of document

None

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