



Report Reference Number: A/18/10

To: Audit and Governance Committee
Date: 24 October 2018
Status: Non Key Decision
Author: Phil Jeffrey; Audit Manager (Veritau)
Jonathan Dodsworth; Counter Fraud Manager (Veritau)
Lead Officer: Karen Iveson; Chief Finance Officer (s151 Officer)

Title: Internal Audit and Counter Fraud Progress Report 2018/19

Summary:

The purpose of the report is to provide an update on progress made in delivering the internal audit workplan for 2018/19, and to summarise the findings of recent internal audit work. The report also updates the committee on counter fraud work undertaken in the financial year.

Recommendations:

That the committee:

- a) note progress on delivery of internal audit and counter fraud work; and**
- b) note arrangements for external assessment of internal audit.**

Reasons for recommendation

To support the work of the Committee in monitoring internal audit and scrutinising and monitoring control systems.

1. Introduction and background

- 1.1 The provision of Internal Audit is a statutory requirement (Accounts & Audit Regulations 2015).
- 1.2 The Audit and Governance Committee approved the Internal Audit and Counter Fraud plan for 2018/19 at its meeting held on 18 April 2018. The purpose of this report is to inform Members of the progress made to date in delivering the 2018/19 plan and to summarise the outcomes of internal audit reviews.

2. The Report

- 2.1 Details of internal audit and counter fraud work undertaken in 2018/19 are included in the reports attached at Appendix 1 and Appendix 2 respectively.
- 2.2 Veritau carries out its work in accordance with the Public Sector Internal Audit Standards (PSIAS).
- 2.3 There is no direct linkage to any of the Council's Priorities, as internal audit and counter fraud are support services, providing assurance on corporate governance arrangements, internal control and risk management to the Council's managers in respect of their services, and specifically to the Council's S151 Officer on financial systems, and support and advice on counter fraud arrangements and investigation services.

3. External Assessment

- 3.1 In order to comply with the Public Sector Internal Audit Standards (PSIAS), internal auditors working in local government are required to maintain a quality assurance and improvement programme (QAIP). As part of this programme, providers are required to have an external assessment of their working practices at least once every five years. The last external assessment of Veritau was undertaken in April 2014 by the South West Audit Partnership (SWAP).
- 3.2 A further external assessment of Veritau will be undertaken by SWAP in November 2018. SWAP is a not for profit public services company operating primarily in the South West of England. As a large shared service internal audit provider it has the relevant knowledge and expertise to undertake external inspections of other shared services and is independent of Veritau. The assessment will include a review of documentary evidence, including self-assessments completed by Veritau, and face to face interviews with a number of senior officers at each of the Veritau clients and Veritau auditors. The assessors may also wish to speak to the chair of the audit committee as part of the assessment process. The results of the assessment will be included in future internal audit progress reports to the committee, once a report has been received from the assessor. Any specific areas identified as requiring further development and/or improvement will also be included in the QAIP.

4. Legal/Financial Controls and other Policy matters

4.1 Legal Issues

- 4.1.1 There are no legal issues.

4.2 Financial Issues

- 4.2.1 There are no financial issues.

5. Conclusion

- 5.1 At the time of drafting this report, there are seven 2018/19 audits in progress. One of these reports is currently at draft report stage. One 2017/18 report has been finalised since the last report to this committee. It is anticipated that the target to complete 93% of the audit plan will be exceeded by the end of April 2019 (the cut off point for 2018/19 audits).
- 5.2 Up to 30 September, the fraud team has identified £10.6k in loss to the council and achieved £4.9k in savings for the Council as a result of investigative work. There are currently 10 ongoing investigations.

6. Background Documents

SDC Internal Audit and Counter Fraud Plan 2018/19

Contact Officers: Phil Jeffrey; Audit Manager; Veritau
Phil.jeffrey@veritau.co.uk
01904 552926/01757 292281

Jonathan Dodsworth; Counter Fraud Manager; Veritau
Jonathan.Dodsworth@veritau.co.uk
01904 552947

Richard Smith; Deputy Head of Internal Audit; Veritau
Richard.smith@veritau.co.uk

Appendices: **Appendix 1 – Internal Audit Progress Report 2018/19**
 Appendix 2 – Counter Fraud Progress Report 2018/19