



Report Reference Number: A/18/23

To: Audit and Governance Committee
Date: 10 April 2019
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**Title: Internal Audit, Counter Fraud and Information Governance 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 and information governance work undertaken in the financial year.

Recommendations:

It is recommended that the committee note progress on delivery of internal audit, counter fraud and information governance work.

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, Counter Fraud and Information Governance plans 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 plans and to summarise the outcomes of internal audit reviews.

2. The Report

- 2.1 Details of internal audit, counter fraud and information governance work undertaken in 2018/19 are included in the reports attached at Appendix 1, Appendix 2 and Appendix 3 respectively.
- 2.2 Veritau carries out its work in accordance with the Public Sector Internal Audit Standards (PSIAS).
- 2.3 Internal audit, counter fraud and information governance are support services, providing assurance on corporate governance arrangements, internal control and risk management to the Council's managers in respect of their services.
- 2.4 Specifically, this support is provided to the Council's S151 Officer on reviewing the Council's financial arrangements, and support and advice on counter fraud arrangements and investigation services.
- 2.5 At the time of drafting this report, there are seventeen 2018/19 audits in progress. Two of these audits are currently at draft report stage and another five are at the fieldwork complete stage. Three reports have 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).
- 2.6 The key issues identified at this stage of the year relate to information security and actions have been identified to address these. Follow-up work of previously agreed actions is in progress and whilst a number of actions have been implemented revised dates have been agreed for others. This continues to be monitored closely and will be reported via the agreed escalation policy if considered necessary.
- 2.7 Up to 28 February, the counter fraud team has achieved £14.7k in savings for the council and detected £36.6k of loss. There are currently 15 ongoing investigations. The counter fraud team has received 107 reports of fraud to the end of February compared to 81 in 2017/18.
- 2.8 Work is ongoing towards General Data Protection Regulation (GDPR) and Data Protection Compliance. This year has focused on briefing staff, development of the Information Asset Register and Privacy Notices for the Council. Six Information Security incidents have been reported to Vertiau in the last two quarters of 2018/19.

3. Implications

- 3.1 There are no legal, financial, policy & risk, corporate plan, resource or other implications from this report.

4. Conclusion

- 4.1 The current status of ongoing audit work is summarised above at 2.5. The Head of Audit annual opinion in 2017/18 was one of Reasonable Assurance. This opinion remains unchanged based on our work to date, however this may change depending on the results of ongoing audit work.
- 4.2 Counter fraud work is on track to meet annual targets, as detailed in Appendix 1. Levels of fraud referrals have increased in 2018/19. This is thought to be a result of greater awareness amongst staff and the public, rather than an actual increase in fraud against the council.
- 4.3 It is recognised that the Council has made considerable strides to fulfil the work necessary for the transparency and accountability principles of the GDPR. Work towards the GDPR action plan must continue, to ensure the council develops in all GDPR and data protection compliance areas.

5. Background Documents

SDC Internal Audit, Counter Fraud and Information Governance Plans
2018/19

6. Appendices

Appendix 1 – Internal Audit Progress Report 2018/19

Appendix 2 – Counter Fraud Progress Report 2018/19

Appendix 3 – Information Governance Progress Report 2018/19

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