

**Wards Affected:***'All Wards'***Internal Audit and Counter Fraud – 2017/18 Quarter 1 Update to 31 July 2017**

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**Executive Summary:**

To provide an update on progress against the delivery of the 2017/18 Annual Audit Plan highlighting any significant issues since the last report.

To provide an update with regards to the current Fraud caseload and to highlight any new significant corporate fraud related issues since the last report.

**1. Recommendation**

- a. To note and comment on the content of the report.

**2. Issues:**

2.1 The performance measures below are those that have been agreed and are included within the Internal Audit Service Plan.

2.1.1 Annual Audit Plan 2017/18 - As at 31 July 2017 (and as shown at Annexes A and B):

- 12 (13%) planned audits are at draft or final
- 12 (13%) of planned audits have been started and are 'work in progress'.

2.1.2 The profiled target for 31 July is 25%. In addition to the completion of planned activities, 4 high profile audit assignments are currently in progress at varying stages of completion. These are:

1. Leisure Contract / Hertsmere Leisure Trust – commissioned by the Audit Committee and after significant stakeholder engagement to agree the terms of reference, is now at detailed testing stage. Completion is anticipated to be for the November Audit Committee.
2. A whistleblowing referral regarding alleged mismanagement within the Mental Health Service (NB not related to service delivery specific concerns).
3. Property / asset disposals, draft report circulated – evidence of fraud not found but processes need strengthening.
4. Housing Committee referral in respect of health and safety compliance for all council buildings. Terms of reference for this review have been drafted and circulated for consultation as a joint project with relevant colleagues eg Housing and Health and Safety etc.

## 2.2 Agreed Actions

2.2.1 Annex C shows the progress towards implementing agreed actions and at follow up:

- 89% were implemented at follow up (88% general audits / 100% school audits)
- As a consequence of the high percentage of implemented actions there all audits assessed as Limited Assurance or Weak audit opinion have improved to at least satisfactory. There are no Essential actions outstanding.

## 2.3 Client Satisfaction

2.3.1 Clients are requested to provide feedback after every audit; 3 replies have been received in respect to 2017/18 audits with 100% positive responses (2 Excellent and 1 Good). Our newly recruited Audit Assistant has been tasked with chasing up non replies to questionnaires to improve the response rate.

## 2.4 Significant Issues (including Weak/Limited reports)

2.4.1 All reports are followed up to verify the implementation of agreed actions and the adequacy of control systems are reassessed on that basis. As reported above, the implementation of agreed actions remains high.

## 2.5 Counter Fraud Update

2.5.1 As at 31 July 2017, the current counter fraud caseload is as outlined below:

<b>Fraud Type</b>	<b>Cases brought forward from 16/17</b>	<b>Cases received 17/18 Q1</b>	<b>Closed cases Q1</b>	<b>Current open</b>
Right To Buy	27	11	13	25
Corporate	9	7	11	5
Tenancy	16	7	10	13
CTax / SPD	8	21	13	16
NNDR	1	0	1	0
Blue Badge Parking	7	16	9	14
Allocation	2	1	2	1
Other	1	0	1	0
<b>Total</b>	<b>71</b>	<b>63</b>	<b>60</b>	<b>74</b>

For the cases closed during the period, the following 'Outcomes' were achieved:

<b>Fraud Type</b>	<b>Outcome Achieved</b>	<b>Number</b>
NNDR	Referred back to department after initial screening with no further action required.	1
Corporate	Dismissal	1
	Final Written Warning	2
	No Further Action (NFA) due to lack of supporting evidence.	8
C Tax / SPD	No further action required after initial screening.	12
	SPD with a value of £1,311 withdrawn	1
Tenancy	Property Recovered	3
	No further action required after initial screening	7
Right to Buy	RTB application withdrawn	4
	NFA	9
Housing Allocation	NFA	2
Blue Badge	NFA	9
Other	NFA	1
<b>Total</b>		<b>60</b>

### 3. Implications

3.1 The Audit Plan is aligned to the Internal Audit Strategy and individual audits provide assurance of compliance with a wide range of Council policies.

#### 3.2 Legal

This report provides one of the sources for the Council's Annual Governance Statement in order to meet the Council's responsibilities under the Accounts and Audit Regulations. The Accounts and Audit Regulations require every local authority to maintain an adequate and effective audit service.

#### 3.3 Other Implications

None

#### 3.4 Resources and Risk:

There are no direct resource implications and the Plan is forecast to be completed by 30 April 2018 in line with agreed targets.

Annexes:

Annex A - Completed audits

Annex B - Audits in progress, not started

Annex C - Follow ups completed

Background Papers:       None