

Head of Internal Audit Update

Audit Committee

Date: 23 February 2016

Author: Head of Internal Audit
Wards: None
Locality Affected: None
Parishes Affected: None

1. Purpose and Reasons

- 1.1 To present Members with a summary of the main issues arising from the Internal Audit reports finalised since the Audit Committee meeting in November 2015, to update Members with regard to progress against the annual internal audit plan and other key issues.
- 1.2 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.3 The Council's Internal Audit section is a key component of the assurance framework and therefore it is essential that this Committee monitor its performance against the annual plan along with the implementation of agreed recommendations by Client departments.

2. Recommendations

The Committee is recommended to:

- 2.1 It is recommended that the contents of the report be noted.

3. Detail

Progress on completion of Internal Audit Plan 2015/16

- 3.1 Details of audits finalised since the November Audit Committee meeting are set out in Appendix 1. The appendix sets out the key audit recommendations made along with the overall risk assessment to the Council.
 - 3.2 Appendix 2 sets out progress against the 2015/16 plan as at the end of January 2016. Currently 63% of the number of the audits in the audit plan has been completed against a target of 74%.
 - 3.3 Progress against the plan is behind target. This has been due, in the main, to the number and complexity of investigations that the section has been involved with.
 - 3.4 The Head of Internal Audit has met with leadership teams to agree the prioritisation of audits for completion during the remainder of the year and is confident that approximately 90% of the plan will be completed by the end of the year.
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Further information on the subject of this report can be obtained from Nick Hobbs,
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Fire Authority

- 3.5 Internal Audit has provided the audit service to Wiltshire Fire Authority for the past nine years. The Combined Fire Authority of Dorset and Wiltshire undertook a tender process for their audit service with effect from 1st April 2016. Unfortunately, despite being the lowest priced tenderer (approximately £11,000 over three years), we were unsuccessful in our bid, coming second by just over 2% in the evaluation process.

Staffing

- 3.6 In order to meet savings targets one of our Senior Auditors will be taking voluntary redundancy at the end of March 2016.

Corporate Fraud Update

- 3.7 In December 2014, Internal Audit was successful in bidding for DCLG monies for Counter Fraud work. The bid identified that the initial focus of the work of the team would be on looking at potential Housing related fraud i.e. tenancy fraud and right to buy applications. The team would also look at Business Rates and Council Tax fraud.
- 3.8 The funding enabled the recruitment of a Corporate Fraud Investigator and a Corporate Fraud Support Officer. To date the team has:
- Stopped five right to buy applications (£302,418 discount)
 - Recovered eight housing properties (estimated savings per Audit commission calculations: £144,000)
 - Identified four Council Tax discount frauds (£1,037)
 - Identified one parking permit fraud (£2,825)
 - Through the funding received an external review of business rates was undertaken that identified a possible additional rateable value of £67,790.
- 3.9 A full report on the teams work will be presented to a subsequent meeting of the Audit Committee.

4. Alternative Options

- 4.1 Not Applicable

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 There are no direct financial implications arising from this report.

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Legal and Human Rights Implications

- 5.2 Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2015. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 None

Links to One Swindon, Strategic Objectives, Plans and Policies

- 5.4 Internal Audit's remit is to examine the adequacy of the Council's governance, risk management and internal controls. Effective systems of governance, risk management and internal control within the Council will help to ensure that the objectives set out in One Swindon and the Council's Corporate Strategy is achieved.

Diversity Impact Assessment

- 5.5 None

Risk Management

- 5.6 Potential risks to the Council are identified in the individual audit reports summarised in Appendices 1 and 2.

6. Consultees

- 6.1 The Board Director: Resources (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.
- 6.2 All Heads of Service, Board Directors and Members who have contributed to individual audits to date during the course of 2015/16.

7. Background Papers

- 7.1 None

8. Appendices

Appendix 1 – Internal Audit Reports finalised since the November 2015 Audit Committee.

Appendix 2 – Progress against the Internal Audit plan 2015/16