

Head of Internal Audit Update

Audit Committee

Date: 4th April 2017

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 February 2016, 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 2016/17

- 3.1 Details of audits finalised since the September 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 2016/17 plan as at the year-end. As at the end of February 2017, 69% of the number of audits in the audit plan has been completed against a target of 82%. It is expected that the year-end figure will be approaching 85% against the target of 90%. The section has been without a Senior Auditor between January and March.
- 3.3 Customer Feedback received during 2016/17 shows that 83% of respondents rate the audit provided as between good and excellent against a target of 86%. No respondents have rated the service as below average or poor.

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Staffing update

- 3.4 The section is advertising for a Senior Auditor role to fill the current vacancy.

Corporate Fraud Team

- 3.5 Continued HRA funding for the Corporate Fraud Team has been agreed with the Head of Housing Services for 2017/18.
- 3.6 The Corporate Fraud Team has received a total of 348 referrals in the seven months to 31/10/16, compared to a total of 88 in the whole of 2015/16. To the end of February the team has:
- Recovered 11 housing properties (estimated savings £198,000)
 - Stopped 8 Right to Buy applications stopped (discount value: £418,123)
 - Other savings/invoiced amounts of £53,456.57
 - Total savings and nominal savings to date amount to: £669, 579
- 3.7 The Corporate Fraud Team carry out three stages of check during the 'right to buy' process. The number of checks carried out to date during 2016/17:
- Initial checks: 113
 - Second checks: 107
 - Money laundering checks: 28
- 3.8 As part of the checking process prospective purchasers are now informed that their application details will be checked by the Corporate Fraud Team. Since the introduction of this reference in a letter 47 applicants have withdrawn their interest. This cannot be put down solely to the introduction of this letter but it clearly can act as a deterrent.

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.

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.

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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 Corporate 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 2016/17.

7. Background Papers

7.1 None

8. Appendices

Appendix 1 – Internal Audit Reports finalised since the February 2017 Audit Committee.

Appendix 2 – Progress against the Internal Audit plan 2016/17