

Report to the Audit and Governance Committee



Report reference: AGC-023-2014/15
Date of meeting: 30 March 2015

**Epping Forest
District Council**

Portfolio: Governance and Development Management

Subject: Draft Internal Audit and Corporate Fraud Investigation Plan
2015/16

Responsible Officer: Brian Bassington (01992 564446).

Democratic Services Officer: Gary Woodhall (01992 564470).

Decisions Required:

(1) That the Internal Audit and Corporate Fraud Investigation Plan for 2015/16 be approved.

Executive Summary:

The Audit and Governance Committee is responsible for the approval of the annual Internal Audit plan following consultation with Service Directors through the Corporate Governance Group and the External Auditors (BDO).

Reasons for Proposed Decision:

To approve the Council's Annual Internal Audit Plan as required in the Audit and Governance Committee Terms of Reference.

Other Options for Action:

None.

Report:

1. The Annual Internal Audit and Corporate Fraud Investigation Plan 2015/16 is submitted to the Audit and Governance Committee for approval. Once approved, the Annual Internal Audit and Corporate Fraud Investigation Plan will be appended to the Governance Directorate Business Plan.
2. In compiling the plan, all fundamental financial systems are included, to provide Management and Member assurance in the controls in place for good financial management. The annual audit of these systems is also a requirement of the Council's External Auditors (BDO) and the draft plan is submitted to them for comment.
3. The Corporate Risk Register was reviewed and time allocated for review of any high risk financial areas. The Annual Internal Audit Plan contains the risk identifier to ensure that risks highlighted by the Audit Commission, the External Auditors and the Corporate Risk Register are allocated audit time.
4. The plan contains a contingency provision for investigations and other unplanned

work during the year. There is also flexibility in the Plan so that audits can be substituted during the year in order to accommodate reviews of areas that are assessed as being of higher risk to the achievement of the Council's objectives.

5. The publication of "Protecting the Public Purse" by the Audit Commission in November 2014 has continued to identify current fraud risks and to address concerns over these risks time has been allocated to fraud prevention and detection in the 2015/16 audit plan. As from 1st April 2015 a Corporate Fraud Investigation Team will be formed consisting of four Investigators reporting to the Chief Internal Auditor. From the same date the audit team will consist of four auditors, the part time post having been made full time (see attached chart).

6. Regular meetings have continued to be held with the Chief Auditors of Uttlesford, Harlow and Broxbourne Councils on various joint working practices sharing best practice, expertise and audit findings and recommendations.

7. Progress against the approved Plan is kept under review during the year and any proposed amendments, once the Plan has been approved, would be subject to the approval of the Audit and Governance Committee, who will continue to monitor progress against the plan on a quarterly basis.

8. The plan will be presented to the Audit and Governance Committee on 30 March 2015.

Resource Implications:

None, within existing budget.

Legal and Governance Implications:

No specific implications.

Safer, Cleaner and Greener Implications:

No specific implications.

Consultation Undertaken:

Corporate Governance Group, BDO and Service Directors.

Background Papers:

Public Sector Internal Audit Standards, Audit reports, files and Corporate Risk register.

Risk Management:

The preparation of a risk based audit plan, as part of the audit strategy, is a key part of the Council's governance arrangements. In approving the annual programme of audits, the Audit and Governance Committee, in conjunction with the Finance and Performance Management Cabinet Committee, should be assured that there is sufficient and appropriate coverage to address any risks to the achievement of the Council's objectives.

Due Regard Record

This page shows which groups of people are affected by the subject of this report. It sets out how they are affected and how any discrimination they experience can be eliminated. It also includes information about how access to the service(s) subject to this report can be improved for the different groups of people; and how they can be assisted to understand each other better as a result of the subject of this report. S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

Date / Name	Summary of equality analysis
18 th March 2015 Brian Bassington Chief Internal Auditor	There are no equality implications arising from the recommendations of this report.

**AUDIT AND CORPORATE FRAUD INVESTIGATION PLAN
2015/16**

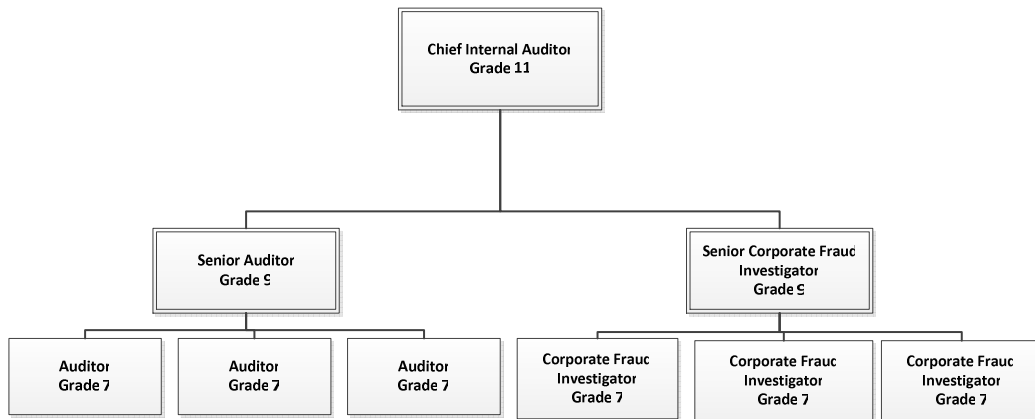
Key	Risk Identifier			
AC	Audit Commission / CIPFA (Protecting the Public Purse)			
FFS	Fundamental Finance System			
R no.	Risk Number in Corporate Register			
R	Reputation of Council			
Audit area	Audit type	Days allocated	Completed	Risk Identifier
Resources				
Accountancy				
Bank Reconciliation	system/follow up	15		FFS
Sundry Debtors	system/follow up	15		FFS
Creditors	system/follow up	15		FFS
Treasury Management	system/follow up	10		FFS/R4
Budgetary Control (capital and revenue)	system/follow up	10		FFS
Risk Management and Insurance	system/follow up	10		FFS
Main Accounting and Financial Ledger	system/follow up	15		FFS
Provision for 'top up' testing	systems	30		FFS
Benefits				
Housing Benefits	system/follow up	15		FFS
Council Tax Reduction	system/follow up	15		FFS
Revenues				
Council Tax	system/follow up	20		FFS/R4/AC
Business Rates	system/follow up	20		FFS/R4
Cash receipting and Income control	system/follow up	15		FFS
Human Resources				
Payroll	System/follow up	20		FFS
Recruitment and Selection	verification	10		R
Management of Sickness absence	verification	10		R
Overtime and Committee Allowances	verification	10		R
Travelling & Subsistence Claims	verification	10		R
Car Mileage claims	verification	10		R
Reprographics	System	10		R
ICT and Facilities Management				
ICT Procurement	ICT	10		AC/R6
Access controls	ICT	10		R6
Facilities Management Contracts	system	10		AC
Email, Internet and Telephone usage	Verification	10		R6
TOTAL		325		

Governance				
Governance and Performance Mgmt.				
Key and Local Performance Indicators	verification	15		R
Business Plans	verification	10		R
Data Protection Act /Freedom of Information	System	10		R6
Gifts and Hospitality (Members & Officers)	system/follow up	10		R
Members Allowances	System	10		R
Legal				
Debt recovery	Follow up	10		R4
Local Land Charges	System	10		R4
Development Management				
Planning Fees	System	20		R4
TOTAL		95		
Neighbourhoods				
Neighbourhood Services				
North Weald airfield	establishment	15		R
Technical Services				
Waste Management and Recycling	system	20		R
Car Parking Contract	system	10		R4
Licencing	system	10		R4
Grounds Maintenance	system	10		R
Forward Planning & Economic Devel.				
Commercial Property portfolio	Follow up	10		R2
Local Plan	System	10		R1
Economic Development	System	10		R5
TOTAL		95		
Communities				
Housing Property				
Housing Repairs Service	system	20		R
Council Housebuilding Programme	system	15		AC
Housing Operations				
Housing Rent Collection and Arrears	system/follow up	20		FFS/R4
Homelessness prevention inc. B&B	System	10		R
Rental Assistance Loans	system	10		R4
Private Sector Housing & Comm. Support				
Right to Buy	system	10		AC
Private Sector Housing - Grants	system	15		AC
Grants to Voluntary Organisations	System	10		AC
TOTAL		110		

CORPORATE FRAUD INVESTIGATION				
Housing Lettings / Right to Buy (HRA)	fraud	400		AC
Fraud Referrals (Non HRA)	fraud	310		AC
Contracts	fraud	15		AC
Procurement	fraud	15		AC
Council Tax Discounts	fraud	15		AC
National Fraud Initiative (NFI)	fraud	20		AC
Data matching and analysis (IDEA software)	fraud	25		AC
TOTAL		800		
CORPORATE				
Corporate Procurement	system/follow up	15		AC
Corporate Asset Register	system	5		FFS
Priority 1 Audit recommendations	follow up	10		R
Governance Statement	management review	5		R
Corporate Partnerships	System	10		R8
TOTAL		45		
TOTAL DAYS ALLOCATED		1470		
Contingency		40		
Corporate/Service Advice		65		
Data matching and analysis (IDEA software)		25		
TOTAL		1600		

Epping Forest District Council

Internal Audit and Corporate Fraud Investigation Unit



Agreed structure as from 1st April 2015
Cabinet 1/12/14