



Brent

Audit Committee
7 January 2015

**Report from the Chief
Finance Officer**

For Information

Wards affected: All

Internal Audit Progress Report 2014/15

1. Summary

- 1.1. This report provides an update on progress against the internal audit plan for the period 1st April 2014 to 31st December 2014. The report also provides a summary of counter fraud work for 2014/15.

2. Recommendations

- 2.1. That the Audit Committee notes the progress made in achieving the 2014/15 Internal Audit Plan, the review of fraud work and the limited assurance reports as set out in appendix 1.

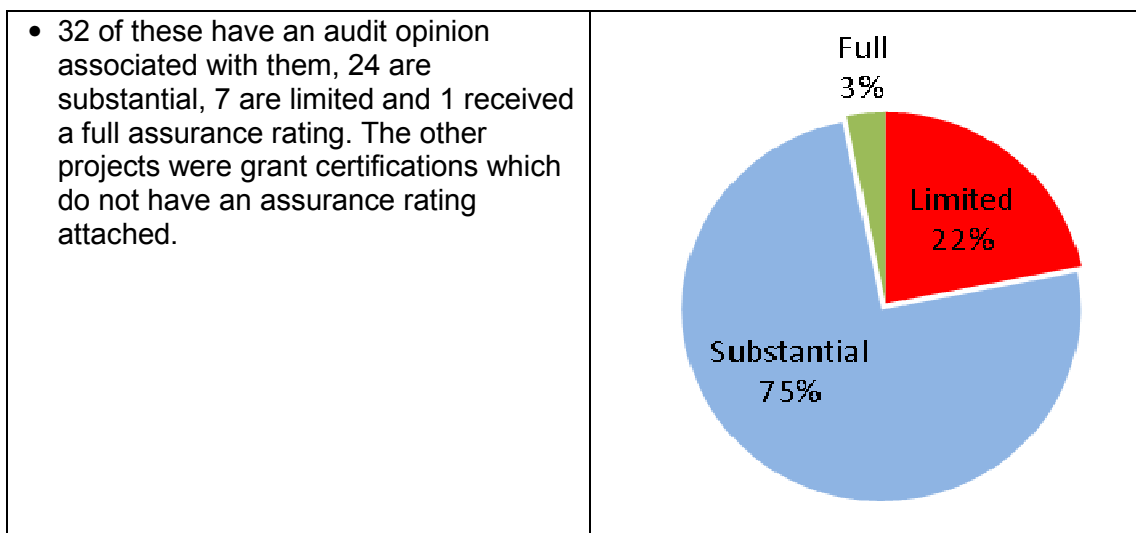
3. Detail

Internal Audit

- 3.1. The Internal Audit Plan for 2014/15 comprises 1,200 days. 905 days will be delivered by Mazars. The in-house resource delivers a further 295 days.

- 3.2. The key points to note with regard to progress for the current year are:

<ul style="list-style-type: none"> 677 days have been delivered of a total of 1,200. 	<table border="1"> <caption>Days Delivered vs Remaining</caption> <tr> <th>Category</th> <th>Percentage</th> </tr> <tr> <td>Days Delivered</td> <td>56%</td> </tr> <tr> <td>Days Remaining</td> <td>44%</td> </tr> </table>	Category	Percentage	Days Delivered	56%	Days Remaining	44%	<ul style="list-style-type: none"> There are 80 projects on the current plan (excluding follow up and advisory work). 41 projects have been completed to draft or final stage 	<table border="1"> <caption>Projects Completed vs Outstanding</caption> <tr> <th>Category</th> <th>Percentage</th> </tr> <tr> <td>Projects Completed</td> <td>51%</td> </tr> <tr> <td>Projects Outstanding</td> <td>49%</td> </tr> </table>	Category	Percentage	Projects Completed	51%	Projects Outstanding	49%
Category	Percentage														
Days Delivered	56%														
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Category	Percentage														
Projects Completed	51%														
Projects Outstanding	49%														



3.3. A summary report setting out the completed audit work is attached as Appendix 1. The status of all projects planned is set out in table 1 below.

Audit	Plan Days	Total days delivered	Progress	Assurance Opinion
Assistant Chief Executive				
Public Health Grant Receiving Organisations	10	6	WIP	
Review of Payment Processes to Public Health Suppliers and Grant Recipients	3	3	Final Report issued 1/10/14	Non Assurance
Review of Security of Personal Data across PH Providers	10	6	WIP	
Contingency for Public Health work	20		Q4	
Public Health Board Meetings	5	4	Ongoing	
ACE Total	48	19	7 days added back to contingency for Payments	
Adult Social Care				
Adult Commissioning	15		Q4	
Carers	10	7	WIP	
Mental Health	15	10	WIP	
Safeguarding	15	15	Draft Report	Substantial
Appointeeship & Deputyship	15	14	WIP	

Personalisation - Direct Payments & Personal Budgets	20	20	Final Report	Limited
Supporting People	12	12	Final Report	Substantial
ASC Total	102	78		
Schools				
Anson	10	10	Final Report	Substantial
Barham	10	10	Final Report	Substantial
Kilburn Park Junior	10	10	Final Report	Substantial
Michael Sobell Sinai	10	10	Final Report	Substantial
Park Lane	10	10	Final Report	Substantial
Preston Park	10	10	Final Report	Substantial
St Margaret Clitherow	10	10	Final Report	Substantial
St Andrews and St Francis	10	10	Final Report	Substantial
Oakington Manor	10	8	WIP	
St Mary's RC	10	2		
Princess Frederica	10	10	Final Report	Limited
Islamia	10	0	Q4	
JFS	10	10	Draft Report	Limited
Follow up work for the schools with Limited Assurance	7	5	On going	
Schools Total	137	115		
Children and Young People				
Troubled Families Certification Report	15	10	Draft Report	Non Assurance
Troubled Families Grant Claim Certification Families Worked with June 2013	6	6	Final Report	Certified
Troubled Families Grant Claim Certification Payment By Results August 2014	6	8	Final Report	Certified
Troubled Families Grant Claim Certification Payment By Results October 2014	6	8	Final Report	Certified
Troubled Families Grant Claims January 2015	12			
Adoption Allowance Grant Certification	1	1	Final Report	Certified
Adoption Allowances	12	12	Final Report	Non

				Assurance
Care Leavers	10	10	Final Report	Substantial
No Recourse to Public Funds (Adolescent Prevention Service)	10	10	Final Report	Limited
School Admissions	12	12	Final Report	Substantial
C&YP Total	90	77		
Finance				
Accounts Payable	15		Q4	
Accounts Receivable	15		Q4	
General Ledger	15		Q4	
One Oracle Project	5	3	Ongoing	
Treasury Management	10	10	Final Report	Substantial
Cash & Bank	15		Q4	
Finance Total	75	13		
Human Resources				
Pension Administration	15	1	Q4	
Payroll	20		Q4	
HR Total	35	1		
IT				
Information Governance	20	17	Draft Report	Substantial
Acolaid	15	9	WIP	
IT Digital Delivery	15	3	WIP	
One Oracle Post Implementation	20	7	WIP	
Ecoh	12	1	Q4	
IT Contracts	10	10	Final Report	Limited
Contingency for IT projects	5			
Follow up	10	7	Throughout Year	
IT Total	107	54		
ENVIRONMENT & NEIGHBOURHOOD SERVICES				

Parking	20		Q4	
Parking Contract (Special Project)	16	16	Final Report	Substantial
Highways Contract (Special Project)	16	16	Final Report	Substantial
Highways Maintenance	12		Q4	
Public Realm Contracts – Waste & Recycling	12	12	Draft Report	Substantial
Vale Farm Contract	8	3	WIP	
Licensing (Alcohol & Entertainment)	15	15	WIP	
Street Tree Contract	10	10	Final Report	Substantial
Barham Park Trust Accounts	5	5	Final Report	Unqualified
E&N Total	114	77		
Legal and Procurement				
Category Management	15	1	WIP	
Members – Declarations of Interests & Gifts and Hospitality	10	1	WIP	
Election Expenses	10		Q4	
Procurement	20	1	WIP	
L & P Total	55	3		
Regeneration and Growth				
Capital Projects (contract audits - Crest Academy)	15	15	Draft Report	Substantial
Capital Projects (contract audits - Stonebridge School Expansion and Re-development of Surrounding Area)	15	15	Draft Report	Full
Civic Centre Project (Final Accounts)	15		Q4	
Choice Based Lettings/Housing Allocations	15	2	WIP	
Income from Civic Centre (Melting Pot & Other Hire Facilities)	10	10	Final Report	Limited

Facilities Management	10	10	Draft Report	Substantial
Council Tax	10	10	Draft Report	Substantial
Local Council Support Scheme (formerly Council Tax Benefit)	10	6	WIP	
National Non Domestic Rates (NNDR)	10	9	Draft Report	Substantial
Local Welfare Assistance Scheme	10	10	Draft Report	Substantial
Discretionary Housing Payments	10	5	WIP	
Concessionary Fares	10	3	WIP	
Blue Badges	10	3	WIP	
R&G Total	150	98		
BHP				
Former Tenants Arrears	15	15	Final Report	Limited
Procurement	20		Q4	
Payroll SLA	12		Q4	
TMO (To cover either Watling Gardens or Kilburn Square)	15		Q4	
Tree Management	8	6	WIP	
Garages	4	4	Final Report	Non Assurance
Lift Maintenance	12	12	Draft Report	Substantial
Governance & Risk Management	15		Q4	
Complaints	12	10	WIP	
IT Audit – New Leasehold Management System Implementation (Pre & Post Migration) or Application on new system.	10		Q4	
Follow Up Audits	12	5		
Consultation, Communication, Reporting	15	9		
BHP Total	150	61		
OTHER				

Risk Management	15	10		
Governance & Audit Planning	10			
Consultation, Communication and Reporting (Mazars)	55	40		
Follow-Up	45	27		
Contingency	12	4	Additional time required for audits that have taken longer:	
OTHER Total	137	81		
Total	1200	677		

Table 1 – Planned Projects and Progress as at 31/12/14

3.4. A summary of delivery is shown below

Delivery Status	
Total days in the plan	1200
Number of days delivered to date	677
% of days delivered to date	56%
Days to be delivered	533
Total number of projects (excluding follow up reports and Committee reports)	80
Number of reports / certifications issued to date	41
% of draft and final reports issued to date	51%
Number of final reports issued	29
% of draft reports finalised	70%

Table 2 – Delivery Status as at 31/12/14

- 3.5. At the previous committee meeting, members requested that they review, in more detail the No Recourse to Public Funds audit. In addition, the Chief Finance Officer and Chair have requested that the report concerning income from the Europa Contract (catering and car parking). A copy of the audit reports have been sent separately to committee members and representatives from relevant service areas will be present to discuss their response to the audit. Members may wish to consider which audits to review at their next meeting in March 2015.
- 3.6. In relation to the Audit Plan for 2015/16, the Head of A&I has held preliminary meetings with a number of strategic directors. These meetings will be concluded by mid January and the proposed audit plan will be submitted to committee in March. Members should provide the Head of A&I with any areas of concern for consideration for inclusion in the plan prior to 31st January 2015.

3.7. Internal Fraud

3.8. Internal fraud refers to fraud committed by employees, agency staff and staff in maintained schools. For the purposes of this report, “fraud” includes instances of theft, fraud, misappropriation, falsification of documents, undisclosed conflicts of interest and serious breach of financial regulations. Activity for the year to date is shown in table 3 below:

Internal	As at 31/12/14	As at 31/10/14	2013/14
New Referrals	27	26	55
Closed Cases	45	27	44
Fraud / Irregularity identified	12	8	16
Dismissal	5	4	11
Resignation	4	2	2
Warning	3	2	2
Open Cases Under Active Investigation	10	20	
Cases referred for other action	3	3	

Table 3 – Internal Fraud 2014/15

3.9. Since the previous meeting of the committee, four cases have been closed in which fraud was identified. These resulted in: One dismissal at disciplinary for claiming benefit when not entitled whilst working (for a school); two resignations prior to hearings for misuse of council property and one warning for non-adherence to policy.

3.10. Performance in relation to the length of time internal investigations take is a key priority for the team. The time taken (in weeks) from receipt of a case to the issue of a draft report to management is shown below.

Housing Tenancy Fraud

3.11. Recovery of social housing properties has a significant impact upon the temporary accommodation budget. The Audit Commission estimate that the average value, nationally, of each recovered tenancy is £18,000*. Year to date, the Audit and Investigation team has recovered 36 social housing tenancies and cancelled 3 applications for housing. Two families had their (to be allocated) property size reduced following investigations. Caseload information is set out in table 6 below.

Housing Fraud	As at 31/12/14	As at 31/10/14	2013/14
New Referrals	256	201	216
Closed Cases	196	139	222
Fraud Found	40	31	49
Recovered Properties	35	26	46

Applications Refused	3	3	0
Property Size Reduced (Rehousing)	2	2	3
Value of properties recovered*	£630,000	£468,000	£828,000
Open Cases Under Investigation	161	164	

Table 4 – Housing Fraud 2014/15

- 3.12. Referrals are rising due to increased liaison with registered providers. Twenty one providers in the borough have been approached and a number are already making referrals to the council.

Other External Fraud

- 3.13. This category includes all other external fraud/irregularity cases, such as blue badge, direct payments and council tax.

Other External Fraud	As at 31/12/14	As at 31/10/14	2013/14
New Referrals	58	45	44
Closed Cases	55	38	55
Fraud / Irregularity	18	13	32
Prosecution	0	0	11
Warning / Caution	3	3	16
Overpayment Identified	15	10	5
Open Cases Under Investigation	40	43	

Table 5 – Other External Fraud 2014/15

- 3.14. Since the previous committee report a further five cases of fraud have been identified. These relate to a pension fraud valued at £5,200, three SPD frauds with a combined value of £2,000 and a home loss grant fraud of £5,300.
- 3.15. A&I have recently completed an SPD proactive exercise which has generated some £220,000 in additional council tax debt.

4. Financial Implications

- 4.1. The total value of the audit contract with Mazars is £300,000 in the current year and is funded within the Audit and Investigations base budget. If the total number of audit days attributable to Mazars is less than the 905 days allocated, then the total amount paid will reduce accordingly.

5. Legal Implications

- 5.1. None

6. Diversity Implications

6.1. None

7. Background Papers

8. Contact Officer Details

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