

Shared Audit and Investigation Service
Royal Borough of Windsor and Maidenhead Performance Report

2016/17 Interim Progress Report (1 April 2016 to 30 September 2016)

1. INTRODUCTION

1.1 This report summarises the work of the Shared Audit and Investigation Service from 1 April 2016 until 30 September 2016. There are three key areas of the service's work; Internal Audit, Governance and Investigations.

1.2 Internal Audit is a statutory function under the Audit and Accounting Regulations 2015 and it is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

1.3 Investigation work involves the proactive prevention, detection and investigation of fraud, corruption and wrong-doing. The main focus of this activity is financial fraud committed against the council. However, the team can use their skills in other relevant cases i.e. disciplinary investigations.

1.4 The Service Manager, Shared Audit and Investigation Service under the Regulation of Investigatory Powers Act 2000 (RIPA) is the Council's RIPA Monitoring Officer responsible for oversight and control over RIPA applications. RIPA regulates the ways that government bodies, including the police, are allowed to carry out surveillance, which includes accessing any communications data, listening to phone calls, following people, taking photographs and intercepting e-mails.

2. INTERNAL AUDIT

2.1 Appendix A(I) presents progress made against the 2016/17 Internal Audit Plan to 30 September 2016. Since April 2016 management have been given the opportunity to implement agreed countermeasures within one month of the issue of the draft report that could result in a change to the overall audit opinion awarded at final report stage. There have been no audits at Final Report Stage in 2016/17 to date where there has been a change in overall audit opinion awarded. Table 1 below summaries the categories of audit opinion awarded for audits completed to Final Report stage.

Table 1 : Summary of audit opinion awarded

Overall Opinion	Definitions	No of Audits
1	Complete and Effective	1
2	Substantially complete and generally effective	9
3	Range of risk mitigation controls is incomplete and risks are not effectively mitigated	5
4	There is no effective risk management process in place	1
Total		16

2.2 It is pleasing to note that for the audits completed, one audit, Capital Accounting, Programme and Expenditure Monitoring attracted the highest category of audit opinion.

2.3 There was one audit that attracted the fourth audit opinion which related to the 2015/16 Cash and Bank Reconciliation review. Due to the nature of the findings for the Cash and Bank Reconciliation audit, internal audit undertook a follow up review in the first quarter of 2016/17 where it was established that improvements had been made to the control environment. A full audit of this important key financial system will be undertaken in quarter 4 to confirm improvements.

2.4 Of the audits completed in the year to date, including those carried forward from 2015/16, five have resulted in the third category of opinion. Management actions have been agreed for each of the audits and CMT are comfortable with the mitigating actions proposed. All the major concerns are being revisited by Internal Audit when their target dates have arrived which will be reported to subsequent meetings of this Panel. The five areas are summarised in paragraphs 2.4.1 – 2.4.5 below.

2.4.1 Children’s safeguarding

The areas where there is an opportunity for improvement centred around Disclosure Barring Service checks and Governance. It is pleasing to note that management have agreed to put in place appropriate controls that mitigate those risks and that the Deputy Director, Health, Early Help and Safeguarding has already commenced addressing the major concerns by supplying evidence on the treatment measures proposed. Internal audit has verified the introduction of Trigger Plans through attendance of the Child Sexual Exploitation Operational Group and appropriate documentation.

2.4.2 Payroll

Areas for improvement centred around reconciliations, the service's Business Continuity Plan and Payroll Systems Access Authorisation. Management keep internal audit up to date with progress against the countermeasures in the management action plan and the latest position is that the major risk concern around reconciliations has not yet been implemented but is planned for quarter 3 and this will be verified at the next annual audit scheduled for quarter 4. In addition, it should be noted that management has requested consultancy from internal audit to assist in identifying efficiencies within the payroll process to enable capacity to be freed that will aid the mitigation of the reconciliation risk.

2.4.3 Flooding

The areas where there is opportunity for improvement centred around meeting statutory requirements for maintaining a Flood Defence Asset Register and delays to the delivery of Highways Drainage and Flood Management schemes.

2.4.4 Tree Management

Areas for improvement centred around the current 'expert' inspection regime and the 'basic' inspection of trees and confirmation of the council's risk appetite in the Tree and Woodlands Strategy 2010-2020.

2.4.5 Contract management

An Emerging Findings Memorandum was issued in March 2016 which highlighted that little progress had been made in terms of the Management Action Plan agreed actions from the 2014/15 audit review. Internal Audit welcomed comments on the proposed way forward to address the ongoing concerns. A Contract Management audit was included in the 2016/17 Internal Audit Plan approved by the Audit and Performance Review Panel on 7th April 2016. Dialogue with management is currently taking place to commence this audit review.

2.5 There is an allocation of days for contingency work within the Plan. Up to the end of September 2016, work was requested by Senior Management in eight areas, none of which has resulted in a category 3 or 4 audit opinion.

- Spot checks - ongoing
- IT security incidents follow up spot checks - ongoing
- Cash & bank reconciliation – follow up in quarter 3
- Deputyship and appointeeships – draft report
- Pensions board governance – final report
- Highways infrastructure assets – draft report
- Payroll consultancy - ongoing
- Grant certification; Social Care Capital Grant, Troubled Families Grant, Disabled Facilities Grant, Integrated Transport and Highways Maintenance Grant – completed

2.6 Six audits have outstanding management responses and these have been escalated to the Head of Finance and Deputy Director of Corporate and Community Services.

- Risk management 2015/16 – draft report issued quarter 4
- Waste management 2015/16 – draft report issued quarter 4
- Contract management 2015/16 – issued quarter 4
- Technology obsolescence 2015/16 – issued quarter 4
- Courthouse Junior School 2015/16 – response now received
- School improvement 2016/17 - issued quarter 2
- Deputyship and appointeeships 2016/17 - issued quarter 2

3. DEVELOPMENT OF NEW SYSTEMS/SPECIAL PROJECTS

3.1 There have not been any requests to attend any project groups for the first half of this financial year.

4 INVESTIGATIONS

4.1 The first six months performance of investigations covers the losses identified to the Council see Table 2.

Table 2 Financial results: Identified Losses to 30 September 2016

Area of work	Value (£'s)	Comments
Business Rates Relief/Exemption*	8,293.45	Fraudulent applications for exemptions and reliefs, unlisted properties
Council Tax Reduction Scheme* (CTRS)	12,535.86	Fraudulent applications for Council Tax Reduction
Direct Payments	1,229.14	Overstatement of needs through false declaration
Council Tax - discount/exemption*	295.15	Fraudulent applications for discount/exemption
Total	22,353.60	

* The amounts are debited from the relevant accounts and then collected in accordance with council tax recovery legislation. Some have been fully paid and others by arrangement.

4.2 Had the above fraudulent activities not been identified by the Investigation Team and therefore carried on to the end of the financial year, they would have cost the council a further £9,766.12.

4.3 The Investigation Team have undertaken the following other investigation work;

- 1 Disciplinary investigation
- 1 Fact finding investigation
- 2 Social Care Investigations; 1 is still ongoing in conjunction with Thames Valley Police
- 2 Grievance Investigations
- CTRS sanctions – 6 CTRS penalties and 1 administrative penalty

4.4 In addition to the reactive investigation of fraud, the Investigations Team has performed a review of properties categorised as unfurnished and unoccupied to identify homes that have returned back into use to ensure that the Council maximises revenue from the New Homes Bonus. The results of this will be reported in the Audit and Investigation Annual Report.

5. REGULATION OF INVESTIGATORY POWERS ACT

5.1 No investigation cases have been undertaken during the first six months of 2016/17 that have required RIPA surveillance approval to be requested.