

Inquiries of Management

Internal Audit

Name of Interviewee(s): Rob Disney

Date(s) of Interview: 21 April 2017

Required Inquiries

Category	Short Description	Detailed Description	Comments
Fraud	REQUIRED Fraud-related activities by the internal audit function	<p>What fraud related activities have been performed or are planned by the internal audit function?</p> <p>If any fraud related activities are planned or performed:</p> <ul style="list-style-type: none"> - What anti-fraud control deficiencies have been identified by the internal audit function? - What fraud related reports or communications have been made by the internal audit function? - Have management and those charged with governance responded appropriately to such reports and communications? 	<p>Internal Audit has engaged with the following pro-active counter-fraud activities during 2015/16:</p> <ul style="list-style-type: none"> - Promotion of the Council's Counter Fraud and Counter Corruption Strategy, along with the Fraud Response Plan, to all staff through a Team Talk article in February 2017. - Compilation of an annual fraud report (currently in progress) - The payroll analytical review work planned in 16/17 has been delayed but is now nearing completion. No significant concerns are anticipated at this stage. - Currently engaged with the ASCHPP department to assess the effectiveness of controls over direct payments, which is an emerging fraud risk area for the council. - Co-ordination of the council's review of National Fraud Initiative data matches - Review and onward distribution of relevant fraud alerts from a number of

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			<p>sources (including the National Anti-Fraud Network and the National Fraud Intelligence Bureau.</p> <ul style="list-style-type: none"> - Review of the Council's Anti-Money Laundering Policy, for submission to the Policy Committee and Council for approval in 2017/18. <p>All suspected irregularities are required to be reported to Internal Audit, for determination on how to proceed. A small number of reports have been issued in relation to suspected fraud, and the Police continue to be involved with appropriate cases. Management take suspected cases seriously and adopt a zero tolerance approach, as required by the Counter-Fraud Policy.</p> <p>Audit reports issued on the planned work for 16/17 contain a range of recommendations, ranked from low to high priority. Many of the recommendations made are designed to counter perceived vulnerabilities to fraud risks. Management has responded very positively to the recommendations raised by Internal Audit during 2016/17 and there is strong evidence from our follow-up work in 2016/17 that the agreed actions have been implemented.</p>
Fraud	REQUIRED Actual,	Are you aware of or have you identified any instances of actual,	Internal Audit has been involved to a greater or lesser degree in a

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	suspected or alleged instances of fraud	suspected, or alleged fraud, including misconduct or unethical behaviour related to financial reporting or misappropriation of assets? If so, have the instances been appropriately addressed and how have they been addressed?	number of cases involving suspected fraud. All cases have been concerned with relatively low values (under £100k). They have been addressed by either referring to the Police, investigation by internal audit or investigation by management.
Fraud	REQUIRED Internal audit's assessment of fraud risks	What is internal audit function's assessment of the risks that the financial statements may be materially misstated due to fraud? What fraud risks have been identified? Has management and those charged with governance responded appropriately to the identified risks?	The assessment is that the risk is low, given the high value (£10m) to constitute material misstatement and the range of officers involved in the Authority's control framework, and the Authority's culture.
Fraud	REQUIRED Management's assessment of fraud risks including the nature, extent, and frequency of such assessment	Are you aware of any instances of management override of controls? If so, what is the nature and circumstances of such overrides?	The Financial Regulations make provision for the rules to be waived when appropriate. The Section 151 officer / Head of Procurement / Head of Legal Services are responsible for approving any waiver. An annual report is made to the Governance and Ethics Committee, setting out all waiver requests made during the year.