

Inquiries – Internal Audit

Name of Interviewee(s) : John Bailey – Head of Internal Audit

Date(s) of Interview : 13 March 2014

Required Inquiries

Category	Short Description	Detailed Description	Comments (optional)
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 If any fraud related activities are planned or performed:</p> <p>What antifraud control deficiencies have been identified by the internal audit function</p> <p>What fraud related reports or communications have been made by the internal audit function</p> <p>Have management and those charged with governance responded appropriately to such reports and communications</p>	<p>A recent review of the Red Book II has been completed which sets out strengths, weaknesses and an action plan for addressing the weaknesses.</p> <p>All suspected irregularities are required to be reported to Internal Audit, for determination on how to proceed. A number of reports have been issued in relation to suspected fraud, as well as referral to Police in appropriate cases. Management take suspected cases seriously and adopt a zero tolerance approach.</p>
Fraud	REQUIRED Actual, suspected or alleged instances of fraud	<p>Are you aware of or have you identified any instances of actual, suspected, or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets?</p> <p>If so, have the instances been appropriately addressed and how have they been addressed?</p>	<p>Yes, there have been a number of relatively low value (under £10k) concerns raised and investigated during 2013/14. They have been addressed by either referring to the Police, investigation by internal audit or investigation by management.</p>
Fraud	REQUIRED Internal audit's assessment of fraud risks	<p>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?</p> <p>- Has management and those charged with</p>	<p>The assessment is that the risk is very low, given the high value (£10m) to constitute material misstatement and the range of officers involved the Authority's control framework, and</p>

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		governance responded appropriately to the identified risks?	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 Audit Committee, setting out all waiver requests made during the year.