

Division(s): N/A
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## AUDIT and GOVERNANCE COMMITTEE

**18 SEPTEMBER 2013**

### INTERNAL AUDIT 2013/14 PROGRESS REPORT AND QUARTER 3 PLAN

**Report by the Assistant Chief Executive and Chief Financial Officer**

#### **Introduction**

1. The agreed Internal Audit Plan for Q1 and Q2, 2013/14 is attached as Annex 1 to this report, and includes a progress status for those audits. Also included is the proposed Q3 plan. This report also includes a summary of the completed audits, and the current status of the management action arising from those audits.
2. At the Audit Working Group on 5 September 2013, it was agreed that a paper outlining the system of internal control for mitigating fraud risks over the Pension Fund would be appended to this report. That paper is still being prepared and will be tabled at the committee meeting

#### **2013/14 Audit Plan Progress**

3. There have been nine audits concluded since the last update; summaries of findings and current status of management actions are detailed in Annex 2. These were also reported to the Audit Working Group on 5 September 2013. The completed audits are as follows:

<b>Directorate</b>	<b>2013/14 Audits</b>	<b>Opinion</b>
OCS	Schools Support	Acceptable
OCS	Transforming Oxfordshire Customer Service Centre	Acceptable
EE	Property and Facilities Management Contract (Year End Closedown)	Issues
OCS	Mobile Computing	Issues
All	Fees and Charges	Issues
All	Budget Setting	Acceptable
CEF	Outdoor Centre Shops	n/a

SCS	NHS Information Toolkit	Issues
CEF	Thriving Families	Acceptable

- Resources are assigned for the planned activity, and an update on the outcome of the latest recruitment process will be given at the Committee.

## **Counter-Fraud**

### **NFI Update:**

- The Audit Commission met with Internal Audit to track progress of the NFI matches. At the time of the visit no matches had been investigated by the designated people in each area. Following the visit an action plan was established on which key matches to focus on, along with guidance on the best way to investigate them. The total number of matches is 13,472, of which the Audit Commission recommends we look at 4,113 as they are "good quality matches."
- Internal Audit has chased the key contacts for each area following the meeting, and subsequently made changes, as requested, to individuals responsible for looking at the matches.
- As at 16/08/13 only a small number of matches had been investigated or were open for investigation; however, returns are already being seen – one overpayment to a care home is in the process of being recovered. This amounted to almost £5,000.
- The Visa/immigration matches (4 in total) are being investigated by Internal Audit, and an update on the immigration status of those individuals has been requested from UKBA.
- Contacts will be chased again at the beginning of September in areas that matches are not being looked at.

### **Investigations:**

- The officer dismissed for theft of cash from the Oxfordshire Museum has been prosecuted, found guilty by the Court, and awarded an 8 month custodial sentence, suspended for 18 months. She has also been instructed to return the full amount (£16500). The internal control arrangements have been reviewed and tightened as a result of this incident.
- There are no other material investigations on-going to report.

## **Anti-Fraud and Corruption Strategy**

- The Strategy has been updated with minor changes to job titles. There were no material changes. The revised strategy has been posted on the intranet.

**Whistleblowing:**

13. There have been recent changes to the Public Interest Disclosure Act that will require amendment to the Whistleblowing Policy. These have been communicated to HR to update the policy. The key changes are as follows:
- A qualifying disclosure is one that is made in the public interest.
  - Removal of the requirement for the disclosure to be made in good faith.
  - Employees and workers who make protected disclosures are protected from adverse treatment in relation to their employer's activity. In addition, whistleblowers are protected from suffering a detriment, bullying or harassment from another worker.
  - A qualifying disclosure means any disclosure of information that, in the reasonable belief of the worker is made in the public interest. As a result of this employees will generally be precluded from being able to "blow the whistle" about breaches of his or her employment contract. Although an employee making such complaint can still use the Council's grievance policy

**Other Matters:**

14. The assessment against the new Public Sector Internal Audit Standards has not yet been completed so will be reported at the next Audit and Governance Committee meeting.

**RECOMMENDATION**

15. **The Committee is RECOMMENDED to approve the Q3 plan.**

IAN DYSON  
Chief Internal Auditor

Background papers: None.

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September 2013