

Body: AUDIT AND GOVERNANCE COMMITTEE

Date: 30 NOVEMBER 2016

Subject: Internal Audit Report to 30th September 2016

Report Of: Internal Audit Manager

Ward(s) All

Purpose To provide a summary of the activities of Internal Audit for the year 1st April 2016 to 30th September 2016.

Recommendation(s): That the information in this report be noted and members identify any further information requirements.

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1.0 Introduction

- 1.1 The work of Internal Audit is reported on a quarterly basis to demonstrate work carried out compared to the annual plan and to report on the findings of audit reports issued since the previous meeting of the committee.
- 1.2 The annual audit plan for 2016/17 was agreed by the Audit and Governance Committee in March 2016.

2.0 Review of work in the financial year 2016/17.

- 2.1 A list of all the audit reports issued in final from 1st April 2016 to 30th September 2016 is as follows:

NB. These are the Assurance Levels given at the time of the initial report and do not reflect findings at follow up.

Open Revenues	Performing Well
Debtors (Annual 2015/16)	Performing Excellently
Planning (process)	Performing Well
Housing Rents (Annual 2015/16)	Performing Well
Creditors (Annual 2015/16)	Performing Adequately
Rent and Deposit Loans	Performing Well
Homelessness	Performing Adequately
Access to Information	Performing Well
Economic Development	Performing Excellently

Levels of Assurance - Key

Performing inadequately	Major weaknesses. Insufficient controls in place or controls not being applied. Fundamental improvements required. – High risk.
Performing adequately	Some important weaknesses. Key controls need to be improved. – Medium to high risk.
Performing well	Important strengths but some areas for improvement. – Medium to low risk.
Performing excellently	Major strengths. Minor or no recommendations. A good example of internal control. – Low risk.

2.2 Appendix A shows the work carried out against the annual plan to the end of September 2016. The following comments explain the main points to be noted from the table:

- Following the external auditor's qualification of the 2014/15 Housing Benefit final subsidy claim the DWP required further work to be undertaken in light of errors found due to the data migration between Northgate and Open Revenues.
- Right To Buy – there was a change in the Auditor carrying out this review. Therefore extra time was spent on the new Auditor familiarising themselves with the subject and the work that had already been carried out.
- Rent and Deposit Loans and Homelessness – research carried out by the Auditor into legislation in order to ensure a correct understanding.
- Leisure Trust – time was put aside to provide input into this review. However it has been carried out solely by the Head of Audit at Lewes.
- Box Office Computer System – this has been postponed until 17/18 as a new system is being purchased.

2.3 Appendix B is the list of all reports issued in final during the year which were given an assurance level below "Performing Well", with any issues highlighted in the reviews which informed the assurance level given.

2.4 The committee is reminded that these are the assurance levels that were given at the time the final report was issued and do not reflect recommendations that have been addressed.

2.5 Where follow ups of reviews given an Inadequate assurance level show recommendations are not being addressed, the outstanding recommendations, and client comments from the report, have been listed at Appendix C. It should be noted that the recommendations listed were outstanding at the time of the last follow up review. If they have been addressed since this time this will not be noted or reported until the next follow up review is carried out.

2.6 Appendix C was reviewed by CMT. A follow up of Events carried out in October. This found that the reconciliation of beer tokens sold to cash taken

had been carried out. However the outstanding issues of raising purchase orders and goods received notes remained. Discussions with the member of staff who has been helping the section showed that she has been undertaking a lot of work and was responsible for the reconciliation of cash taken to beer tokens sold. She is very aware of the issue with purchase orders and goods received notes and is considering how to introduce a process that will address this issue.

The next follow up of Licences is not due to take place until November.

3.0 Corporate Fraud

- 3.1. A review has been undertaken of Council Tax Reduction (CTR) cases. In cases where only CTR has been claimed these have been checked to see if they are still eligible and correct. It was found that many required updating making this a successful and worthwhile piece of work
- 3.2 The next round of the National Fraud Initiative (NFI) is underway and datasets have been collated and uploaded onto the website. These will be matched by the NFI and reports will be released at a later date.
- 3.3 Work has been continuing on checking all Right To Buy applications with a view to check eligibility and ensure that money laundering is not taking place. There is also work ongoing on referrals made to the section on tenancy, housing and homelessness application forms.
- 3.4. The work of the Single Point of Contact (SPOC) between Lewes and the DWP has now been taken over by Eastbourne as part of the move toward shared service.
- 3.5 Appendix D shows the work of the Corporate Fraud team across the year.

4.0 Shared Service with Lewes District Council

- 4.1 Work is commencing bring the Audit and Fraud teams in Eastbourne and Lewes together. Consideration is being given to the structure of the teams as well as various policies, forms and templates to arrive at one method of working across the two authorities.
- 4.2 Updates will be presented to the committee as the work progresses.

5.0 East Sussex Counter Fraud Hub

- 5.1. Money was used from the funding obtained by the Hub to arrange a press launch. Using PRG Marketing Communications a press release was written and sent out to various newspapers, radio and tv stations. Staff and Members of relevant sections in the participating authorities were invited to join a photoshoot in Seaford. Although no journalists attended a freelance photographer did take shots of those attending hold a banner displaying the Freephone number. The story was picked up by the Eastbourne Herald, Sussex Express and Meridian.



6.0 Consultation

6.1 Respective Service Managers and Directors as appropriate.

7.0 Resource Implications

7.1 Financial – Delivered within the approved budget for Internal Audit

7.2 Staffing – None directly as a result of this report.

8.0 Other Implications

8.1 None

9.0 Summary of Options

9.1 None

10.0 Recommendation

10.1 That the information in this report be noted and members identify any further information requirements.

Jackie Humphrey
Internal Audit Manager

Background Papers:

None