

# INTERNAL AUDIT ACTIVITY PROGRESS REPORT 2016/2017



Gloucester  
**City Council**

**ARA**  
Audit Risk Assurance  
Gloucester City Council  STROUD DISTRICT COUNCIL  Gloucestershire COUNTY COUNCIL 

## **(1) Introduction**

All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that a relevant authority “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”. The Internal Audit Service is provided by Audit Risk Assurance under a Shared Service agreement between Gloucester City Council, Stroud District Council and Gloucestershire County Council and carries out the work required to satisfy this legislative requirement and reports its findings and conclusions to management and to this Committee.

The guidance accompanying the Regulations recognises the Public Sector Internal Audit Standards (PSIAS) as representing “proper internal audit practices”. The standards define the way in which the Internal Audit Service should be established and undertakes its functions.

## **(2) Responsibilities**

Management are responsible for establishing and maintaining appropriate risk management processes, control systems (financial and non financial) and governance arrangements.

Internal Audit plays a key role in providing independent assurance and advising the organisation that these arrangements are in place and operating effectively.

Internal Audit is not the only source of assurance for the Council. There are a range of external audit and inspection agencies as well as management processes which also provide assurance and these are set out in the Council’s Code of Corporate Governance and its Annual Governance Statement.

## **(3) Purpose of this Report**

One of the key requirements of the standards is that the Chief Internal Auditor should provide progress reports on internal audit activity to those charged with governance. This report summarises:

- the progress against the 2016/2017 Internal Audit Plan, including the assurance opinions on the effectiveness of risk management and control processes;
- the outcomes of the Internal Audit activity during the period June 2016 to September 2016;
- special investigations/counter fraud activity; and
- the outcome of the Marketing Gloucester internal audit 2015/16 (please refer to **Appendix 1**).

#### (4) Progress against the 2016/2017 Internal Audit Plan, including the assurance opinions on risk and control

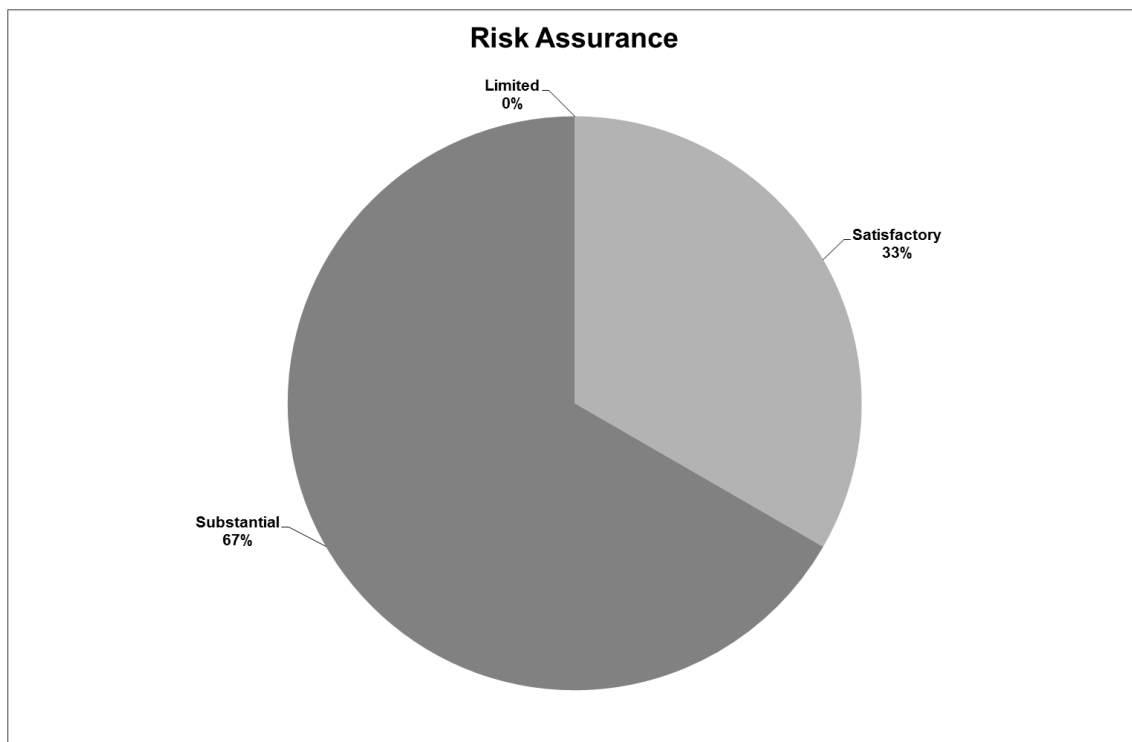
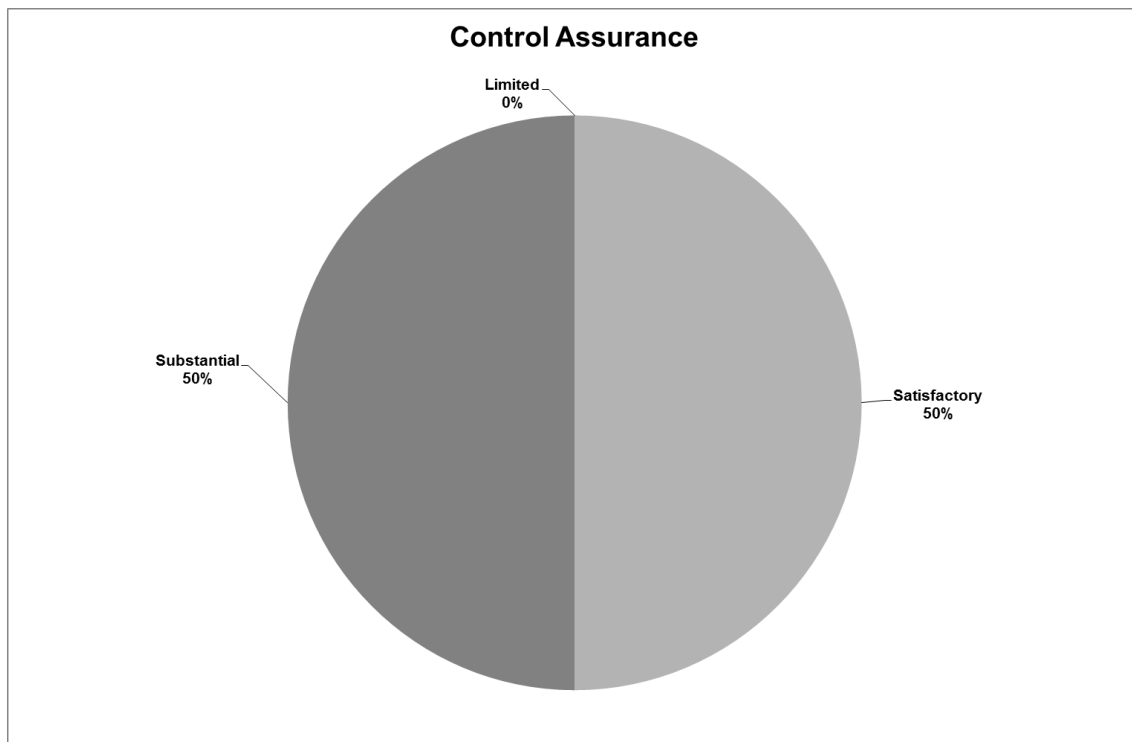
The schedule provided at **Appendix 2** provides the summary of 2016/17 audits which have not previously been reported to the Audit and Governance Committee.

The schedule provided at **Appendix 3** contains a list of all of the 2016/17 Internal Audit Plan activity undertaken during the financial year to date, which includes, where relevant, the assurance opinions on the effectiveness of risk management arrangements and control processes in place to manage those risks and the dates where a summary of the activities outcomes has been presented to the Audit and Governance Committee. Explanations of the meaning of these opinions are shown below.

Assurance Levels	Risk Identification Maturity	Control Environment
<b>Substantial</b>	<b>Risk Managed</b> Service area fully aware of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment client/customer/partners, and staff. All key risks are accurately reported and monitored in line with the Council's Risk Management Strategy.	<ul style="list-style-type: none"> <li>• System Adequacy – Robust framework of controls ensures that there is a high likelihood of objectives being achieved</li> <li>• Control Application – Controls are applied continuously or with minor lapses</li> </ul>
<b>Satisfactory</b>	<b>Risk Aware</b> Service area has an awareness of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners, and staff, however some key risks are not being accurately reported and monitored in line with the Council's Risk Management Strategy.	<ul style="list-style-type: none"> <li>• System Adequacy – Sufficient framework of key controls for objectives to be achieved but, control framework could be stronger</li> <li>• Control Application – Controls are applied but with some lapses</li> </ul>
<b>Limited</b>	<b>Risk Naïve</b> Due to an absence of accurate and regular reporting and monitoring of the key risks in line with the Council's Risk Management Strategy, the service area has not demonstrated an satisfactory awareness of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners and staff.	<ul style="list-style-type: none"> <li>• System Adequacy – Risk of objectives not being achieved due to the absence of key internal controls</li> <li>• Control Application – Significant breakdown in the application of control</li> </ul>

#### (4a) Summary of Internal Audit Assurance Opinions on Risk and Control

The pie charts provided below show the summary of the risk and control assurance opinions provided within each category of opinion i.e. substantial, satisfactory and limited in relation to the audit activity undertaken during the period June 2016 to September 2016.



#### **(4b) Limited Control Assurance Opinions**

Where audit activities record that a limited assurance opinion on control has been provided, the Audit and Governance Committee may request Senior Management attendance to the next meeting of the Committee to provide an update as to their actions taken to address the risks and associated recommendations identified by Internal Audit.

#### **(4c) Audit Activity where a Limited Assurance Opinion has been provided on Control**

During the period June 2016 to September 2016, it is pleasing to report that no limited assurance opinions on control have been provided on completed audits from the 2016/17 Internal Audit Plan.

#### **(4d) Satisfactory Control Assurance Opinions**

Where audit activities record that an satisfactory assurance opinion on control has been provided, where recommendations have been made to reflect some improvements in control, the Committee can take assurance that improvement actions have been agreed with management to address these.

#### **(4e) Internal Audit Recommendations**

During the period June 2016 to September 2016 Internal Audit made, in total, **12** recommendations to improve the control environment, **none** of these being high priority recommendations i.e. **12** being medium priority recommendations (**100%** accepted by management).

The Committee can take assurance that all high priority recommendations will remain under review by Internal Audit, by obtaining regular management updates, until the required action has been fully completed.

#### **(4f) Risk Assurance Opinions**

During the period June 2016 to September 2016, it is pleasing to report that no limited assurance opinions on risk have been provided on completed audits from the 2016/17 Internal Audit Plan.

In the cases where a limited assurance opinion has been given, the Shared Service Senior Risk Management Advisor is provided with the Internal Audit reports, to enable the prioritisation of risk management support.

## Final audit report from 2015/16 audit plan – Marketing Gloucester

### Background

The 2015/16 Internal Audit Plan was approved by Audit and Governance Committee on 16th March 2015. On request of the Audit and Governance Committee, the Plan included a Marketing Gloucester internal audit to ensure audit coverage of Council expenditure with partnership organisations.

2015/16 Internal Audit Plan delivery was completed by the Gloucestershire Audit & Assurance Partnership (GAAP) in line with the approved GAAP Internal Audit Charter. Assurance levels applied within 2015/16 were in accordance with the following table:

Explanation of assurance level	
Control level	Description
Good	Robust framework of controls – provides substantial assurance.
Satisfactory	Sufficient framework of controls – provides satisfactory assurance – minimal risk.
Limited	Some lapses in framework of controls – provides limited assurance. A number of areas identified for improvement.
Unsatisfactory	Significant breakdown in or lack of framework of controls – provides unsatisfactory assurance. Unacceptable risks identified – fundamental changes required.

Due to being 2015/16 Internal Audit Plan relevant, the Marketing Gloucester internal audit results have not been included within section 4 of this Progress Report.

### Audit scope and timing

The objective of the internal audit was to review the following main areas to determine whether the Council could appropriately evidence the achievement of Value for Money (VFM) from funding arrangements in place with Marketing Gloucester Ltd (the Company):

- Economy (cost):
  - Total 2015/16 Council approved funding allocated to the Company (overall and by operational activity/event).
  - The 2015/16 Company budget, including confirmation of Council funding.
- Efficiency (performance and output):
  - Whether the Company and the Council met the Funding and Management Agreement (FMA) clauses.
  - Whether the Company had appropriate financial management controls in place over Council funding to ensure appropriate allocation and utilisation of funds (overall and by operational activity/event) e.g. budget setting, budgetary control; and financial reporting.

➤ Effectiveness (customer satisfaction):

- How the Council ensured that VFM was delivered by the Company e.g. regular Council review of Company performance (overall and by operational activity/event).

The audit scope was to review the processes and controls in place for the 2015/16 financial year up to the point of audit.

Audit stage	Timing
Audit planning	Quarter 3 2015/16
Audit work	February 2016 to April 2016
Original draft report	28 <sup>th</sup> April 2016
Updated draft report	23 <sup>rd</sup> June 2016
Final report	22 <sup>nd</sup> July 2016

### Assurance level

On the basis of work carried out during the audit review, and the number and classification of recommendations identified through audit testing, the audit opinion was that there was **Unsatisfactory Assurance** on arrangements, processes and controls in place with the Company at the point of audit.

A total of 7 recommendations were raised within the audit report (4 High Priority, 1 Medium Priority and 2 Low Priority), to support strengthening of the overall control framework and increased assurance in the area audited.

### Key findings

At the point of audit:

- The current legal agreement between the Council and the Company (the FMA 2008) was confirmed as out of date and not complete for all Council spend (funding and service expenditure) with and liabilities owed by the Company.
- Instances of Council and Company non-compliance with the FMA and wider Council policies were also identified within the audit (e.g. treatment and payment of seconded posts).
- Opportunities are available to further formalise and develop on current performance management arrangements.

### Conclusion

Strengthening of Council arrangements, processes and controls in place with the Company had been initiated within the latter part of 2015/16, following review of the area by the Council's Managing Director and agreement of actions to be completed. This included set up of the Council-Marketing Gloucester Ltd Partnership Performance Review meeting in March 2016, led by the Cabinet Member for Culture and Leisure and attended by lead Council officers and the Company Chief Executive Officer.

However, based on the audit trail available and audit observations raised, the Council was unable to appropriately evidence the achievement of Value for Money (VFM) from funding arrangements in place with the Company at the point of audit.

### **Management Actions**

Management responses to the internal audit recommendations raised were positive and internal audit has identified significant progress made by the Council since the date of the original draft audit report. The latest date for recommendation implementation was December 2016.

Audit follow up of the Marketing Gloucester internal audit report 2015/16 is planned to be completed in January 2017, to provide assurance that full recommendation implementation has occurred.



## Completed Internal Audit Activity during the period June 2016 to September 2016

### Summary of Satisfactory Assurance Opinions on Control

**Service Area:** Regeneration and Economic Development

**Audit Activity:** Commercial Rents - Follow up

#### Background

Asset Management manage the City Council's property assets through a range of functions including disposals, granting of leases and rent reviews. In 2015/16 Internal Audit reviewed the effectiveness of the controls within these functions with the Audit and Governance Committee updated on the 18/01/2016 with the following outcome:

Controls over	Audit opinion
Disposals	Good
Security & control of assets	Good
Terrier system	Satisfactory
Work status	Satisfactory
Lease renewals	Satisfactory
Rent reviews	Satisfactory
Voids	Satisfactory
Declaration of Interests	Limited

#### Scope

The audit completed in 2015/16 made six recommendations for improvement including one High Priority recommendation relating to declaration of interests. As a consequence it was agreed that a follow-up review would be completed as part of the 2016/17 work-plan to provide assurance that the proposed action taken by management has been completed.

**Risk Assurance – Substantial**

**Control Assurance – Satisfactory**

#### Key findings

- The one High Priority recommendation has been implemented with a Declaration of Interest Form now completed by all members of the Asset Management team.
- Three of the five Medium Priority recommendations have been fully implemented, one partially implemented and one placed on hold pending further confirmation of any subsequent process changes resulting from Asset Management entering into a shared service arrangement.

#### Conclusion / Management Action

Appropriate action has been taken by management and no further involvement from Internal Audit is required at this point in time.

**Service Area: Corporate / Key Financial Systems**

**Audit Activity: Payroll – Zero Hours Contracts**

### Background

Zero hours contracts (ZHC) can be used to provide a flexible workforce to meet a temporary or changeable need for staff. It is important for employers to actively monitor their need for ZHC as it may turn out that the need is permanent and therefore a permanent member of staff can be recruited. It is also the Council's policy that any staff on ZHC should be paid at least the National Living Wage.

### Scope

The audit objectives were to:

- Establish how many ZHC are in place per service area to ensure accurate information is provided to inform future decision making;
- Confirm whether employees with a ZHC who have not been paid for over one year are removed from the payroll system;
- Ensure that recruitment to the bank of 'zero hours' staff has followed the proper recruitment processes; and
- Ensure that under the Council's requirements that ZHC staff are paid the living wage.

**Risk Assurance – Satisfactory**

**Control Assurance – Satisfactory**

### Key findings

- The Finance records show that there were 68 ZHC positions across the following Service areas:

Service Area	Number of Positions
Cemeteries and Crematorium	08
Customer Services	01
Guildhall + catering	35
Markets	01
Museums	17
Shopmobility	04
Tourist Information Centre	02
<b>Total</b>	<b>68</b>

- A number of staff will fill more than one ZHC position, which are currently covered by 49 employees across the service areas;
- There are 263 ZHC positions on SAP which have not been paid since the end of March 2015. These should be reviewed and if it is unlikely that the individual will be re-engaged within the next 3 months the position should be removed from SAP;

- During the 2015/16 financial year £128,506 was paid to employees on ZHC;
- The procedures used in recruiting ZHC staff are the same as for full time and part time personnel employed on contracts and these are being appropriately applied; and
- In line with the Green Book pay award, the basic pay rate for ZHC will rise from £7.88/hour to £8.04 from June 2016 backdated to 1st April 2016.

### Conclusion

The SAP payroll database has not been kept in line with the Council's expectations of deleting ZHC positions if individuals have not been paid within the last 12 months.

A Living Wage supplement requirement is being adhered to by the Council. The amount paid to ZHC employees is in excess of the National Living Wage and Minimum Wage (set by Government which currently stands at £7.20/hour for employees 25 and over).

The frequency of payments to existing ZHC employees indicates that there was little regular work over a continuous period that would seem to warrant the need for a permanent full time or part time contracts to be considered as opposed to the existing flexible working arrangements.

### Management Actions

One medium priority recommendation was made relating to the review and update of the SAP payroll database which has been positively agreed by management.

**Service Area: Public Protection**

**Audit Activity: Markets and Street Trading**

### Background

Common law for a market is the franchised right of having a concourse of buyers and sellers to dispose of commodities in line with the franchise, and no person can have a franchise without authority from the Crown or Parliament. In relation to Gloucester the rights to hold a market in the town were granted within a Charter of King Edward I dated October 24th 1302.

The Audit of Markets and Street Trading has been carried out in accordance with the agreed 2016/17 Internal Audit Annual Plan.

### Scope

Testing was performed upon Street Trading and each of the separate Market functions from which to obtain an opinion upon the level of controls for ensuring that income is properly accounted for, that relevant records are up to date, that formal contracts are in place where markets are operated by a 3rd party, that current charges have been appropriately set and authorised, that Street Trading Policy is current and being complied with, and that agreed management actions from previous audits and investigations have been implemented and continue to work as intended.

Activities during the 2015/16 and 2016/17 financial years were subjected to review as required, in order to ensure that sufficient data was available from which to form an accurate Audit opinion.

**Risk Assurance – Satisfactory**

**Control Assurance – Satisfactory**

### **Key findings**

The controls tested relating to the King's Square Cherry and White Pitch Market, the Farmers Market at Gloucester Cross and Street Trading are considered to be substantial, with controls tested relating to the Eastgate Market (General controls), Eastgate Market (Income controls), Hempsted Market and Car Boot and Themed Markets are considered to be satisfactory.

A total of six medium priority recommendations have been made to address the issues identified below. In addition, a further eight management actions were agreed through audit debrief to address low priority matters.

Eastgate Market - Long term lets – Charging variances were identified between the detail within the calculated charges spreadsheet and the applied charges. These were due to a combination of reasons e.g. the charges for the sampled accounts having been last subject to change with effect from 1st February 2011, the charges spreadsheet having been updated to reflect the true costs for the 2015/16 financial year, and a decision made at Director level for stallholder charges to remain unchanged for 2014/15 having continued through to 2016/17.

Eastgate Market - Short term lets - Weekly fees are verbally agreed with the stallholder and whilst a manual record is added to the stallholder's application form the agreement is not formally documented to negate any possible accusations of complicity from Market Officers.

Eastgate Market - Public Liability Insurance - It could not be demonstrated that all current stallholders have public liability insurance, this is required under the terms of their contract and indemnifies the City Council as the site owner/manager should there be a claim against a stallholder that cannot be paid.

Follow up to the 2015/16 investigation - Miscellaneous payment receipts - Review of the miscellaneous payment receipts revealed that only one Market Officer was regularly entering details such as the dates covered by the payments, this information is required to assist with payment identification.

Themed Markets - City Council Website – The website still advises that anyone interested in visiting or operating a Themed Market in Gloucester City should contact the Gloucester City Centre Community Partnership (GCCCP), however the GCCCP folded as of 31st March 2016.

Themed Markets - Invoice to be raised – As at 9th June 2016 Geraud Markets (UK) Limited had still not been invoiced for the International Market held 12th to 15th May 2016 (i.e. £400).

**Conclusion**

It is evident that there has been improvement in the risk awareness and control environment since the last Markets and Street Trading Audit, which was conducted during 2012-13, and that recommendations made during the 2015-16 investigation into income missing from the Eastgate Market safe have been relayed to the team and implemented.

The risk awareness and control environment reviewed within the 2016-17 Markets and Street Trading Audit is considered to be satisfactory.

**Management Actions**

Management have responded positively to the recommendations made in respect of the above issues identified.

**Summary of Substantial Assurance Opinions on Control**

**Service Area:** Finance

**Audit Activity:** Benefits Upgrading

**Background**

Gloucester City Council expenditure on Housing Benefits and Council Tax Support is in excess of £46m per annum. The rules surrounding entitlement to Housing Benefit and Council Tax support are quite complex, and many different elements of data may be needed to successfully calculate entitlement, which combined has the potential to lead to a number of under/overpayments. The service was outsourced to Civica Ltd in October 2011 with an initial contract term of seven years, which has recently been extended to October 2021.

**Scope**

The External Auditors' have identified Housing Benefits and Council Tax Support as being a key financial system. The Audit approach will be to test key high level controls on an annual basis with the remaining controls as identified by the Chartered Institute of Public Finance and Accountancy (CIPFA) being tested over a rolling 3 year period.

The objective of this audit is to confirm that staff verify that the appropriate 2016/17 system parameters for the Housing Benefits and the Local Council Tax Reduction Scheme have been entered and authorised completely and correctly

**Risk Assurance – Substantial**

**Control Assurance – Substantial**

**Key findings**

- The Local Council Tax Reduction Scheme for 2016/17 was approved by Council in January 2016, with inflationary increases to bring working age claimants (a local decision) in line with pension age claimants (a statutory amendment) approved by the Head of Finance;

- Changes to Housing Benefits and Council Tax Reduction Scheme parameters have been applied by Civica and checked by Gloucester City Council to confirm accuracy and completeness; and
- Calculations based on updated system parameters for a sample of claims were checked and manually re-performed by Civica staff in Test and Train versions of the software before implementation, and re-checked in 'Live' system after year end processes were completed. Checks by Gloucester City Council on this sample confirmed that the parameters were implemented successfully.

### Conclusion

The 2016/17 Housing Benefits and Local Council Tax Reduction Scheme parameters have been appropriately updated so the benefit entitlement in 2016/17 is correctly calculated. No recommendations were identified within the internal audit.

**Service Area: Finance**

**Audit Activity: National Non Domestic Rates (NNDR) Multipliers**

### Background

Under the Local Government Finance Act 1988 National Non-Domestic Rates (NNDR), or business rates, collected by local authorities are a means by which local businesses or organisations (i.e. properties which are not used for domestic purposes, such as shops, factories, offices, beach huts and moorings) contribute towards the cost of local services.

NNDR liabilities are calculated based on the notional annual rent of a property known as the Rateable Value, which is assessed by the Valuation Office Agency. When calculating a hereditament's non-domestic rates liability, one of two multipliers are used: the rateable value times the multiplier equals the notional rates liability. The multiplier figure is set annually by the Government and reflects the change in the Retail Price Index in September the previous year. The standard multiplier includes a supplement which funds small business rate relief.

In 2016/17 the Council issued bills (after the application of reliefs and exemptions) totalling £56m to the 3,900 hereditaments in the District area.

### Scope

The audit tested the following key financial controls in relation to the charges levied in 2016/17:

- Appropriate notifications have been received advising of the NNDR multipliers and transitional relief rates for the current financial year; and
- The advised NNDR multipliers and transitional relief rates have been accurately transferred to the billing system.

**Risk Assurance – Substantial**

**Control Assurance – Substantial**

### Key findings

- Billing system parameters have been subjected to review by Civica's Revenue Manager and the Council's Client Officer prior to annual billing to provide independent assurance that all parameters, including the 2016/17 rating multipliers and transitional arrangements, have been accurately transferred onto the billing system; and
- Civica have also performed reconciliations to a zero variance upon the rateable value within the billing system, upon the gross and net charges payable and also upon the total amount billed at annual billing to provide assurance that the rateable values within the billing system are aligned with Valuation Office records and that all expected bills have been printed.

### Conclusion

No recommendations for improvement were identified and a substantial level of assurance has been provided that the 2016/17 National Non-Domestic Rates charges have been appropriately set and that hereditaments within Gloucester and Quedgeley have been appropriately billed.

**Service Area: Finance**

**Audit Activity: Setting of Council Tax Charges**

### Background

The Council has a duty under the Local Government Finance Act 1992 to calculate the level of Council Tax to be levied and collected. Gloucester City Council is responsible for collecting Council Tax on behalf of itself, Gloucestershire County Council, the Police and Crime Commissioner and Quedgeley Parish Council.

In 2016/17 the Council issued bills (after the application of discounts and exemptions) totalling £56m to the 56,000 properties in the District area.

### Scope

The fee setting calculation for Gloucester City Council and Quedgeley Parish Council precept, parameter checks, and billing reconciliations in 2016/17 were reviewed for accuracy.

**Risk Assurance – Substantial**

**Control Assurance – Substantial**

### Key findings

- The Council Tax Base figures used to calculate the 2016/17 Council Tax charges were found to be derived from the correct data set and used to calculate the band 'D' charges correctly;
- Billing system parameters were found to be accurate, having been input and checked by the service provider before being signed off by the Council's Client Officer; and
- Billing reconciliations on the number of properties and gross charge had been completed satisfactorily.

**Conclusion**

No recommendations for improvement were identified and a substantial level of assurance has been provided that the 2016/17 Council Tax charges have been appropriately set and that properties within Gloucester and Quedgeley have been appropriately billed.

## **Summary of Consulting Activity and/or Support Provided where no Opinions Are Provided**

**Service Area:** Other Services

**Audit Activity:** Gloucester Guildhall – Follow up review

**Background**

The 2014/15 Gloucester Guildhall Audits were separated into three elements of Operation and Support controls, Bar and Catering controls and Blackfriars controls for which individual reports were issued that contained a total of 14 recommendations.

A follow up Audit was conducted during 2015/16 where it was established that six of the original recommendations had been implemented and that further work was required to ensure complete implementation of the remaining eight recommendations, of which two were combined due to similarities for required actions.

**Scope**

A meeting was held with the Guildhall Service Manager to discuss the implementation of the agreed actions, how they are working in practice, and whether any other related issues have arisen since the original Audit.

**Risk Assurance – Not Applicable** - Follow up audits are restricted to portions of a service areas control environment. Consequently, due to the limited scope of this review an opinion upon the Gloucester Guildhall's overall risk awareness is not appropriate.

**Control Assurance – Not Applicable** - Follow up audits are restricted to portions of a service areas control environment. Consequently, due to the limited scope of this review an opinion upon the Gloucester Guildhall's overall control environment is not appropriate.

**Key findings**

It is evident that effective actions have been taken to address the reported issues from which it is considered that three of the recommendations have now been fully implemented, one has been superseded, two have had actions taken which have resulted in partial implementation, and one still requires actioning. The medium priority recommendations requiring further actions relate to:-

- In instances where it is applicable to raise an invoice after the event the invoices are to be raised in line with current service targets, which is currently either within 14 days of the event for individual bookings or the start of the following month for regular multiple bookings;



- The Sundry Debtor Team should be contacted to arrange for the provision of regular debtor reports and for meetings to be set up to aid with reviewing and addressing ongoing recovery and removing irrecoverable debt and aged credits from the system; and
- Officers are required to raise orders for the purchase of goods or services in advance of the provision of the goods / services, in line with the requirements of the Council's Financial Regulations. It is considered that orders should be raised for either the fixed or estimated value in order to raise a commitment on the system. In instances where estimated values have been used the order will require amendment when the true value is known in order to facilitate completion of the order.

### **Conclusion**

It is evident that effective actions have been taken to address the issues reported within the 2014-15 Gloucester Guildhall Audits and that further actions are required to fully implement the remaining three recommendations which relate to order and invoice raising and reviewing debtor accounts.

### **Management Actions**

Management have responded positively to the recommendations made in respect of the above issues identified.

## **Summary of Special Investigations/Counter Fraud Activities**

### **Current Status**

During the period June 2016 to September 2016 there have been no fraud/irregularity referrals to Internal Audit.

### **Fraud Risk Assessment / Risk Register**

A fraud risk register has been produced during this period, the outcome of which will inform future Internal Audit activity.

### **National Fraud Initiative (NFI)**

Internal Audit continues to support the NFI which is a biennial data matching exercise administered by the Cabinet Office. The next data collections will be October 2016 and reports will start to be received with matches from January 2017. Examples of data sets include housing, insurance, payroll, creditors, council tax, electoral register and licences for market trader/operator, taxi drivers and personal licences to supply alcohol. Not all matches are investigated but where possible all recommended matches are reviewed by either Internal Audit or the appropriate service area.

The Committee can also take assurance that all special investigations/counter fraud activities are reported to the Managing Director, Monitoring Officer and Head of Finance as required, via the Corporate Governance Board.