

TO: GOVERNANCE AND AUDIT COMMITTEE
DATE: 28th JUNE 2017

INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2016/17

(Head of Audit and Risk Management)

1. PURPOSE OF REPORT

- 1.1 Under the Public Sector Internal Audit Standards, the Head of Audit is required to deliver an annual internal audit opinion. This is timed to inform review of the Annual Governance Statement (AGS).

2. RECOMMENDATION

- 2.1 **The Governance and Audit Committee note the Head of Audit and Risk Management's Annual Report setting out the Head of Internal Audit's Opinion for 2016/17.**

3. REASONS FOR RECOMMENDATION

- 3.1 To support assurances set out in the Annual Governance Statement and ensure compliance with the Public Sector Internal Audit Standards.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Committee could choose not to receive the Head of Audit and Risk Management's Annual Report setting out the Head of Internal Audit's Opinion but would then not be aware of the relevant assurances from Internal Audit supporting the Annual Governance Statement and would not be complying with the Public Sector Internal Audit Standards.

5. SUPPORTING INFORMATION

- 5.1 The Council is required under the Accounts and Audit (England) Regulations to "undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control".
- 5.2 The Public Sector Internal Audit Standards applicable to local government require the Head of Internal Audit to provide a written report to those charged with governance timed to support the Annual Governance Statement. This report should include an overall opinion on the adequacy of the control environment, a summary of the work that supports the opinion and a statement on conformance with the Public Sector Internal Audit Standards (PSIAS).
- 5.3 The attached report sets out the Head of Internal Audit's Opinion for 2016/17 summarising the results and conclusions of Internal Audit's work for 2016/17 and

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a statement on compliance with PSIAS. No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This opinion can, therefore, only provide reasonable and not absolute assurance based on the work undertaken and areas audited.

6. ADVICE FROM STATUTORY OFFICERS

6.1 Borough Treasurer

6.2 Borough Solicitor

The report supports the findings of the Annual Governance Statement which is included elsewhere in the agenda pack.

6.3 Equalities Impact Assessment Not applicable.

6.4 Strategic Risk Management Issues

The Head of Internal Audit's Annual Report provides her opinion on the control environment in place at the Council. Internal control is based upon an ongoing process designed to identify and prioritise risks and to evaluate the likelihood of those risks being realised and the impact should they arise. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure altogether.

7 CONSULTATION

7.1 Not applicable.

Contact for further information

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Doc. Ref
HOIAO 15/16

ANNUAL REPORT OF THE HEAD OF AUDIT AND RISK MANAGEMENT:

1. BACKGROUND

The Council is required under the Accounts and Audit (Amendment) (England) Regulations to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.”

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide a written report to those charged with governance timed to support the Annual Governance Statement.

2. PURPOSE OF THE HEAD OF INTERNAL AUDIT’S ANNUAL REPORT

The Head of Internal Audit’s annual report

- Includes an opinion on the overall adequacy and effectiveness of the organisation’s control environment;
- Discloses any qualifications to that opinion together with the reasons for that qualification;
- Presents a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies;
- Draws attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
- Compares the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and targets; and
- Comments on compliance with Public Sector Internal Audit Standards and communicates the results of the internal audit quality assurance programme.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure altogether. No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement and opinion can, therefore, only provide reasonable and not absolute assurance. Internal control is based upon an ongoing process designed to identify and prioritise risks and to evaluate the likelihood of those risks being realised and the impact should they arise.

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3. OPINION ON THE CONTROL ENVIRONMENT IN PLACE DURING 2016/17

Based on the work of Internal Audit during the year, the Head of Audit and Risk Management has given the following opinion:

- The Head of Audit and Risk Management is able to provide reasonable assurance that the Authority has sound systems of internal control in place in accordance with proper practices except for those areas of significant weakness as set out in Section 5.3;
- Key systems of control are operating satisfactorily except for the areas referred to in Section 5.3; and
- There are adequate arrangements in place for risk management and corporate governance.

4. CONFORMANCE WITH PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)

Based on the independent external assessment undertaken in March 2016 and update of the internal assessment as set out in Section 6.1, the Head of Audit and Risk Management can confirm that Bracknell Forest internal audit conforms with PSIAS requirements. The Head of Audit and Risk Management can confirm organisational independence of internal audit activity and absence of impairment to objectivity or independence during 2016/17.

5. INTERNAL CONTROL

5.1 Internal Audit Performance

The resources available for internal audit are finite and not all areas can be covered every year. Therefore internal audit resources are allocated using a risk based approach. The Internal Audit Plan for 2016/17 was considered and approved by the Governance and Audit Committee on 30th March 2016. The delivery of the individual audits in the Internal Audit Plan for 2016/17 was mainly undertaken by Mazars Public Sector Internal Audit Limited. Six IT audit reviews and information security training for schools were delivered by TIAA. All grant claims and three reviews were audited in house and 17 audits were undertaken by Reading or Wokingham/Royal Borough of Windsor and Maidenhead Borough Councils Internal Audit teams under an agreement under S113 of the Local Government Act 1972 which permits local authorities to provide staffing resources to other authorities.

Some alterations were made to the original plan during the year in response to information gained during the year. These are clearly shown in Appendix 1. At the time of writing this report, 4 reports were issued draft awaiting management responses, 2 reports were issued for discussion and one audit was still in progress. All other audits had been finalised or certified in the case of grant claims. The outcome for each audit is summarised at Appendix 1.

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5.2 Summary of the Results of 2016/17 Audits

ASSURANCE	FINAL AND DRAFT 2016/17	FINAL AND DRAFT 2015/16
Significant	1	3
Satisfactory	42	52
Limited	22	15
Total for Audits Including an Opinion	65	70
Grant Claim Certifications	4	12
Memos and reports with no opinion	14	10
Total	83	92

Assurance Opinion Classifications

Assurance Level	Definition
Significant	There is a sound system of internal controls to meet the system objectives and testing performed indicates that controls are being consistently applied
Satisfactory	There is basically a sound system of internal controls although there are some minor weaknesses in controls and/or there is evidence that the level of non-compliance may put some minor systems objectives at risk.
Limited	There are some weaknesses in the adequacy of the internal control system which put the systems objectives at risk and/or the level of compliance or non-compliance puts some of the systems objectives at risk.
No Assurance	Control is weak leaving the system open to significant error or abuse and/or there is significant non-compliance with basic controls.

5.3 Significant Control Weaknesses

In forming its opinion, Internal Audit is required to comment on the quality of the internal control environment, which includes consideration of any significant risk or governance issues and control failures which arise. During 2016/17, there were no audits where no assurance was given but 22 issued with a limited assurance opinions and a memo without opinion where significant issues were found. These are set out below;

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DIRECTORATE	AUDITS WITH LIMITED ASSURANCE CONCLUSION
COUNCIL WIDE AUDITS	<u>OFFICERS EXPENSES</u> The audit identified an unexplained weakness in the IT system which allowed one officer to authorise her own expenses.
	<u>BUDGET SAVINGS</u> Limited due to targets were not being met in respect of one key area.
	<u>DECLARATIONS OF INTEREST</u> Weaknesses in processes for annual declarations to support the financial statements
CHILDREN, YOUNG PEOPLE AND LEARNING	<u>SCHOOLS</u> Limited assurance opinions were given on the following schools: The key areas of concern at each school was as follows: <u>Ascot Heath Infant School</u> Weak control over the incurring, receipting and authorisation of expenditure. <u>Uplands Primary School</u> Weak control over the incurring, receipting and authorisation of expenditure. <u>Winkfield St Marys School</u> Weak control over expenses and over the incurring, receipting and authorisation of expenditure. <u>Easthampstead Park Secondary</u> Weak control over authorisation of expenditure, ring fenced monies for bursaries being inappropriately transferred into the main school budget and weaknesses in the financial procedures in respect of authorisation limits and authorisation of expenditure. <u>Great Hollands Primary</u> Bank account not being reconciled to the latest bank statements. <u>College Town Junior</u> Weak control over expenses and over the incurring and authorisation of expenditure
	<u>PROCUREMENT IN SCHOOLS</u> The schools audited demonstrated a high level of non compliance with Contract Standing Orders and the Procurement Manual, standard terms and conditions not being applied, weaknesses in the management of consultants working on procurements for schools, a need to clarify requirements in respect of recruitment and agency procurement and a need to clarify which mandatory parts of the Procurement Manual apply to schools.

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DIRECTORATE	AUDITS WITH LIMITED ASSURANCE CONCLUSION
CORPORATE SERVICES	<u>HOME TO SCHOOL TRANSPORT (2015/16 AUDIT)</u> Weaknesses were identified in controls over Disclosure and Barring Service (DBS) checks on drivers and escorts. Audit has been advised that action will be taken to tighten procedures and facilitate improved communication on information returned on DBS checks.
	<u>CONSTRUCTION AND MAINTENANCE- 2 REPORTS</u> This was re-audited in quarter 1 following the limited assurance opinion in 2015/16. A limited assurance opinion was given again in 2016/17 due to errors in billing by the reactive maintenance contractor which had not been detected by officers and lack of supporting documentation and errors in billing by other contractors. A further follow up audit of this area was carried out in the last quarter of 2016/17 and a limited assurance opinion was given again.
	<u>CRM SYSTEM</u> Weaknesses in control over super user and supplier user access rights and also individuals who had left the Council who still had access to the system.
	<u>DISASTER RECOVERY</u> The disaster recovery documentation is out of date and no longer relevant.
	<u>BACK UPS</u> The current list of servers is out of date and cannot be attributed to current back up jobs...
	<u>CREDITORS</u> The Agresso IT system had allowed a payment without invoice to be paid without authorisation.
	<u>IT EQUIPMENT</u> Weaknesses in stock control
ENVIRONMENT CULTURE AND COMMUNITIES/ CORPORATE SERVICES	<u>HIGHWAYS NETWORK ASSETS</u> This audit was carried out to check the preparedness for changes to the CIPFA Code of Practice on Local Authority Accounting. The audit identified a need to improve understanding of the requirements amongst ECC staff and develop procedures for accurately recording expenditure in line with the new accounting requirements however it should be noted that since the audit CIPFA have withdrawn the proposed accounting changes.
ENVIRONMENT CULTURE AND COMMUNITIES	<u>LED</u> Weaknesses found in figures for target and actual costs and in the audit trail on sub-contracting and documentation of operational cost decisions.

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DIRECTORATE	AUDITS WITH LIMITED ASSURANCE CONCLUSION
ADULT SOCIAL CARE , HEALTH AND HOUSING	<u>MENTAL HEALTH (2015/16 AUDIT)</u> Weaknesses in completion of initial six weekly reviews of care packages and also in the completion of annual reviews.
	<u>BRIDGEWELL</u> Weakness in employment contract arrangements with one member of staff.
	<u>ADULT SOCIAL CARE DEBT MANAGEMENT</u> Lack of clarity in responsibilities for debt management and weaknesses in processes for identifying cases requiring further debt management action

5.4 Follow up of 2015/16 Limited Assurance Opinions

The Internal Audit procedure is for areas given a limited assurance opinion to be re-audited in the following year. The table below sets out the latest audit position on areas given a limited assurance opinion in 2015/16.

DIRECTORATE	AUDITS WITH LIMITED ASSURANCE CONCLUSION	UPDATE AS AT 31/12/16
COUNCIL WIDE AUDITS	COUNCIL WIDE PROCUREMENT	Re-audited in quarter 2 and a satisfactory opinion given.
ADULT SOCIAL CARE, HEALTH AND HOUSING	MENTAL HEALTH	To be followed up in quarter 1 of 2017/18
CORPORATE SERVICES	PAYROLL AND PRE EMPLOYMENT CHECKS	Re-audited in quarter 3 and a satisfactory opinion given.
	BUSINESS RATES	Re-audited in quarter 3 and a satisfactory opinion given.
	CREDITORS	To be re-audited in quarter 4.
	HOME TO SCHOOL TRANSPORT	To be followed up in quarter 1 of 2017/18
	CONSTRUCTION AND MAINTENANCE	Re-audited in quarter 1 and a limited assurance opinion given again. Subsequently re-audited for the second time in quarter 4 and a limited opinion was given again.

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CHILDREN, YOUNG PEOPLE AND LEARNING-SCHOOL AUDITS	ST MICHAEL'S EASTHAMPSTEAD	Re-audited in quarter 4 and a satisfactory opinion given.
	SANDY LANE PRIMARY)	Re-audited in quarter 4 and a satisfactory opinion given.
	SANDY LANE PRIMARY SCHOOL (SCHOOL CENSUS AUDIT)	Re-audited in quarter 4 and a satisfactory opinion given.
	JENNETT'S PARK PRIMARY SCHOOL	Re-audited in quarter 3 and a satisfactory opinion given.
	SANDHURST SECONDARY SCHOOL	Re-audited in quarter 3 and a satisfactory opinion given.
	KENNEL LANE	Re-audited in quarter 3 and a satisfactory opinion given.
	THE PINES	Re-audited in quarter 3 and a satisfactory opinion given.
	COLLEGE TOWN JUNIORS	Re-audited in quarter 4 and a limited assurance opinion given again.
ENVIRONMENT, CULTURE AND COMMUNITIES	EASTHAMPSTEAD CONFERENCE CENTRE	Re-audited in quarter 3 and a satisfactory opinion given.

5.4 Follow up of Audit Recommendations

During 2015/16 formal arrangements were introduced for follow up of recommendations raised in reports with a satisfactory assurance opinion and hence with no priority one recommendations. Managers are now required to provide an update on progress to implement recommendations. The outcome of follow up work on reports from 2015/16 and 2016/17 is set out in Appendix 2 and indicates that management responded that 71% of recommendations followed up had been implemented or were in progress.

6. REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT

6.1 Compliance with Public Sector Internal Audit Standards

The Public Sector Internal Audit Standards (PSIAS) came into effect on 1 April 2013. These standards provide a consistent framework for all internal audit services in the public sector across the UK. There is a requirement in the Standards for the Head of

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Audit and Risk Management to report on conformance with the PSIAS in her annual report based on the outcome of internal and external assessment of compliance. PSIAS Standard 1312 states that *“External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation...”*

The external assessment of Bracknell Forest Council's internal audit services was carried out in March 2016 when the conclusion was that internal audit at Bracknell Forest Council generally conforms with the Public Sector Internal Audit Standards with a high level of compliance. Only 4 minor areas for improvement identified. Three of these have been fully implemented. The fourth area to identify further opportunities to reduce audit coverage and duplication with other assurance providers through assurance mapping is in still progress.

In April 2016, following the external assessment, the Standard were updated to include a mission for internal audit which is stated as “to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight” and add core principles for the professional practice of internal auditing.

An update of the internal assessment of compliance with Public Sector Internal Audit Standards has been carried out which confirms that these additions to the Standards have been complied with.

6.2 Summary of Internal Audit Performance 2015/16

	Client Questionnaires		Draft Report Produced within 15 Days of Exit meeting
	Received	Satisfactory	
2016/17	30	100%	77%
2015/16	31	100%	80%

6.3 Feedback from Client Quality Questionnaires

The overall response from client questionnaires for 2016/17 was positive with no responses returned where the auditee did not find the audit satisfactory.

7. EXTERNAL INSPECTIONS

7.1 Consideration of the Outcome of External Inspections

The Head of Audit and Risk Management considers the outcome of the external inspections and assessments to inform the development and ongoing review of the Internal Audit Plan for the current and future years and assess if there are any issues relating to the control environment which need to be taken into account in drawing up the annual Head of Internal Audit Opinion. The findings of the various assessments considered when finalising the Head of Internal Audit Opinion for 2016/17 are as follows:

7.2 External Auditors' Annual Audit Letter 2015/16

The Annual Audit Letter 2015/16 from Ernst and Young was presented to the Governance and Audit Committee on 29th January 2017. Ernst and Young (EY) issued an unqualified audit opinion for the year ended 31 March 2016. They also issued an unqualified opinion on whether the Council had put in place proper arrangements for securing economy, efficiency and effectiveness.

7.4 Care Quality Commission (CQC) Inspections 2016/17

The CQC inspections of the Bridgewell Centre and Waymead short term care in September 2016 and March 2017 both resulted in an overall rating of "Good".

7.5 OFSTED Inspections

The Head of Audit and Risk Management notes that where Schools have been assessed as requiring improvement, follow up inspections carried out indicate effective action is being taken.

7.6 School Financial Value Standard

The schools financial value standard (SFVS) is a mandatory requirement for local authority (LA) maintained schools in managing their finances and to give assurance that they have secure financial management in place. It is primarily a tool for governing bodies. The standard consists of 25 questions which governing bodies or management committees should formally discuss annually with the head teacher and senior staff. Schools are required to complete the checklist, and arrange for this to be signed by the Chair of Governors and returned to the Authority by 31st March each year. All maintained schools completed their 2016/17 SFVS on time. Academy schools are exempt.

8. RISK MANAGEMENT

During 2016/17, the Strategic Risk Register was reviewed quarterly by the Strategic Risk Management Group (SRMG) and twice by the Corporate Management Team (in June 2016 and January 2017) as agreed in the Risk Management Strategy. The Register was subject to Member review by the Governance and Audit Committee in June 2016 and January 2017. In response to feedback from the Committee, the format of the Strategic Risk Register was reviewed and improved in quarter 4 to include additional information such as on risk appetite and tracking of risk scores over time. The new format was reviewed and endorsed by SRMG in March 2017.

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Directorate Risk Registers are in place and were generally reviewed and updated quarterly by Departmental Management Teams during 2016/17. These record the significant operational risks for each directorate and inform the update of the Strategic Risk Register. Risk registers are in place for all the major projects at the Council and these are reviewed regularly.

Risk awareness is also being continually raised through the internal audit process, for example during internal audits of project management and by drawing attention to managers' responsibilities for assessing fraud risks and putting controls in place to prevent, deter and detect fraud and focussing on risk management within the contract management process.

9. CORPORATE GOVERNANCE

During 2016/17, the Annual Governance Statement for 2015/16 was produced by Legal Services and an action plan to address governance weaknesses was developed and subsequently reviewed.

A number of audit carried out during 2016/17 included elements of governance such as the audits of Better Care Fund and school audits.

10. FRAUD AND IRREGULARITY

Fraud Awareness Training

- 10.1 During 2016/17 we have commenced a programme of counter fraud training. The first fraud awareness sessions were delivered by a specialist fraud investigator to teams in Adult Social Care, Health and Housing during quarter 2: The sessions were tailored to the specific fraud risk areas for individual teams. In February 2017 training was delivered to senior managers in Environment, Culture and Communities

National Fraud Initiative (NFI)

- 10.2 The NFI is a biennial data matching exercise first introduced in 1996 and conducted by the Audit Commission to assist in the prevention and detection of fraud and error in public bodies. Bracknell Forest Council is obliged to participate in this. The core mandatory data for submission for the 2016 round was:

- payroll
- pensions
- trade creditors
- housing benefits
- Council Tax
- electoral register
- private supported care home residents
- transport passes and permits (including residents' parking, blue badges and concessionary travel)

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- insurance claimants
- licenses – market trader/operator, taxi driver and personal licenses to supply alcohol
- personal budget (direct payments)
- housing waiting list

Data was submitted to the Audit Commission during 2016. Matches were received back in quarter 4 of 2016/17 and investigations are ongoing.

Benefits Investigations

- 10.3 On 1st December 2014, the Council's Benefit Fraud Investigation Officers transferred to the Single Fraud Investigation Service (SFIS) within the Department for Work and Pensions (DWP) as part of the national government programme of centralising the investigation of welfare benefit fraud. The Welfare Service passes cases of overpayments in excess of £2k to SFIS for investigation and cases where fraud is suspected. Members of the public are directed to contact the DWP directly where fraud is suspected and so the Service receives further fraud information requests where fraud has been reported from another source. During the period April 2016 to March 2017 Service there have been 52 referrals to SFIS. We have so far been notified of 3 administrative penalties relating to these cases. During the financial year 2015/16, 76 cases were referred and outcomes are still coming through this financial year. The Welfare Service have so far been notified of 3 prosecutions and 3 administrative penalties.
- 10.4 From 1st April 2014, if a claimant is notified that they have been overpaid Housing Benefit by £250 or more, which must have occurred wholly after 1st October 2012, Bracknell Forest Borough Council has been able to impose a set Civil Penalty of £50. The £50 Civil Penalty applies if benefit is overpaid because the claimant negligently gave incorrect information and didn't take reasonable steps to correct their mistake or failed to tell the Council about a change or failed to give them information without a reasonable excuse. Between April 2016 and March 2017 the service applied 347 Civil Penalties. From April 2016 Bracknell Forest Council can now apply penalties of £70 in respect of Council Tax. Between April 2016 and March 2017 the service applied 84 Council Tax Penalties.
- 10.5 DWP carries out an exercise matching HM Revenue and Customs Real Time Information (RTI) against data held on six social security benefits; (Income Support, Jobseekers Allowance, Housing Benefit, Employment and Support Allowance, Pension Credit and Carers Allowance) to identify cases where claimants have either failed to declare or have under declared earnings and Non State Pension. The project commenced in October 2014 and has resulted in referrals being issued to local authorities where DWP has information that earnings or Non State Pension have not been correctly declared for the purposes of Housing Benefit. From April 2016 to March 2017 Bracknell Forest Council received 981 referrals of which approximately 42.4% of referrals resulted in a

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reduction to Housing Benefit and approximately 5.7% resulted in an increase to Housing Benefit. Approximately 33.1% resulted and a reduction to Council Tax Reduction and 5.6% resulted in an increase to Council Tax Reduction. The Service also made the decision to opt in to optional RTI referrals for local authorities on a monthly basis starting June 2016. These are delivered with the existing RTI.

- 10.6 The Fraud and Error Reduction Incentive Scheme (FERIS) was launched on 24 November 2014. Local authorities could opt into the scheme and bid for funding. FERIS is an incentive scheme that offers a financial reward to local authorities that find reductions to Housing Benefit entitlement as a result of claimant error or fraud. It is for each local authority to decide how best they can identify additional changes to entitlements resulting from fraud and error. From April 2016 to March 2017 the Council has carried out targeted campaigns to 400 households in which approximately 48.8% has resulted in a reduction and 32.5% has resulted in an increase to Housing Benefit and approximately 47.9% has resulted in a reduction and 31.4% has resulted in an increase to Council Tax Reduction."

Single Person Discount

- 10.7 In order to identify potential mis-claiming of Council Tax Single Person Discount (SPD), the Revenues team procured external consultants to carry out a data matching exercise. The exercise matched credit records to households claiming SPD to highlight cases where there appeared to be more than one occupant at the property. In such cases, letters were sent to the recipient of the SPD to query if they were the sole occupier. The exercise has resulted in SPD being removed from 438 households who were not entitled to the discount which resulted in a reduction of £153k in SPD awards.

Other Potential Irregularities

- 10.8 In September 2015, Adult Social Care informed the Police about potential abuse of a client's monies by a relative. This had initially been highlighted due to the follow up of debts for contributions to care costs. Adult Social Care provided a detailed package of evidence for the Police enabling them to arrest the relative. At the subsequent court case in July 2016 a Compensation Order was awarded to Bracknell Forest Council for £15,715.50.
- 5.9 In June 2016 Audit were advised by Adult Social Care of whistleblowing by an ex employee of a care provider who alleged that call records were being falsified to overstate hours being delivered by the provider. This was investigated by a Counter Fraud Investigator under the S113 agreement who concluded that on the balance of probabilities it would appear that records had been manipulated. The over charge was estimated at approximately £16k for the 6 month period investigated. The supplier has ceased to provide care to Bracknell Forest and steps are now being taken to offset some of the monies owed to the Council against final balances due to the supplier.
- 5.10 Following this the Counter Fraud Investigator was requested to carry out analysis on hours provided by another care provider. Results were provided back to ASCHH who then wrote contacted the provider to raise concerns around hours being charged.

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- 5.11 In February 2017, allegations were made that an officer had misappropriated assets. The subsequent investigation by the relevant department found no evidence of this but a number of weaknesses were identified in the control over these assets.

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APPENDIX 1

2015/16 AUDIT REPORTS ISSUED DURING 2016/17

* Draft report issued within 15 working days of the exit meeting to discuss audit findings and recommendations

2015/16 AUDIT PLAN

Audit	Start Date	Date Draft Report	Key Indicator Met *	Assurance Level				Recommendations			Status
								Priority			
				Significant	Satisfactory	Limited	None	1	2	3	
CORPORATE SERVICES Home to School Transport	1/2/16	26/4/16	No			X		1	2	1	Final
ASCHH Mental Health	14/3/16	20/5/16	No			X		2	6		Final
Housing Rents and Deposits	1/3/16	22/7/16	No		X				2	3	Final

2016/17 AUDIT PLAN

Audit	Start Date	Date of Draft Report	Key Indicator Met	Assurance Level				Recommendations Priority			Status
				Significant	Satisfactory	Limited	None	1	2	3	
GRANTS Troubled Families (September)	15/8/16	7/7/2016	N/A	N/A grant certification							Final
Bus Subsidy	23/8/16	15/9/16	N/A	N/A grant certification							Final

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Audit	Start Date	Date of Draft Report	Key Indicator Met	Assurance Level				Recommendations Priority			Status
				Significant	Satisfactory	Limited	None	1	2	3	
Integrated Transport Block Allocation	5/9/16	22/9/16	N/A	N/A grant certification							Final
Troubled Families (January)	17/1/17	26/1/17	N/A	N/A grant certification							Final
COUNCIL WIDE AUDITS Council wide procurement - waivers	8/8/16	17/10/16	Yes		X				5		Final
Officer expenses	5/5/16	2/6/15	Yes			X		1		3	Final
Budget savings	8/9/16	11/11/16	Yes			X		2	3		Final
Transformation Programme											Cancelled
Business Continuity	31/5/16	7/7/16	Yes	No opinion given. Seven recommendations raised.							Final
Grey Fleet Checks- additional audit	2/11/16	21/11/16	Yes	Memo issued with no opinion but 2 recommendations raised							Final
Pool Cars- additional audit	14/3/17	10/3/17	Yes	Memo issued with no opinion					5		Final
COUNTER FRAUD Declarations of Interest (Fraudit)	31/8/17	14/2/17	No			X		1	9		Draft issued
Procurement (Fraudit)	15/11/16	21/11/16	No		X				3	1	Final

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CORPORATE SERVICES Creditors	7/2/17	2/3/17	Yes			X		1	3	2	Final
Debtors	3/10/16	24/11/16	No		X				6	1	Final
Payroll and pre employment checks	31/10/16	14/12/16	Yes		X				4	5	Final
Construction and Maintenance	23/5/16	4/8/16	Yes			X		2	9	1	Final
Construction and Maintenance Follow Up- additional audit	6/3/17	13/4/17	Yes			X		3	2		Draft issued
Cash Management	10/10/16	21/11/17	No		X				2	1	Final
Council Tax	24/10/16	12/12/16	Yes		x				8	2	Final
IT equipment	13/7/16	29/3/17	Yes	Memo issued with no opinion				3	4		Final
Business Rates	24/10/16	21/12/16	Yes		X				7		Final
IT AUDIT Disaster recovery	8/8/16	16/11/16	No			X		1	2	2	Final
Back ups	1/8/16	17/10/16	No			X		1	1	2	Final
CRM -	5/8/16	4/11/16	No			X		3	8	2	Final
AGRESSO upgrade											Deferred to 2017/18t
ECC Finance operations											Cancelled
Coral Reef Project	13/3/17	12/5/17	Yes		X				4		Draft issued
Downshire Golf	10/1/17	31/3/17	Yes		X				11		Final
Easthampstead Park Conference Centre	4/10/16	9/2/17	No		X				10		Final
South Hill Park											Cancelled
Parks and	3/10/16	24/11/16	Yes		X				7	2	Final

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Countryside											
Tree Services											Deferred to 2017/18
Highways Adoptions	7/9/16	24/11/16	Yes		X				9	2	Final
New Chapel project											Cancelled
LED works	20/6/16	18/11/16	Yes			X		3			Final
Highways Network Assets	25/7/16	1/9/16	Yes			X		2	3	2	Final
Waste Collection	5/8/16	20/9/16	Yes		X				2	4	Final
IT AUDITS CONFIRM	16/1/17	24/4/17	Yes		X				6	4	Final
COUNTER FRAUD IN ECC Leisure Cash Spot Checks	27/2/17	10/4/17	Yes	N/A- 4 memos issued							Final
CYPL Binfield Learning Village	31/3/17	27/4/17	Yes	X							Final
Pupil Places	26/9/16	19/1/17	Yes		X				8	2	Final
Early years	12/9/16	7/11/16	Yes		X				3		Final
Info Security in Schools – Follow Up	Agreed with previous Director of CYPL that this would be addressed through a training session offered to Schools										Training delivered 25/1/17
Procurement in Schools- overall report	19/4/16	22/7/16	Yes			X		5	3	1	Final
Procurement in Schools. Kennel Lane	19/4/16	15/7/16	Yes	Memo issued with no opinion				3	6	1	Final
Procurement in Schools- Sandhurst	19/4/16	15/7/16	Yes	Memo issued with no opinion				1	8	2	Final
Procurement in Schools-	19/4/16	22/7/16	Yes	Memo issued with no opinion				7	4	1	Final

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Easthampstead Park											
Procurement in Schools- Edgebarrow	19/4/16	15/7/16	Yes	Memo issued with no opinion				2	6	2	Final
Procurement in Schools- Harmanswater	19/4/16	15/7/16	Yes	Memo issued with no opinion				2	7		Final
Procurement in Schools- Garth Hill	19/4/16	15/7/16	Yes	Memo issued with no opinion				3	4		Final
Ascot Heath Infant	21/4/16	25/5/16	Yes			X		1	7	4	Final
College Hall Pupil Referral Unit	20/6/16	22/7/16	Yes		X				7	1	Final
College Town Junior	13/3/17	3/5/17	Yes			X		1	8	1	Draft issued
Crowthorne CE Primary	9/5/16	1/6/16	Yes		X				6		Final
Easthampstead Park Secondary	19/9/16	21/10/16	Yes			X		3	9	1	Final
Great Hollands Primary	3/10/16	19/10/16	Yes			X		1	10	3	Final
Jennet's' Park (Ltd 15/16)	11/10/16	21/10/15	Yes		X				6	2	Final
Kennel Lane Special School (Ltd 15/16)	17/10/16	11/11/16	Yes		X				9	1	Final
Meadow Vale Primary	26/4/16	25/5/16	Yes		X				9	2	Final
New Scotland Hill	24/1/17	9/2/17	Yes		X				8		Final
Pines Primary (Ltd 15/16)	7/11/16	18/11/16	Yes		X				6	1	Final
Sandhurst Secondary	26/9/16	21/10/16	Yes		X				7	2	Final
Sandy Lane Primary (Ltd 15/16)	6/2/17	3/3/17	Yes		X				7	2	Final
St Michael's E'hampstead CE Prim (Ltd 15/16)	20/2/17	8/3/17	Yes		X				3	1	Final
Uplands Primary	3/5/16	25/5/16	Yes			X		1	6		Final

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Whitegrove Primary											Deferred to 2017/18t
Wildridings Primary	20/2/17	08/3/17	Yes		X				7	1	Final
Winkfield St Mary's	18/4/16	17/6/16	Yes			X		2	7	1	Final
SEND	31/10/16	20/2/17	No		X				10	2	Final
Education Psychology	6/7/16	9/8/16	Yes		X				6		Final
NEET Reduction	17/5/16	20/6/16	Yes		X				7		Final
Residential placements	8/11/16	14/2/17	No		X				1	2	Final
Recruitment and Retention	28/9/16	20/12/16	No		X					1	Final
CYPL IT AUDITS Mosaic	23/1/17	28/4/17	No			X			14		Final
ASCHH Better Care Fund-	20/2/17	29/3/17	Yes		X				3	3	Final
CONTROCC	9/1/17	15/2/17	Yes		X				1		Final
Financial Assessments and Benefits Checks	15/8/16	30/8/16	No		X					4	Final
Bridgewell Unit	14/11/16	12/1/17	No			X		1	12	1	Final
Reablement and Hospital Discharge	7/11/16	30/1/17	No		X				6		Final
Learning Disability											Cancelled
Learning Disability Provider service at Waymead including Breakthrough	13/6/16	5/8/16	Yes		X				11	10	Final
Housing and Council Tax Benefits	5/12/16	27/1/17	Yes		X				7	2	Final
Homelessness	13/6/16	22/7/16	Yes		X				5	1	Final
Supporting people											Cancelled
Discretionary Housing Payments and Social Fund	23/1/17	15/2/17	Yes		X				2	2	Final

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Payments											
ASCHH IT AUDIT Abritas upgrade	12/7/16	23/9/16	Yes		X				4	2	Final

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APPENDIX 2

FOLLOW UP OF AUDITS (EXCLUDING LIMITED ASSURANCE REPORTS)

2015/16 AUDITS

Audit	Recommendations			Outcome
	Priority			
	1	2	3	
Complaints Procedure		4	2	Two completed, three in progress and one outstanding.
Fleet Management including Fuel Cards		8	1	One priority 2 recommendation still in progress
Highways Network management		6	1	All now implemented except for one recommendation which has been deferred.
Development Control		5	3	All implemented apart from 1 priority 3 rec which is still in progress
Housing Rents and Deposits		2	3	All implemented
TOTAL	1	27	13	

2016/17 AUDITS

Audit	Recommendations Priority			Outcome
	1	2	3	
COUNCIL WIDE AUDITS Council wide procurement - waivers		5		Nothing implemented
Grey Fleet Checks		2		All implemented
ECC Parks and Countryside		7	2	All implemented
Highways Adoptions		9	2	Six priority two recommendations in progress and three outstanding. One priority three recommendations implemented and one outstanding.
Waste		2	4	Eight recommendations implemented. One priority 3

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Audit	Recommendations Priority			Outcome
	1	2	3	
Collection				recommendation in progress.
Early years		3		No update provided on one recommendation and clarification requested on response to the other two recommendation
Procurement in Schools- overall report	5	3	1	One priority 1 and two priority 2 recommendations outstanding.
College Hall Pupil Referral Unit		7	1	All implemented
Crowthorne CE Primary		6		Five implemented and one in progress
Jennet's' Park		6	2	All implemented apart from two priority 2 recommendations which are in progress
Kennel Lane Special School		9	1	All implemented except for one priority 2 recommendation which is still in progress
Meadow Vale Primary		9	2	All implemented
Pines Primary		6	1	Update requested but not provided
Sandhurst Secondary		7	2	All implemented
Education Psychology		6		One recommendation implemented and 5 in progress
NEET Reduction		7		Two priority 2 recommendations no longer valid as the service has be brought back in house One priority 2 recommendation has been implemented, Two priority recommendations are in progress and clarifications on responses on the remaining recommendations is outstanding.
Recruitment and Retention			1	Implemented
ASCHH Learning Disability Provider service at Waymead including Breakthrough		11	10	1 priority 3 rec not agreed. 2 priority 2 and 3 priority 3 recs in progress. 15 recs implemented
Homelessness		5	1	Update requested but not provided
ASCHH IT AUDIT Abritas upgrade		4	2	All recommendations are being taken into account as appropriate for the IT project The Welfare team are undertaking.
TOTAL	5	20	14	