

## **AUDIT COMMITTEE**

**26 SEPTEMBER 2012**

### **INVESTIGATIONS RELATING TO FINANCIAL IRREGULARITIES**

Report from: Internal Audit

Author: Alison Russell, Audit Services Manager

#### **Summary**

This report is to inform Members of the outcome of recent investigations.

#### **1. Budget and Policy Framework**

- 1.1 It is within the remit of the Audit Committee to take decisions regarding accounts and audit issues.

#### **2. Background**

- 2.1 Part of a sound internal control framework requires an organisation to devote resources to investigating suspected irregularities.
- 2.2 The Exempt Annex A provides details of one irregularity investigation concluded, and details where control issues were identified. There is also an update provided on one case that has been previously reported.
- 2.3 A joint working protocol between Audit Services and HR is being developed regarding the investigations of suspected fraud by Medway employees. Since the joint working process began there has been an increase in referrals to Audit Services and therefore there will in future be an increase in investigations reported to this Committee.
- 2.4 In the current financial year there have been eleven referrals for audit investigation. The level of involvement by Audit Services in the investigation process is determined based on a number of factors including the complexity of the case, whether a criminal investigation needs to be undertaken, and how the concern came to light. Where Audit Services undertake an investigation, as opposed to acting in an advisory role, the outcome will be reported to Audit Committee once the case has concluded. The conclusion may be through the disciplinary process, criminal proceedings, or may result in no further action required. Control weaknesses identified through the

investigation process will be reported to management and a summary provided to Audit Committee.

- 2.5 Once the protocol for joint investigation working between Audit Services and HR has been finalised this will be provided to Audit Committee for information.

### **3. Risk Management, Financial and legal implications**

- 3.1 There are no risk management, financial and legal implications arising from this report.

### **4. Recommendations**

- 4.1 Members to note the outcome of the irregularity investigations and the actions taken.

#### **Lead officer contact**

Name Alison Russell  
Job Title Audit Services Manager  
Telephone: 01634 332355  
Email: [alison.russell@medway.gov.uk](mailto:alison.russell@medway.gov.uk)

#### **Background papers**

None.