# AUDIT COMMITTEE

# 21 MARCH 2013

# INVESTIGATIONS RELATING TO FINANCIAL IRREGULARITIES

Report from:       Internal Audit

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**Summary**

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

## 1.      Budget and Policy Framework

1.1     Following the Council's decision to establish this committee, 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.

2.3     A joint working protocol between Audit Services and HR has been developed regarding the investigations of suspected fraud by Medway employees.

2.4     In the current financial year there have been thirteen referrals for audit investigation.  The level involvement of 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 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.

**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.

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**Background papers**

None.