

By: The Head of Audit & Risk

To: Governance & Audit Committee  
5 March 2008

Subject: **INTERNAL AUDIT REPORTING – IRREGULARITIES**

Accountable Officer: The Head of Audit & Risk

Classification: Unrestricted

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**Summary:** This report provides brief details of all irregularity cases completed during the period November and December 2007 and January 2008.

## **FOR INFORMATION**

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### **INTRODUCTION**

1. In line with best practice and as agreed by Members of the Audit Committee at their meeting on the 1 March 2005, this report summarises the outcome of irregularity investigations that have been concluded within the period from November 2007 to January 2008.
2. During the period, four new cases of potential irregularity were reported, for which investigations are continuing. Where significant, details of these irregularities are reported separately to the Chairman of the Governance and Audit Committee during informal meetings, to ensure that he is made aware of possible problems as they arise.
3. Appendix 1 summarises the investigations that have been completed within the period.

### **RECOMMENDATION**

4. Members are asked to note this report.

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**Summary of Irregularity Cases Concluded in the Period November 2007 to January 2008**

<b>Ref</b>	<b>Directorate</b>	<b>Nature of Irregularity</b>	<b>Value</b>	<b>Outcome</b>
703	KASS	Falsification of Expense Claims	Unknown	<ul style="list-style-type: none"> <li>A member of staff submitted fraudulent expense claims for journeys not undertaken. A disciplinary case was held and she was found to be guilty of gross misconduct and was dismissed. The employee attempted to take KCC to an Employment Tribunal, but withdrew the claim.</li> </ul>
712	CF&E	Theft of cash	£175,000 (recovered)	<ul style="list-style-type: none"> <li>A school bursar stole money, by presenting cheques for signature without payee details which he then paid into his own account, and presented the same invoices more than once to cover the cheques.</li> <li>Following an investigation by Internal Audit and the schools'; external auditors approximately £175,000 was identified as being the amount that had been stolen which the bursar repaid.</li> <li>The bursar was prosecuted and was sentenced to 18 months imprisonment, 9 months suspended. The court ordered the bursar to pay £19,751 compensation to the school.</li> <li>Internal Audit has made a number of recommendations to improve control</li> </ul>
720	CF&E	Overpayment to a client	N/A	<ul style="list-style-type: none"> <li>Payments were made to support a client when he was no longer eligible to receive them. Procedures have been changed to ensure that regular checks are carried out to confirm clients' continued eligibility to receive support. The Home Office is making arrangements to recover the payments.</li> </ul>

Ref	Directorate	Nature of Irregularity	Value	Outcome
734	CED	Misuse of purchase card	£3,000 (recovered)	<ul style="list-style-type: none"> <li>A member of staff used his KCC purchase card for personal use. £3,000 was recovered and the member of staff has now left KCC.</li> </ul>
754	E&R	Inappropriate relationship with a contractor	N/A	<ul style="list-style-type: none"> <li>A member of staff became friendly with a contractor and has admitted accepting £50 from him. Although the member of staff was unable to influence any decisions regarding work awarded to the contractor, her behaviour was not considered to be appropriate and she is no longer employed by KCC.</li> </ul>