

## **AUDIT COMMITTEE**

**19 MARCH 2020**

### **AUDIT & COUNTER FRAUD UPDATE**

Report from: James Larkin, Head of Audit & Counter Fraud Shared Service (Chief Audit Executive)

#### **Summary**

This report provides Members with an update on the work, outputs and performance of the Audit & Counter Fraud Team for the period 1 December 2019 to 31 January 2020.

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

- 1.1 Council delegates responsibility for oversight and monitoring the effectiveness of the Audit & Counter Fraud Shared Service to the Audit Committee.

#### **2. Background**

- 2.1 The Public Sector Internal Audit Standards (the Standards) require that: The Chief Audit Executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board.

#### **3. Update report**

- 3.1 As previously agreed with Members, the Audit & Counter Fraud Team will provide three update reports throughout the year in addition to the annual report issued in June each year. This is the last update report for 2019-20 and provides details of the progress made against the Audit & Counter Fraud Plan.
- 3.2 The report details at paragraph 7.3 an amendment to the 2019-20 workplan approved by the Chief Finance Officer, following consultation with the Chair of the Audit Committee, due to its urgent nature.
- 3.3 Section 8 of the report contains details of recommendations that are more than six months overdue. Following discussions at a recent Corporate Management Team meeting, there are now formal requests to amend implementation dates in respect of a number of recommendations to take into account changes within the service that have occurred since the recommendations were agreed.

#### **4. Risk management**

- 4.1. This report, summarising the work of the Audit & Counter Fraud Team, provides a key source of assurance for the Council on the adequacy and effectiveness of its internal control arrangements.

#### **5. Financial implications**

- 5.1. An adequate and effective Audit & Counter Fraud function provides the Council with assurance on the proper, economic, efficient and effective use of Council resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the financial statements of the Council.

#### **6. Legal implications**

- 6.1. The Accounts & Audit Regulations 2015 require local authorities to: 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 Section 151 Officer of a local authority is responsible for establishing the internal audit service; Gravesham Borough Council has delegated this responsibility to the Section 151 Officer of Medway Council.

#### **7. Recommendations**

- 7.1. Members are requested to;
- a) note the outputs and performance against the Audit & Counter Fraud Plan for Medway for the period 1 December 2019 to 31 January 2020 as detailed at Appendix 1.
  - b) note the amendments to the 2019-20 workplan as detailed in section 7 of the report at Appendix 1.
  - c) approve the changes to recommendation implementation dates as per the requests in the final table of section 8 of the report at Appendix 1.

#### **Lead officer contact**

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#### **Appendices**

Appendix 1 - Audit & Counter Fraud Update for Medway.

#### **Background papers**

None