Medway
COUNCIL
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AUDIT COMMITTEE
30 JULY 2020
AUDIT AND COUNTER FRAUD ANNUAL REPORT 2019-20

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

Summary

This report informs Members of the Audit & Counter Fraud work completed during 2019-20 and presents the opinion of the Head of Audit & Counter Fraud Shared Service, as Chief Audit Executive, on the Council's internal control environment.

1. **Budget and Policy Framework**

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

2. **Background**

2.1. The Public Sector Internal Audit Standards require the Chief Audit Executive to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control. The Annual Audit and Counter Fraud Report 2018-19 has been prepared for the authority to meet this requirement.

2.2. Since 1 March 2016 the Council's internal audit activity has been delivered by the Audit and Counter Fraud Shared Service with Gravesham Borough Council.

3. **Audit and Counter Fraud Annual Report 2019/20**

3.1. The Audit and Counter Fraud Shared Service has provided three update reports to Members of the Audit Committee during 2019-20, although the last of these reports was not formally considered as the March 2020 meeting was cancelled due to the Covid 19 pandemic. This Annual Report reproduces the findings reported in those Update reports along with the results of work carried out since the last Update, to provide Members with a summary of all work delivered by the team in the year.

3.2. The Annual Report is intended to provide Members with sufficient details of the results of the work of the team to support the opinion of the Chief Audit Executive on the adequacy and effectiveness of the Council's overall control environment.

3.3. The report has been prepared in line with the requirements of the Public Sector Internal Audit Standards.

3.4. The Audit and Counter Fraud Annual Report for 2019/20 can be found at Appendix 1.

4. Risk management

4.1. This report, summarising the work of the Audit and 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 and 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 and 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;

1. Note the work undertaken by the Audit and Counter Fraud Shared Service for Medway during 2019-20 in providing an effective service to the Council.

2. Consider and endorse the opinion on the Council's internal control environment provided by the Head of Audit & Counter Fraud Shared Service, as set out in Section 2 of Appendix 1, that Medway Council's framework of governance, risk management and system of internal control is adequate and effective, and contributes to the proper, economic, efficient and effective use of resources in achieving the council's objectives.

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Appendices

Appendix 1 - Audit & Counter Fraud Annual Report 2019-20

Background papers
None