

## **AUDIT COMMITTEE**

**4 JANUARY 2022**

### **INTERNAL AUDIT AND COUNTER FRAUD UPDATE**

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

#### Summary

This report provides Members with an update on the work, outputs and performance of the Internal Audit & Counter Fraud Service for the period 1 September to 30 November 2021.

#### 1. Budget and policy framework

- 1.1. Council delegates responsibility for the oversight and monitoring the effectiveness of the Internal Audit and 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 Internal Audit & Counter Fraud Service will provide three update reports throughout the year in addition to the annual report. This is the second update report for 2021-22 and provides details of the progress made against the scheduled work plan agreed by Members in March 2021.
- 3.2. The Internal Audit and Counter Fraud Update Report for 01 September to 30 November 2021 can be found at Appendix 1.
- 3.3. Section 7 of the update report details amendments to the plan that are necessary to account for loss of resource linked to staff sickness and vacancies.

## 4. Risk management

- 4.1. This report, summarising the work of the Internal Audit and Counter Fraud Service, 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 Internal 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.
- 5.2. The update report sets out that investigations concluded during the period have identified cashable savings of £80,410.48 in the form of additional council tax liabilities, both historic and future, new business rate liabilities and housing benefit overpayments. There are also non-cashable savings of £93,000 associated with the associated recovery of a council property.

## 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. The Committee is requested to:
- (i) Note the outputs and performance of the Audit & Counter Fraud Service for Medway for the period 1 September to 30 November 2021 as detailed at Appendix 1 to the report.
  - (ii) Approve the amendments to the 2021-22 workplan as detailed in section 7 of the report at Appendix 1.

### Lead officer contact

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## Appendices

Appendix 1 – Internal Audit & Counter Fraud update report 1 September to 30 November 2021

## Background papers

None