

AUDIT COMMITTEE

17 MARCH 2022

INTERNAL 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 01 December 2021 to 31 January 2022.

1. Budget and policy framework

- 1.1. Council delegates responsibility for the oversight and monitoring of the Internal 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 Internal Audit & Counter Fraud Service will provide three update reports throughout the year in addition to the annual report. This is the third and final 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 December 2021 to 31 January 2022 can be found at Appendix 1.

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. Adequate and effective Internal Audit & Counter Fraud functions provide 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 to deliver internal audit services through the Shared Service to both authorities. The Public Sector Internal Audit Standards are supported by CIPFA's Local Government Application Note to the Public Sector Internal Audit Standards.

7. Recommendation

- 7.1 The Committee is requested to note the outputs and performance of the Internal Audit & Counter Fraud Service for Medway for the period 01 December 2021 to 31 January 2022 as detailed at Appendix 1 to the report.

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Appendices

Appendix 1 – Internal Audit & Counter Fraud update report 01 December 2021 to 31 January 2022.

Background papers

None