

## **AUDIT COMMITTEE**

**23 JUNE 2022**

### **INTERNAL AUDIT AND COUNTER FRAUD ANNUAL REPORT 2021-22**

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

#### Summary

This report informs Members of the Internal Audit & Counter Fraud work completed during 2021-22 and presents the opinion of the Head of Internal 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 2021-22
  - 3.1. The Internal Audit and Counter Fraud Shared Service has provided three update reports to Members of the Audit Committee during 2021-22. 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 Internal Audit and Counter Fraud Annual Report for 2021-22 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. Climate change implications

- 5.1. There are no climate change implications in this report.

## 6. Financial implications

- 6.1. 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.

## 7. Legal implications

- 7.1. 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.

## 8. Recommendations

- 8.1. The Committee is recommended to note the work undertaken by the Internal Audit and Counter Fraud Shared Service for Medway during 2021-22 in providing an effective service to the Council.
- 8.2. The Committee is recommended to consider and support the opinion on the Council's internal control environment provided by the Head of Internal Audit & Counter Fraud Shared Service, as set out in Section 4 of Appendix 1, that

Medway Council's risk management, system of internal control, and framework of governance, were sufficient and effective, and contributed to the proper, economic, efficient, and effective use of resources in achieving the council's objectives.

#### Lead officer contact

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#### Appendices

Appendix 1 – Internal Audit & Counter Fraud Annual Report 2021-22

#### Background papers

None