

Report of:	Head of Internal Audit, Veritau
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Relevant Executive Member:	Executive Member for Finance and Governance
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Submitted to:	Audit Committee
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Date:	14 March 2024
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Title:	Internal audit and counter fraud progress report
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Report for:	Information
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Status:	Public
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Strategic priority:	All
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Key decision:	No
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Why:	Not applicable
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Subject to call in?:	No
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Why:	Not applicable
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Executive summary

This report provides the committee with:

- an update on internal audit and counter fraud work undertaken in the period.

Purpose

1. To provide Members with an update on the delivery of internal audit and counter fraud work and on reports issued and other work completed since the last update report to this committee. The report also provides Members with an update on the new Global Internal Audit Standards.

Background and relevant information

2. Internal audit provides independent and objective assurance and advice on the Council's operations. It helps the organisation to achieve overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.
3. The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Public Sector Internal Audit Standards (PSIAS), CIPFA guidance on the application of those standards in Local Government and the CIPFA Statement on the role of the Head of Internal Audit.
4. Fraud is a significant risk to the public sector. Annual losses are estimated as being as high as £58 billion in the United Kingdom. Veritau are engaged to deliver a counter fraud service for Middlesbrough Council. The service helps the Council to mitigate fraud risks and to take appropriate action where fraud is suspected.
5. The purpose of this report is to provide an update on internal audit and counter fraud work carried out in 2023/24. The Council's internal audit and counter fraud work programmes were approved by this Committee in June 2023.

Internal Audit Progress report

6. The internal audit progress report is contained in appendix 1. This includes a summary of current work in progress, internal audit priorities for the year, completed work, and follow-up of previously agreed audit actions. A copy of the audit report on the Council's acquisition of the former Crown public house is attached as appendix 2.

Global Internal Audit Standards

7. In January 2024, the International Internal Audit Standards Board released the new Global Internal Audit Standards. These will be effective from 9 January 2025 and all internal audit functions will be expected to adopt the new standards by then. In the meantime, we expect the PSIAS to be updated to reflect the new standards.

Counter Fraud Progress report

8. The counter fraud progress report is contained in appendix 3. A range of work is detailed including activity to promote awareness of fraud, work with external agencies, and information on the level of fraud reported to date.

What decision(s) are being recommended?

That the Audit Committee

- Notes the latest update on internal audit and counter fraud work.

Rationale for the recommended decision(s)

9. Internal audit professional standards require that progress in delivering internal audit work, and the findings and outcomes from audit work are reported to the audit committee.

Other potential alternative(s) and why these have not been recommended

10. This report is for information. There are no other options available.

Impact(s) of the recommended decision(s)

Financial (including procurement and Social Value)

11. There are no specific impacts or implications.

Legal

12. There are no specific impacts or implications.

Risk

13. There are no specific impacts or implications.

Human Rights, Public Sector Equality Duty and Community Cohesion

14. There are no specific impacts or implications.

Climate Change / Environmental

15. There are no specific impacts or implications.

Children and Young People Cared for by the Authority and Care Leavers

16. There are no specific impacts or implications.

Data Protection / GDPR

17. There are no specific impacts or implications.

Actions to be taken to implement the recommended decision(s)

Action	Responsible Officer	Deadline
n/a	n/a	n/a

Appendices

1	Internal audit progress report March 2024
2	Acquisition of the former Crown public house report
3	Counter fraud progress report March 2024

Background papers

Body	Report title	Date
n/a	n/a	n/a

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