

<b>Report of:</b>	Head of Internal Audit, Veritau
<b>Submitted to:</b>	Corporate Affairs and Audit Committee, 5 August 2021
<b>Subject:</b>	Annual Report of the Head of Internal Audit and Annual Counter Fraud Report

## Summary

<b>Proposed decision(s)</b>	
That the Committee:	
<ul style="list-style-type: none"> <li>notes the results of internal audit work and counter fraud work undertaken</li> <li>notes the opinion of the Head of Internal Audit on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control</li> <li>notes the significant control issue identified by internal audit which is considered relevant to the preparation of the Council's Annual Governance Statement</li> <li>notes the outcome of the Quality Assurance and Improvement Programme and the confirmation that the internal audit service conforms with the Public Sector Internal Audit Standards</li> </ul>	

<b>Report for:</b>	<b>Key decision:</b>	<b>Confidential:</b>
Information	No	No

<b>Contribution to delivery of the 2020-23 Strategic Plan</b>		
<b>People</b>	<b>Place</b>	<b>Business</b>
Receiving details of internal audit and counter fraud work completed will help the Committee perform its role. Internal audit and counter fraud work contributes towards achieving the Council's priorities by identifying potential issues which may obstruct that achievement.	Internal Audit assists management in delivering their priorities by working to an annual programme of work that includes assignments linked to corporate risks and priorities, and which seeks to add value by assessing the quality of controls, ensure value for money and achieve better outcomes for local people.	Delivering balanced budgets, maintaining front line services, and addressing budget shortfalls are priorities for the Council. Ensuring appropriate controls are in place and preventing fraud from occurring and recovering loss helps the Council achieve these aims.

<b>Ward(s) affected</b>
None.

### **What is the purpose of this report?**

1. To provide Members with a summary of internal audit work undertaken in 2020/21 and provide an opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control. An annual report setting out counter fraud activity and performance is also included.

### **Why does this report require a Member decision?**

2. The work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS) and the Council's audit charter. These require the Head of Internal Audit to bring an annual report to the Corporate Affairs and Audit Committee. The report must include an opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control.

### **Report Background**

3. The annual report is included at appendix 1 to this report. It also includes a summary of findings from recently finalised audit work as well as the status of agreed audit actions.
4. The report also includes details of Veritau's Quality Assurance and Improvement Programme (QAIP). This includes ongoing quality assurance arrangements and activities, annual self-assessment, external assessments at least once every five years, as well as an annual survey of senior management in each client organisation.
5. Veritau also provides a counter fraud service to the Council. An annual report setting out counter fraud activity and performance is also included as part of the report at appendix 2.

### **What decision(s) are being asked for?**

6. That the committee:
  - notes the results of internal audit work and counter fraud work undertaken
  - notes the opinion of the Head of Internal Audit on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control
  - notes the significant control issue identified by internal audit which is considered relevant to the preparation of the Council's Annual Governance Statement
  - notes the outcome of the Quality Assurance and Improvement Programme and the confirmation that the internal audit service conforms with the Public Sector Internal Audit Standards

### **Why is this being recommended?**

7. Internal audit professional standards and the Council's audit charter require that internal audit prepare an annual report setting out a summary of work carried out during the year and other information as detailed at paragraph 2.

#### **Other potential decisions and why these have not been recommended**

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

#### **Impact(s) of recommended decision(s)**

9. There are no implications to this report in relation to:

- *Legal*
- *Financial*
- *Policy Framework*
- *Equality and Diversity*

#### **Risk**

10. The Council will fail to comply with proper practice for internal audit if Members are not regularly updated on progress of and outcomes from internal audit work.

#### **Actions to be taken to implement the decision(s)**

11. Any requests for additional assurance or clarification by Members of the Committee will be responded to accordingly.

### **Appendices**

Appendix 1 – Head of Internal Audit annual report

Appendix 2 – Counter Fraud annual report

#### **Background papers**

No background papers were used in the preparation of this report

**Contact:** Phil Jeffrey  
**Email:** [phil.jeffrey@veritau.co.uk](mailto:phil.jeffrey@veritau.co.uk)

**Contact:** Jonathan Dodsworth  
**Email:** [jonathan.dodsworth@veritau.co.uk](mailto:jonathan.dodsworth@veritau.co.uk)