

<b>Report of:</b>	Head of Internal Audit, Veritau
<b>Submitted to:</b>	Corporate Affairs and Audit Committee, 9 December 2021
<b>Subject:</b>	Internal Audit and Counter Fraud progress report

## Summary

<b>Proposed decision(s)</b>
<p>That the Committee:</p> <ul style="list-style-type: none"> <li>notes the progress of internal audit and counter fraud work in 2021/22 and the outcomes from work completed since the last report to this committee.</li> </ul>

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

<b>Contribution to delivery of the 2021-24 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 an update on progress with 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.

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

2. Internal audit professional standards require that internal audit reports to the committee on progress with the delivery of audit plans and on the findings and conclusions from work completed.

### **Report Background**

3. Internal audit provide 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.
4. 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.
5. Fraud is a significant risk to the public sector. Annual losses are estimated to exceed £40 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.
6. The purpose of this report is to provide an update on internal audit and counter fraud work carried out in 2021/22. The Council's internal audit and counter fraud work programmes were approved by this Committee in March 2021.

### **Internal Audit Progress report**

7. The internal audit progress report is contained in annex 1. It reports on progress against the internal audit work programme. 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.

### **Counter Fraud Progress report**

8. The counter fraud progress report is contained in annex 2. It reports on progress against the counter fraud work programme. 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 asked for?**

9. That the committee:
  - notes the progress of internal audit and counter fraud work in 2021/22 and the outcomes from work completed since the last report to this committee.

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

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

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

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

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

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

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

### ***Risk***

13. 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)**

14. n/a

### **Appendices**

Annex 1 – internal audit progress report December 2021

Annex 2 – counter fraud progress report December 2021

### **Background papers**

No background papers were used in the preparation of this report

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