

**Agenda Item 5**  
**AGS/20/23**

<b>Report title: Internal Audit and Counter Fraud Annual Report</b>	
<b>Report to:</b> Audit, Governance and Standards Committee	
<b>Report author:</b> Paula Clowes, Head of Assurance	
<b>Date:</b> 5 June 2023	<b>For:</b> Noting
<b>Enquiries to:</b> Paula Clowes, Head of Assurance <a href="mailto:paula.clowes@essex.gov.uk">paula.clowes@essex.gov.uk</a>	
<b>County Divisions affected:</b> All Essex	

## 1. Executive Summary

- 1.1 The Accounts and Audit Regulations 2015 require the Council to maintain an adequate and effective internal audit service in accordance with proper practices. The UK Public Sector Internal Audit Standards requires that the Chief Audit Executive (Head of Assurance) must deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement (AGS). The annual internal audit opinion must also conclude on the overall adequacy and effectiveness of the organisation's control environment (framework of governance, risk management and control).
- 1.2 The Internal Audit and Counter Fraud Annual Report (see Appendix A) also provides oversight of Internal Audit & Counter Fraud activity for 2022/23
- 1.3. The overall internal audit opinion of the internal control environment (framework of governance, risk management and internal control) for 2020/21 is one of **Satisfactory** assurance, which means that although there are some weaknesses which may put individual system/process/service objectives at risk of achievement, there is an overall satisfactory system of internal control, appropriately designed to meet the Council's objectives, and controls are generally being applied consistently.

## 2. Recommendations

- 2.1 That the Internal Audit and Counter Fraud Annual Report and the opinion on the overall adequacy and effectiveness of the organisation's internal control environment be noted.

## 3. Background

- 3.1 The full Internal Audit and Counter Fraud Annual Report is attached at appendix A. The following matters are of particular note:

- The Chief Audit Executives opinion remains one of satisfactory assurance; results indicate a stable control environment.
- There is an improved picture on outstanding Internal Audit Recommendations
- Counter Fraud referrals are back to pre-pandemic levels.
- The Head of Assurance can confirm that during the 2021/22 financial year that the internal audit activity has been free from interference in determining the scope of internal auditing, performing work and communicating results.

#### **4. Links to our Strategic Ambitions**

4.1 Internal Audit and Counter Fraud activity is critical in ensuring that the Council successfully mitigates its risks in all areas of work and that the public purse is protected to ensure that available resources reach those most in need. This report links to the following aims in the Essex Vision.

- Enjoy life into old age
- Provide an equal foundation for every child
- Strengthen communities through participation
- Develop our County sustainably
- Connect us to each other and the world
- Share prosperity with everyone

4.2 This report links to the following strategic priorities in the Organisational Strategy 'Everyone's Essex':

- A strong, inclusive and sustainable economy
- A high quality environment
- Health wellbeing and independence for all ages
- A good place for children and families to grow

#### **5. Financial implications**

5.1 There are no financial implications as the Internal Audit and Counter Fraud activity 2022/23 was met within existing resources.

#### **6. Legal implications**

6.1 Internal Audit is a key way in which councillors can be assured that the Council is using its resources effectively and that the Council is discharging its fiduciary duties concerning taxpayers' money. It helps services to design systems which have appropriate controls and also helps identify and respond to breaches if they occur. This report seeks to update the Audit, Governance and Standards Committee on the activities of the Council's Internal Audit and Counter Fraud service for the purposes of providing further assurance.

## **7. Equality and Diversity Considerations**

- 7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
  - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 7.3 This report will not have a disproportionately adverse impact on any people with a particular characteristic.

## **8 List of Appendices**

**Appendix A** - Internal Audit and Counter Fraud Annual Report

## **9 List of Background papers**

Internal Audit reports  
Internal Audit and Counter Fraud Plan for 2022/23  
Internal Audit Charter  
Public Sector Internal Audit Standards.  
Fighting Fraud and Corruption Locally Strategy