

Report title: Internal Audit and Counter Fraud Progress Report	
Report to: Audit, Governance and Standards Committee	
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Date: 18 December 2023	For: Note
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County Divisions affected: All Essex	

1. Executive Summary

- 1.1 This report (attached at appendix A) provides the Committee with the current position regarding activity in relation to the 2023/24 Internal Audit and Counter Fraud Plan which was approved by the Audit, Governance and Standards Committee in March 2023. It reflects the situation as of 30 November 2023.
- 1.2 The following matters are of particular note:
- Four audits received a Limited Assurance opinion (Waste Services, 2 x Capital Projects, Multiply Grant)
 - Two audits received a Good Assurance opinion.
 - Three audits received a Satisfactory Assurance opinion.
 - As at 30 November 2023 there were **13** Major and **55** Moderate recommendations open. There are no open Critical recommendations.
 - During this period the work of the Counter Fraud team has resulted in 3 employees facing disciplinary action.
 - The Internal Audit 5 yearly External Quality Assessment was completed in November 2023 with the team receiving an outcome of generally conforms (the highest). The summary report is attached at appendix B.

2. Recommendations

- 2.1 Note progress in audit and counter fraud activity.
- 2.2 The recommended changes to the Internal Audit and Counter Fraud Plan (as outlined in the progress report at appendix A) be noted and committee will be asked to approve these at the next formal meeting .
- 2.3 The outcome of the External Quality Assessment be noted (appendix B).

3. Background

- 3.1 The Audit Governance and Standards Committee has a role to maintain oversight and to monitor the effectiveness of internal controls, governance

and risk management arrangements as well as the work of Internal Audit and Counter Fraud.

- 3.2 The activity undertaken by Internal Audit and Counter Fraud in 2023/24, together with the work of other assurance providers, contributes to the Chief Audit Executive's overall annual opinion on the Council's systems of control for inclusion within the 2023/24 Annual Governance Statement.

External Quality Assessment of Internal Audit

- 3.3 The Public Sector Internal Audit Standards (PSIAS) require that an independent external review of compliance with the standards is carried out every 5 years. Our review was completed in November 2023. The outcome of this assessment was '**Generally Conforms**', which may not sound impressive but is the highest rating that can be awarded.
- 3.4 The evaluator concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects. 12 recommended actions have been agreed across the areas of Resources, Competency and Delivery, plus 5 optional enhancements.

Grading	Explanation	No of Actions
Enhance	The internal audit service must enhance its practice in order to demonstrate transparent alignment with the relevant PSIAS standards in order to demonstrate a contribution to the achievement of the organisations' objectives in relation to risk management, governance and control.	0
Review	The Internal audit service should review its approach in this area to better reflect the application of the PSIAS.	7
Consider	The internal audit service should consider whether revision of its approach merits attention in order to improve the efficiency and effectiveness of the delivery of services	5

4. Financial implications

- 4.1 There are no financial implications as the Internal Audit and Counter Fraud activity 2023/24 will be met within existing resources.

5. Legal implications

- 5.1 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.

- 5.2 The Accounts and Audit Regulations 2015 require the authority to have adequate systems of internal control and internal audit is a way of demonstrating this.

6. Equality and Diversity Considerations

- 6.1 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.
- 6.2 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).
- 6.3 The equality impact assessment indicates that this report will not have a disproportionately adverse impact on any people with a particular characteristic.

7 List of Appendices

Appendix A - Internal Audit and Counter Fraud Progress Report.

Appendix B - External Quality Assessment Summary Report

8. List of Background papers

Internal Audit reports
Public Sector Internal Audit Standards