

Agenda Item 4
AGS/02/23

Report title: Internal Audit and Counter Fraud Progress Report	
Report to: Audit, Governance and Standards Committee	
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Date: 30 January 2023	For: Note
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County Divisions affected: All Essex	

1. Everyone's Essex

- 1.1 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.
- 1.2 This report provides the Committee with the current position regarding activity in relation to the 2022/23 Internal Audit and Counter Fraud Plan (approved by the Audit, Governance and Standards Committee in March 2022). It reflects the situation as of 31 December 2022.
- 1.3 As part of the Committee's role to assess the adequacy of the Council's internal control environment, the Committee also receives regular updates on progress being made by service areas on whether timely and effective remedial action is being taken to resolve any significant control weaknesses that have been identified through our Internal Audit work.
- 1.4 The activity undertaken by Internal Audit and Counter Fraud in 2022/23, 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 2022/23 Annual Governance Statement.
- 1.5 The full Internal Audit and Counter Fraud report is attached at Appendix A.

2. Recommendations

- 2.1 The progress in audit and counter fraud activity be noted.
- 2.2 The suggested changes to the 2022/23 Internal Audit and Counter Fraud Plan be approved.

3. Background

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

- No audits received No Assurance, one follow up audit remains at Limited Assurance
- One audit received a Good Assurance rating.
- Five audits have received a 'Satisfactory Assurance' rating and one follow up showed Reasonable progress
- As at 31 December 2022 there were 13 Major and 95 Moderate recommendations open. There are no open Critical recommendations.
- During this period the work of the Counter Fraud team has resulted in the recovery of £82,959.81 with a further £37,316.60 in recovery.
- A care home provider has been successfully prosecuted and received a custodial sentence of 12 months for 5 offences of fraud amounting to £58,000

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 therefore 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 will be 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.

- 6.2 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.

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 The equality impact assessment indicates that 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 Progress Report September 2022 – December 2022.

9 List of Background papers

Internal Audit reports