

Member Report

Internal audit and counter fraud work programmes



Report to: Governance Committee
Report from: Max Thomas – Chief Executive Veritau
Portfolio: Resources
Report Date: 22 April 2024
Decision Type: Committee
Council Priority: All

HEADLINE POSITION

1.0 Summary of report

1.1 This report seeks the committee's approval for the programme of internal audit work to be undertaken in 2024/25. It also includes, for information, the proposed programme of counter fraud work and an update on the new Global Internal Audit Standards.

2.0 Recommendation

It is recommended that Governance Committee:

- approves the internal audit work programme for 2024/25.
- notes the counter fraud work programme for 2024/25.
- notes the update on the Global Internal Audit Standards

DETAILED PROPOSALS

3.0 What are the objectives of the report and how do they link to the Council's priorities

3.1 Internal audit provides independent and objective assurance and advice about 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.

3.2 The Council's internal audit service has to comply with the Public Sector Internal Audit Standards (PSIAS), and the Council's own internal audit charter. The standards and charter require that the Head of Internal Audit gives an annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management, and control. The basis for the opinion is the programme of work that internal audit carries out. An indicative risk-based audit

work programme is drawn up at the start of each year, setting out proposed priorities for audit work over the coming twelve months. The work programme is revisited and updated throughout the year, to ensure it remains aligned with current risks and priorities.

- 3.3** The work programme is required to be approved by this committee as part of its responsibility for overseeing the work of internal audit. This report seeks approval for the indicative programme of internal audit work for 2024/25.

Internal audit work programme

- 3.4** The internal audit work programme at annex 1 outlines priorities for work in 2024/25. It includes proposed areas of audit coverage and is based on a risk assessment undertaken by Veritau. The work programme is also informed by discussions with senior officers and members, risk management arrangements, and by plans for development and change within the Council. The internal audit work programme is a flexible working document and adjustments will be made throughout the year to reflect changes in risks and priorities, and to address any issues that arise.

- 3.5** Total planned internal audit days for 2024/25 are 555. This is unchanged from 2023/24.

Global Internal Audit Standards

- 3.6** In January 2024, the International Internal Audit Standards Board released the new Global Internal Audit Standards. These will be effective from 9 January 2025 and all internal audit functions will be expected to adopt the new standards by then. In the meantime, we expect the PSIAS to be updated to reflect the new standards.

Counter fraud work programme

- 3.7** The Counter Fraud workplan is attached at annex 2. The plan sets out the areas of counter fraud work to be undertaken in 2024/25. Reactive investigations (determined by allegations of fraud received) will account for the largest proportion of work. Priorities for work in the remaining areas will be determined in accordance with the counter fraud strategy action plan and fraud risk assessment.

- 3.8** A total of 150 days are allocated to counter fraud work in 2024/25.

4.0 What options have been considered

Not relevant for the purpose of this report, there are no other options.

5.0 Impact Assessment

- 5.1 Climate Emergency** – there are no direct implications from this report, although elements of Council arrangements for managing climate risks may not be considered as part of the internal audit work programme. This applies to a

number of the other risk areas below.

- 5.2 Health and Safety** – the work of Veritau contributes to the effective management of the Council’s health and safety risks.
- 5.3 Social Value** – the work of Veritau supports overall aims and priorities by promoting probity, integrity and honesty and by helping to make the Council a more effective organisation.
- 5.4 Legal** – the work of Veritau contributes to the effective management of the Council’s legal and regulatory risks.
- 5.5 Financial** – the work of Veritau contributes to the effective management of the Council’s financial risks.
- 5.6 Human Resources** – the work of Veritau contributes to the effective management of employment related risks.
- 5.7 Equality and Diversity** – the work of Veritau contributes to the effective management of risks associated with equalities and diversity.

6.0 Consultation and Engagement

- 6.1** Senior officers and Members have been consulted in order to establish areas of risk to be included in the internal audit work programme.

7.0 Appendices and Background Papers

- Annex 1 – internal audit work programme 2024/25
- Annex 2 – counter fraud work programme 2024/25

8.0 Contact Officer

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