

Report Reference Number: A/22/3

To: Audit and Governance Committee
Date: 27 July 2022
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Title: Annual Report of the Head of Internal Audit 2021-22; Annual Counter Fraud Report; Annual Information Governance Report

Summary:

This report includes annual reports from the services provided to the council by Veritau. It includes the Annual Report of the Head of Internal Audit, which summarises internal audit work undertaken in 2021/22 and provides an opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and internal control. It also includes annual reports setting out counter fraud activity and performance during 2021/22 and information governance work undertaken for the council in 2021/22.

Recommendation:

That the committee:

- (i) note the annual report of the Head of Internal Audit (annex 1) and the “Reasonable Assurance” opinion regarding the overall framework of governance, risk management and control operating within the council.
- (ii) note the outcome of the internal audit quality assurance and improvement programme and the confirmation that the internal audit service conforms with the Public Sector Internal Audit Standards.
- (iii) note the counter fraud work undertaken during the year (annex 2).
- (iv) note the information governance work undertaken during the year (annex 3).

Reasons for recommendation

To enable the committee to fulfil its responsibility for reviewing the outcomes of internal audit, counter fraud and information governance work and to support its consideration of the council's Annual Governance Statement.

1. Introduction and background

- 1.1 The work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS) and the council's audit charter. These require the Head of Internal Audit to bring an annual report to the Audit and Governance Committee. The report must include an opinion on the adequacy and effectiveness of the council's framework of governance, risk management and control. The annual report is included at annex 1 to this report.
- 1.2 Internal audit services are provided to the council by Veritau, which also provides counter fraud and information governance services. Annual reports setting out counter fraud activity and performance (annex 2) and information governance work (annex 3) are also included as part of this report.

2. The Report

- 2.1 Annex 1 includes a summary of internal audit work carried out during 2021/22 and gives an opinion on the overall framework of governance, risk management and control in place within the council. The report also includes conclusions from Veritau's internal audit Quality Assurance and Improvement Programme (QAIP).
- 2.2 A summary of counter fraud work carried out during 2021/22 is included at annex 2. The team's work resulted in over £16k of savings being made, including preventing loss of Covid-19 business grant funding. Investigation work also assisted in the recovery of a council property.
- 2.3 Annex 3 includes a summary of the information governance work carried out during 2021/22.. This includes progress made with the reviews of the Council's Information Asset Register and Privacy Notices, completion of work to enable compliance with surveillance regulation and ongoing work to support the Council with information requests and information incidents.

Internal Audit Charter

- 2.4 The Internal Audit Charter sets out how internal audit at the council will be provided in accordance with the PSIAS. The Charter is reviewed on an annual basis and any proposed changes are brought to the Audit & Governance Committee. No changes are proposed at this time.

3. Implications

- 3.1 There are no legal, financial, policy & risk, corporate plan, resource or other implications from this report.

4. Conclusion

- 4.1 The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at the council is that it provides Reasonable Assurance. No reliance was placed on the work of other assurance providers in reaching this opinion, and there are no significant control weaknesses which, in the opinion of the Head of Internal Audit, need to be considered for inclusion in the Annual Governance Statement.
- 4.2 The opinion given is based on work that has been undertaken directly by internal audit, and on the cumulative knowledge gained through our ongoing liaison and planning with officers. In giving the opinion, we would note that the Covid-19 pandemic has continued to affect the authority over the last year, with a consequential impact on business operations and controls. The work of internal audit has been directed to the areas considered most at risk, or that offer the most value for the authority overall. However, not all the areas affected by the Covid-19 pandemic will have been reviewed.

5. Background Documents

Internal Audit, Counter Fraud and Information Governance Plans 2021/22

Internal Audit, Counter Fraud and Information Governance progress reports to Audit and Governance Committee in 2021/22

The Public Sector Internal Audit Standards 2017

6. **Annexes:** **Annex 1: Annual Report of the Head of Internal Audit 2021/22**

Annex 2: Counter Fraud Annual Report 2021/22

Annex 3: Information Governance Annual Report 2021/22

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