



**Report Reference Number: A/22/18**

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**To: Audit and Governance Committee**  
**Date: 29 March 2023**  
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**Title: Annual Report of the Head of Internal Audit 2022-23; 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 2022/23 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 2022/23 and information governance work undertaken for the council in 2022/23.

**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 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 2022/23 and gives an opinion on the overall framework of governance, risk management and control in place within the council.
- 2.2 A summary of counter fraud work carried out during 2022/23 is included at annex 2. Investigative work resulted in £29.7k of savings being made, and key counter fraud messages were published throughout the year for staff and the public. The team has also supported the development of robust counter fraud policies and procedures as part of Local Government Reorganisation in North Yorkshire.
- 2.3 Annex 3 includes a summary of the information governance work carried out during 2022/23. The team's work resulted in the completion of a comprehensive review of Privacy Notices and Information Asset Register. Training on Information Incident Management was completed for staff together with ongoing work to support the Council with information requests and information incidents.

### **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 ongoing liaison with officers. However, in giving the opinion, we would note that preparations for local government reorganisation (LGR) have, over the last year, required a significant investment of time, effort and resources across the organisation. This has put strain on the Council's control environment and its business operations. The Council has had to operate during periods of uncertainty and substantial change all while maintaining service delivery and other key support functions. The unique circumstances and uncertainty brought about by the LGR transition have combined to create a very challenging operating environment. While the work of internal audit is directed to the areas that are considered most at risk, or to provide most value for the Council, it is not possible to conclude on the full extent of the impact of the LGR transition on the Council's operations.

## 5. **Background Documents**

Internal Audit, Counter Fraud and Information Governance Plans 2022/23

Internal Audit, Counter Fraud and Information Governance progress reports to Audit and Governance Committee in 2022/23

The Public Sector Internal Audit Standards 2017

6. **Annexes:**
- Annex 1: Annual Report of the Head of Internal Audit 2022/23**
  - Annex 2: Counter Fraud Annual Report 2022/23**
  - Annex 3: Information Governance Annual Report 2022/23**

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