

Corporate Committee 24 January 2019

Report title: Audit and Investigations Update

Wards: All

Portfolio: Cabinet Lead for Finance: Councillor Andrew Wilson

Report Authorised by: Christina Thompson: Acting Strategic Director for Corporate Resources

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Report summary

The Corporate Committee, in its 'Audit Committee' role, receives regular reports on the outcomes of Internal Audit and Investigations work, in sufficient detail to allow the Committee to understand what assurance it can take from that work and/or what unresolved risks or issues it needs to address in respect of governance, risk and control arrangements.

This report provides an update on recently completed audits and progress being made against the annual Internal Audit Plan for 2018/19. The report also provides a summary of outcomes from completed fraud investigations since the previous meeting.

Finance summary

This report does not give rise to any additional capital or revenue financial implications. Actions to ensure compliance with relevant legislation and Council policies will be undertaken within the existing budgets.

Recommendations

1. To receive and consider the report which provides an update on matters relating to the Internal Audit and Counter Fraud service, its activities and outcomes.

1. CONTEXT

- 1.1 The Corporate Committee performs the 'Audit Committee' role at Lambeth. Its remit includes "to consider summaries of specific reports of Internal Audit, Investigations and External Audit reports, in particular those with an 'inadequate' audit assurance assessment" (Terms of reference #20).

2. PROPOSAL AND REASONS

- 2.1 The report provides Members with updates on a range of Internal Audit and Counter Fraud matters, new developments and emerging issue, namely:
- a. Internal Audit
 - Current progress against the Internal Audit Plan.
 - Summaries of 'No' and 'Limited' Assurance reviews completed since the previous meeting; and,
 - Managers' progress with the implementation of agreed actions from internal audit work;
 - b. Counter Fraud
 - Completed investigations and recent counter fraud developments; and,
 - Transparency data relating to counter fraud work.

3. FINANCE

- 3.1 This report does not give rise to any additional capital or revenue financial implications. Actions to ensure compliance with relevant legislation and Council policies will be undertaken within the existing budgets.

4. LEGAL AND DEMOCRACY

- 4.1 Regulation 3 of the Accounts and Audit Regulations 2015 sets out the Council's responsibility for ensuring that it has a sound system of internal control which:
- a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - b) ensures that the financial and operational management of the authority is effective; and,
 - c) includes effective arrangements for the management of risk.
- 4.2 Regulation 5 requires the Council to ensure that it undertakes an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes; taking into account public sector internal auditing standards or guidance.
- 4.3 Regulation 6 requires the Council to conduct an annual review of the effectiveness of the system of internal control required by Regulation 3; and to prepare an annual governance statement. The findings of the review of effectiveness must be considered as part of the consideration of the system of internal control referred to in paragraph 4.2 above. The Council has delegated the discharge of this function to Corporate Committee
- 4.4 There were no additional comments from Democratic Services.

5. CONSULTATION AND CO-PRODUCTION

- 5.1 Lambeth officers and Members were consulted during the drafting of the Internal Audit and Counter Fraud work plans and the drafting of this report.

6. RISK MANAGEMENT

- 6.1 An inadequate and operationally ineffective internal control system can have an adverse impact on the Council's risk management processes and wider corporate governance and on quality of services for residents.
- 6.2 With regard to Risk Management, the Public Sector Internal Audit Standards (PSIAS) require Internal Audit to evaluate the effectiveness and contribute to the improvement of Risk Management processes.

7. EQUALITIES IMPACT ASSESSMENT

- 7.1 Not applicable.

8. COMMUNITY SAFETY

- 8.1 Not applicable.

9. ORGANISATIONAL IMPLICATIONS

9.1 Environmental

None.

9.2 Staffing and accommodation

None.

9.3 Procurement

None.

9.4 Health

None.

10. TIMETABLE FOR IMPLEMENTATION

Not applicable.

Audit trail				
Consultation				
Name/Position	Lambeth directorate/ division or partner	Date Sent	Date Received	Comments in para:
Councillor Andrew Wilson	Cabinet Member for Finance	02.01.19	03.01.19	N/A
Christina Thompson, Acting Strategic Director	Corporate Resources	02.01.19	10.01.19	Sections 2.3 and 3.
Alison McKane, Director of Legal Services and HR	Corporate Resources	02.01.19	09.01.19	
David Rose, Democratic Services	Corporate Resources	02.01.19	03.01.19	
Finance Clearance	Corporate Resources: Finance	02.01.19	05.01.19	

Report history	
Original discussion with Cabinet Member	N/A
Report deadline	11.01.19
Date final report sent	11.01.19
Part II Exempt from Disclosure/confidential accompanying report?	No
Key decision report	No
Date first appeared on forward plan	N/A
Key decision reasons	N/A
Background information	Internal Audit Work Plan 2018/19, approved on 21 March 2018 Counter Fraud Work Plan 2018/19, approved on 21 March 2018
Appendices	A. Internal Audit and Counter Fraud Progress Report 24 January 2019