

CORPORATE COMMITTEE 27 JANUARY 2022

Report title: Internal Audit and Counter Fraud Progress 2021/22

Wards: All

Portfolio: Cabinet Member for Finance & Performance: Councillor Andrew Wilson

Report Authorised by: Fiona McDermott: Strategic Director for Finance and Investment

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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 management and internal control arrangements.

This report provides an update on completed audits and progress being made against the annual Internal Audit Plan for 2021/22 since the last progress report was presented to Committee. The report also provides a summary of outcomes against the Counter Fraud Work Plan and fraud investigations undertaken 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 note 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 In discharging its 'audit committee' role, the Corporate Committee is required "to consider summaries of specific reports of Internal Audit, Investigations and External Audit reports, in particular those with an 'inadequate' audit assurance assessment".

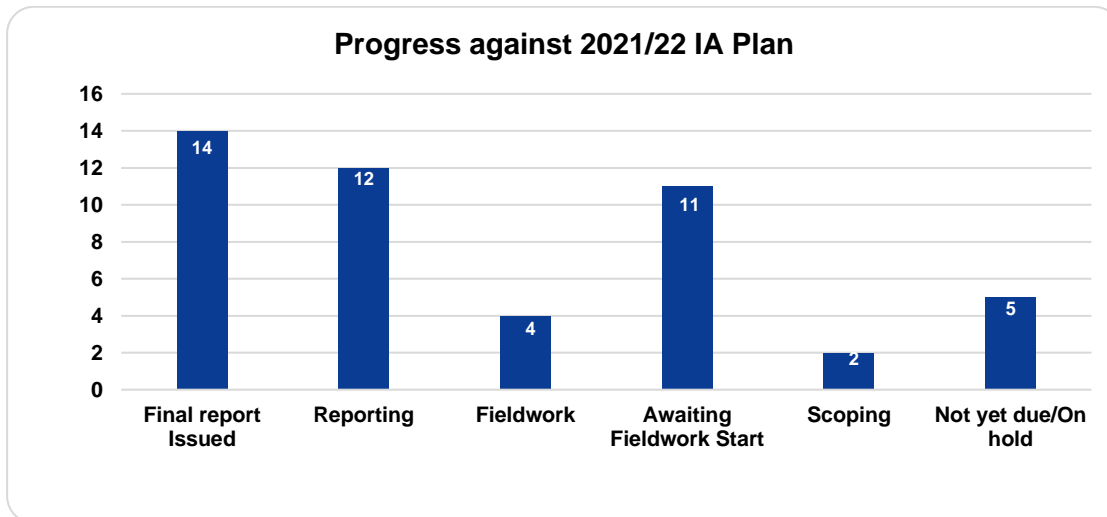
2. PROPOSAL AND REASONS

- 2.1 This report provides Members with updates on a range of Internal Audit and Counter Fraud matters, new developments, and emerging issues, namely:

Internal Audit Delivery

The progress against the 2021/22 Internal Audit Plan as at 31/12/2021 is outlined in Chart 1 below. Good progress has been made against delivery of the internal audit plan across the year to date. As at the end of December 2021, we have delivered around 60% of the annual programme of audit work including 25% currently at the reporting stage. The cooperation of management in gaining access to systems and process remains good. Implementation rates remain over 90%, which is best in class for the sector.

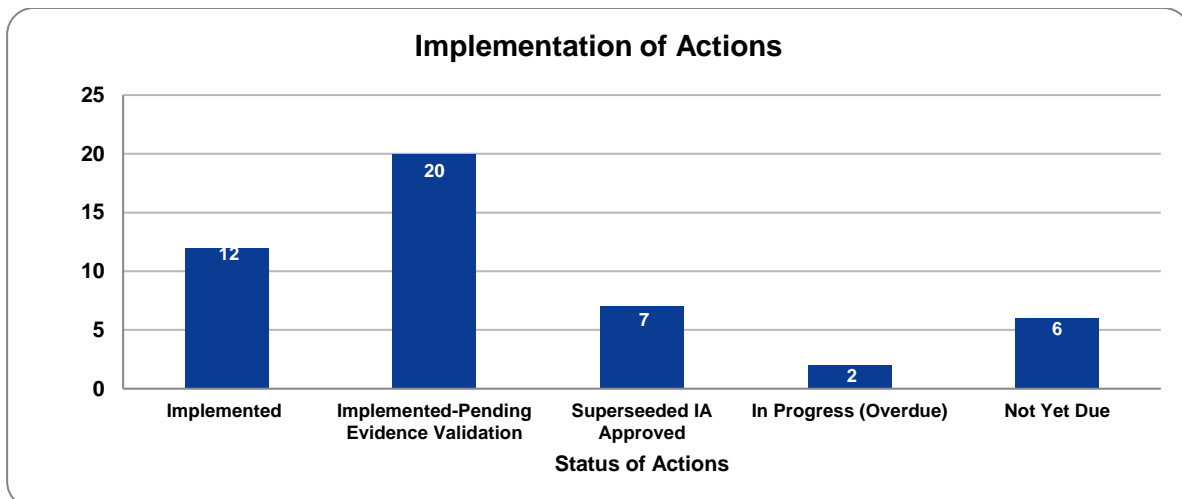
Chart 1. Progress against 2021/22 IA Plan



Implementation of Actions

There were 47 high risk actions as at 31st October 2021. The status of implementation of these actions is outlined in the Chart below:

Chart 2. Implementation of Actions



External Quality Assessment (EQA)

The EQA mandated by the Public Sector Internal Audit Standards (PSIAS) exercise has been completed and the final report is being presented at this Corporate Committee.

Further details are set out in Appendix A

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 further comments from Democratic Services.

5. CONSULTATION AND CO-PRODUCTION

- 5.1 In Lambeth, officers and Members were consulted during the drafting of the Internal Audit and Counter Fraud update 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: The nature of our work in reviewing existing policies, procedures and controls does not necessitate the completion of EIA

8. COMMUNITY SAFETY

8.1 Not applicable.

9. ORGANISATIONAL IMPLICATIONS

Environmental

9.1 None.

Health

9.2 None.

Corporate Parenting

9.3 None.

Staffing and accommodation

9.4 None.

Responsible Procurement

9.5 None.

10. TIMETABLE FOR IMPLEMENTATION

Not applicable.

AUDIT TRAIL

Name and Position/Title	Lambeth Directorate	Date Sent	Date Received	Comments in paragraph:
Councillor Andrew Wilson	Cabinet Member for Finance & Performance	23.12.21	11.01.22	N/A
Christina Thompson, Director of Finance and Property	Finance and Investment	23.12.21	13.01.22	N/A
Andrew Pavlou, Principal Lawyer	Legal & Governance	23.12.21	10.01.22	N/A
Hamant Bharadia, Assistant Director of Finance	Finance and Investment	23.12.21	10.01.22	N/A
Chloe Morris, Democratic Services	Legal & Governance	23.12.21	04.01.22	Throughout

REPORT HISTORY

Original discussion with Cabinet Member	N/A
Report deadline	14/01/2022
Date final report sent	14/01/2022
Part II Exempt from Disclosure/confidential accompanying report?	No
Key decision report	NA
Date first appeared on forward plan	NA
Key decision reasons	NA
Background information	Internal Audit & Counter Fraud Plan 21/22 Accounts and Audit Regulations 2015
Appendices	Appendix A - Internal Audit and Counter Fraud Progress Report for 2021/22