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Title of Report	AUDIT AND ANTI-FRAUD PROGRESS REPORT TO MARCH 2023
For Consideration By	Audit Committee
Meeting Date	25 October 2023
Classification	Open
<u>Ward(s) Affected</u>	All
<u>Group Director</u>	Jackie Moylan, Interim Group Director, Finance

INTRODUCTION

- 1.1 The purpose of this report is for the Audit Committee to consider the performance of the Audit & Anti-Fraud Service, the areas of work undertaken, and information on current developments in Internal Audit and Anti-Fraud as well as statistical information about the work of the investigation teams.
- 1.2 This is part of the Committee's role in overseeing corporate governance and the report is presented for information and comment.

2. RECOMMENDATION

- 2.1 The Audit Committee is asked to consider and note the progress and performance of the Audit & Anti Fraud Service to 30 September 2023 (Appendices 1 - 4). A summary of the draft recommendations affecting the Internal Audit service that have resulted from a recent external assessment are attached for information at Appendix 7.
- 2.2 The Audit Committee is asked to approve the updated (a) Anti-Fraud and Corruption Policy; and (b) Surveillance and Communications Data Policy and Procedures at Appendices 5 and 6.

3. REASONS FOR DECISION

- 3.1 The Public Sector Internal Audit Standards (PSIAS) came into force in April 2013 and apply to all internal audit service providers. These Standards were updated in April 2016 and again in April 2017.
- 3.2 The PSIAS requires the Chief Audit Executive (or equivalent) to report functionally to a board and to communicate the internal audit service's performance relative to its plan and other matters. For the purposes of the PSIAS the Audit Committee has been designated the 'board'.

4. BACKGROUND

4.1 The Audit Committee approved the 2023/24 Annual Audit Plan on 19 April 2023 and this report notes the progress against that plan and progress against high and medium priority recommendations.

4.2 The 2023/24 Annual Audit Plan focuses resources on the areas that will provide the necessary evidence to support the Head of Internal Audit & Risk Management's annual assurance statement.

4.3 The Progress Report of the Internal Audit Service is provided in Appendix 1 and includes a summary of: -

- Performance against key performance indicator targets
- Internal Audit work carried out up to the end of September 2023
- Implementation of high and medium audit recommendations
- School audits

Details of progress with planned audits are provided in Appendix 2

Definitions of the assurance levels used are provided in Appendix 3

4.4 A statistical summary of the work undertaken by the Audit Investigation Service for the period April to September 2023 is provided in Appendix 4. In summary, the key financial benefits to arise from selected key areas of enquiry are as follows: -

Investigation area	Estimated saving arising from enquiries £
Tenancy Fraud	£967,900
No Recourse to Public Funds	£665,916
Blue Badge/Parking	£6,135
Covid business grants	£10,000
Proceeds of Crime Act	£311,200
Total	£1,961,151

The revised draft Anti-Fraud and Corruption Policy (Appendix 5) and the Surveillance and Communications Data Policy and Procedures (Appendix 6) are presented with the substantive updates highlighted to assist readers.

4.5 Policy Context

The work of the Internal Audit Service complies with the Public Sector Internal Audit Standards. Internal Audit reviews consider all applicable policies of the Council.

4.6 Equality Impact Assessment

This report does not require an equality impact assessment but where applicable equality issues and adherence to corporate policies would be considered in audit reviews.

4.7 Sustainability

Not applicable

4.8 Consultations

Consultation on the proposed changes to the corporate policies (Appendix 5 'Anti-Fraud and Corruption Strategy' and Appendix 6 'Surveillance and Communications Data Policy') has taken place with other enforcement teams, Human Resources and Legal. All comments received have been incorporated into the draft documents that are presented with this report.

4.9 Risk Assessment

The work of Internal Audit is based upon a risk assessment which covers all areas of the Council's activity and is continually changing to reflect new initiatives, emerging risk areas and new legislation. There is also continuous reassessment of risk as audits are undertaken, plus regular consultation with directors, chief officers and senior managers to ensure that account is taken of any concerns they raised during the year.

5. COMMENTS OF THE INTERIM GROUP DIRECTOR, FINANCE

- 5.1. There are no financial implications arising from this report as the costs of providing the audit service are included within the Council's base budgets.
- 5.2. However, an effective audit service is important in order to ensure that key internal controls are assessed, thereby aiding the prevention and detection of fraud and other occurrences that could otherwise impact on the Council's finances.

6. COMMENTS OF THE ACTING DIRECTOR OF LEGAL, DEMOCRATIC AND ELECTORAL SERVICES

- 6.1. The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk. An adequate system of internal audit is inherent. This report demonstrates how the Council is fulfilling its obligations in this regard.
- 6.2. The Audit Committee is asked to note the report on the Audit and Anti Fraud's performance and opinion. There are no immediate legal implications arising from the report.

Appendices

Appendix 1 - Internal Audit Progress Report to 31 March 2023

Appendix 2 - Progress with planned audits 2022/23

Appendix 3 - Definitions of audit assurance levels

Appendix 4 - Audit Investigation Service statistics to 31 March 2023

Appendix 5 - Anti-Fraud and Corruption Policy (October 2023 update)

Appendix 6 - Surveillance and Communications Data Policy and Procedures (October 2023 update)

Appendix 7 - External Quality Assessment Draft findings related to Internal Audit

BACKGROUND DOCUMENTS

None

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