Audit Committee

21 July 2025

Part 1 - Public

Delegated

Cabinet Member	Cllr Martin Coffin, Cabinet Member for Finance, Waste and Technical Services
Responsible Officer	Sharon Shelton, Director of Finance and Transformation
Report Author	Karen Herbert, Audit Lead James Flannery, Counter Fraud Manager

Internal Audit and Counter Fraud Qtr 4 Progress Report and Annual Opinion

1 Summary and Purpose of Report

1.1 This report informs Members of the opinion of the Chief Audit Executive on the Council's framework for governance, risk management and control, together with the Internal Audit work completed during 2024/25 to support that opinion. In addition, the report also informs Members on the work of the Counter Fraud function in 2024/25.

2 Corporate Strategy Priority Area

2.1 Efficient services for all our residents, maintaining an effective Council

2.2 The provision of Internal Audit and Counter Fraud Services provides assurance on Council procedures and policies.

3 Recommendations

3.1 Members are asked to:

- **NOTE** this Internal Audit and Counter Fraud Progress Report as a source of independent assurance regarding the risk, control and governance environment across the Council, noting the outcomes from previously reported 2024/25 Internal Audit and Counter Fraud work and activity and the updates for quarter 4 2024/25.

- **NOTE** the resultant Annual Opinion of **'Substantial'** for the year 2024/25.

4 Introduction and Background

4.1 The Accounts and Audit Regulations 2015 require the Council to undertake an adequate and effective Internal Audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. Proper practice is defined by the Public Sector Internal Audit Standards (PSIAS) and CIPFA's Local Government Application Note to the PSIAS.

4.2 The PSIAS requires Internal Audit to report periodically to senior management and the board on the Internal Audit activity's purpose, authority, responsibility and performance relative to its plan. The PSIAS also requires the Chief Audit Executive to deliver an annual Internal Audit opinion that can be used by the organisation to inform its governance statement. The annual Internal Audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

5 The 2024/25 Review

5.1 The Internal Audit Progress report and Annual Report 2024/25 contained at **[Annex 1]** provides an accumulative summary view of the work undertaken by Internal Audit and Counter Fraud for the period April 2024 to March 2025, together with the resulting conclusions where appropriate.

6 Financial and Value for Money Considerations

6.1 An adequate and effective Internal Audit function provides the Council with assurance on the proper, economic, efficient and effective use of Council resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the finances of the Council.

6.2 Fraud prevention and detection is an area subject to central government focus with initiatives such as the National Fraud Initiative and Local Government Counter Fraud and Corruption Initiative. The message coming from these initiatives is that effective fraud prevention and detection releases resources and minimises losses to the Council through fraud.

7 Risk Assessment

7.1 This report, summarising the work of the Internal Audit function, provides a key source of assurance for the Council on the adequacy and effectiveness of its framework for governance, risk management and control.

7.2 Failing to have an efficient and effective Counter Fraud function could lead to an increased level of fraud. This report, summarising the work of the Counter Fraud function, provides a key source of assurance for the Council on the adequacy and effectiveness of its counter fraud arrangements.

8 Legal Implications

8.1 The Accounts and Audit Regulations place a statutory requirement on local authorities to undertake an adequate and effective Internal Audit of systems of risk management, governance, and control in line with Internal Audit Standards.

8.2 The Council has a legal duty under s151 of the Local Government Act 1972 and the Accounts and Audit Regulations to ensure that there are appropriate systems in place to prevent and detect fraud.

8.3 The Local Government Act 1972 provides the Council with the ability to investigate and prosecute offences committed against them.

9 Cross Cutting Issues

9.1 Equalities and Diversity

9.1.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
Annexes	Annex 1 – Internal Audit and Counter Fraud Progress Report