

Audit Committee

26 January 2026

Part 1 - Public

Matters for Information



Cabinet Member	Cllr Martin Coffin, Cabinet Member for Finance
Responsible Officer	Paul Worden, Head of Finance and Section 151 Officer
Report Author	Karen Herbert, Audit Lead; and Kevin Holyoak, Interim Deputy Counter Fraud Manager

Internal Audit and Counter Fraud Quarter 2 Progress Report

1 Summary and Purpose of Report

- 1.1 This report provides Members with an update on the work of both the Internal Audit function and the Counter Fraud function.

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 audits completed since September 2025 and the Counter Fraud activity for the period.

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 Global Internal Audit Standards (GIAS) and CIPFA's Local Government Application Note to the PSIAS.

- 4.2 The GIAS 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.

5 Proposal

- 5.1 This Progress Report, attached at **[Annex 1]** provides the Audit Committee with an accumulative summary view of the work undertaken by Internal Audit and Counter Fraud for the period September 2025 to December 2025, together with the resulting conclusions where appropriate.
- 5.2 The report also provides details of additions and amendments to be made to the Internal Audit Plan for 2025/26.

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.
- 7.3 The Internal Audit and Fraud Plan is intended to ensure that the work of the Internal Audit and Fraud Team is effectively directed. For this very reason, the process for preparing the Plan is itself informed by an assessment of the risks and audit needs of the Council. Members' endorsement of the Internal Audit and Fraud Plan for the year 2025/26 ensures that the status of the Plan is maintained.

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.

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