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<b>REPORT TO:</b>	<b>OVERVIEW AND SCRUTINY COMMITTEE</b>
<b>DATE:</b>	<b>21 JANUARY 2021</b>
<b>REPORT OF THE:</b>	<b>CHIEF FINANCE OFFICER (s151) ANTON HODGE</b>
<b>TITLE OF REPORT:</b>	<b>INTERNAL AUDIT AND COUNTER FRAUD PROGRESS REPORT 2020/21</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

- 1.1 The report provides an update on internal audit and counter fraud work delivered in 2020/21.

### **2.0 RECOMMENDATION**

- 2.1 It is recommended the Committee note the work undertaken by internal audit and the counter fraud team in the year to date.

### **3.0 REASON FOR RECOMMENDATION**

- 3.1 To enable the Committee to fulfil its responsibility for considering the outcome of internal audit and counter fraud work.

### **4.0 SIGNIFICANT RISKS**

- 4.1 The Council will fail to comply with proper practice requirements for internal audit and the Council's Audit Charter if the results of audit work are not considered by an appropriate committee. Overview and Scrutiny Committee is the committee designated with responsibility for receiving internal audit reports at Ryedale District Council.

### **5.0 POLICY CONTEXT AND CONSULTATION**

- 5.1 The work on internal audit and counter fraud supports the council's overall aims and priorities by promoting probity, integrity and honesty and by helping support the council to become a more effective organisation.
- 5.2 The work of internal audit is governed by the Accounts and Audit Regulations 2015 and relevant professional standards. These include the Public Sector Internal Audit Standards (PSIAS) and Cipfa guidance on the application of those standards in Local Government. In accordance with the standards, the Head of Internal Audit is required to report on the results of audit work undertaken to the Committee.

## **6.0 REPORT DETAILS**

- 6.1 Since the last committee meeting in October 2020 five audits have commenced, a draft report from the 2019/20 plan has been issued and two audits have been deferred to 2021/22. Further information on internal audit progress is included in Annex 1.
- 6.2 As the Committee is aware, commencement of 2020/21 internal audit work was significantly delayed due to the coronavirus pandemic. Routine work was suspended during the initial national lockdown, with audit resources diverted to providing guidance on fraud risks and supplier relief, and other ad-hoc support and advice. This meant that it was not until October 2020 that we were able to bring a high level internal audit plan to the Committee for approval.
- 6.3 Since October we have been working with officers to finalise the details of audit work to be completed during the year. However, ongoing pressures placed on officers as a result of Covid-19 have made it difficult for them to fully engage with the audit process. This will continue to be the case well into 2021/22.
- 6.4 We have agreed a schedule for completing all audit work in the plan through to the end of the financial year, and have allocated resource to deliver this work. However, there is limited flexibility in the schedule.
- 6.5 Strategic Management Board will support delivery of internal audit work as far as they are able during the remainder of 2020/21 but it is recognised that, given the response to the coronavirus and recovery efforts, it is likely that the number of audits and timelines for completion of work will slip further. They also recognise that the annual internal audit opinion can only take account of work completed, and that in the event that work slips further there will be a limitation on the scope of the internal audit opinion for 2020/21. We have therefore agreed with officers that work to be carried out during the remainder of 2020/21 will be targeted towards higher priority areas. The internal audit plan for 2021/22 will also take account of any outstanding priorities or work deferred from 2020/21.
- 6.6 Counter fraud work has been affected by the Covid-19 pandemic, in terms of new types of work and its effect on ongoing investigations. Annex 2 provides details of Covid-19 related work as well as a summary of the work undertaken so far in 2020/21 and outcomes to date.

## **7.0 IMPLICATIONS**

- 7.1 The following implications have been identified:
- a) Financial  
None
  - b) Legal  
None
  - c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental and Climate Change, Crime & Disorder)  
None

**Anton Hodge**  
**Chief Finance Officer (s151)**

**Author:** Connor Munro, Audit Manager  
The Veritau Group

E-Mail Address: [connor.munro@veritau.co.uk](mailto:connor.munro@veritau.co.uk)

**Author:** Jonathan Dodsworth, Assistant Director – Corporate Fraud  
The Veritau Group

Telephone No: 01904 552947

E-Mail Address: [jonathan.dodsworth@veritau.co.uk](mailto:jonathan.dodsworth@veritau.co.uk)

**Background Papers:**

2020/21 Internal Audit and Counter Fraud Plans