

Counter Fraud Update Report April – September 2022

Date: 28th November 2022

Report of: Head of Audit

Report to: Corporate Governance and Audit Committee

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

This report provides a source of assurance that the internal control environment is operating as intended through a summary of the counter fraud activity for the period from April to September 2022.

The work of the counter fraud team within Internal Audit and from other services with counter fraud roles contributes to Leeds City Council achieving its key priorities by helping to promote a secure and robust internal control environment, which enables a focus on accomplishing Best Council Plan objectives.

Recommendations

The Corporate Governance and Audit Committee is asked to

- a) receive the Counter Fraud Update Report covering the period from April to September 2022 (Appendix A) and note the work undertaken by Internal Audit and other service areas during the period covered by the report;
- b) endorse the Anti Money Laundering Policy and the Anti Money Laundering Policy on a Page (Appendix B) and that any subsequent minor changes are approved by the Chief Officer Financial Services.

What is this report about?

- 1 This is a bi-annual update report providing assurance as to the control environment in respect of counter fraud and corruption activity.
- 2 The work of Internal Audit including the counter fraud function within it, contributes to Leeds City Council achieving its key priorities by helping to promote a secure and robust internal control environment, which enables a focus on accomplishing Best Council Plan objectives.

What impact will this proposal have?

- 3 The assurance set out in this report will inform the annual audit opinion given by the Head of Internal Audit, and provide evidence of the ongoing review of the Council's arrangements for internal control supporting the Council's Annual Governance Statement. This also provides assurances to the Corporate Governance and Audit Committee regarding the robustness of the system of internal control.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing Inclusive Growth Zero Carbon

- 4 Arrangements in respect of counter fraud and corruption support the ongoing delivery of the council's three pillars.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

- 5 The Internal Audit Plan including the counter fraud plan is developed in consultation with Members and senior management across the authority. Consultation around key risks and priorities continues throughout the year, and continual engagement with directorates is driven through the ongoing completion of investigations and the agreement of the associated recommendations.

What are the resource implications?

- 6 The work undertaken to satisfy the counter fraud and corruption requirements of the internal audit plan do so from within existing resources.
- 7 The two update reports to be received by committee each year provides assurance that effective arrangements are in place to combat the risk of fraud and corruption within the council.

What are the key risks and how are they being managed?

- 8 The Counter Fraud update report contains details of the key fraud risks and how they are being managed. Internal Audit are working with risk colleagues to raise awareness of fraud risks at directorate management team meetings. Internal Audit work collaboratively with colleagues with counter fraud roles within the council.

What are the legal implications?

- 9 The Chief Officer (Financial Services), as the council's Section 151 Officer, is responsible under the Local Government Act 1972, for ensuring that there are arrangements in place for the proper administration of the authority's financial affairs. The work of Internal Audit is an important source of information for the Chief Officer (Financial Services) in exercising her responsibility for financial administration.
- 10 The Public Sector Internal Audit Standards (PSIAS) require the Head of Audit to deliver an annual audit opinion and report that can be used by the council to inform its Annual Governance Statement.

Options, timescales and measuring success

What other options were considered?

11 The work of Internal Audit including the counter fraud function provides a key source of assurance to the Committee. Additional assurances are obtained through a range of further reports presented to the Committee throughout the year.

How will success be measured?

12 A successful counter fraud and corruption environment will protect the Council's resources, underpin the successful delivery of the Council's strategic objectives, and contribute to the value for money conclusion of the Council's external auditor when reviewing the statutory statement of accounts.

What is the timetable and who will be responsible for implementation?

13 Work is ongoing as set out in the appendix attached.

Appendices

A – Counter Fraud Update Report – April - September 2022

B – Anti Money Laundering Policy and Policy on a Page

Background papers

14 None.