
Meeting	Audit Committee
Date	29 April 2014
Subject	Internal Audit and Anti-Fraud Strategy & Annual Plan and Risk Management Approach 2014-15
Report of	Assurance Assistant Director and Head of Internal Audit
Summary	The Committee is asked to consider and approve the Internal Audit and Anti-Fraud Strategy & Annual Plan and Risk Management Approach for 2014-15
Officer Contributors	Clair Green, Assurance Assistant Director; Caroline Glitre, Head of Internal Audit and Courtney Davis, Risk Assurance Manager
Status (public or exempt)	Public
Wards Affected	None
Key Decision	No
Reason for urgency / exemption from call-in	Not applicable
Function of	Council
Enclosures	Appendix A: Internal Audit and Anti-Fraud Strategy & Annual Plan and Risk Management Approach for 2014-15
Contact for Further	Clair Green 0208 359 771 / Caroline Glitre 020 8359 3721

1. RECOMMENDATIONS

- 1.1 That the Audit Committee endorses the Internal Audit and Anti-Fraud Strategy & Annual Plan and Risk Management Approach for 2014-15.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Audit Committee 8 April 2013 (Decision item 7) – the Audit Committee approved the Internal Audit and Anti-Fraud Strategy and Annual Plan and Risk Management approach 2013-2014

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 All internal audit, anti-fraud and risk management planned activity is aligned with the Council's objectives set out in the Corporate Plan 2013-2016, and thus supports the delivery of those objectives by ensuring the internal control environment is underpinned by a strong risk management processes and procedures and giving an auditor judgement on the effectiveness of the management of the risks associated with delivery of the service.
- 3.2 A comprehensive Internal Audit Plan is essential to giving an annual Internal Audit Opinion on the internal control environment (ICE) which is fundamental for the achievement of all of the Council's objectives. This opinion forms an integral element of the Annual Governance Statement. Each internal audit will be mapped to the corporate priority that it supports.
- 3.3 The Council has a responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted. The work of the Corporate Anti-Fraud Team supports this by continuing to provide an efficient, effective value for money anti-fraud activity.

4. RISK MANAGEMENT ISSUES

- 4.1 The Plan is based upon the risks of the organisation and supports the Council's risk management system and processes as each internal audit or pro-active anti-fraud exercise will either comment on how well risks are being managed or how effective the controls to mitigate the risks in the area under review are. Outcomes from internal audits / pro-active anti-fraud will either confirm effective management of risk or suggest areas for improvement. In addition, this will provide Directors with assurances that managers are being effective in managing the risks within the service.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Pursuant to section 149 of the Equality Act, 2010, the council has a public sector duty to have due regard to eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advancing equality of opportunity between those with a protected characteristic and those without; promoting good relations between those with a protected characteristic and those without. The, relevant, 'protected characteristics' are age, disability, gender reassignment, pregnancy and

maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to elimination discrimination

- 5.2 Effective systems of audit, internal control, anti-fraud, risk management and corporate governance provide assurance on the effective allocation of resources and quality of service provision for the benefit of the entire community. Individual audits and CAFT exercises assess as appropriate the differential aspects on different groups of individuals.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 This Plan, by being based on the risks of the organisation, will ensure the appropriate allocation of resources to those areas that require audit review, assurance and anti-fraud activity.
- 6.2 In addition, the follow up of priority one audit/CAFT recommendations will ensure that a positive culture of internal control and anti-fraud improvement is achieved.

7. LEGAL ISSUES

- 7.1 None in the context of this report.

8. CONSTITUTIONAL POWERS

- 8.1 The Council's Constitution, Responsibility for Functions, details the terms of reference of the Audit Committee including:

"To consider the Head of Internal Audit's annual report and opinion and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements."

"To monitor Council policies on Raising Concerns at Work" and the anti-fraud and anti-corruption strategy.

9 BACKGROUND INFORMATION

- 9.1 Attached to this report at Appendix A is the proposed Internal Audit and Anti-Fraud Strategy & Annual Plan and Risk Management Approach for 2014-15 prepared after discussions with a range of stakeholders: Strategic Commissioning Board members, Lead Commissioners, Commissioning Strategy Assistant Director, all Delivery Units Directors, internal audit and Corporate Anti-Fraud Team (CAFT) colleagues and external audit. Further to that consultation and engagement further processes ensured that our corporate risks are covered in terms of assurance either by our plan or by other forms of assurance. We also reviewed Delivery Unit risk registers and considered high or medium-high risks for adequate coverage, as well as considering local and national emerging issues. The final draft plan

represents an independent view of those risk areas that need evaluation for the coming year.

9.2 This is the second year of the Commissioning Council and the Council is undergoing a period of rapid change, with numerous significant change projects underway or planned for the coming year which requires our plan to be more agile and adaptable. Therefore we have a contingency resource included within the plan that enables us to be responsive to changes in risks throughout the year.

During the year, if changes are required to the plan in response to this or any new local or national risks, this will be communicated to the Audit Committee in a timely manner.

9.3 The plan will form the basis of bi-monthly reporting to the Strategic Commissioning Board (SCB) and quarterly reporting to the Audit Committee.

9.4 The plan also incorporates performance indicators of the functional areas of assurance and will be reported quarterly to the Audit Committee for scrutiny and challenge.

9.5 The Head of Internal Audit is satisfied that the Plan will provide assurance on the adequacy of the internal control environment, anti-fraud and risk management arrangements and therefore an annual opinion will be produced at the end of the year summarising the assurances obtained.

10. LIST OF BACKGROUND PAPERS

10.1 None.

Cleared by Finance (Officer's initials)	JH
Cleared by Legal (Officer's initials)	N/A