
Meeting	Audit Committee
Date	8 April 2013
Subject	Internal Audit and Anti-Fraud Strategy & Annual Plan and Risk Management Approach 2013-14
Report of	Head of Internal Audit and Anti-Fraud
Summary	The Committee is asked to consider and approve the Internal Audit and Anti-Fraud Strategy & Annual Plan and Risk Management Approach for 2013-14
Officer Contributors	Maryellen Salter, Assurance Director; Clair Green, Operational Assurance Assistant Director; and Caroline Glitre, Head of Internal Audit & Anti-Fraud
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 2013-14
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1. RECOMMENDATIONS

- 1.1 That the Audit Committee endorses the Internal Audit and Anti-Fraud Strategy & Annual Plan and Risk Management Approach for 2013-14.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Audit Committee 26th April 2012, item 7, Members endorsed the Internal Audit, Risk Management and Corporate Anti-Fraud Team Annual Plan for 2012-13.
- 2.2 Audit Committee 26th April 2012, item 7, Members approved the Internal Audit Strategy for 2012-13.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 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.
- 3.2 Each internal audit will be mapped to the corporate priority that it supports. In addition the Annual Plan is based on the risks identified by the organisation.

4. RISK MANAGEMENT ISSUES

- 4.1 The Plan supports the Council's risk management system and processes as each internal audit 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 the internal audits 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 Effective systems of audit, internal control 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 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 and assurance. In addition, the follow up of priority one audit recommendations will ensure that a positive culture of internal control improvement is achieved.

7. LEGAL ISSUES

7.1 None in the context of this report.

8. CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-key Decision)

8.1 The Constitution Part 3, 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.”

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 2013-14 prepared after discussions with a range of stakeholders: Strategic Commissioning Board members, some 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 Directorate 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 consideration over the year of transition.

9.2 This is the third year in which the Annual plan has been presented jointly between Internal Audit and Risk Management team and the CAFT team, which highlights the ways in which we now work in practice: a joined up approach in ensuring the Council has robust processes to improve its internal control environment and anti-fraud arrangements. From 2013-14 the teams will come together formally to form the Assurance Group.

9.3 This year notes the change in organisational structure and a shift to commissioning, as such the plan is fundamentally different from plans submitted previously. A new framework has been developed that considers:

- Framework assurance;
- Cross-cutting and risk based reviews;
- External Assurance; and
- Internal Governance.

9.4 There is also a distinction made between internal and external delivery units, the commissioning group, and support services and which quadrants of the assurance framework will be used for each area.

- 9.5 Clearly aspects of the plan may be subject to change as a result of the Judicial Review. As such we have incorporated contingency under the heading of transition to cover any periods of internal delivery units for Development and Regulatory Services (DRS) or New Support Customer Services Organisation (NSCSO), particularly for any section 151 responsibilities of key financial systems.
- 9.6 The plan will form the basis of bi-monthly reporting to the Strategic Commissioning Board (SCB) and quarterly reporting to the Audit Committee.
- 9.7 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.
- 9.8 Members should be satisfied that the Plan will provide assurance on the adequacy of the internal control environment and risk management arrangements. However, they are asked to feed in any comments they may have.

10. LIST OF BACKGROUND PAPERS

- 10.1 None.

Cleared by Finance (Officer's initials)	JH
Cleared by Legal (Officer's initials)	SS