

	<h2 style="margin: 0;">Audit Committee</h2> <h3 style="margin: 0;">1st May 2019</h3>
Title	<h2 style="margin: 0;">Internal Audit & Anti-Fraud Strategy and Annual Plan 2019-20</h2>
Report of	Director of Assurance Head of Internal Audit Head of Counter Fraud Operations
Wards	Not applicable
Status	Public
Urgent	No
Key	No
Enclosures	Appendix 1 - Internal Audit & Anti-Fraud Strategy and Annual Plan 2019-20
Officer Contact Details	Caroline Glitre, Head of Internal Audit caroline.glitre@barnet.gov.uk 020 8359 3721

Summary

The Internal Audit & Anti-Fraud Strategy and Annual Plan has been formulated in consultation with the Council Management Team and with reference to the Council's risk registers.

Points to note:

Remaining actions from Grant Thornton Review of CPO fraud – if not fully implemented prior to 1st May Audit Committee we suggest continuing to follow these up as part of the appropriate 'Business as Usual' audits as follows:

GT ref	GT finding	Proposed Audit	Provisional timing
GT4	Managing access and authorisation rights on IT systems	HR Processes (post insourcing)	Q2
GT15	BACS process for new suppliers	Accounts Payable (2018/19 review still at fieldwork stage)	Q1
GT21	Capital Budgets (BDM)	Capital Budget Monitoring	Q2
GT16	Duplicate banking details	Accounts Payable (2018/19 review still at fieldwork stage)	Q1
GT20	Capital Budget Review	Capital Budget Monitoring	Q2

Follow-ups – we are allocating more resource to these activities in 2019/20 to enable us to strengthen our approach to following up previous audits. In particular this is due to the high level of audit follow-up work required in 2018/19 and to enable us to follow-up more Medium priority actions.

Internal Audit Growth Bid

During the year we submitted a successful growth bid for £116k. This bid is being used to fund two new posts within the in-house Internal Audit team, an Internal Audit Manager and a second Senior Audit Executive. Once non-chargeable days have been taken into consideration this equates to approximately 200 additional 'audit days' to incorporate into the plan.

The additional audit days have primarily been allocated as follows:

- Audits of services brought back in house i.e. Finance and Strategic HR (as these audit costs were previously covered by Capita)
- Additional audit days on Key Financial Systems in light of the CPO fraud
- Additional days for audit follow-ups (as in 2018-19 the amount of audit resource spent on these was unusually high)
- Significant number of additional contingency days to enable the plan to be more responsive as risks emerge during the year

Recommendations

- 1. That the Committee approves the Internal Audit & Anti-Fraud Strategy and Annual Plan for 2019-20.**

1. WHY THIS REPORT IS NEEDED

- 1.1 The Audit Committee's role in receiving the Internal Audit & Anti-Fraud Strategy and Annual Plan for 2019-20 is to consider the planned programme of work.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Compliance with the Public Sector Internal Audit Standards.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Not applicable

4. POST DECISION IMPLEMENTATION

- 4.1 The Internal Audit & Anti-Fraud Strategy and Annual Plan will be delivered and progress against the plan reported to the Audit Committee on a quarterly basis.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 All internal audit and CAFT planned activity in 2018-19 was aligned with the Council's objectives set out in the Corporate Plan 2015-2020, and thus supported the delivery of those objectives by giving an auditor judgement on the effectiveness of the management of the risks associated with delivery of the service.
- 5.1.2 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.
- 5.1.3 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.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 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.

5.2.2 In addition, the follow-up of audit/CAFT recommendations will ensure that a positive culture of internal control and anti-fraud improvement is achieved.

5.2.3 The proposed plan is being achieved from Internal Audit & CAFT's current budget.

5.3 Social Value

5.3.1 None in the context of this decision

5.4 Legal and Constitutional References

5.4.1 There are no legal issues in the context of this report.

5.4.2 The Council's Constitution (Article 7) sets out the terms of reference for Committees. The responsibilities for the Audit Committee include providing "independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting process.

5.5 Risk Management

5.5.1 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.

5.5.2 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.

5.5.3 Internal Audit work contributes to increasing awareness and understanding of risk and controls amongst managers and thus leads to improving management processes for securing more effective risk management.

5.6 Equalities and Diversity

5.6.1 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 to ensure compliance with the Council's duties under the 2010 Equality Act.

5.7 Corporate Parenting

5.7.1 None in the context of this decision

5.8 Consultation and Engagement

5.8.1 Not applicable.

5.8 Insight

5.8.1 None in the context of this decision

6. BACKGROUND PAPERS

6.1 Audit Committee 30 April 2015 (Decision Item 8) - the Committee approved the Internal Audit and Anti-Fraud Strategy and Annual Plan and Risk Management approach 2015-16.

<https://barnet.moderngov.co.uk/documents/g7810/Printed%20minutes%2030th-Apr-2015%2019.00%20Audit%20Committee.pdf?T=1>