

AUDIT COMMITTEE

22 MARCH 2016

AUDIT & COUNTER FRAUD QUALITY ASSURANCE & IMPROVEMENT PROGRAMME 2016-17

Report from: Katey Arrowsmith, Head of Audit & Counter Fraud
(Chief Audit Executive)

Summary

This report presents the Audit & Counter Fraud Quality Assurance & Improvement Programme for Members approval.

1. Budget and Policy Framework

- 1.1. Council delegates responsibility for the oversight and monitoring of internal audit and counter fraud to the Audit Committee.

2. Background

- 2.1. The Public Sector Internal Audit Standards (Standards) require that: *The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.* A Quality Assurance & Improvement Programme (QAIP) has been prepared to meet this requirement.
- 2.2. From 1 March 2016 the previously distinct internal audit and investigations teams will be delivered by the Audit & Counter Fraud Shared Service with Medway Council. One QAIP has been prepared to covers the performance and development of the team as a whole and is therefore not specific to each council.

3. Preparation and review of the QAIP

- 3.1. Since the implementation of the Standards in 2013, the council has met this requirement through a range of arrangements including annual self-assessments against the Standards and performance monitoring as previously reported to the Audit Committee.
- 3.2. The Standards require internal audit teams to have an external assessment conducted of their compliance with the Standards at least every five years. The reports published following the external assessments of other local authority internal audit teams have recommended the preparation of a formal QAIP document to support these arrangements.

3.3. The QAIP has been prepared to reflect both the integration of counter fraud and the shared service with Gravesham Borough Council and has been designed to meet the requirements of the Standards and CIPFA's Local Government Application Note to the Public Sector Internal Audit Standards. The QAIP will be reviewed and presented to the Audit Committee on an annual basis, to ensure it continues to reflect current arrangements and retains its status.

4. Risk management

4.1. The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. A Quality Assurance & Improvement Programme (QAIP) has been prepared to meet this requirement. The QAIP is intended to ensure that the service is developed in line with the aspirations of those charged with governance at Medway Council and Gravesham Borough Council.

5. Financial implications

5.1. An adequate and effective Audit & Counter Fraud function provides the council with assurance on the proper, economic, efficient and effective use of resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the financial statements of the council.

6. Legal implications

6.1. The Accounts & Audit Regulations 2015 require local authorities to: undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The Section 151 Officer of a local authority is responsible for establishing the internal audit service. Gravesham Borough Council has delegated this responsibility to the Section 151 Officer of Medway Council to deliver internal audit services through the Shared Service to both authorities. The Public Sector Internal Audit Standards are supported by CIPFA's Local Government Application Note to the Public Sector Internal Audit Standards.

7. Recommendations

7.1 Members approve the Service Quality Assurance & Improvement Programme, presented at Appendix A.

Lead officer contact

Katey Arrowsmith, Head of Audit and Counter Fraud Shared Service
katey.arrowsmith@medway.gov.uk

Appendices

Appendix A – Audit & Counter Fraud Shared Service Quality Assurance & Improvement Programme.

Background papers :

None