

ASSURANCE FRAMEWORK SIX MONTHLY UPDATE

To: **Audit and Accounts Committee**

Date: **7th June 2016**

From: **Head of Internal Audit**

Electoral Division(s): **All**

Forward Plan Ref: **N/a** Key decision: **No**

Purpose: **To provide the Audit and Accounts Committee with the sources of assurance related to key controls for the Council.**

To detail assurance following the “Three Lines of Defence” Model.

Key Issues: **The Assurance Framework has been updated to reflect work undertaken in the last 6 months, changes to the corporate risk register, and to reflect assurances due from the 2015/16 Internal Audit Plan .**

Recommendation: **The Audit and Accounts Committee is asked to note the current version of the Assurance Framework.**

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1. BACKGROUND

- 1.1 The Audit and Accounts Committee first adopted an Assurance Framework in 2007. The Assurance Framework is presented in a way which sets out the areas for which the Committee requires assurance, and notes progress as this is received
- 1.2 The Assurance Framework was initially drawn up as a response to the Use of Resources Assessment requirement for the Council to have in place a method of tracking the assurance that the Committee receives on the control of the principal risks to meeting the Council's strategic objectives. The information received feeds into the Annual Governance Statement (AGS).
- 1.3 As well as informing the AGS, the Assurance Framework reporting process is also intended to assist the Audit and Accounts Committee to carry out its duties of:
 - Considering the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements;
 - Seeking assurances that action is being taken on risk-related issues identified by auditors and inspectors;
 - Seeking assurance that action has been taken to implement the recommendations arising from the findings of significant assurance work and;
 - Considering areas where assurance may be required in future Internal Audit plans.
- 1.4 The Appendix to this report contains the current version of the Assurance Framework. The Framework has been updated to remove reviews where assurance is no longer relevant.

2. THE ASSURANCE FRAMEWORK - KEY FEATURES

- 2.1 As a reminder, the established key features of the high-level assurance framework document are that:
 - The Framework includes all Strategic Risks included within the Corporate Risk Register and all key principles from the Council's Code of Corporate Governance.
 - Where independent assurance is not available the area is coloured grey (not applicable in this iteration).
 - Assurances are received from internal sources (e.g. from Internal Audit) and external sources (for example Ofsted).

- The Committee receives updates on the framework on a six monthly basis. This gives information on latest reports and highlights any significant changes in assurance levels.
- 2.2 The Assurance Framework uses the same format that was presented at the November 2015 Committee. A 'Three Lines of Defence' format has been used to emphasise that the responsibilities for providing the Audit Committee with assurance spread much wider than Internal Audit in isolation. The benefit of this approach is that it supports a wider ownership of the importance of control in the organisation, and provides greater intelligence on control effectiveness.

3 CHANGES IN OVERALL ASSURANCE LEVELS

- 3.1 The Committee should note that the Framework reflects changes to the Council's Corporate Risk Register and as a result risks 5, 6, 7, 8, 10, 11, 12, 13, 14, 16, 17, 18, 19, 25 and 28 are not included within the Framework. These corporate risks have either been closed, transferred to service level risk registers or have been consolidated with other risks within the register.

| Source Documents | Location |
|---|---|
| Corporate Risk Register Code of Corporate Governance Internal Audit Reports External Assurance provider reports Directors Assurance Statement reports | Internal Audit Shire Hall Box OCT1108 |