

Audit Committee

22 March 2018



Title	Internal Audit Service Annual Plan 2018/19		
Purpose of the report	To note		
Report Author	Internal Audit Manager, Punita Talwar		
Cabinet Member	Councillor Howard Williams	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	Not Applicable		
Reason for Recommendation	Not Applicable		

1. Key issues

- 1.1 This report sets out the work planned by Audit Services during 2018/19 in order to fulfil its statutory and professional requirements.
- 1.2 Accounts and Audit Regulations require local authorities '*to maintain an adequate and effective system of internal audit of its accounting records and system of internal control in accordance with proper internal audit practices*'.
- 1.3 Internal Audit is defined as "*An independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.*" (Public Sector Internal Audit Standards).
- 1.4 The audit planning process is set out below:
 - 1.4.1 All auditable areas are identified (known as the 'Audit Universe'). These include:
 - Significant risks included in the Corporate Risk Register
 - Financial and fraud risks
 - Corporate systems and processes
 - Functions operating within Group areas
 - Information governance and security
 - Council acquisitions and Investments
 - Key Council projects and government led initiatives

- 1.4.2 In establishing the internal audit resource requirement and priorities for 2018/19 consideration has been given to existing sources of assurance. These include existing management controls (first line of defence), corporate review and monitoring processes (second line of defence) and independent sources of assurance such as Internal Audit (third line of defence).
- 1.4.3 Continued reliance will need to be placed on other sources of assurance (other than Internal Audit) where possible. As part of the internal audit process during 2017/18 Internal Audit have continued to encourage Group Heads and Managers (representing the first line of defence) to provide assurance that controls in their functions are operating effectively, which contributes to a more efficient way of working as well as promoting Management ownership of risks and controls. Group Heads are required to sign off final versions of audit reports to confirm that the report is factually correct and that the controls are operating as described.
- 1.4.4 Audit work is prioritised and time allocated to each area which is related to factors such as risk evaluations, budgetary implications, value/volume of transactions, known system weaknesses and vulnerabilities, changes in personnel, management requests for Internal Audit input and audit resource available.
- 1.4.5 Group Heads and Managers have been consulted during the audit planning process to identify emerging risks and review areas, which has been incorporated into the plan.
- 1.4.6 The Internal Audit annual plan for 2018/19 will be delivered with a total in-house resource of 1.75 FTE's plus some bought in time (in the region of 40 to 50 audit days). The current sickness absence in the team will also need to be taken into account in resource allocation with options for some staff cover being explored further. In view of this a priority level (either A or B) has been assigned to the proposed planned audits (Appendix 1).
- 1.4.7 A copy of the Internal Audit Annual Plan Summary (2018/19) is attached at Appendix 1. This also refers to corporate roles and responsibilities which the Internal Audit Manager has involvement in.
- 1.4.8 The Annual Plan is intended to be flexible allowing for periodical review to take into account changing priorities according to perceived risks.

2. Options analysis and proposal

- 2.1 There are no options.

3. Financial implications

- 3.1 Not applicable.

4. Other considerations

- 4.1 There are no further considerations to be taken into account.

5. Timetable for implementation

5.1 The Internal Audit Annual Plan sets out work to be undertaken by the Internal Audit team during the 2018/19 financial year.

Background papers: There are none.

Appendices: Appendix 1 – Internal Audit Annual Plan– 2018/19.