




<b>Report to:</b>	Audit Committee	<b>Date:</b>	11 January 2018
<b>Report title:</b>	Internal Audit: Progress Report		
<b>Report from:</b>	Gerald Almeroth - Strategic Director Resources		
<b>Ward/Areas affected:</b>	Borough Wide		
<b>Chair of Committee/Lead Member:</b>	Councillor David Hicks		
<b>Author(s)/Contact Number(s):</b>	Margaret Culleton, Head of Internal Audit, 020 8770 4956		
<b>Corporate Plan Priorities:</b>	<ul style="list-style-type: none"> <li>• A Smart Council</li> </ul>		
<b>Open/Exempt:</b>	Open		
<b>Signed:</b>		<b>Date:</b>	22 December 2017

## 1. Summary

- 1.1 In March 2017, the Audit Committee agreed an Annual Audit Plan comprising a total of 765 chargeable days. This report summarises Internal Audit's progress in delivering the Annual Audit Plan up to November 2017.

## 2. Recommendation

The Audit Committee is recommended to:

- 2.1 Consider and comment on the attached progress report and appendices

## 3. Background

- 3.1 The Accounts and Audit Regulations 2015 require an adequate and effective internal audit of accounting records and the system of internal control in accordance with proper practices. This task has been delegated to the responsible finance officer under Section 151 of the Local Government Act 1972. At Sutton, the role of the responsible finance officer is fulfilled by the Strategic Director – Resources and the internal audit requirement is met through the South West London Audit Partnership (SWLAP), which Sutton joined in April 2016.
- 3.2 Internal Audit follows the Public Sector Internal Audit Standards (PSIAS). These standards comprise the public sector interpretation of existing standards set by the Chartered Institute of Internal Auditors. As supplementary guidance, specific to the local government sector, an application note has been issued by CIPFA/IIA; this guidance establishes the requirement for



interim reporting of, Internal Audit activity, during the year and the progress report is designed to meet that requirement.

#### 4. Issues

##### Internal Audit Progress

4.1 The key messages and issues from the audit work completed in this period are as follows:

4.2 The Audit Plan and associated key deliverables remain on-track for completion by the end of 2017/18. The audit plan for 2017/18 was 765 days, at the end of November 556 days (73%) of this had been delivered.

- 32 audit assurance opinions were issued since March 2017, categorised as following:
  - 0 (0%) **High Assurance** audit opinions
  - 25 (78%) **Substantial Assurance** audit opinions
  - 7 (22%) **Limited Assurance** audit opinions
  - 0 (0%) **Low Assurance** audit opinions.
- 143 audit recommendations were issued to management, of which:
  - 25 (17%) were High Priority
  - 100 (70%) were Medium Priority
  - 18 (13%) were Low Priority

4.3 Internal Audit will produce an annual report for presentation to the Audit Committee in July 2018. This will include the Head of Audits' opinion on the internal control environment for 2017/18 and will take into account the audit work completed over the full 12 months to 31 March 2018.

#### 5. Impacts and Implications

##### Financial

5.1 The Council's budget includes provision for the planned cost of the agreed services to be provided by the South West London Audit Partnership.

##### Legal

5.2 This report complies with the requirements of the following legislation and regulations:

- Local Government Act 1972
- Accounts and Audit Regulations 2015
- CIPFA/IIA: Public Sector Internal Audit Standards (PSIAS)
- CIPFA/IIA: Local Government Application Note for the UK PSIAS



## 6. Appendices and Background Documents

Appendix Letter	Title
A	London Borough of Sutton Internal Audit: progress report
B	Audit Assurance Opinions 2017/18
C	Summary Limited Assurance Audit Opinions

Background Documents
None

Audit Trail		
Version	Final	Date: 22 December 2017
Consultation with other officers		
Finance	Yes	Michael Mackie
Legal	No	N/A

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