


<b>Report to:</b>	Audit and Governance Committee	<b>Date:</b>	16 May 2019
<b>Report title:</b>	AG/2018/31 - Internal Audit Annual Plan 2019/20		
<b>Report from:</b>	Richard Simpson, Interim Strategic Director - Resources		
<b>Ward/Areas affected:</b>	Borough Wide		
<b>Chair of Committee/Lead Member:</b>	Councillor Richard Clifton Councillor David Hicks		
<b>Author(s)/Contact Number(s):</b>	Margaret Culleton, Head of Internal Audit, 0208 770 4956		
<b>Corporate Plan Priorities:</b>	<ul style="list-style-type: none"> <li>Smarter Ways of Working</li> </ul>		
<b>Open/Exempt:</b>	Open		
<b>Signed:</b>		<b>Date:</b>	02 May 2019

## 1. Summary

- 1.1 This attached report comprises the draft Annual Internal Audit Plan for 2019/20. This sets out Internal Audit's priorities and work programme for the year ahead for approval by the Audit and Governance Committee.

## 2. Recommendations

The Committee is recommended to:

- 2.1 Approve the Internal Audit Plan, Charter and Strategy for 2019/20 as set out at Appendices A and B.

## 3. Background

- 3.1 The Accounts and Audit Regulations 2015 requires 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. This task has been delegated to the responsible finance officer under Section 151 of the Local Government Act 1972. The

Internal Audit function supports the statutory role of the responsible finance officer and helps maintain effective management by constructively evaluating financial and non-financial systems.

- 3.2 Since 1 April 2015, the council's investigation service joined the South West London Fraud Partnership with Merton, Richmond, Kingston and Wandsworth Councils.
- 3.3 From April 2016, the Internal Audit service joined the South West London Audit Partnership with Merton, Kingston, Richmond and Wandsworth Council.

#### **4. Issues**

- 4.1 Internal Audit uses risk based planning to ensure that the Audit Plan has been designed to deploy resources where Internal Audit is best placed to address risks and provide assurances. This approach aligns audit work more closely with corporate priorities and risks. Internal Audit provides cyclical audit work and compliance/control reviews, but has a flexible approach to ensure that areas of high risk identified during the year are included in the work of Internal Audit as well as providing ongoing advice with an increased emphasis on adding value to the organisation.
- 4.2 The Audit Plan has been prepared using the same risk based methodology as in previous years and recourse has been made to the following sources of information:
- The Annual Governance Statement
  - Consultation and discussion with Management
  - Recently enacted or proposed legislation
  - Limited/No Assurance Audits completed in 2018/19
  - Discussions with other Council assurance functions
  - Corporate and Directorate Plans
  - Specific requests for audit
- 4.3 For 2019/20, it is proposed that total resource level be set at 750 days for Internal Audit .
- 4.4 The plan will be kept under review by the Head of Internal Audit to ensure that satisfactory progress is being made in its delivery and that resourcing remains adequate. Any significant concerns will be discussed with the Interim Strategic Director - Resources and where appropriate, reported to the Audit and Governance Committee with any proposed remedial actions.
- 4.5 The Head of Internal Audit will provide progress reports and updates to the Corporate Management Team and the Audit and Governance Committee, limited/no assurance audit opinions and any other significant weaknesses in internal control. In addition, team performance indicators will be reported bi-annually.
- 4.6 Implementation of Priority 1 audit actions will be followed up. Updates on progress on these actions are requested when the implementation dates are reached. If no update is received,
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these are escalated to strategic directors and then at 3 months overdue to Audit and Governance Committee.

- 4.7 As part of the annual planning process the Internal Audit Charter has been reviewed. This is included as appendix B.

## **5. Options Considered**

- 5.1 Not applicable.

## **6. Impacts and Implications**

### Financial

- 6.1 There are no financial implications arising from the recommendations in this report.

### Legal

- 6.2 The Internal Audit function supports the statutory role of the responsible finance officer as defined in Section 151 of the Local Government Act 1972. The Accounts and Audit (England) Regulations 2015 set out the detailed statutory requirements for internal audit and internal control at local authorities. Internal Audit has operational procedures and practices that are designed to comply with all statutory obligations.
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## 7. Appendices and Background Documents

<b>Appendix Letter</b>	<b>Title</b>
A	Internal Audit: Annual Audit Plan 2019/20
B	Audit Charter & Strategy 2019/20

<b>Background Documents</b>
None

<b>Audit Trail</b>		
Version	Final	02 May 2019
<b>Consultation with other officers</b>		
<b>Officer</b>	<b>Comments Sought</b>	<b>Comments checked by</b>
Finance	Yes	Michael Mackie
Legal	No	N/A
Other Officers:	No	N/A