



Report for:  
**INFORMATION**

Item number: 9

<b>Contains Confidential or Exempt Information</b>	No
<b>Title</b>	Draft Internal Audit Plan 2018/19
<b>Responsible Officer</b>	Ross Brown, Director of Finance Mike Pinder, Head of Audit & Investigations
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<b>Portfolio</b>	Cllr Yvonne Johnson - Finance, Performance and Customer Services
<b>For Consideration By</b>	Audit Committee
<b>Date to be Considered</b>	7 March 2018
<b>Implementation Date if Not Called In</b>	1 April 2018
<b>Affected Wards</b>	All
<b>Keywords/Index</b>	Audit Strategy and Plan

**Purpose of Report:**

This report details the draft internal audit plan for 2018/19.

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Audit Committee is being asked to review and approve the proposed strategy and plan.

**1. Recommendation**

- 1.1 The Audit Committee is asked to review and approve the draft internal audit plan for the period 1 April 2018 to 31 March 2019.

**2. Reason for Decision and Options Considered**

- 2.1 Internal Audit is an assurance function that provides an independent and objective opinion to the Council on the adequacy and effectiveness of the systems of internal control comprising of risk management, internal control and governance, by evaluating its effectiveness in achieving corporate objectives. It objectively examines, evaluates and reports on the adequacy of the control

environment as a contribution to the proper, economic, efficient and effective use of resources.

- 2.2 The assurance gained from the programme of work set out in the 2018/19 Plan (Appendix A), will form the main input for the development of the 2018/19 opinion of the Chief Audit Executive regarding the control environment within Ealing Council.

### **3 Key Implications**

- 3.1 The 2018/19 Internal Audit Plan is an indicative plan which is kept under constant review to ensure that it is agile and able to respond to emerging risks. It is subject to revisions during the year with the approval of the Audit Committee.

### **4 Background**

- 4.1 The fundamental role of Internal Audit is to provide senior management and Members with an independent assurance on the adequacy, effectiveness and efficiency of the system of internal control and report major weaknesses together with recommendations for improvement. The role is fulfilled by carrying out appropriate audit work in accordance with the Annual Plan as approved by the Executive Director of Corporate Resources and the Audit Committee. As Internal Audit is a major source of assurance that the Council is effectively managing its risks, a key rationale for the development of the Internal Audit Plan was the Council's own Corporate and Service Risk registers.
- 4.2 The Council's Internal Audit Service is delivered in accordance with a regulatory framework comprising:
- The Local Government Finance Act 1972 which requires councils to 'make arrangements for the proper administration of their financial affairs'.
  - The Accounts and Audit Regulations 2015. These require that all local authorities must '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 Public Sector Internal Auditing Standards 2017 (PSIAS). These standards set out what is meant by appropriate internal audit practices.
- 4.3 The PSIAS require the Council to have an Internal Audit Charter, similar to a terms of reference, which sets out the purpose, authority and responsibility of the Internal Audit Service. The Internal Audit Charter was agreed by Audit Committee in May 2017.
- 4.4 The Planning Process covers the what was previously called the 'Internal Audit Strategy' as a high level statement which outlines how the Internal Audit planning. The PSIAS no longer make specific reference to a strategy document, but requires that the information that it contains be communicated to the Audit Committee, to support discussion about audit planning and resources.

Regular progress meetings are undertaken between the Section 151 Officer (Executive Director of Corporate resources), The Director of Finance (deputy Section 151 Office), the Head of Audit & Investigations and the PwC Contract Manager.

## **5. Financial**

5.1 The Audit Plan will be funded from the Audit and Investigations budget.

## **6. Legal**

6.1 All Local Authorities are required to make proper provision for Internal Audit in accordance with the 1972 Local Government Act and the Accounts and Audit Regulations 2015 (as amended). The Public Sector Internal Audit Standards 2017 (PSIAS) requires proper planning of audit work.

## **7. Value for Money**

7.1 Ealing's Internal Audit Services are currently provided by a Strategic Audit Partner (PricewaterhouseCooper). The contract places an obligation to continuously develop and improve services over the life of the contract, including improved benchmarking of services and costs.

## **8. Sustainability Impact Appraisal**

8.1 Not applicable.

## **9. Risk Management**

9.1 The Council is responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

9.2 The proposed internal audit plan is based on risk and takes into consideration the current levels of strategic and operational risks managed by the Council. Risk management arrangements are, however, kept under continual review.

## **10. Community Safety**

10.1 Not applicable.

## **11. Links to Strategic Objectives**

11.1 Internal Audit makes a significant contribution to delivering the Corporate Plan and Council Objectives, providing regular assurance to senior management and Members on the effectiveness of the corporate governance and internal control framework. Internal Audit impacts on all services and functions throughout the Council, including internal and external partnerships, and stakeholders. This links to the strategic objective of being a high performing organisation focussed on the needs of its community.

## 12. Equalities and Community Cohesion

12.1 No equality impact assessment has been undertaken as the report does not affect the general duties of the Equalities Act 2010.

## 13. Staffing/Workforce and Accommodation implications

13.1 Not applicable.

## 14. Property and Assets

14.1 Not applicable.

## 15. Any other implications

15.1 None.

## 16. Consultation

16.1 As per attached table.

## 17. Appendices

Appendix A: 2018/19 Draft Internal Audit Plan

### Consultation

Name of consultee	Department	Date sent to consultee	Date response received from consultee	Comments appear in report para:
Ian O'Donnell	Executive Director of Corporate Resources	22/02/17	22/02/17	Throughout
Ross Brown	Director of Finance (Deputy s151 Officer)	22/02/17	22/02/17	Throughout
Corporate Board	All Departments	19/02/17	22/02/17	Throughout
Cllr Yvonne Johnson	Portfolio Holder - Finance, Performance and Customer Services	23/02/17	N/a	N/a

## Report History

Decision	Urgency		
For	No		
Authorised by Cabinet	Date drafted	Repor deadline	Date report
Report	Report author and contact for Mike Pinder, Head of Audit & Investigations, <a href="mailto:pinderm@ealing.gov.uk">pinderm@ealing.gov.uk</a>		