

## REPORT OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

<b>INTERNAL AUDIT ANNUAL PLAN 2017/18 COVERING REPORT</b>	<b>Classification</b> Public	<b>Enclosures</b> Appendix 1 <b>AGENDA ITEM No</b>
	<b>Audit Committee 20 April 2017</b>	<b>Ward(s) affected</b> All

### 1. GROUP DIRECTOR'S INTRODUCTION

- 1.1. This reports enables the Audit Committee to consider and approve the proposed Internal Audit Annual Plan and resources for 2017/18 as part of its role in overseeing corporate governance.

### 2. RECOMMENDATION(S)

#### 2.1 The Audit Committee is recommended to:

**Consider and approve the proposed Internal Audit Annual Plan (attached as Appendix 1), which includes the key performance measures for 2017/18.**

### 3. REASONS FOR DECISION

- 3.1 The Terms of Reference for the Audit Committee set out the key roles of the Committee including the requirement to: -  
  
"maintain a strategic and independent overview of matters relating to corporate governance of the Council including audit, assurance and reporting arrangements and to consider reports dealing with the management and performance of the providers of internal audit services including progress reports, the Charter, Strategy and Annual Plan and to oversee the production of the Authority's Annual Governance Statement and to recommend its adoption."
- 3.2 For completeness, the Annual Plan covers Internal Audit's key performance measures and outlines audit work for the Council.
- 3.3 On 1 April 2013 Public Sector Internal Audit Standards (PSIAS) come into effect. The PSIAS require a risk-based plan that sets out how the internal audit service will be provided and developed in accordance with the charter and how it will link to the organisation's objectives and priorities. They also require that the appropriate

'Board' approves the plan. The London Borough of Hackney has designated the Audit Committee as the 'Board' for this purpose.

#### **4. BACKGROUND**

The operational plan for the Internal Audit Service is provided in Appendix 1 and sets out the division of responsibilities between the Internal Audit Service and managers. It presents the Annual Internal Audit Plan and Key Performance Measures for 2017/18 and is submitted to Members for approval.

##### **4.1 Policy Context**

The work of the Internal Audit Service complies with the Public Sector Internal Audit Standards. Internal Audit reviews consider all applicable policies of the Council.

##### **4.2 Equality Impact Assessment**

This report does not require an equality impact assessment but where applicable equality issues and adherence to corporate policies would be considered in audit reviews.

##### **4.3. Sustainability**

Not Applicable.

##### **4.4 Consultations**

Consultation on the Internal Audit Plan has taken place with senior management.

##### **4.5 Risk Assessment**

The work of Internal Audit is based upon a risk assessment which covers all areas of the Council's activity and is continually changing to reflect new initiatives, risk areas and legislation. There is also continuous reassessment of risk as audits were undertaken, plus regular consultation with directors, chief officers and senior managers to ensure that account was taken of any concerns they raise.

#### **5. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES**

5.1 The Council is required to provide sufficient resources to enable an adequate and effective internal audit service to be provided that meets its objectives. Internal Audit should have appropriate resources in order to meet its objectives and comply with the standards contained in the PSIAS.

5.2 The current level of resources is considered sufficient to develop and ensure delivery of the Internal Audit Annual Plan as set out in this report and provide the necessary assurance on the effectiveness of the system of internal control.

#### **6. COMMENTS OF THE DIRECTOR, LEGAL**

6.1 The Accounts and Audit Regulations 2015 place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk. The Internal Audit Annual Plan together with the recommendation in this report facilitates the Council in discharging the obligation.

6.2 There are no immediate legal implications arising from the Report.

## APPENDICES

Appendix 1 - Internal Audit Annual Plan 2017/18

## BACKGROUND PAPERS

None

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