

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

<b>INTERNAL AUDIT ANNUAL PLAN 2018/19 COVERING REPORT</b>	<b>Classification</b> Public	<b>Enclosures</b> Appendix 1
	<b>Ward(s) affected</b> All	<b>AGENDA ITEM No</b>
<b>Audit Committee 18 April 2018</b>		

### 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 2018/19 as part of its role in overseeing corporate governance.

### 2. RECOMMENDATION

#### 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 2018/19.**

### 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: -

'Provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of Hackney's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place'.

- 3.2 The Public Sector Internal Audit Standards 2013 (PSIAS), as updated in 2017, set out what is meant by 'proper internal audit practices'. 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 Council'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 2018/19 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 through a combination of individual discussion and consideration by directorate management teams.

##### **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, emerging risk areas and new legislation. There is also continuous reassessment of risk as audits are undertaken, plus regular consultation with directors and senior managers to ensure that account is 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 The provisions of Regulation 5 of the Accounts and Audit Regulations 2015 require the Council to undertake an effective internal audit function.
- 6.3 There are no immediate legal implications arising from the Report.

**APPENDICES**

Appendix 1 - Internal Audit Annual Plan 2018/19

**BACKGROUND PAPERS**

None

<b>Report Author</b>	Julie Sharp ☎020-8356 2641 Julie.sharp@hackney.gov.uk
<b>Comments of the Group Director, Finance and Corporate Resources</b>	Michael Honeysett ☎020-8356 3332 Michael.honeysett@hackney.gov.uk
<b>Comments of the Director, Legal</b>	Dawn Carter-McDonald ☎020-8356 4817 Dawn.carter-mcdonald@hackney.gov.uk