

	Audit And Standards Advisory Committee 20 March 2019
	Report from the Chief Finance Officer
Draft 2019/20 Internal Audit Annual Plan	

Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	Two Appendix A Draft Internal Audit Plan 2019/20 Appendix B Draft Counter Fraud Plan 2019/20
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Michael Bradley, Head of Internal Audit 020 8937 6526 Email: Michael.Bradley@brent.gov.uk

1.0 Purpose of the Report

- 1.1 This report sets out the draft Internal Plan for 2019/20 and the basis on which the plan has been prepared.
- 1.2 All Local Authorities are required to make proper provision for Internal Audit in line with the 1972 Local Government Act and the Accounts and Audit Regulations 2003 (as amended). The Public Sector Internal Audit Standards (PSIAS) require, "...chief audit executive to establish risk based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals".
- 1.3 In accordance with the terms of reference for the Committee and in accordance with Standard 2000 – Managing the Internal Audit Activity as outlined within the Public Sector Internal Audit Standards, the Audit and Standards Advisory Committee is asked to review and approve the 2019/20 Internal audit plan.

2.0 Recommendation

- 2.1 The Audit and Standards Advisory Committee approve the content of the plan (Appendix A). This is in line with the Committee's role, as defined in the

Constitution: *To consider the strategic and annual audit plans, and consider the level of assurance these can give over the Council's corporate governance and risk management arrangements.*

3.0 Detail

- 3.1 The audit planning process reflects that the control environment is constantly changing, requiring continuous review and re-evaluation to ensure that emerging risks are identified and assessed and included as appropriate in the audit plan.
- 3.2 Based on the budget available for internal audit work, we have made provision for:
- Providing assurance on high risk areas (including major financial systems) via a risk-based auditing approach and areas that have not been audited for longest, regardless of inherent risk (58%);
 - Assurance gained from carrying out establishment audits (7%);
 - Schools audit coverage via 10 establishment visits (9%);
 - Follow up reviews to monitor implementation of audit recommendations (7%), and
 - An element for contingency to enable the audit service to provide ad hoc advice and to respond to management requests for support (19%).
- 3.3 The plan, which is attached at Appendix 1, has been based on the assessment of departmental and corporate risks as identified in a 2018/19 risk mapping and review exercise as well as consultation with senior managers. Each audit will contribute to assurance over at least one of the corporate risks.
- 3.4 The Audit Plan aims to focus upon areas of highest risk as outlined above at 3.2 and is sufficient to provide Members and management with an independent assurance on the adequacy of the Council's governance, risk management and internal control framework.
- 3.5 The draft Audit Plan will also be shared with the Council's external auditor, Grant Thornton. The plan will be delivered through a mixture of in-house and external contractor (currently PwC) provision.
- 3.6 The work of the Investigations team is more generic in nature and is split between reactive and proactive activity. Details of the planned allocation of Investigation resources is attached at Appendix B.

4.0 Financial Implications

- 4.1 The proposed Internal Audit Plan for 2019/20 will be delivered in accordance within the existing approved budget.

5.0 Legal Implications

- 5.1 All Local Authorities are required to make proper provision for Internal Audit in line with the 1972 Local Government Act and Accounts and Audit Regulations 2011 (as amended). The Public Sector Internal Audit Standards 2017, also require proper planning of audit work.

6.0 Equality Implications

6.1 None

7.0 Human Resources/Property Implications (if appropriate)

7.1 None

Report sign off:
Conrad Hall

Chief Finance Officer