

## Internal Audit Report

Portfolio	Finance
Ward(s) Affected:	n/a

### **Purpose**

**To consider and approve the 2018-19 Annual Plan for the Internal Audit service**

### Background

1. The Accounts and Audit Regulations require local authorities to maintain an adequate and effective system of internal audit of accounting records and of the system of internal control, in accordance with internal audit Standards. An Annual Plan for Internal Audit demonstrates how the Council will fulfil this requirement in accordance with the Public Sector Internal Audit Standards.

### The Annual Plan

2. The Annual Plan is a proposed work programme for the Internal Audit service for the forthcoming year. A copy of the Plan is attached at Annex A, and covers the period April 2018 to March 2019. The Plan is a combination of reviews that are conducted every year, together with those audits that are undertaken less regularly such as ad hoc pieces of work, or audits conducted every 3 years.
3. The Plan is based on the audit Strategic Plan, a medium term plan covering 3 years which is agreed at Members and senior officer level. The current 3 year plan expires in 2020.

### Resourcing

4. A total number of 430 working days will be required to deliver next year's plan, excluding days required to cover annual leave, bank holidays and staff training. There are currently two FTE members of the audit team, a fully qualified Senior Auditor and a part qualified auditor. Additional resources may be brought in when necessary.

### Requirements of External Audit

5. The Annual Plan includes a range of audits that are required by the Council's external auditors who place reliance on the work undertaken by Internal Audit as part of their audit of the Council's set of accounts. Without this reliance, the external auditors reserve the right to re-perform additional audit testing themselves over and above their normal work. This may lead to a financial cost to the Council.

6. Included within the Plan is an element for contingency and management advice, which have been included to assist senior management with any unscheduled pieces of work that crop up mid-year.

#### Monitoring and reporting

7. Progress against the Annual Plan and performance of the audit team is monitored during the year and reported to the Chief Executive, the relevant Executive Head and the Section 151 Officer. Material changes to the plan will be discussed and agreed in advance with the Executive Head and the Section 151 Officer as necessary.
8. Significant risks and findings identified by Internal Audit during the course of the year will be brought to the attention of the Chief Executive, the Section 151 Officer and senior management, and reported to Audit & Standards committee. Significant risks are also brought to the attention of the Council's Corporate Risk Management Group and considered for inclusion in the Corporate Risk Register, which is updated on an annual basis. Internal Audit recommendations are followed up and any that have not been implemented or discharged in line with agreed timescales are reported to senior management and the Audit & Standards committee.

#### Corporate Plan

9. The work of Internal Audit supports the Council's Corporate Annual Plan and helps to meet its corporate objectives and key priorities. The Internal Audit service is also an integral part of the Council's performance management system.

#### Overdue Audit Recommendations

10. An exercise to review the status of internal audit recommendations is carried out each quarter, with **essential** recommendations remaining overdue without having been granted an extension being reported to committee every 6 months. As at March 2018 there were no **essential** outstanding recommendations due.

#### Resource implications

11. There are no resource implications arising from this report.

#### Recommendation

12. Members are asked to note and agree the internal audit Annual Plan for 2018-19.

Annex: Annual Plan for 2018-19

Background Papers: None

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