

Finance
7 Newington Barrow Way
London N7 7EP

Report of: Corporate Director of Resources

Meeting of:	Date	Agenda item	Ward(s)
Audit Committee	15 th October 2018		n/a

SUBJECT: Internal Audit Annual Report 2017-18

1. Synopsis

- 1.1. The provision of a continuous internal audit service provides independent and objective assurance on the control environment that supports the delivery of the Council's objectives.
- 1.2. This report is intended to support Audit Committee in obtaining assurance that the Council has a sound framework of governance, risk management and internal control. It does this by demonstrating that the Internal Audit plan is being delivered, updating on the performance of the audit function, highlighting service areas where high priority recommendations have been made and commenting on the level of implementation of audit recommendations by management.

2. Recommendations

- 2.1 This report is for noting and is part of a bi-annual update to the Audit Committee on Internal Audit activity.

3. Background

3.1 The Internal Audit service continues to operate as a shared service with the London Borough of Camden. The shared service operates a co-sourced model, meaning that Internal Audit services are provided jointly by in-house staff and a co-sourced provider (PWC).

3.2 The 2017-18 Internal Audit Plan was approved by the Audit Committee in March 2017. This report details the outcomes of delivery of the 2017-18 audit plan in appendices 1-2, and outcomes of follow up audits in appendix 3. The report also identifies and gives more detail on those areas where the overall assurance statements were less than 'moderate'.

3.3 Internal audit projects result in a statement of assurance of either 'substantial', 'moderate', 'limited' or 'no' assurance. These conclusions are based on the number of critical and high priority risks identified in the report. Audit Committee receives details of high priority issues raised in audit reviews which result in 'limited' or 'no' assurance statements. These statements are indicators of the assurance we can give at the time of the audit and may reflect control design or compliance issues. We are pleased to report a positive response to all final audit reports and there is clear evidence of prompt implementation in relevant cases. Where implementation of recommendations is protracted, Internal Audit provides support to auditees in-year.

3.4 Summary details of high priority recommendations are included in appendix 2. Internal Audit has received appropriate management responses to the recommendations made to address these risks.

3.5 Committee is advised that there are no matters to report with regard to recommendations that have not been implemented within agreed timescales. Follow up audits on all recommendations arising from our work in 2017-18 will be conducted in 2018-19.

4. Implications

4.1 Financial implications:

There are no specific financial implications associated with this report. The financial implications of individual audit and investigation reports are discussed with managers through the audit reporting protocols.

4.2 Legal Implications:

There are no specific legal implications associated with this report.

4.3 Environmental Implications:

There are no environmental implications.

4.4 Resident Impact Assessment:

There are no direct equality implications arising from the recommendation in this report

5. Conclusion and reasons for recommendations

5.1 This report indicates the level of work being undertaken by Internal Audit in order to provide assurance surrounding the Council's control environment.

Appendices

- **Appendix 1** provides an update on outcomes of delivery of the 2017-18 audit plan;
- **Appendix 2** summarises high priority findings from audit reviews that have attracted a 'limited' or 'no' assurance rating;
- **Appendix 3** details the results of the follow up of audit recommendations made previously.

Final report clearance:

Signed by:



Service Director - Asset and Financial
Management (S151 Officer)

Date 25th September 2018

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