

Committee(s): Audit and Risk Management Committee – For Decision	Date(s): 28/01/2020
Subject: 2020/21 Draft Internal Audit Plan	Public
Report of: Head of Audit and Risk Management	For Decision
Report author: Matt Lock, Head of Audit and Risk Management, Chamberlain's Department	

Summary

The Audit Plan includes sufficient audit coverage to enable us to provide an overall opinion on the City of London Corporation's control framework. The plan has flexibility to allow for additional/unanticipated reviews to be added in areas where support and/or advice may be required or to accommodate any reduction to available resources.

The Audit Plan is being developed to align to the Corporate Plan, seeking to provide assurance that controls in place support the delivery of Corporate Outcomes.

Recommendation(s)

Members are asked to:

1. review the proposed Internal Audit Plan for 2020/21 as set out in Appendix 1 and consider the extent to which:
 - The plan covers the organisation's key risks as they are recognised by Audit and Risk Management Committee
 - The plan incorporates the areas that the Audit and Risk Management Committee believe should be covered as priority
2. agree, subject to the above, the 2020/21 Draft Internal Audit Plan.

Main Report

Background

1. The Internal Audit function is provided through a combination of a small in-house team (representing 620 audit days) and additional resource bought in from Mazars (representing 360 audit days). Internal Audit is required to provide the S151 Officer, the Senior Leadership Team and the Audit and Risk Management Committee with an opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. This opinion is predominantly based on the outcomes from the audit work undertaken each year. The Audit and Risk Management Committee is provided with updates

at each meeting on the outcome of completed audit work and the implementation of recommendations made.

Current Position

2. The draft Internal Audit Plan for 2020/21 is attached as Appendix 1 to this report. It should be noted that this Plan is an early draft and may be subject to some amendment before the final Plan is published in March 2020, particularly as Chief Officer consultation continues into January, beyond publication of this report. In addition, it is recognised that changes in priorities arise during the course of a year and so the Audit Plan will be reviewed on a quarterly basis, looking forward at the remainder of the year, to ensure continued relevance.
3. The Internal Audit Plan is designed to include sufficient audit coverage to enable an opinion to be reached on the adequacy of the City Corporation's control framework to support the delivery of corporate objectives. This has been split into two categories:
 - **Priority 1:** activity that directly links to Corporate Plan Outcomes and/or Corporate Risks, completion of this work within 2020/21 is considered essential to providing the annual opinion. (approximately 530 audit days).
 - **Priority 2:** activity that is more closely aligned to the delivery of departmental objectives, including advisory assurance work. Periodic audit coverage is considered sufficient to inform the annual opinion, auditable areas are identified from a rolling 3 year programme. Priority 2 work may be re-planned and potentially deferred to the following year to accommodate any unanticipated, high priority, emerging requirements. (approximately 450 audit days).

Individual audit assignments will incorporate consideration of the effectiveness and efficiency of service operations, linking with the Fundamental Review as appropriate.

Innovation and Development Activity

4. In addition to delivery of the annual audit plan, Internal Audit will be implementing and delivering the following operational developments during the coming year:
 - Revised report format – delivering clear assurance opinion and greater emphasis on actions required to address risks and weaknesses identified.
 - A new follow-up process – providing assurance that weaknesses identified through audit activity have been mitigated on a system by system basis rather than recommendation by recommendation.
 - A performance dashboard – setting out a range of measures to assist with; performance measurement of the Internal Audit function, summarising the outcome of work undertaken and engagement of departments.
 - A structured programme of learning and development activity – with a focus on professional and technical development to meet, at least, the minimum requirements of the professional membership bodies that we subscribe to.

Conclusion

5. The Audit Plan for 2020/21 is being developed to align to the Corporate Plan. In preparing the plan, consideration has been given to departmental business plans, the Corporate risk register and departmental risk registers. Consultation meetings have already been held with a number of Chief Officers individually, with the remainder to take place in January. The Draft Internal Audit Plan for 2020/21 has also been reviewed by Summit Group in December 2019.
6. Finally, just to note that Internal Audit is only one source of assurance and through the delivery of our plan, we do not seek to cover all risks and processes of the City of London Corporation. We aim to work closely with other assurance providers or place reliance on their work where possible, such as External Audit, OFSTED and HMIC, to ensure that duplication is minimised and a suitable breadth of assurance obtained.

Appendices

- Appendix 1 – Draft Internal Audit Plan 2020/21
- Appendix 2 - Draft Internal Audit Plan – Summary by Department

Matt Lock

Head of Audit and Risk Management

T: 020 7332 1276

E: Matt.lock@cityoflondon.gov.uk