

## 2020/21 ANNUAL PLAN PROCESS

### Public Sector Internal Audit Standard's Requirements 2010 Planning

The chief audit executive<sup>1</sup> must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.

#### *Interpretation:*

The chief audit executive is responsible for developing a risk-based plan. The chief audit executive takes into account the organisation's risk management framework, including using risk appetite levels set by management for the different activities or parts of the organisation. If a framework does not exist, the chief audit executive uses his/her own judgment of risks after consideration of input from senior management and the board. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programs, systems, and controls.

#### *Public sector requirement*

The risk-based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework. It must incorporate or be linked to a strategic or high-level statement of how the internal audit service will be delivered and developed in accordance with the internal audit charter and how it links to the organisational objectives and priorities.

#### **2010.A1**

The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management<sup>2</sup> and the board<sup>3</sup> must be considered in this process.

#### **2010.A2**

The chief audit executive must identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinions and other conclusions.

#### **2010.C1**

The chief audit executive should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations. Accepted engagements must be included in the plan.

#### *Public sector requirement*

The chief audit executive must include in the risk-based plan the approach to using other sources of assurance and any work required to place reliance upon those other sources.

---

<sup>1</sup> The chief audit executive = Head of Internal Audit

<sup>2</sup> Senior management = the Corporate Strategic Board (as define in the Harrow Internal Audit Charter)

<sup>3</sup> The board = GARMS Committee (as define in the Harrow Internal Audit Charter)

## **2020/21 Process (to be undertaken by the Internal Audit Team in Q4 of 2019/20)**

NB This is not a linear process

1. Review structures and responsibilities of directorates and audit reviews undertaken Q4 2018/19 and Q1, 2 & 3 2019/20. Update the Audit Universe accordingly and identify potential areas for audit coverage.
2. Review draft vision and corporate priorities for 2020/21 and identify potential areas for review.
3. Review the draft budget 2020/21 and relevant appendices.
4. Review Q3 Corporate Risk Register and Q2/Q3 Directorate risk registers for relevant risks to be covered in the plan.
5. Review the 2019/20 External Audit plan and consult as appropriate throughout the process.
6. Review and update the Internal Audit Charter and Strategy.
7. Assess risk for core financial systems and amend cyclical programme as necessary.
8. Review 2019/20 performance management information e.g. reports to CSB
9. Review current position of 2019/20 plan and any outstanding projects/potential areas for carry forward
10. Review Annual Governance Statement 2018/19 and assurance obtained for the 2019/20 annual review of governance to identify any weak governance areas to be included in the plan.
11. Consider potential key themes for 2019/20 plan.
12. Consult with Directors/Divisional Directors/other key managers.
  - identify areas of responsibility;
  - Identify any areas of fraud risk in their services (use Fraud Risk register as a guide);
  - Identify any Commercialisation projects in the division, obtain business cases for anything new, and any shared services/company arrangements in existence, identifying the lead Council and obtaining copy of agreement for any new ones;
  - Enquire about other forms of independent assurance e.g. external inspections received by the Division in 2019/20 (obtain copies) or expected in 2020/21;
  - Enquiry about any new legislation or government guidance
  - Request a copy of Service Plan (either Divisional or Directorate);
  - Ask managers to identified any areas to be considered for IA review (level of risk to be captured using Audit Risk Template unless linked to a corporate risk).
13. Update Audit Universe.
14. Review organisation's risk maturity using Harrow's Risk Maturity Assessment 2020-21.docx.
15. Undertake resource calculation to establish the number of internal audit days available to undertake the plan.
16. Prepare long list of projects to be included in plan and undertake a risk assessment of each using the Audit Risk Template (unless linked to a corporate risk) and assess links to the corporate priorities.
17. Draft initial plan.
18. Attend DMTs or meet with Corporate Directors to discuss draft plan.
19. Meet with Chief Executive to discuss draft plan.
20. Present draft plan to CSB and obtain agreement to the plan.
21. Present draft plan to GARMS committee and obtain agreement to plan.
22. Make any amendments from consultation and finalise plan.

Susan Dixon  
Service Manager, Internal Audit  
13/01/20