

REPORT TO: Business Efficiency Board

DATE: 24 March 2021

REPORTING OFFICER: Divisional Manager – Audit, Procurement & Operational Finance

SUBJECT: Internal Audit Plan – 2021/22

WARDS: Borough-wide

1.0 PURPOSE OF THE REPORT

This report seeks the Board's approval for the planned programme of internal audit work for 2021/22.

2.0 RECOMMENDATION:

That the Board considers and approves the proposed programme of internal audit work for 2021/22.

3.0 SUPPORTING INFORMATION

- 3.1 A risk-based Audit Plan has been prepared in accordance with relevant professional guidance, i.e. the Public Sector Internal Audit Standards (PSIAS). The plan sets out the proposed internal audit activity for 2020/21.
- 3.2 The plan is designed to enable internal audit to deliver an overall opinion on the Council's risk management, control and governance arrangements.
- 3.3 The Annual Internal Audit Plan must ultimately be agreed with the Operational Director - Finance as the s151 Officer to the Council, who needs to be assured that the planned audit coverage is sufficient to discharge the s151 officer's statutory role. However, it is also important that the Business Efficiency Board, as the Council's Audit Committee, is consulted and provided with the opportunity to comment on the proposed coverage.
- 3.4 In developing the plan consultation has taken place with a wide range of stakeholders including:
- Operational Director – Finance
 - Senior management
 - Key managers from across the Council
- 3.5 Account has also been taken of the following:
- The Council's existing assurance framework
 - Cumulative audit knowledge and experience
 - The impact of COVID-19
 - Known budgetary pressures
 - New developments and projects

- Issues reported in key documents such as:
 - The Corporate Risk Register
 - The Annual Governance Statement
 - Medium Term Financial Strategy

- 3.6 The draft Audit Plan for 2021/22 is attached as an appendix to this report. It should be noted that the plan has incorporated a number of reviews originally included in the 2020/21 Audit Plan. These audits could not be completed during the year due to significant amounts of unplanned work being necessary to support the Council's response to the pandemic.
- 3.7 A total of 1,060 days of audit work is planned for 2020/21. This level of resource is based on a forecast staffing establishment of approximately 6.0 FTE staff. Overall capacity is unchanged from 2020/21 due to the team remaining fully staffed.
- 3.8 It should be recognised that the key risks facing the Council will continue to evolve over time. In this regard it is important that the Audit Plan remains flexible, so as to be responsive to the changing risk landscape, such as possible further spikes in the virus. It is therefore likely that the Plan presented in this report will need to evolve as the year progresses.
- 3.9 COVID-19 has had a significant impact on the work of Internal Audit and is likely to continue to do so, at least in the short term. As such, a general provision has been made in the Audit Plan for continuing work in relation to the pandemic.
- 3.10 Performance against the Audit Plan will be kept under review throughout the year and regular progress reports will be provided to the Business Efficiency Board.
- 3.11 Internal Audit will continue to work closely with the Council's external auditor, Grant Thornton, to minimise duplication and to ensure efficient and effective deployment of the overall audit resource.

4.0 POLICY IMPLICATIONS

Delivery of the Audit Plan will provide assurance that the policies and procedures established by the Council are implemented and remain appropriate.

5.0 OTHER IMPLICATIONS

- 5.1 The Council is required to comply with the requirements of the Accounts and Audit Regulations 2015, regarding its "arrangements to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control".

- 5.2 Internal audit work supports the Operational Director – Finance in discharging his statutory responsibilities as Section 151 Officer in terms of ensuring the proper administration of the Council’s financial affairs.
- 5.3 Internal audit work provides one of the key sources of assurance to the Chief Executive and Leader of the Council who are jointly required to sign the Annual Governance Statement (AGS). The purpose of the AGS is to declare the extent to which the Council complies with the principles of good governance.
- 5.4 There are no additional resource implications arising from this report.

6.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES

- 6.1 Internal audit work supports the delivery of all the Council’s priorities by promoting probity, integrity, accountability, efficiency and effective management of public funds.
- 6.2 The Audit Plan has been designed to provide assurance over the adequacy of the arrangements established to mitigate risks that may threaten the delivery of the Council’s priorities.

7.0 RISK ANALYSIS

- 7.1 The work of Internal Audit forms a key element of the Council’s overall system of internal control. An effective internal audit service also helps to promote and implement best practice and process improvements in the management of risks.
- 7.2 The Public Sector Internal Audit Standards require the Head of Internal Audit to review and adjust the plan, as necessary, in response to changes in the organisation’s business, risks, operations, programs, systems and controls.
- 7.3 Changes to planned work may therefore become necessary during the year. Minor changes will be agreed with the Operational Director – Finance. Any significant matters that jeopardise completion of the plan or require substantial changes to it will be reported to the Board.

8.0 EQUALITY AND DIVERSITY ISSUES

None identified

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Public Sector Internal Audit Standards