



AUDIT COMMITTEE

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Exempt/Non Exempt	Non Exempt
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To: Chair, Ladies and Gentlemen

Annual Internal Audit Plan 2020/21

1.0 SUMMARY OF THE REPORT

- 1.1 The purpose of the report is to provide members of the Audit Committee with the Annual Internal Audit Risk Based Plan for 2020/21.
- 1.2 In line with the Public Sector Internal Audit Standards, the Head of Internal Audit must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. The risk-based audit plan should cover the Council's overall control environment including risk, governance and internal controls as far as practicable.
- 1.3 The consideration of the Regional Internal Audit Service's Annual Risk Based Plan is one of the Audit Committee's key responsibilities.
- 1.4 As a result of the significant changes to the way the Council was and is operating due to the outbreak of the pandemic in March 2020, it has been necessary to re evaluate the original draft plan prepared prior to this outbreak, and to develop a revised Risk Based Plan for 2020-21 which takes into account an updated assessment of risk as a result of COVID-19.
- 1.5 The proposed Annual Risk Based Plan for 2020/21 is attached at Appendix A to this report. It provides the Committee with an overview of the work to be undertaken and will offer sufficient coverage to be able to provide an opinion at the end of 2020-21 whilst having regard to the unprecedented impact caused by the pandemic.

- 1.6 The revised plan is also more flexible than usual to be able to respond to changing circumstances and events that may occur such as a second wave/outbreaks, ability to access staff and evidence or requests to respond to new issues that may emerge
- 1.7 Internal Audit work will be undertaken remotely using video conferencing (e.g. Microsoft Teams) and digital solutions as a basis for meetings and sharing documents and data. There is a need to learn what works and what does not work and also take account of pressures on particular services and individuals whilst conducting our work.
- 1.8 The Audit Committee will receive updates on how the plan is being delivered and any changes that may be required as the year progresses.

2.0 RECOMMENDATIONS that

- 2.1 The Annual Internal Audit Risk Based Plan for 2020/21 be approved by Councillors.

3.0 INTRODUCTION AND BACKGROUND

- 3.1 The United Kingdom Public Sector Internal Audit Standards (Performance Standard - 2010 Planning) provides the framework within which an internal audit plan should be compiled.
- 3.2 In line with the Public Sector Internal Audit Standards the Head of Internal Audit must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.
- 3.3 To develop the risk-based plan, the Head of Internal Audit consults with senior management and the board and obtains an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes. The Head of Internal Audit must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems and controls.
- 3.4 In order to produce the Internal Audit plan the following information is taken into account:
 - Corporate Risk Register;
 - Corporate Plan;
 - Key Financial Systems;
 - Grant Claims that require Internal Audit certification;
 - Follow-up reviews;
 - Audit reviews that are carried forward from the previous audit plan;
 - Discussions with the Corporate Management Team, including the Chief Executive, Section 151 Officer and other senior officers.

- 3.5 The Public Sector Internal Audit Standards require a risk-based audit plan to be produced to cover the Council's overall control environment including risk, governance and internal controls as far as practicable.
- 3.6 The consideration of the sources of information noted above, supports Internal Audit to achieve the following:
- Comply with the Public Sector Internal Audit Standards in compiling the draft Annual Audit Plan;
 - Enable Audit Committee to monitor the adequacy of the risk management framework and the associated control environment of the Council for 2020-21 based on the audit reviews set out in the draft Annual Audit Plan; and
 - Enables the Head of Internal Audit to form an opinion on the risk, governance and internal controls of the organisation.
- 3.7 The draft audit plan for 2020-21 was due to be presented to Audit Committee in March/April 2020 however the COVID-19 outbreak delayed the planning process as significant new risks and ways of working had to be considered to inform the Plan.

4.0 KEY ISSUES FOR CONSIDERATION

- 4.1 Urgent decisions were made in March 2020 in relation to how council services would need to operate in light of the pandemic and emergency arrangements were put in place around decision making and governance, in case they were needed, and normal Council and Committee meetings were suspended.
- 4.2 In order to maintain continuity of service wherever possible, the Council moved extremely quickly to equip as many of its office-based staff with mobile technology to enable home-working within a very short timescale. Where roles for staff diminished as a result of reduced volumes of work or services not being delivered, opportunities for temporary redeployment were actively sought and implemented.
- 4.3 As a result of the significant changes to the way the Council was and is operating it has been necessary to re-evaluate the original draft plan to develop a revised Risk Based Plan for 2020-21.
- 4.4 The items identified in the original plan following the various consultation meetings held in January to March 2020 (prior to COVID-19) were included as a basis for this revised plan alongside an assessment of risk at that time. An updated assessment of risk as a result of COVID-19 has also been undertaken.
- 4.5 It is recognised that there will be a different emphasis due to the impact of COVID-19. Any changes in processes and controls arising from remote working will be factored in to every audit.
- 4.6 Risks arising from COVID-19, availability of audit and service staff and challenges arising from the remote ways of working will all have an impact. The revised plan is also more flexible than usual to be able to respond to changing circumstances and events that may occur such as a second wave/outbreaks, ability to access staff and evidence or requests to respond to new issues that may emerge.

- 4.6 Internal Audit work will be undertaken remotely using video conferencing (e.g. Microsoft Teams) and digital solutions as a basis for meetings and sharing documents and data. There is a need to learn what works and what does not work as an approach in an iterative and proportionate way to take account of pressures on particular services and individuals whilst conducting our work.
- 4.7 The proposed plan at Appendix 1 will offer sufficient coverage to be able to provide an opinion at the end of 2020-21 having regard to the unprecedented impact caused by the pandemic.
- 4.8 The Audit Committee will receive updates on how the plan is being delivered and any changes that may be required in light of the experience of working in completely different circumstances and environment.

5 FINANCIAL IMPLICATION(S)

- 5.1 There are no resource implications as a direct consequence of this report.

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HEAD OF REGIONAL AUDIT SERVICE

COUNCILLOR ANDREW BARRY
CABINET MEMBER FOR GOVERNANCE
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BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
Audit Universe	2020/21	Internal Audit Office
Audit Planning Files	2020/21	Internal Audit Office
Does the report contain any issue that may impact the Council's Constitution?		No