

REPORT OF THE CHIEF FINANCE OFFICER
AND
THE HEAD OF INTERNAL AUDIT

TO THE AUDIT & ACCOUNTS COMMITTEE

WEDNESDAY 24th March 2021

TITLE: Internal Audit Annual Strategy and Plan 2021/22

RECOMMENDATIONS: Members are requested to review and comment on the Internal Audit Strategy and Plan for 2020/21 attached at Appendix 1.

EXECUTIVE SUMMARY: This report advises Members of the internal audit strategy and work plan, developed for the financial year 2021/22.

The Public Sector Internal Audit Standards note that the internal audit plan should 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.

This internal audit strategy sets out how internal audit produces the plan of work and resources that work. It links with the Internal Audit Charter and Quality Assurance and Improvement Programme.

The internal audit plan is risk-based, and takes into account information from various sources such as Strategic Risk Register; Service Group risks; discussions with Strategic Directors; previous years' work; and those pieces of work expected of Internal Audit by the council's External Auditors.

At an aggregate level, the strategy and plan are designed to provide a degree of assurance to the Audit & Accounts Committee that the council's key risks are being managed appropriately.

Impact of the Covic-19 Pandemic

The detailed plan attached at Appendix A to the strategy document includes 12 months audit work. Much of this work has been brought forward from the 2020/21 audit plan as a consequence of the pandemic and its impact on the work of internal audit during 2020/21. The audits brought forward have been considered by internal audit and the respective council leadership teams, and deemed to remain relevant and a priority.

We intend to progress through the planned work with due consideration to potentially changing capacity of service areas to work with us.

It is currently unclear what, if any, impact the ongoing pandemic will have on delivery of the 2021/22 audit plan. There is an element of contingency built into the plan.

Internal Audit will update Members on an on-going basis throughout the year by means of regular Progress Reports and Audit Committee Summaries.

BACKGROUND DOCUMENTS:

- Public Sector Internal Audit Standards - Applying the IIA International Standards to the UK Public Sector.
 - Internal Audit Charter
 - Quality Assurance and Improvement Programme
 - Audit Management Information System
 - Risk Registers
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KEY DECISION: No

DETAILS: See Appendix 1

KEY COUNCIL POLICIES: None noted

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS: None noted

ASSESSMENT OF RISK: The Internal Audit Plan is primarily determined from Strategic Risk Register and Service Group risks, key concerns raised by Service Groups, and requirements placed on Internal Audit by regulation. This approach is aimed at giving assurance regarding the management of the City Council’s key business risks.

LEGAL IMPLICATIONS Supplied by: Nicky Smith, Senior Solicitor

Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and to secure that one of their officers has responsibility for the administration of those affairs.

The Accounts and Audit Regulations 2015 also require authorities to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

In that regard, the Public Sector Internal Audit Standards are mandatory for all internal auditors working in the UK public sector and require a Council’s chief audit executive to establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals.

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. The Chief Audit Executive must review and adjust the plan, as necessary, in response to changes in the organisation’s business risks, operations, programmes, systems and controls.

FINANCIAL IMPLICATIONS Supplied by: Jean Gleave (Head of Internal Audit)

The Internal Audit work detailed within this report is funded from within the existing budget allocation in the revenue budget.

PROCUREMENT IMPLICATIONS Supplied by: Christine Flisk (Procurement Manager)

There are no known procurement implications with this report.

HR IMPLICATIONS Supplied by: Catherine Sharples (HR Manager)

There are no known HR implications with this report.

CLIMATE CHANGE IMPLICATIONS Supplied by: N/A

OTHER DIRECTORATES CONSULTED: All Service Group Strategic Directors and Corporate Management Team.

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WARDS TO WHICH REPORT RELATES: N/A