

AUDIT AND ASSURANCE COMMITTEE

Meeting date: 11 March 2021

From: Group Audit Manager

DRAFT INTERNAL AUDIT PLAN 2021/22

1.0 EXECUTIVE SUMMARY

- 1.1 *The draft audit plan has been prepared in consultation with senior management and conforms to the Public Sector Internal Audit Standards (PSIAS).***
- 1.2 *The audit plan is closely aligned with the Council's corporate risk register, and directorate and service level risks, and contains an appendix setting out how assurance is to be provided against corporate risks.***
- 1.3 *Coverage is considered adequate to provide an annual audit opinion as required under the PSIAS. There is time for advice and consultancy work but there is no provision for additional risk based audits, therefore should new risks emerge during the year the plan will need to be revised to accommodate these.***
- 1.4 *As a result of the focus of key Directorate staff being upon responding to the COVID-19 pandemic in the quarter, we have agreed to meet these Assistant Directors in March / April 2021 as part of the finalisation of audit planning for 2021/22. Consequently, of the 1,190 days of audit resource available, there are 115 days of unallocated time currently included in the 2021/22 audit plan relating specifically to the 'People' and 'Corporate, Customer & Community Services' Directorates. An update will be provided to Committee at the June meeting.***
- 1.5 *Overall, 70 days of the plan has been allocated to consultancy / support and advice work. This equates to 5.9% of overall audit resources in the plan, and if management overheads are excluded this would equate to 7.1% of productive time spent on audit reviews. We have specified one piece of work on Lateral Flow Testing (LFT), following the recent introduction of responsibilities to upper tier local authorities in respect of this activity and we will discuss with management to agree a further piece of work during the year.***
- 1.6 *The internal audit charter has been updated to reflect the Institute of Internal Auditors (IIA) new 'Three lines model'.***

2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS

2.1 *Internal Audit provides assurance to management, and the Audit and Assurance Committee, on the arrangements for governance, risk management and internal controls in support of the delivery of the Council's priorities as set out in the Council Plan.*

3.0 RECOMMENDATION

3.1 *The Audit and Assurance Committee is asked to approve the draft audit plan for 2021/22 and the Audit Charter for 2021/22.*

4.0 BACKGROUND

4.1 The approach to preparing the audit plan has been based around:

- Review of the Council's corporate risk register and, where available, updated directorate and service risk registers
- Consultation with senior management
- Consideration of emerging issues and risks nationally, regionally and locally
- Issues discussed at Cabinet and the Audit and Assurance Committee.

4.2 The audit plan is closely aligned with the Council's corporate, directorate and service level risks. On a quarterly basis the Audit and Assurance Committee sees the corporate risk register which documents the key risks facing the Council and controls and other assurances in place to mitigate these risks. Appendix 2 in the audit plan summarises these risks, controls and other assurances and shows the internal audit work planned in 2021/22 against each corporate risk and work we have done in the past four years. The plan also includes provision for closer working with risk management colleagues to inform our broader opinion on risk management arrangements.

4.3 In producing the 2021/22 we have continued to experience the ongoing impact of the COVID-19 outbreak. We have included 115 days of unallocated time in the 2021/22 audit plan relating specifically to the 'People' and 'Corporate, Customer & Community Services' Directorates. This reflects the fact that key directorate staff have had to prioritise responding to the COVID-19 pandemic in the quarter, so we have agreed to meet these Assistant Directors in March / April 2021. Given these Assistant Directors are dealing with key parts of the Council's response to COVID-19 there is the potential that risks in these areas will emerge during the year. Therefore, by adopting this approach gives us added flexibility in our audit plan. An update will be provided to the Committee at its meeting in June.

- 4.4 The audit plan also includes time for advice and consultancy work. This is part of our continuing development of the internal audit service aimed at providing wider support to the Council. Overall, 70 days of the plan has been allocated to consultancy / support and advice work. This equates to 5.9% of overall audit resources in the plan, and if management overheads are excluded this would equate to 7.1% of productive time spent on audit reviews. We have specified one piece of work on Lateral Flow Testing (LFT) and we will discuss with management to agree a further piece of work during the year.
- 4.5 Planned Internal Audit coverage is consistent with the coverage in a normal year and is considered adequate to provide an annual audit opinion.
- 4.6 Although there is unallocated time in the plan, as highlighted above, there is no additional capacity in the plan to respond to new risks arising during the year. Amendments to the plan, if required would be sought where appropriate. In line with the PSIAS, and in accordance with the Internal Audit Charter, should new risks emerge during the year, the Group Audit Manager will keep the plan under review and if appropriate, seek approval for amendments to ensure the plan continues to reflect the Council's significant risks.
- 4.7 Directorates are responsible for monitoring the implementation of audit recommendations. However, Internal Audit will continue to follow up all audits resulting in 'Partial' or 'Limited' assurance in accordance with the revised approach introduced in 2019/20. Therefore, rather than following up all recommendations we will focus on high priority recommendations and a sample of medium priority recommendations.
- 4.8 The internal audit charter has been updated and is included as an appendix to the audit plan for re-approval by the Audit and Assurance Committee. The only change to the Audit Charter from 2020/21 relates to Appendix A where the diagram and narrative has been updated to reflect the Institute of Internal Auditors (IIA) new 'Three lines model'.

5.0 OPTIONS

- 5.1 The Audit and Assurance Committee may approve the audit plan, as it is drafted, or may approve the plan subject to officers' consideration of proposed changes.

6.0 CONCLUSION

- 6.1 The audit plan represents the most effective use of Internal Audit resources to provide management and the Audit and Assurance Committee with assurance over the arrangements for governance, risk management and internal control in line with the Accounts and Audit Regulations 2015.
- 6.2 The plan is fully risk based in line with the requirements of the Public Sector Internal Audit Standards (PSIAS).

6.3 The Internal audit charter has been produced in line with the PSIAS and reflects the arrangements set out in the Standards for internal audit's role, purpose and authority.

Richard McGahon
Group Audit Manager

March 2021

APPENDICES

Appendix 1: Draft Internal Audit Plan 2021/22

Appendix 2: Audit Charter 2021/22

IMPLICATIONS

Staffing: none
Financial: none
Property: none
Electoral Division(s): none

Executive Decision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No
Key Decision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No
If a Key Decision, is the proposal published in the current Forward Plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A
Is the decision exempt from call-in on grounds of urgency?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No
If exempt from call-in, has the agreement of the Chair of the relevant Overview and Scrutiny Committee been sought or obtained?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A
Has this matter been considered by Overview and Scrutiny? If so, give details below.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No

N.B. If an executive decision is made, then a decision cannot be implemented until the expiry of the eighth working day after the date of the meeting – unless the decision is urgent and exempt from call-in and the Head of Member Services and Scrutiny has obtained the necessary approvals.

PREVIOUS RELEVANT COUNCIL OR EXECUTIVE DECISIONS
[including Local Committees]

No previous relevant decisions.

CONSIDERATION BY OVERVIEW AND SCRUTINY

Not considered by Overview and Scrutiny.

BACKGROUND PAPERS

No background papers.

Contact: Richard McGahon, richard.mcgahon@cumbria.gov.uk