

<b>SUBJECT:</b>	<b>INTERNAL AUDIT PLAN – 2020/21</b>
<b>DIRECTORATE:</b>	<b>CHIEF EXECUTIVE AND TOWN CLERK</b>
<b>REPORT AUTHOR:</b>	<b>JOHN SCOTT, AUDIT MANAGER</b>

## **1. Purpose of Report**

1.1 The Internal Audit Section works to an annual plan which is agreed by the Audit Committee and Senior Management.

## **2. Background**

2.1 The plan has been developed using a combination of:

- the Council's Combined Assurance Model
- an assessment of risk - based on the significance and sensitivity of key activities
- consultation with Senior Management
- issues raised by the Audit Committee

## **3. Internal Audit Plan 2020/21**

3.1 Using the Combined Assurance Model helps streamline and avoid duplication of effort where assurances can be drawn from other sources. The Combined Assurance Model provides coverage of all areas – not just those from Internal Audit.

3.2 Our planning work takes into account the relative risks of the activity. We take account of combined assurance outcomes. We also undertake cyclical work on due diligence areas particularly around financial and governance systems.

3.3 Internal Audit continues to have the right to conduct its own assurance activity freely and independently to meet its role and remit – even if there appears to be a good level management or alternative assurance in place.

3.4 Attached is the revised Draft Internal Audit Plan for 2020/21– Appendix A

3.5 We have consulted with management over the Draft Audit Plan.

3.6 The Internal Audit Plan should focus on the key risks facing the Council and is adequate to support the Head of Audit opinion. The plan should achieve a balance between setting out the planned work for the year and retaining flexibility to changing risks and priorities during the year. This is undertaken through a regular review of any changing activity and risks. The audit resources are sufficient and compare adequately with others. We use external auditors / consultants as required to fill any gaps - mainly ICT security specialists.

3.7 The Internal Audit Plan, together with our combined assurance work, enables us to provide an annual internal report and opinion around governance, risk and control.

#### **4 Impact of Covid-19**

4.1 We have revised the audit plan to take account of resources available for the remainder of 20/21 commencing 1st September 2020. Between April and August 2020, audit resources were re-prioritised to respond to the COVID pandemic.

The revised plan focuses on core financial audits and other key areas, including COVID assurance, to enable internal audit to provide an annual opinion on the governance, risk and control environment at the year end. As part of the accounts and audit regulations the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes.

4.2 The revised plan retains key financial system audits, and a reduced level of Directorate audits which should mean that teams are not significantly impacted.

4.3 The audits being postponed are:

- Scrutiny Function
- Elections
- MTFS - Covered under COVID-19 Audit
- Housing Void Management
- Housing Repairs - New System of Responsive Repairs Project
- Housing Investment - Management of Risk of Sub-Contractors
- Housing Strategy
- Planning Heritage - High Streets Heritage Action Zone (HAZ) project
- Disabled Facilities Grant
- Visitor Information- Integration of the Visitor Information Service
- Bereavement services - redevelopment project
- Identity Fraud
- Project/Programme Management– Vision 2025

4.4 Internal audit has altered its coverage to address the risks presented by the COVID-19 health and financial crisis and take account of reduced audit capacity.

Internal audit will continue to employ its combined assurance methodology to assess risks and issues across the whole organisation including COVID risks.

Internal audit has adapted to a remote workplace environment, and audits will take place remotely where required.

Internal audit continues to emphasise its commitment to quality and conformance.

The impacts from the pandemic will likely last well into 2021. Internal audit is assessing the risks and planning audit coverage for the current year and 2021.

## 5. Strategic Priorities

### 5.1 High Performing Services

The Internal Audit Service and Plan contributes to the Council's strategic priorities, by helping to manage risk and achieve its objectives.

## 6. Organisational Impacts

### 6.1 Finance (including whole life costs where applicable)

As part of the budget review undertaken to identify resources to be used to offset the financial pressures the council is facing due to Covid, the audit budget has been reduced by £9,000. This saving has been identified from within staffing budgets due a vacant post in the Audit Team.

### 6.2 Legal Implications including Procurement Rules

The Accounts and Audit Regulations require a local authority to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.

## 7. Recommendation

7.1 Audit Committee is asked to agree the draft plan, identifying any amendments which it considers appropriate.

<b>Is this a key decision?</b>	No
<b>Do the exempt information categories apply?</b>	No
<b>Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?</b>	No
<b>How many appendices does the report contain?</b>	One
<b>List of Background Papers:</b>	None

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