

<b>SUBJECT:</b>	<b>DRAFT INTERNAL AUDIT PLAN – 2021/22</b>
<b>DIRECTORATE:</b>	<b>CHIEF EXECUTIVE</b>
<b>REPORT AUTHOR:</b>	<b>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

## 3. Internal Audit Plan 2021/22

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 and 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 draft internal audit plan for 2021/22– 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. Audit Plan resources**

- 4.1. As part of the Council's Towards Financial Sustainability Programme the level of Internal Audit resources has reduced since 2020/21, contributing an annual saving of £17,870 to the target. The new annual planned days are now 300 days reducing from 400 days which still represents a "good" level of audit resource for an authority of this size and allows the Head of Internal Audit sufficient resources to comply with standards and provide an appropriate annual opinion. This includes work across key financial systems, other governance and due diligence areas as well as critical systems, ICT and counter fraud. A comparison across twelve Lincolnshire and Nottinghamshire Districts found average days at 245, with a high of 360. Lincoln were fifth highest.

Planned audit days in 21-22 are 275 as April is being used to complete some 2020-21 work delayed due to Covid and Covid related support. The service continues to provide internal audit days through the Assurance Lincolnshire partnership for which the Council receives income to help achieve the internal audit agreed net budget.

#### **5. Organisational Impacts**

- 5.1 Finance (including whole life costs where applicable)

The changes to resources and the planned days are outlined in the report above at paragraph 4

- 5.2 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.

#### **6. Recommendation**

- 6.1 The 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
<b>Lead Officer:</b>	John Scott, Audit Manager Telephone (01522) 873321