

9 July 2020		ITEM: 8
Standards & Audit Committee		
Internal Audit Strategy 2020/21 to 2022/23 and Annual Internal Audit Plan 2020/21		
Wards and communities affected: All	Key Decision: Non-key	
Report of: Gary Clifford – Chief Internal Auditor		
Accountable Assistant Director: n/a		
Accountable Director: Sean Clark – Corporate Director of Finance, Governance & Property		
This report is Public		

Executive Summary

Between December 2019 and March 2020, a comprehensive Audit Needs Assessment (ANA) process was undertaken which involved attending meetings with each of the Directorate Management Teams (DMT's) to discuss the risks and priorities with Directors, Assistant Directors and other senior management. As a result, a 3 year Strategy for Internal Audit 2020/21 to 2022/23 and an annual plan for 2020/21 has been developed.

During the latter part of this process, the implications from the Coronavirus COVID-19 pandemic started to emerge with changes to working practices, and in some cases, changes to job roles. Due to the continually emerging issues, this has not been reflected in the plan but as a result, the plan will need to be constantly reviewed to ensure the Internal Audit Service is utilising its resources to best meet the needs of the council.

1. Recommendations:

1.1 That the Standards & Audit Committee

Receive and agree the Internal Audit Strategy 2020/21 to 2022/23 and the Annual Internal Audit Plan 2020/21.

2. Introduction and Background:

2.1 Following a comprehensive Audit Needs Assessment (ANA) process between December 2019 and March 2020, a new 3 year Internal Audit Strategy 2020/21 to 2022/23 has been developed. In preparing the strategy and the

annual internal audit plan, we have shared them with all members of Director's Board for comment and changes have been made as appropriate. In addition, we met with, and attended meetings with the following:

- HR, OD and Transformation Directorate Management Team;
- Children's Services Senior Management Team;
- Performance Board;
- Director of Adult Services;
- Assistant Director - Housing;
- Assistant Director – Street Scene & Leisure;
- Assistant Director – Highways, Fleet & Logistics;
- Assistant Director - Lower Thames Crossing & Transport Infrastructure;
- Assistant Director - Place;
- Assistant Director – Planning & Growth;
- Strategic Lead – Legal;
- Strategic Lead – IT;
- Strategic Lead – Procurement;
- Emergency Planning Manager; and
- Corporate Risk and Insurance Manager.

A meeting was to be held with the External Auditor's but this did not occur due to the on-going situation with the pandemic.

As part of the planning process, Internal Audit also considered a number of other sources including the External Auditor's Annual Audit and Inspection Letter, the Annual Governance Statement, Annual Governance Report and the risks arising from the Corporate Risk & Opportunity Register. New issues and potential emerging risks were also identified and discussed with senior management during the year. We also consider the results of our work in 2019/20 and concerns raised by the Standards & Audit Committee.

It is important to note that the strategy and plan are designed, in part, to test the control environment surrounding potential risks and key controls.

Internal Audit will continually revisit the strategy and plan, particularly at this time where the COVID-19 pandemic is resulting in changes to working practice, new legislation and changes in job roles. The plan is dynamic and is certain to change during the year as priorities change, new regulations are introduced and the structure of the council may need to be further developed. Any changes will be agreed by the Chief Internal Auditor and/or Corporate Director of Finance, Governance & Property and presented to members of the Standards & Audit Committee as part of the progress reporting arrangements.

3. Issues, Options and Analysis of Options:

3.1 Whilst the plan developed by the Chief Internal Auditor was ambitious, the pandemic and the unanticipated retirement of one of the Senior Internal Auditors from June 2020 will have an impact on resources. Although these specific issues had not been identified at the time that the planning process was being undertaken, resources had already been identified as an issue by the Corporate Director of Finance, Governance & Property and the Chief Internal Auditor and budgets put in place to address this. However, due to the current climate, this may take longer than previously anticipated to action and recruit into the senior role.

4. Reasons for Recommendation:

4.1 For the Standards & Audit Committee to satisfy itself that:

- the Internal Audit Strategy covers the organisation's key risks as they are recognised by the Standards & Audit Committee.
- the detailed Internal Audit Plan for the coming financial year reflects the areas that the Standards & Audit Committee believe should be covered as a priority and recognises the additional flexibility of the plan during the next year to address issues arising from the COVID-19 pandemic.
- sufficient assurances are being received to monitor the organisation's risk profile effectively, including any emerging issues/key risks not included in the strategy or annual plan.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 As part of the planning process, the strategy and plan have been presented to the Directors Board as a draft before being brought before the Standards & Audit Committee.

6. Impact on Corporate Policies, Priorities, Performance and Community Impact

6.1 The achievement of corporate priorities is a key consideration of senior management and internal audit when they are discussing the areas that need to be included within the annual audit plan.

7. Implications

7.1 Financial

Implications verified by: **Dammy Adewole**
Senior Management Accountant – Central Services

The Internal Audit Plan will be within the annually agreed budget for 2020/21.

7.2 Legal

Implications verified by: **Tim Hallam**
Deputy Head of Law and Deputy Monitoring Officer

There do not appear to be any direct legal implications arising from this report and appendices. The Council has the legal obligation to maintain an adequate and effective system of internal audit and the Council has delegated this responsibility to the Standards & Audit Committee. The report recommends that the Standards & Audit Committee receives and agrees the Internal Audit Strategy 2020/21 to 2022/23 and the Annual Internal Audit Plan 2020/21. The strategy and the annual plan identify how the Section 151 Officer will deliver an effective internal auditing service for the Council.

7.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
Community Engagement and Project Monitoring Officer

There are no direct diversity implications arising from this report.

7.4 Other implications

In terms of risk and opportunity management, the Internal Audit Plan and its outcomes are a key part of the council's risk management and assurance framework. The Internal Audit Plan is based on risk assessments that include a review of the Council's Strategic/Corporate Risk & Opportunity Register.

8. Background papers used in preparing this report:

- The Accounts and Audit Regulations 2015.
- Public Sector Internal Audit Standards (PSIAS).
- CIPFA – PSIAS Local Government Application Note.
- Strategic/Corporate Risk & Opportunity Register.

9. Appendices to this report:

Appendix 1 - Draft Internal Audit Strategy 2020/21 to 2022/23 and Annual Internal Audit Plan 2020/21.

Report Author

Gary Clifford

Chief Internal Auditor