

Local Members Interest
N/A

Audit and Standards Committee - Tuesday 13 July 2021

Proposed Internal Audit Strategy and Plan 2021-22

Recommendations

I recommend that the Committee:

- a. Review the proposed content and coverage of the Internal Audit Strategy and Plan 2021-22.
- b. Recommend approval of the Internal Audit Plan for 2021-22 to the County Treasurer.

Report of the County Treasurer

Report

Background

1. The Accounts and Audit (England) Regulations 2015 require specifically that relevant authorities must 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'. An effective internal audit is demonstrated through the establishment of a risk-based Internal Audit Plan to determine the priorities of the internal audit activity which are consistent with the Council's main priority outcomes. In developing the risk-based Internal Audit Plan, the Internal Audit Service consults with members of the senior leadership team, wider leadership team and operational managers (as appropriate) during the period February 2021 to April 2021 and is being presented to Members for final endorsement. The proposed Internal Audit Plan is attached at **Appendix 1** and will be supported by a PowerPoint presentation.
2. The Internal Audit Plan has been prepared in line with the Audit Strategy detailed in the report on page 3 of Appendix 1. All potential reviews have been allocated a risk score, which has been calculated using the risk model and the specific methodology outlined in the report at Appendix A. In general, only the high-level risk areas have been included in the Internal Audit Plan as per the Strategy. As stated at section 3 above, the agreement process for this year's plan included detailed discussions with members of the Senior Leadership Team and their Assistant Directors to highlight the proposed Internal Audit work for the year ahead to ensure that it has addressed the significant risks facing the Council and assists in the achievement of the main priority outcomes.

3. Certain elements of the plan must be done regardless of risk score, mainly surrounding the work undertaken to support the requirements of grant allocations. Emphasis will continue to be placed on fraud and corruption work, particularly in relation to developing the proactive elements of the plan and our continuous controls monitoring (CCM) programme of work as well as our agreed participation in the newly formed Staffordshire Counter Fraud Partnership. The Internal Audit team will also continue to provide on-going support as part of the Council's response and recovery arrangements related to the COVID 19 pandemic. Compliance work within Schools will continue to focus on the key risk areas of income, procurement and payroll controls and will be complimented by a programme of CCM specific to Schools which will commence during the year.
4. A general level of contingency time has been included, which is the same as in the previous year. It is recognised that the Internal Audit Plan needs to be reviewed continuously and remain sufficiently flexible to ensure that it is focused fully on the Council's principal risks (both current and emerging); hence it may change throughout the year. Any major revisions such as those continuing to arise from the COVID 19 pandemic will be reported to future meetings of the Audit & Standards Committee.
5. In line with the Audit Strategy, the top risk audits/reviews for the County Council have been assessed as being:
 - a. Digital Strategy and transformation – Digital First including Care Director Software Upgrade & Microsoft 365.
 - b. COVID 19 Response & Recovery including Contact Tracing, Adult Social Care (ASC) Rapid Testing Funding (Lateral Flow) & Back to Business – the Additional Restriction Grant programme.
 - c. Quality Audits – Assessments.
 - d. SEND Transformation – Governance and High Needs Block.
 - e. Remote Working – Cyber Security.
 - f. Brokerage.
 - g. Entrust Contract Arrangements.
 - h. Delivering Good Governance - Culture, Values & behaviours & Corporate Decision Making Arrangements.
 - i. Equality, Diversity & Inclusion.
 - j. Community Renewal Fund.
 - k. Proactive Counter Fraud: Bus Operators and Taxi Contractors (schools transport and other).
 - l. Business Continuity Management - Organisational Resilience (Supply Chain).
6. CIPFA's Audit Committees – Practical Guidance for Local Authorities 2018 publication includes the following core functions around Internal Audit relevant to the annual plan approval process:
 - a. to ensure that the Internal Audit Plan focuses on the key risks facing the Council and is adequate to support the Head of Internal Audit opinion.
 - b. to confirm that the Internal Audit Plan achieves a balance between setting out the planned work for the year and retaining flexibility to changing risk and priorities during the year.

- c. to ensure that there are sufficient resources within Internal Audit to deliver the plan.

Equalities Implications

7. There are no direct equalities implications arising from this report.

Legal Implications

8. Whilst there are no direct legal implications arising from this report, the Accounts and Audit (England) Regulations 2015 require specifically that a relevant body must 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

Resource and Value for Money Implications

9. The net budget of the Internal Audit Section for 2021/22 is £979,020 of which £199,620 relates to payments to external providers.

Risk Implications

10. Internal Audit examines objectively, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

Climate Change Implications

11. There are no direct implications arising from this report.

List of Background Documents/Appendices:

Internal Audit Plan 2021-22

List of Reference Material:

1. CIPFA Audit Committee - Practical Guidance for Local Authorities and Police 2018 Edition.
2. Public Sector Internal Audit Standards – revised with effect from 1st April 2017.
3. Local Government Application Note – with effect from 1st March 2019
4. Accounts and Audit (England) Regulations 2015.
5. CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations (2019 Edition).

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