

## Internal Audit Plan 2021/22

<b>Corporate Priority:</b>	All
<b>Relevant Ward Member(s):</b>	All
<b>Date of consultation with Ward Member(s):</b>	Not applicable
<b>Exempt Information:</b>	No

### 1 Summary

- 1.1 The report provides Members with a copy of the draft Internal Audit Plan for 2021/22 and the Internal Audit Charter for review and formal approval, in line with the requirements of the Public Sector Internal Audit Standards.

#### RECOMMENDATION(S)

That Committee:

1. Review and approve the Internal Audit Plan for 2021/22.
2. Delegate authority to the Director for Corporate Services, in consultation with the Chair of the Audit and Standards Committee, to agree amendments to the Plan during the financial year, if required.
3. Approve the Internal Audit Charter and Strategy.

### 2 Reason for Recommendations

- 2.1 To approve the Internal Audit plan and charter, in line with the Public Sector Internal Audit Standards.

### 3 Background

- 3.1 The Audit and Standards Committee is responsible for overseeing the delivery of the Internal Audit service.

## 4 Main Considerations

- 4.1 In order to ensure that the Audit Plan for 2021/22 addresses the Council's key risks and adds value, the Head of Internal Audit has identified and prioritised the areas for coverage by:
- Reviewing the Council's Risk Registers and Corporate Strategy;
  - Analysing coverage of Internal Audit reviews over the last four years and the assurance opinions provided following each review, to identify any assurance gaps or areas where follow up work would be of value;
  - Identifying any other sources of assurance for each of the Council's key risks, which may reduce the added value of an Internal Audit review and where work could be aligned with other assurance providers;
  - Identifying any areas of the Audit Universe (a list of potential areas for audit review across the Council) which have not been subject to Internal Audit review during the last four years;
  - Discussion and consultation at the Audit and Standards Committee in December 2020 and January 2021 on the planning process and areas where Members require assurances from Internal Audit during 2021/22. Members were invited to refer potential risk areas for coverage to the Head of Internal Audit; and
  - Meetings with members of Senior Leadership Team to discuss key risks and emerging risk areas for the year ahead and any areas where Internal Audit support would be beneficial either in an assurance or consultancy role.
- 4.2 The process has also incorporated consideration of potential audits which can be undertaken by drawing upon similar emerging themes from the Councils across the shared service client base.
- 4.3 Following this consultation and review, a Draft Internal Audit Plan has been compiled and is provided in Table 1 of Appendix A. Also provided, in Table 2 of Appendix A, is a reserve list of audit assignments which were considered for inclusion in the plan but, following consultation with management, it has been agreed that these are lower risk or would be of greater value in 2022/23. If the risk environment changes during 2021/22 the Audit Plan can be amended and these assignments can be re-assessed for possible coverage.
- 4.4 **Appendix A** to this report provides further detail on the development of the 2020/21 Audit Plan and a copy of the draft Internal Audit Plan.
- 4.5 To ensure that the Internal Audit activities are consistently focused upon the Council's key risks, the plan will remain subject to ongoing review by the Head of Internal Audit throughout the year and will be subject to regular consultation with senior management. To enable the Internal Audit team to be responsive and amend the planned activities to address any new or emerging risk areas as required, it is recommended that a mechanism be agreed to allow for changes to the Audit Plan between Audit and Standards Committee meetings. Any such amendments would be agreed by the Director for Corporate Services, in consultation with the Chair, and reported at the subsequent meeting of the committee.
- 4.6 **Appendix B** to this report provide a copy of the Internal Audit Charter and Strategy. The Public Sector Internal Audit Standards define the internal audit charter as 'a formal

document that defines the internal audit activity's purpose, authority and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation, including the nature of the chief audit executive's functional reporting relationship with the board; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities'.

4.7 No amendments to the Charter and Strategy are proposed for 2021/22.

## **5 Consultation**

5.1 Not applicable.

## **6 Next Steps – Implementation and Communication**

6.1 The Internal Audit plan will form the schedule of work for the Internal Audit service for 2021/22 and regular progress reports will be brought to the Audit and Standards Committee throughout the financial year.

## **7 Financial Implications**

7.1 There are no financial or other resource implications arising directly from this report.

**Financial Implications reviewed by: Director for Corporate Services**

## **8 Legal and Governance Implications**

8.1 Internal Audit is a statutory requirement as required under the Accounts and Audit Regulations 2015 which state "A relevant authority 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"

**Legal Implications reviewed by: Monitoring Officer**

## **9 Equality and Safeguarding Implications**

9.1 There are no equalities or safeguarding implications arising directly from this report.

## **10 Community Safety Implications**

10.1 There are no community safety implications arising directly from this report.

## **11 Environmental and Climate Change Implications**

11.1 There are no environmental and climate change implications arising directly from this report.

## **12 Other Implications (where significant)**

12.1 There are no other implications arising directly from this report.

## **13 Risk & Mitigation**

13.1 The annual Internal Audit report forms part of the evidence that supports the Council's Annual Governance Statement and provides assurance over the adequacy and effectiveness of the Council's internal controls to manage the key risks and inform risk management arrangements.

## **14 Background Papers**

14.1 Not applicable

## 15 Appendices

15.1 Appendix A: Internal Audit Plan 2021/22

15.2 Appendix B: Internal Audit Charter and Strategy

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