



REPORT TO: OVERVIEW AND SCRUTINY COMMITTEE

DATE: 28 JULY 2021

REPORT OF THE: SECTION 151 OFFICER (ANTON HODGE)

TITLE OF REPORT: INTERNAL AUDIT WORK PROGRAMME 2021/22

WARDS AFFECTED: ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 The work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS). In accordance with those standards internal audit is required to prepare an indicative risk-based audit plan following consultation with the Overview and Scrutiny Committee and senior management. The purpose of this report is to present to members the internal audit work programme for 2021/22.

2.0 RECOMMENDATION

2.1 It is recommended that the internal audit work programme for 2021/22 be approved.

3.0 REASONS FOR RECOMMENDATION

3.1 To enable the committee to fulfil its responsibility to approve the internal audit work programme as part of its responsibility for overseeing the work of internal audit (as stated within paragraph 7.6 of the Council's Audit Charter).

4.0 SIGNIFICANT RISKS

4.1 The Council will fail to comply with the requirements of the Public Sector Internal Audit Standards (PSIAS) if the internal audit work programme is not approved by the committee, and it may be subject to increased scrutiny and challenge.

5.0 POLICY CONTEXT AND CONSULTATION

5.1 The work of internal audit supports the Council's overall aims and priorities by promoting probity, integrity and honest and by helping support the Council to become a more effective organisation.

6.0 REPORT DETAILS

6.1 Once a year the ongoing audit planning process is formalised with the production of an annual internal audit work programme. Annex 1 to this report sets out the proposed programme of internal audit work for 2021/22.

- 6.2 The planned work is based on an initial assessment of risk undertaken by Veritau, alongside discussions with this committee and senior officers. The risk assessment process helps to ensure limited audit resources are prioritised towards those areas which are considered to be the most appropriate and / or which contribute the most to the achievement of the Council's priorities and objectives.
- 6.3 From 2021/22, Veritau has adopted a new flexible approach to audit planning. This reflects arrangements being introduced by internal audit teams across the local government sector, to help direct audit work to areas of greatest risk, or of most value on an ongoing basis. The new approach complements wider developments of the internal audit service which include an increased focus on data analytics and assurance mapping. These developments will help to provide broader assurance than has been possible previously.
- 6.4 Under the flexible planning approach an indicative programme will be presented at the beginning of the audit year (i.e. as shown in appendix A of annex 1). The indicative programme is a long list of areas of potential work which are considered the highest priority for audit, based on an initial assessment of risk. This will act as a guide for more detailed planning throughout the course of the year. It is expected that areas will drop out of the indicative programme, and new areas will be added, as the year progresses and internal audit's assessment of relative risks and priorities changes.
- 6.5 Using the indicative programme, internal audit will then determine work to be undertaken on an ongoing basis during the year, considering work to:
- *“Do first”* – work of the highest value, priority, or urgency
 - *“Do next”* – work to be started after current audit work is completed
 - *“Do later”* – work to be scheduled for consideration later in the year
- 6.6 Decisions on which category work falls into will be based on professional judgement, together with close communication with key client officers. The decision-making process will be guided by a number of considerations which will result in audit work being deemed a higher or relatively lower priority at the time of assessment. These include, for example, whether internal audit has recent audit assurance, where controls are changing and / or risks are increasing, and where the area allows internal audit to provide broader assurance.
- 6.7 The considerations outlined in paragraph 6.6 will be used on an ongoing basis to determine the audit work that will be carried out. The result of this is the development of a current assessment of programme priorities, as shown in appendix B of annex 1.
- 6.8 To ensure the Overview and Scrutiny Committee continues to have oversight of planned audit work, updates to the overall indicative programme (appendix A) and the current assessment of work to be undertaken (appendix B) will be presented as part of each internal audit progress report. This will enable the committee to understand the work that is currently planned and to provide input on the relative priorities of work to be carried out in the future.
- 6.9 So that this flexible approach still allows sufficient attention to be given to areas that are important to delivery of the annual opinion, internal audit has developed a set of 11 key assurance areas. These areas will be covered during the year to enable a comprehensive Head of Internal Audit opinion to be given on the framework of governance, risk management and control.
- 6.10 Total planned days for internal audit in 2021/22 are 225. This includes an allocation of days for review of key systems and service areas within the Council and also includes several engagements which are expected to be advisory in nature to support the Council with new and emerging priorities.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

- a) Financial
None
- b) Legal
None
- c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
None

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Background Papers:

Public Sector Internal Audit Standards, CIPFA Local Government Application Note (for the United Kingdom Public Sector Internal Audit Standards)