

Committee:	Audit and Governance		
Date of Meeting:	03 March 2021		
Subject:	Internal Audit Strategy, Charter and Annual Audit Plan 2021/22		
Report Author:	Audit Manager		
Contact Officer:	Kanchan Vasisht		
Implications:	Legal <input type="checkbox"/>	Community Safety <input type="checkbox"/>	
	Equalities <input type="checkbox"/>	Environment <input type="checkbox"/>	
	Financial <input type="checkbox"/>	Consultations <input type="checkbox"/>	
	Staffing <input type="checkbox"/>	Other <input type="checkbox"/>	
Wards Affected:	None		

Purpose

- 1 This report sets out the context for the provision of an Internal Audit Service and explains the risk based approach used to develop the Annual Audit Plan for 2021/22.

Recommendations

- 2 **The Committee is recommended to consider and approve the Internal Audit Strategy, Charter and Annual Audit Plan for 2021/22.**

Background

- 3 All local authorities must make proper provision for internal audit in line with the Local Government Act 1972 (S151) and the Accounts and Audit Regulations 2015 (as amended in respect of the Coronavirus Act 2020). The latter states that 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."
- 4 The council's Internal Audit Strategy, Charter and Annual Audit Plan (**Appendix 1**) sets out how the council will meet its statutory requirements for internal audit. The strategy proposes an approach based on focussing audit resources in those areas where the highest risks to the achievement of the council's objectives lie. These areas have been identified and prioritised based on the council's own risk assessment processes and following consultation with Senior Management.
- 5 The Internal Audit Strategy, Charter and Annual Audit Plan will be delivered in line with proper internal audit practices as set out in the Public Sector Internal Audit Standards (PSIAS).

Report

- 6** The Internal Audit Service not only covers essential assurance work but also undertakes pro-active and reactive consultancy work, provision of advice, fraud related work and risk management work.
- 7** In line with PSIAS the Annual Audit Plan has been devised using a risk based approach, focussing on the strategic risks facing the council. Officers have reviewed the Corporate and Departmental Risk Registers and have consulted with Senior Managers in order to understand the risks.
- 8** By directing the Audit resource in this manner the level of coverage will enable Internal Audit to fulfil its statutory assurance and scrutiny function and for the council and the External Auditor to place full reliance on the work of Internal Audit.
- 9** The council needs to ensure there is a robust system of internal audit and for the service to maintain the current standards, depth and quality of audit review. There are a number of monitoring and consultation roles for audit which include:-
 - Risk Based Audit Plan – prepared in consultation with management and approved by CLMT and Audit and Governance Committee, and
 - Monitoring – The Public Sector Internal Audit Standards details the standards that have to be met and ensures the council can place full reliance on its Internal Audit Service. Monitoring of performance and quality of the audit service is by the Section 151 Officer and Audit and Governance Committee. A self-assessment against these standards will be undertaken annually and an external assessment will be carried out at least once every five years by a qualified independent assessor from outside the Authority.
- 10** The Internal Audit Service reports to the S151 Officer although independence is maintained by a direct reporting line to the Chief Executive, Leader of the Council, and Audit and Governance Committee.
- 11** The Audit Manager will report to CLMT and Audit and Governance Committee on a quarterly basis. Each quarterly report will include a discussion of areas which have been given an audit opinion of 'Limited' or 'No' assurance on the control environment. Internal Audit will follow up on recommendations made during the year and will report back to CLMT and Audit and Governance Committee on the level and degree of implementation.

Appendices

- 12** The following appendices are attached to this report:-
Appendix 1 – Internal Audit Strategy, Charter and Annual Audit Plan 2021/22.

List of Background Papers - Local Government Act 1972, Section 100D

- 13 (a) The Accounts and Audit Regulations 2015 (as amended in respect of the Coronavirus Act 2020).
(b) Public Sector Internal Audit Standards 2017.

Implications

Item	Details	Clearance Agreed By	Dated
Legal	<p>Legislation dictates the objectives and purpose of the internal audit service. The requirement for an internal audit function is either explicit or implied in the relevant local government legislation. Section 151 of the Local Government Act 1972 requires every local authority to; <i>"make arrangements for the proper administration of its financial affairs"</i> and to ensure that one of the officers has responsibility for the administration of those affairs. In England, more specific requirements are detailed in the updated Accounts and Audit Regulations (latest 2020) in that authorities must; <i>"maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices"</i>.</p> <p>The Internal Audit Strategy, Charter and Annual Audit Plan attached to this Report sets out how the council will meet its statutory requirements for internal audit.</p>	Kemi Onakoya Principal Solicitor (Property & Planning)	23 rd February 2021
Finance	The cost of implementing the audit plan has been included in the 2021/22 budget.	Dev Gopal Service Director, Finance,	19 th February 2021

Item	Details	Clearance Agreed By	Dated
		Revenues and Benefits	
Equalities			
Environment			
Community Safety			
Staffing			
Consultations			
Other			