

Bath & North East Somerset Council

MEETING:	Corporate Audit Committee	
MEETING DATE:	4th February 2021	AGENDA ITEM NUMBER
TITLE:	Internal Audit Plan 2021/2022 - Consultation	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: None		

1 THE ISSUE

- 1.1 This report updates the Audit Committee on the methodology used to create the Internal Audit Plan and asks for comments on areas or themes they would like to be considered within the plan for 2021/22. It also outlines the intended approach towards COVID-19 activity.

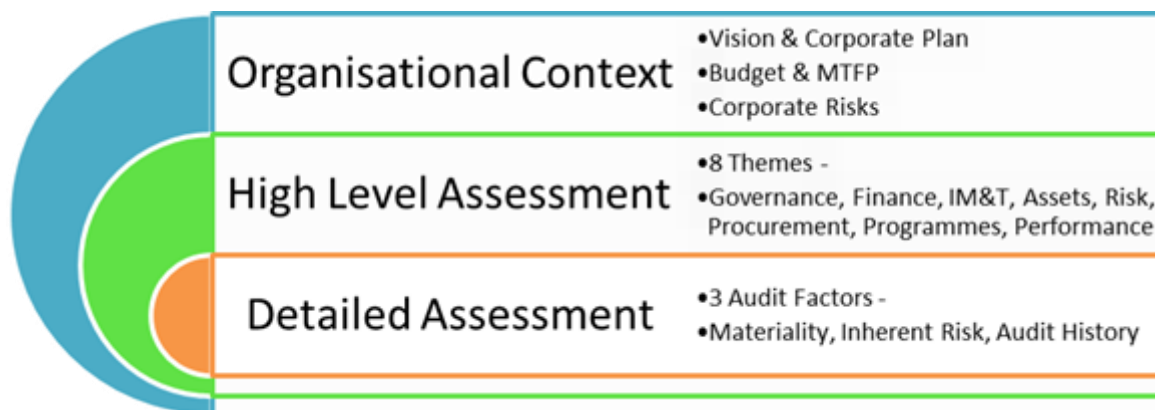
2 RECOMMENDATION

- 2.1 The Corporate Audit Committee is asked to comment on any areas or themes they would like to be considered in relation to the Internal Audit Plan for 2021/22.
- 2.2 The Corporate Audit Committee is asked to note the intention to keep the plan under review, including a formal re-assessment of the Plan at the half year point. Any changes will be reported to Committee.

3 THE REPORT

3.1 Background - Reasonable Assurance Model

- 3.1.1 The planning process is based on the fundamental requirement that the Audit Plan proposed will deliver sufficient work to enable the Chief Internal Auditor to independently assess the internal control framework of the Council and provide a 'reasonable assurance' opinion at the end of each year. The model we use – the Reasonable Assurance Model - has previously been reported to the Committee.
- 3.1.2 It was created and adopted in conjunction with a number of other councils in the South West and the Model approach won a Public Finance award in 2017.
- 3.1.3 The model is outlined in the following diagram with the key element being the high-level assessment of 8 'good governance' themes.
- 3.1.4 We are aware that we need to review the themes and the enquiries to be made in relation to these themes, for example we are considering 'climate change' within each of the themes.



3.2 COVID-19 and 6 Monthly Rolling Plan Review

3.2.1 At the 26th November 2020 meeting of the Committee, the significant level of unplanned work completed during the first half of 2020/21 to respond to the Covid19 pandemic was highlighted and it was agreed to re-set the audit plan.

3.2.2. It was agreed that the following audit reviews would be considered for inclusion in the 2021/22 Plan. The audit areas removed from the 2020/21 Plan were:

- 1) Revenue Estate – Property Acquisitions
- 2) Avon Pension Fund – Business Continuity
- 3) Revenue Estate – Asset Utilisation
- 4) Alternative Learning
- 5) Parks
- 6) Traffic Signals & Intelligent Networks
- 7) GLL Contract Management
- 8) Climate Change
- 9) Governance – Decision Making

3.2.3 Based on the need to respond to the needs of the Council and provide assurance work where required it is the intention of the Internal Audit Service to continue to compile a list of audit reviews to form an Audit Plan for the 2021/22 Financial Year but to keep it under review and to adjust it as necessary.

3.2.4A formal review of the annual plan will take place at the six-month stage of 2021/22 to re-set the Plan and the level of contingency will be increased to help minimise the need to replace planned audits.

3.3 Consultation & Input – Audit Committee

3.3.1 The Audit Committee is a key stakeholder and have responsibility for approving the Audit Plan. The purpose of this report is to obtain views and feedback on areas for review which can then be considered as part of the planning process.

3.3.2 Members will have an awareness of the local authority specific impacts of the pandemic and also the interventions put in place which the Council have facilitated e.g. administering grant funding.

3.3.3 Professional bodies such as The Chartered Institute of Internal Auditors have also provided advice on key areas for organisations to consider when compiling audit plans. These are detailed below for Committee Members consideration:

- Information security (Covid-19 work environment)
- Regulatory requirements and the return to normal
- Delivery of Strategic Priorities (following Covid-19)
- Financial Resilience
- Managing talent, staff wellbeing and diversity challenges post pandemic
- Disaster and crisis preparedness: lessons from the pandemic
- Unprecedented economic volatility at National and Regional levels
- Supply chain disruption and third-party solvency for critical suppliers
- Fraud and the exploitation of operational and economic disruption
- Climate change and delivery post pandemic

3.3.3 It should be noted that in addition to compiling a list of 'planned audit reviews', Internal Audit will continue to:

- Provide support to the corporate governance framework within the Council including completing the Annual Governance review work required to publish the Council's Annual Governance Statement;
- Provide support to assess the Council's risk management framework;
- Carry out the Co-ordination and Investigation roles to complete the work required through the Cabinet Office Data Matching 'National Fraud Initiative';
- Provide advice on systems of internal control including Council policies and procedures. This is particularly important when systems and processes are being developed or changed;
- Provide support to Services on carrying out investigations in relation to financial irregularities. This may require Audit staff to take on the Investigating Officer role in compliance with the Council's disciplinary procedures.

4 STATUTORY CONSIDERATIONS

- 4.1 There are no specific statutory considerations related to this report. Accounts & Audit Regulations set out the expectations of provision of an Internal Audit service. This is supported by S151 of the Local Government Act and CIPFA Codes of Practice and the IIA professional standards for delivery of an adequate Internal Audit Service.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 There are no direct resource implications relevant to this report.

6 RISK MANAGEMENT

- 6.1 A proportionate risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance. Significant risks to the council arising from an ineffective Internal Audit Service include lack of internal control, failures of governance and weak risk management. Specific risks include supplementary External Audit Fees, undetected fraud and inadequate coverage of risks arising from COVID-19. Internal Audit assists the council in identifying risks, improvement areas and recommending good practice.
- 6.2 The Corporate Audit Committee has specific responsibility for ensuring the Council's Risk Management and Financial Governance framework is robust and effective.

7 EQUALITIES

- 7.1 A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

8 CLIMATE CHANGE

- 8.1 There are no direct climate change implications related to this report.

9 OTHER OPTIONS CONSIDERED

- 9.1 No other options to consider related to this report.

10 CONSULTATION

- 10.1 The Council's Section 151 Officer has had the opportunity to input to this report and has cleared it for publication.

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Background papers	
Please contact the report author if you need to access this report in an alternative format	