

Bath & North East Somerset Council

MEETING:	Corporate Audit Committee	
MEETING DATE:	3 rd February 2022	AGENDA ITEM NUMBER
TITLE:	Internal Audit Plan 2022/2023 - 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 2022/23.

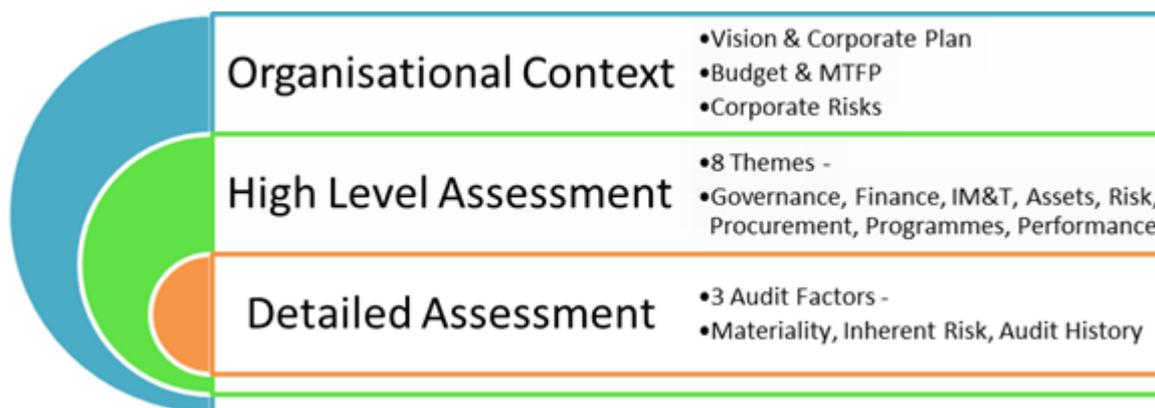
2 RECOMMENDATION

- 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 2022/23.
- 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 continuing to review the themes and the enquiries to be made in relation to these themes, for example the need to consider 'climate change' within each of the themes.



3.2 A Flexible Internal Audit Plan and reporting to Committee on performance and changes to the approved Plan

3.2.1 During the financial year 2020/21, members will recall that changes to planned work were required to redirect audit resources to unforeseen issues arising from the then emerging COVID-19 pandemic. It was agreed by Committee that a flexible Internal Audit Plan was necessary to respond as appropriate to risks and issues.

3.2.2. It is the intention of the Internal Audit Service to continue to present and agree an Internal Audit Plan at the beginning of each financial year using the reasonable assurance model. However, we will continually assess the best use of Internal Audit resources and activity and if considered necessary we will carry out 'unplanned' work and report back to the Audit Committee on any changes to the approved Internal Audit Plan. The Head of Audit and Assurance will report back to the Committee to provide updates on performance and any changes to the Audit Plan.

3.3 Consultation & Input – Audit Committee

3.3.1 The Audit Committee is a key stakeholder and have responsibility for approving the Internal Audit Plan. The purpose of this report is to obtain Committee Member views and feedback on areas which should be considered during the planning process for potential inclusion in the Internal Audit Plan to be submitted to this Committee at its next meeting (before the end of April 2022).

3.3.2 In addition to Covid-19 factors around Financial Resilience, local economic impacts and ongoing financial assurance around the use of Covid-19 grants the Chartered Institute of Internal Auditors has drawn up ten key areas for 2022 which organisations should take account of in preparing their audit plans. These are detailed below as a point of reference to help the committee in understanding where they feel audit coverage may be beneficial.

- IT security: response and recovery
- Rising sustainability regulations
- Accelerated digitisation and low-code adoption
- Workforce fatigue and cultural erosion
- Pandemic response: organisational and strategic resilience
- Financial risk and the looming insolvency wave
- Rising inflation and the global tax clampdown
- Risk of Climate change and sustainability
- Supply chain strains and the race to flexibility
- Health and safety amid the continued COVID-19 threat

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 CIFPA 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	<i>29th April 2021 Internal Audit Plan 2021/22</i>
Please contact the report author if you need to access this report in an alternative format	