

Southend-on-Sea Borough Council

Agenda
Item No.

9

Report of the Executive Director (Finance and
Resources)

to

Audit Committee

on

28th April 2021

Report prepared by: Andrew Barnes, Head of Internal Audit

Internal Audit Planning 2021/22 update

A Part 1 Public Agenda Item

1. Purpose of Report

- 1.1 To update the Audit Committee on the revised approach to the production of the internal audit plan for 2021/22 only.

2. Recommendations

- 2.1 The Audit Committee notes the revised timing for the approach to the production of the internal audit plan for 2021/22 only.**

3. Internal Audit Planning Approach

- 3.1 Internal Audit's usual timetable involves undertaking the planning work for the following financial year in the period from January to March, and then reporting this to the Audit Committee at the April meeting.
- 3.2 However as a result of the continuing covid-19 pandemic, there remained much uncertainty about the impact of the pandemic and immediate next steps in January 2021 when the team were about to commence the detailed audit planning work. It was agreed with the Executive Director (Finance and Resources) that undertaking the audit planning work at a time of such uncertainty would be counter-productive, as there would need to be many alternatives and contingencies put in place. Therefore the specific detailed audit planning work would be delayed until the following quarter, with the suite of Audit Planning documentation being reported to the Audit Committee at the next meeting.
- 3.3 In addition the audit plan for 2020/21 was fully reviewed and updated for the October 2020 meeting to reflect the increased knowledge about the impact of Covid-19 at that time.
- 3.3 Despite this one-off change in timing, audit knowledge and intelligence gathering continues in the background on an ongoing basis all the time, with decisions made about the optimum use of internal audit resource as issues and risks arise and priorities are flexed in response to those issues and risks, as is demonstrated by the updated planned audit work for 2020/21 reported in the quarterly update at agenda item 7.

4. Reasons for Recommendations

4.1 Internal audit are an assurance function providing assurance to assist the Audit Committee to effectively discharge its responsibilities as per its Terms of Reference. Producing the optimum audit plan will assist the Audit Committee with obtaining the appropriate assurance that the Annual Governance Statement appropriately reflects the conditions at the Council for the year being reported upon, and given the significant uncertainties caused by the Covid-19 pandemic at the time that the detailed audit planning work would usually be undertaken, better audit planning will be possible now that the impact of the pandemic is better understood and beginning to reduce.

5. Corporate Implications

6.1 Contribution to the Southend 2050 Road Map

Audit work provides assurance and identifies opportunities for improvements that contribute to the delivery of all Southend 2050 outcomes.

6.2 Financial Implications

The Audit Plan will be delivered within the approved budget.

Any financial implications arising from identifying and managing fraud risk will be considered through the normal financial management processes.

6.3 Legal Implications

The UK Public Sector Internal Audit Standards require the Audit Committee to approve (but not direct) the annual Internal Audit Plan and then receive regular updates on its delivery. This report contributes to discharging this duty.

6.4 People Implications

People issues that are relevant to an audit within the Audit Plan will be considered as part of the review.

6.5 Property implications

Property issues that are relevant to an audit within the Audit Plan will be considered as part of the review.

6.6 Consultation

The audit risk assessment and the Audit Plan are periodically discussed with the Chief Executive, Deputy Chief Executives and Directors before being reported to Corporate Management Team and the Audit Committee.

All terms of reference and draft reports are discussed with the relevant Deputy Chief Executives and Directors before being finalised.

6.7 Equalities and Diversity Implications

The relevance of equality and diversity is considered during the initial planning stage of the each audit before the Terms of Reference are agreed.

6.8 Risk Assessment

Failure to operate a robust assurance process (which incorporates the internal audit function) increases the risk that there are inadequacies in the internal control framework that may impact of the Council's ability to deliver its corporate aims and priorities.

The main risks the team continues to manage are the:

- potential loss of in-house staff and the ability of the service to replace this resource in a timely manner
- lack of management capacity to support and develop the team, while processing work in a timely manner and providing strategic leadership to the team and support to the Council
- possibility that the external supplier won't deliver contracted in work within the required deadlines to the expected quality standards
- need to maintain relationships with clients / partners while the service is being rebuilt.

6.9 Value for Money

Opportunities to improve value for money in the delivery of services are identified during some reviews and recommendations made as appropriate.

Internal Audit also periodically considers whether it provides a value for money service.

6.10 Community Safety Implications

These issues are only considered if relevant to a specific audit review.

6.11 Environmental Impact

These issues are only considered if relevant to a specific audit review.

7. Background Papers

- The Accounts and Audit Regulations 2015
- UK Public Sector Internal Audit Standards
- CIPFA: Local Government Application Note for the UK Public Sector Internal Audit Standards