

# AUDIT COMMITTEE

## Draft Internal Audit Plan Priorities 2021/22

24 November 2021

### Report of Chief Finance Officer

#### PURPOSE OF REPORT

Consideration and approval of the draft Internal Audit plan priorities for the remainder of 2021/22.

**This report is public**

#### RECOMMENDATIONS

1. **The Audit Committee consider and approve the draft audit plan priorities for the remainder of 2021/22 and note that further development of the plan is required to ensure an overall audit opinion can be delivered as at the 31 March 2022 as set out in Appendix A.**

#### 1.0 BACKGROUND

- 1.1 Under the Accounts and Audit Regulations 2015 the Council “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards (PSIAs)”. The PSIAs require the Head of Audit & Assurance to develop a risk-based audit plan taking into account the requirement to produce an annual internal audit opinion. The plan must explain how internal audit’s resource requirements have been assessed
- 1.2 The standards also specify that “The risk-based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework. It must incorporate or be linked to a strategic or high-level statement of how the internal audit service will be delivered and developed in accordance with the internal audit charter and how it links to the organisational objectives and priorities.”
- 1.3 The Plan and the supporting Internal Audit Charter define the scope and the rationale of the approach being followed. They allow Audit & Assurance, independently, to provide assurance to managers, the Chief Executive, the Section 151 Officer and other stakeholders about the effectiveness of controls and the management of risk. They also enable Audit and Assurance to assist this Committee with its responsibility to oversee the effectiveness of governance arrangements in the Council.

## **2.0 KEY ISSUES**

- 2.1 The Audit Committee will recall that the previous arrangements with Wyre Borough Council for the sharing of the Chief Internal Auditor role ceased on the 31 March 2021. Following the resignation of the Principal Auditor the Council had been without an Internal Audit function since May 2021.
- 2.2 As a result of Wyre Borough Council's decision, the on-going pandemic, and the need for Internal Audit to be flexible and responsive to emerging risks across the organisation a decision was taken to move to quarterly planning. Details of the approved Q1 Plan Priorities 2021/22 approved 24 March 2020 are at **Appendix B**. Members will appreciate that, given the circumstances, progress against the plan has been limited.

## **3.0 CURRENT SITUATION**

- 3.1 In October 2021 the Council procured Mersey Internal Audit Agency (MIAA) to enable it to fulfil its statutory obligations until May 2022. Given the time constraints, it was agreed with the s151 Officer that for 2021/22 the risk assessment would focus upon mandated and core assurances and priority areas highlighted within the 2020/21 Annual Governance Statement.
- 3.2 To deliver the work programme MIAA propose to supply 200 days between December 2021 and May 2022 at a fee of £72,385. Details of the proposed plan are at **Appendix A**

## **4.0 FINANCIAL CONSIDERATIONS**

- 4.1 The proposed draft audit plan priorities for 2021/22 will be carried out within the overall budget for the internal audit and assurance service. However, further consideration is needed in respect of the provision of the Internal Audit service going forward.

## **5.0 DETAILS OF CONSULTATION**

- 5.1 The s151 Officer and Chair of the Audit Committee have been consulted in the preparation of the revised draft audit plan for 2021/22.

## **6.0 OPTIONS AND OPTIONS ANALYSIS**

- 6.1 The options available are to accept the internal audit plan for 2021/22 which will provide the council and its internal audit function with the basis for continued compliance with established Internal Audit standards, or to recommend alternative wording if necessary. Any deviation from best practice or changes should be agreed by the s151 Officer, the Audit Committee and be reported to the Council's External Auditors.

## **7.0 CONCLUSION**

- 7.1 Robust and effective planning are key elements in the delivery of an effective internal audit service. The attached audit plan priorities, if successfully delivered, will assist the council in achieving its objectives and provide an overall opinion on the council's control environment. This is a required key source of assurance in the council's Annual Governance Statement.

**CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

This report has no direct impact on these areas.

**FINANCIAL IMPLICATIONS**

The draft audit plan priorities for 2021/22 can be delivered within the overall budget for the internal audit and assurance service. However, further budget considerations will need to be considered once the Section 151 Officer and Audit Committee Chairman have identified the internal audit resources required going forward.

**SECTION 151 OFFICER'S COMMENTS**

The delivery of the Council's audit strategy and audit plan are fundamental to the assessment of the Council's Internal Control environment. The current proposal will enable the Council to meet its statutory obligations.

**LEGAL IMPLICATIONS**

None arising from this report

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments

**BACKGROUND PAPERS**

24 March 2021

[Agenda for Audit Committee on Wednesday, 24th March 2021, 4.30 p.m. - Lancaster City Council](#)

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