



## Report of the Chief Auditor

Special Audit Committee – 10 March 2020

### Draft Internal Audit Annual Plan 2020/21

<b>Purpose:</b>	This report presents the Draft Internal Audit Annual Plan for 2020/21 to the Audit Committee for consideration prior to the final plan coming to committee in April for approval.
<b>Consultation:</b>	Legal, Finance, Access to Services.
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#### 1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) requires a risk-based Internal Audit Plan to be prepared each year to determine the priorities of Internal Audit and ensure they are consistent with the Council's goals and objectives.
- 1.2 The Audit Plan must provide sufficient coverage across the whole of the Council's activities to allow the Chief Auditor to be able to give an opinion on the control environment including governance, risk management and internal control. The annual Internal Audit opinion which is delivered to the Section 151 Officer and the Audit Committee is a key input into the Council's Annual Governance Statement.
- 1.3 The PSIAS also require the Audit Plan to be linked to a high-level Audit Strategy which shows how the internal audit service will be delivered, how it will be developed in accordance with the Internal Audit Charter and how it links to the Council's objectives and priorities

1.4 The methodology used to prepare the Audit Plan was reported to the Committee at the meeting on 11<sup>th</sup> February 2020.

1.5 This report presents the Draft Internal Audit Annual Plan 2020/21 to Committee for consideration.

## **2. Internal Audit Strategy and Annual Plan 2020/21**

2.1 A risk-based Internal Audit Annual Plan is produced each year which is used to guide the work of the Internal Audit Section and ensure sufficient coverage of the Council to allow the Chief Auditor to deliver the annual opinion on the internal control environment as well as providing assurance to management, the Section 151 Officer and the Audit Committee.

2.2 The Internal Audit Annual Plan must incorporate or be linked to a strategic or high-level statement of how the work of Internal Audit will be delivered and developed in accordance with the Internal Audit Charter and how it links to the Council's goals and objectives. The Internal Audit Strategy 2020/21 will accompany the final version of the Plan which due to be presented to Committee in April.

2.3 For 2020/21, the Internal Audit Section is made up of 9.1 full time equivalents plus the Chief Auditor which is the same level of resources available in 2019/20. This gives a total number of available days of 2,366.

2.4 A summary of the Internal Audit Plan 2020/21 is shown in Appendix 1 and a list of audits planned for the year is shown in Appendix 2 along with the number of days planned for each audit as well as the perceived risk of each audit arising from the risk assessment process.

2.5 The Internal Audit Plan 2020/21 accommodates any audits which were deferred from the 2019/20 Plan where the risk justifies their inclusion.

2.6 The Plan includes time for all fundamental audits due in the year i.e. those systems that are so significant to the achievement of the Council's objectives that they are audited annually or every 2 years e.g. Employee Services, Accounts Receivable, Pensions Administration.

2.7 The Audit Plan has been reconciled to the available resources of 2,366 days by deferring 95 days of audits due in 2020/21. The basis for deciding which audits to defer has been discussed with the Principal Auditor and Senior Auditors. In the majority of cases, those audits that have been deferred are those that were ordinarily due in the year (not deferred from 2019/20), and had received a high level of assurance when last reviewed and/or were classed as being low or medium risk.

- 2.8 Some low risk areas have been included to ensure adequate audit coverage across the organisation. The detailed discussions between the senior members of Audit Team have dictated which audit are included in the 2020/21 plan based on experience, knowledge of the areas concerned and consideration of any ad hoc issues or concerns that have arisen in the current year.
- 2.9 As detailed in the Audit Plan Methodology report presented to committee previously, an Assurance Mapping Exercise has also been undertaken to inform the Internal Audit Plan. An updated version of the Assurance Map was presented to Committee on 11/02/20.
- 2.10 As in previous years, progress made by the Internal Audit Section in achieving the Audit Plan will be reported to the Audit Committee on a quarterly basis.
- 2.11 It is the view of the Chief Auditor that the proposed Internal Audit Plan 2020/21 will provide sufficient audit coverage for the annual opinion on the control environment to be delivered to Council via the Section 151 Officer and Audit Committee.

### **3 Equality and Engagement Implications**

- 3.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
  - Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - Foster good relations between people who share a protected characteristic and those who do not.

Our Equality Impact Assessment process ensures that we have paid due regard to the above.

- 3.2 There are no equality and engagement implications associated with this report.

### **4. Financial Implications**

- 4.1 There are no financial implications associated with this report.

### **5. Legal Implications**

- 5.1 Provision of an adequate and effective internal audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2005 as amended. For local government in Wales, the PSIAS is mandatory for all principal local authorities. An effective internal audit service also ensures

that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are being met.

**Background Papers:** None

**Appendices:** Appendix 1- Draft Internal Audit Annual Plan 2020/21 (Summary)  
Appendix 2- Draft Internal Audit Annual Plan 2020/21

## Draft Internal Audit Annual Plan 2020/21 – Summary

Categories of Audit Work	Plan 2019/20	Plan 2020/21	
	Days	Days	%
People	322	419	18
Place	371	420	18
Corporate Services	250	215	9
Fundamental Audits	214	168	7
Contract Audit Systems	30	55	2
Computer Audits	75	35	1
Contract Audits	8	0	0
Cross Cutting Audits	110	85	4
Miscellaneous Audits	25	40	2
Projects & Special Investigations	91	78	3
<b>Productive Days</b>	<b>1496</b>	<b>1515</b>	<b>64</b>
Staff Training	76	76	3
Holidays, Sick & Special Leave	495	499	21
Admin, Planning, Control, Clerical Support etc.	219	219	9
Contingencies	64	41	2
Vacancies	0	0	0
Performance Management - Appraisals	16	16	1
<b>Non Productive Days</b>	<b>870</b>	<b>851</b>	<b>36</b>
<b>Total Days</b>	<b>2366</b>	<b>2366</b>	<b>100</b>

Days Covering Corporate Priorities	
Cross Cutting Audits	85
Section 151 & Monitoring Officer Assurance	431
Education	246
Safeguarding	411
Poverty	254
Economy & Infrastructure	302
Resources & Biodiversity	100
Transformation & Council Development	160

(Note: the table records the number of days in the plan covering the areas above. Some audits cover multiple priorities as reflected in Appendix 3 hence the number of days has been counted in each area)