



**REPORT TO:** Audit and Corporate Governance Committee

9<sup>th</sup> July 2020

**LEAD OFFICER:** Head of Shared Internal Audit

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## Internal Audit Plan

### Purpose

1. This report introduces the draft Internal Audit Annual Plan and Strategy, for 2020/21, for consideration by the Audit and Corporate Governance Committee.
2. This is not a key decision because the risk based Internal Audit Plan is being presented to the Audit and Corporate Governance Committee in accordance with their terms of reference.

### Recommendations

3. The Audit and Corporate Governance Committee is requested to consider the supporting information, in the appendices, to:
  - (i) approve the draft Audit Plan and Strategy; and
  - (ii) approve the supporting Charter and the Code of Ethics.

### Reasons for Recommendations

4. The Internal Audit Plan, and associated documents, have been created in line with best practice laid down in the Public Sector Internal Audit Standards (PSIAS) and the accompanying Local Government Application Note (LGAN).
5. The draft Internal Audit Plan should help add value to the Council by helping to improve systems, mitigate risks, and inform the Annual Governance Statement.

### Background

6. The Accounts and Audit Regulations 2015 require that 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 auditing standards or guidance.”
7. The Public Sector Internal Audit Standards (PSIAS) require that the Head of Audit “must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”.
8. Appendix A is the risk based Internal Audit Plan. It has been based upon the Business Plan, risk registers, ongoing consultation with key officers, committee reports, information from other assurance processes, plus horizon scanning to consider emerging risks and opportunities.
9. The Internal Audit Charter and the Code of Ethics are also appended for information. They are regularly reviewed as part of an ongoing Quality Assurance and Improvement Programme (QAIP) considering both the PSIAS and the LGAN. We have updated the “Objectives and Scope” to reflect that we support the Risk Management Framework at both Councils and are the Strategic Lead for Risk Management at Cambridge City Council. No further changes were required this year. It is good practice to present these documents as they define internal audit's purpose,

authority, responsibility and position within an organization, supporting the risk-based audit plan.

### **Considerations**

10. The plan is the work programme for Internal Audit and provides the basis upon which the service will subsequently give an audit opinion on South Cambridgeshire District Council's (SCDC) system of internal control, risk management and corporate governance arrangements. Progress against the plan, and updates, will be regularly reported to the Committee.
11. It is good practice to operate an agile audit plan that continuously adapts in response to the governance risk and control environment of the Council. Our Audit Plan is based around a long-term framework of reviews, which typically covers a three-year period. Audits are prioritised according to several risk-based determinants, and we have traditionally presented a 12-month plan to the Committee. Considering the current global COVID-19 disruption, it is unrealistic to plan for 12 months, given the rapid pace of change. Consequently, we are presenting a shorter 6-month plan, focussing on the key areas of assurance and we will bring back a further report to the Committee later in the year. This will also provide an opportunity to proactively communicate topical risks and assurance to the Committee.
12. It is realistic to recognise that COVID-19's priorities will constrain some service areas from fully participating in audit activities and responding to requests. We will aim to provide timely and valued assurance with minimal disruption to teams during this period.
13. The Internal Audit team was an early adopter of Council Anywhere technology and has been developing our smarter working approach for the past 12 months. Consequently, we are in a positive position to work flexibly and adapt to new ways of working. We have already started developing our self-service capability to access data and records, and applying data analytics to provide increased insights, feedback and assurance.
14. In response to the COVID-19 disruption we have already refocused our resources to other immediate unplanned areas that required assistance. This includes supporting the development of pragmatic and proportionate controls in response to rapidly developing policies and procedures. It is important that the Audit Plan continues to prioritise relevance, speed and flexibility in addressing risks as they develop. This will enable us to utilise our resources as effectively as possible to provide an effective audit opinion for the Council.

### **Implications**

15. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, there are no significant implications to the Council.

### **Effect on Strategic Aims**

16. Delivery of the audit plan aims to provide assurance that corporate systems and processes are robust and protect the Council.

## **Background documents**

17. Background papers used in the preparation of this report:

- Risk-Based Internal Auditing – Working Standards and Procedures
- Public Sector Internal Audit Standards
- CIPFA Local Government Application Note
- South Cambridgeshire District Council Risk Registers
- Corporate Plan

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