



REPORT TO: Audit and Corporate Governance Committee

29th July 2020

LEAD OFFICER: Head of Shared Internal Audit

Internal Audit Plan and Opinion

Purpose

1. This report introduces the proposed Internal Audit Annual Plan and Strategy, for 2020/21, for the next six months of the financial year, for consideration by the Audit and Corporate Governance Committee.
2. The report also includes a progress update from the past six months work, plus our current opinion on the internal control environment, governance and risk management arrangements.
3. Internal Audit Plans, 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).
4. 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

5. 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

6. 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).
7. The Internal Audit Plan should help add value to the Council by helping to improve systems, mitigate risks, and inform the Annual Governance Statement.

Background

8. 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.”
9. 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”.
10. Appendix A is the risk based Internal Audit Plan which is continually updated. 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.

Considerations

11. 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.
12. 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. 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.
13. In response to the COVID-19 disruption in 2020/2021 we refocused our resources to other immediate unplanned areas that required assistance. This included supporting the Business Grant program through both pre-assurance and post assurance work. The amount of work was greater than initially anticipated, due to the launch of additional grant schemes to support businesses, as the pandemic continued throughout the year. Consequently, our planned reviews for 2021/2022 include some activities which were deferred from the previous six-month plan. Our expectation is that, as required by the Department for Business, Energy and Industrial Strategy, we will continue to provide post assurance work throughout 2021/2022 financial year.
14. It is realistic to recognise that COVID-19's priorities will continue to constrain how service areas participate in audit activities and respond to requests. We aim to provide timely and valued assurance with minimal disruption to teams. The Internal Audit team utilises the Council Anywhere technology and smarter working. Consequently, we are in a positive position to work flexibly and continue to adapt to new ways of working. We continuously develop our self-service capability to access data and records, and the application of data analytics to provide increased insights, feedback and assurance.
15. Appendix B provides a progress update from the past six months, plus the current opinion on the overall adequacy and effectiveness of the organisation's internal control environment, governance, and the risk management framework
16. The Internal Audit Charter (Appendix C) and the Code of Ethics (Appendix D) 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. No changes have been made this year. It is good practice to present these documents annually as they define internal audit's purpose, authority, responsibility and position within an organization, supporting the risk-based audit plan.

Implications

17. 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

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

Background documents

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

- Risk-Based Internal Auditing – Working Standards and Procedures
- Public Sector Internal Audit Standards
- South Cambridgeshire District Council Risk Registers
- Business Plan

Report Author:

Jonathan Tully – Head of Shared Internal Audit

Telephone: (01223) 458180

Email: jonathan.tully@scambs.gov.uk