

Internal Audit & Assurance Plan 2020/21

Final Decision-Maker	Audit, Governance & Standards Committee
Lead Head of Service	Rich Clarke – Head of Audit Partnership
Lead Officer and Report Author	Russell Heppleston – Deputy Head of Audit Partnership
Classification	Public
Wards affected	N/A

Executive Summary

This report sets out the proposed plan for Mid Kent Audit's work at Maidstone Borough Council during 2020/21. The plan provides an overview of the range of areas for potential future examination by Internal Audit. It is based on the outcomes of risk assessments and consultation, and considers the resources available to the partnership.

Purpose of Report

The Audit, Governance & Standards Committee as part of its terms of reference must retain oversight of the internal audit service and its activities. This includes the Committee's role to formally consider and approve the plan.

This report makes the following recommendations to this Committee:

1. That the Internal Audit & Assurance Plan (appendix 1) for 2020/21 is **approved**
2. That the Head of Audit Partnership's view that the Partnership currently has enough resources to deliver the plan and a robust Head of Audit Opinion is **endorsed**
3. That the Head of Audit Partnership's assurance that the plan is compiled independently and without inappropriate influence from management is **endorsed**

Timetable

Meeting	Date
Audit, Governance & Standards Committee	16 March 2020

Internal Audit & Assurance Plan 2020/21

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

The Council's internal control processes include operating an effective internal audit service. The internal audit and assurance plan aim is to deliver on that requirement and in doing so, supports the overall governance of the Council.

Issue	Implications	Sign-off
Impact on Corporate Priorities & cross-cutting objectives	The audit plan supports all Council activities and the wider corporate priorities in assisting governance around delivery of objectives (including cross-cutting objectives)	Deputy Head of Audit Partnership
Risk Management	The audit plan draws on the Council's risk management processes as a means to assess and prioritise the areas for inclusion. In addition, our audit findings seek to address control weaknesses over the effective management of operational and corporate risks.	
Financial	The internal audit & assurance plan is resourced through the Audit Partnership within agreed resources.	
Staffing	There are no direct staffing implications associated with the decision.	
Legal	<p>The Council is required by Regulation to operate an internal audit service, including agreeing a plan at least annually. Therefore, the Council must approve a plan to maintain regulatory conformance.</p> <p>The Council's Constitution gives the Audit, Governance and Standards Committee responsibility for considering reports dealing with the management and performance of Internal Audit Services.</p>	Team Leader (Corporate Governance), MKLS
Privacy and Data Protection	We collect and store information in the course of our audit work examining areas of the Council. We use that information in accordance with our collaboration agreement which, in turn, is in accordance with applicable laws and regulations.	
Equalities	There are no direct equalities implications associated with the decision.	
Public Health	There are no direct public health implications	

	associated with the decision.	
Crime and Disorder	There are no direct crime and disorder implications associated with the decision.	
Procurement	There are no direct procurement implications associated with the decision.	

2. INTRODUCTION AND BACKGROUND

- 2.1 The **Public Sector Internal Audit Standards** (the “Standards”) require the audit Partnership to produce and publish a risk based plan, at least annually, to determine the priorities for the year. The plan must consider input from senior management and Members and be aligned to the objectives and risks of the Council.
- 2.2 The purpose of this report is to set out the **annual internal audit and assurance plan 2020/21** to Members. The report details how the plan is devised, the resources available through the Partnership and the specific audit activities and projects be to delivered over the course of the year.
- 2.3 The Standards set out the requirements of the Chief Audit Executive (the Head of Audit Partnership fulfils this role for Maidstone Borough Council) that must be met when creating the audit plan. Specifically, Standard 2010:

2010 Planning

The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals.

Interpretation:

To develop the risk-based plan, the chief audit executive consults with senior management and the board and obtains an understanding of the organisation’s strategies, key business objectives, associated risks and risk management processes. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organisation’s business, risks, operations, programmes, systems, and controls.

Public sector requirement

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.

- 2.4 The Audit, Governance & Standards Committee needs to obtain assurance on the effectiveness of the control environment, governance and risk management arrangements. The principal source of this assurance is derived from the annual assurance plan.
- 2.5 Standards explicitly support that the plan is flexible and responsive to emerging and changing risks across the year. Therefore, like with the 2019/20 audit plan, the 2020/21 plan includes audit reviews that are **high** priority and those that are **medium** priority. By taking this approach we are able to achieve flexibility within the plan and ensure that the plan remains relevant throughout the year.
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3. AVAILABLE OPTIONS

- 3.1 The Audit, Governance and Standards Committee as part of its terms of reference must retain oversight of the internal audit service and its activities. This includes the Committee's role to formally consider and approve the plan. The Council could decide that it does not want a programme of work for the audit service, however, this would go against professional Standards.
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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The appendix sets out the proposed plan for 2020/21, including background details on how we compiled the plan and how we propose to manage its delivery. The preferred option is for the Audit, Governance and Standards Committee to consider and approve the plan.
- 4.2 We confirm to Members that, although the plan has undergone broad consultation with management, it is compiled independently and without being subject to inappropriate influence.
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5. RISK

- 5.1 The risks associated with this decision, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework. We are satisfied that the risks associated are within the Council's risk appetite and will be managed as per the Policy.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 We consult with Managers, Heads of Service and Directors throughout the year as we undertake our work, but also specifically as part of the audit planning process. The plan attached represents the collective views of management and the audit service.
- 6.2 The overall resource allocation between the partners is consistent with the collaboration agreement and discussed with the Shared Service Board.
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7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 Work will commence on the audit plan in June 2020 and will be used to inform the Head of Audit Opinion in the summer of 2021.
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8. REPORT APPENDICES

The following document is published with this report and forms part of the report:

- Appendix 1: Internal Audit and Assurance Plan 2020/21
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9. BACKGROUND PAPERS

The appendix includes reference to the Public Sector Internal Audit Standards (full document [at this link](#)). Further background papers, including detailed resource calculations, risk assessments and notes from consultation meetings can be made available on request.