

**Internal Audit & Assurance Report 2021/22**

<b>Final Decision-Maker</b>	Audit, Governance & Standards Committee
<b>Lead Head of Service</b>	Rich Clarke, Head of Audit Partnership
<b>Lead Officer and Report Author</b>	Rich Clarke, Head of Audit Partnership
<b>Classification</b>	Public
<b>Wards affected</b>	All

**Executive Summary**

The report summarises the risk assessment and consultation process undertaken by Internal Audit to compile the programme of work that will lead up to the 2021/22 Head of Internal Audit Opinion. The plan also sets out Internal Audit's wider work and includes as an appendix the *Quality and Assurance Programme* that sets out how internal audit will maintain quality while completing the plan.

**Purpose of Report**

Decision

**This report makes the following recommendations to this Committee:**

1. **Approve** the Internal Audit & Assurance Plan for 2021/22. This includes delegating to the Head of Audit Partnership to keep the plan current as set out in the appendix.
2. **Note** the Head of Audit Partnership's view that internal audit currently has sufficient resources to deliver the plan and a robust Head of Audit Opinion.
3. **Note** the Head of Audit Partnership's assurance that the plan is compiled independently and without inappropriate influence from management.

**Timetable**

<b>Meeting</b>	<b>Date</b>
Audit, Governance & Standards Committee	15 March 2021

# Internal Audit & Assurance Plan 2021/22

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off	
<b>Impact on Corporate Priorities</b>	We do not expect the recommendations will by themselves materially affect achievement of corporate priorities or cross cutting objectives. However, they will support the Council's overall achievement of its aims by contributing to effect corporate governance.	Rich Clarke, Head of Audit Partnership. 1 March 2021	
<b>Cross Cutting Objectives</b>			
<b>Risk Management</b>			The audit plan draws on the Council's risk management in considering the areas for audit examination. In turn, audit findings will provide feedback on the identification, management and controls operating within risk management.
<b>Financial</b>			The work programme set out in the plan is produced to be fulfilled within agreed resources for 2021/22.
<b>Staffing</b>			We will deliver the recommendations with our current staffing establishment.
<b>Legal</b>	The Accounts and Audit Regulations 2015 contain provisions on internal audit. The Regulations require that the Council undertakes an effective internal audit taking into account public sector internal auditing standards. The Standards require that the Head of Audit Partnership provides an annual opinion based on objective assessment of the framework of governance, risk management and control.  Therefore, the Council is required consider and approve the Internal Audit & Assurance Plan for 2021/22 appended to this report to maintain regulatory conformance.	Team Leader Corporate Governance	
<b>Privacy and Data Protection</b>	Accepting the recommendations will increase the volume of data held. We will hold that data in line with our retention schedules.	Rich Clarke, Head of Audit Partnership.	
<b>Equalities</b>	The recommendations do not propose a change in service therefore will not require an equalities impact assessment	1 March 2021	
<b>Public Health</b>	No direct implications.		

Issue	Implications	Sign-off
<b>Crime and Disorder</b>	No direct implications.	
<b>Procurement</b>	Accepting the recommendations does not create a need for any new procurement exercise.	

## 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 assurance plan 2021/22** to Members. The report details how the plan is devised, the resources available through the Partnership and the specific audit activities and engagement 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) in 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 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 2020/21 audit plan, the 2021/22 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 appendix sets out the proposed plan for 2021/22, including background details on how we compiled the plan and how we propose to manage its delivery. The proposal is for the Committee to consider and approve the plan.
- 3.2 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.
- 3.3 The 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 We recommend Members approve the attached audit and assurance plan. The plan has been created through a process conforming with appropriate Standards and Regulations and in consultation with a broad range of officers. The Head of Audit Partnership believes this is the appropriate plan of work to support his opinion at year end.
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### **5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 5.1 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.

5.2 The overall resource allocation between the partners is consistent with the collaboration agreement and discussed with the Shared Service Board.

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## **6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

6.1 On approval we will begin work towards delivering the plan immediately with the first engagement reports expected in July 2021. We will report to Members on progress in the autumn and raise any urgent matters as set out in the *Audit Charter*.

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## **7. REPORT APPENDICES**

The following documents are to be published with this report and form part of the report:

- Appendix 1: Internal Audit & Assurance Plan 2021/22
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## **8. 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.