

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Head of Internal Audit for South Holland DC

To: Governance and Audit Committee 11 March 2021

Author: Faye Haywood, Internal Audit Manager

Subject: Internal Audit Plan Update 2021/22

Purpose: This report provides the Committee with an update on Internal Audit planning for 2021/22 and outlines the approach taken to provide adequate assurance coverage.

Recommendation(s):

- 1) That members note the approach to Internal Audit planning 2021/22.

1.0 BACKGROUND

- 1.1 The Accounts and Audit Regulations 2015 require that “a relevant authority 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”.
- 1.2 The 2020/21 annual audit plan was revised and re-approved by the Governance and Audit Committee in November 2020 in response to the Coronavirus Pandemic. As a result, coverage was reduced by 80 days and a thematic approach was taken to provide coverage over significant Covid related risks.
- 1.3 The Covid pandemic will continue to significantly impact the Council as lockdown is eased, and recovery begins. Considering this, Internal Audit has evaluated its approach to planning for the year ahead and is proposing to carry out this task pragmatically with due consideration for officer priorities and key risks as they evolve.

2.0 CURRENT PROGRESS

- 2.1 The Internal Audit team begins strategic and annual assurance planning each year during January for the next financial year ahead, with the plan usually approved by Executive Management and the Governance and Audit Committee in March.
- 2.2 Due to the fast paced nature of Covid related developments and due to the Council recently agreeing to seek other strategic partnerships, we determine that if this exercise was carried out within the usual timeframe for 2021/22, assurance coverage would not have reflected the risk profile of the Council in April 21, resulting in the plan requiring substantial in year revisions.
- 2.3 In order to ensure that the Strategic and Annual audit plans remain reflective of the Councils assurance requirements, that they are achievable and do not place additional unnecessary pressure on recovery efforts, it is proposed that our approach is amended for 2021/22.

- 2.4 Strategic and Annual planning will continue to be carried out using a risk-based approach, evaluating the Councils objectives, key risks and previous work to indicate areas required for assurance coverage. These plans will be shared with management for input and approval. However, all internal audit work will start in quarter two.
- 2.5 This later than usual start will allow for the majority of Covid related restrictions to be eased in line with the roadmap proposed by the UK Government. In addition, all outstanding 2020/21 internal audit work will be finalised so that it is possible for conclusions on the governance, risk and control framework to be considered during planning discussions.
- 2.6 The Strategic and Annual Internal Audit Plans will be provided at the June 2021 Governance and Audit Committee alongside the annual internal audit opinion. Drawing to a close the conclusions reached in 2020/21 on the governance, risk and control framework and indicating where assurance is required for the coming year at the same meeting.
- 2.7 Early discussions and a review of current risks have identified the following areas for possible inclusion in the 2021/22 Internal Audit Plans;
- Business Grants – monitoring and reporting requirements and post payment checks
 - Homelessness – rough sleepers and capacity during Covid
 - Health and Safety – Covid related precautions – lessons learnt
 - Systems testing – recent implementation of HR and Finance systems PSPSL
 - Strategy and performance in response to the pandemic and recovery
 - Strategic Partner separation arrangements/implementation

3.0 REASONS FOR RECOMMENDATION

- 3.1 The Governance and Audit Committee are required to approve the Strategic and Annual Internal Audit Plans for the year ahead. Due to the current impact of the Covid pandemic, it is necessary for the Internal Audit Team to adapt their approach to Internal audit Planning to remain sensitive to the assurance requirements of the Council whilst minimising the impact where possible that the plan has on officer time and recovery efforts.

4.0 IMPLICATIONS

4.1 Corporate Priorities

- 4.1.1 Internal Audit provides assurance that risks relating to the delivery of corporate priorities are mitigated by evaluating the effectiveness of the Council's governance, risk and control framework.

4.2 Financial

- 4.2.1 The Internal Audit Plan will be delivered within the approved budget for 2021/22.

4.3 Risk Management

- 4.3.1 Internal Audit Coverage provides assurances that key risks are being effectively monitored and managed at the Council. Where weaknesses are identified recommendations are raised for management action resulting in a stronger control framework, improved governance practices and earlier mitigation of risk.

Background papers: - None

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Director / Officer who will be attending the Meeting Faye Haywood, Internal Audit Manager for South Holland DC

Key Decision: No

Exempt Decision: No

Appendices attached to this report: None