

<b>Audit Committee Meeting</b>		<b>Agenda Item 4</b>
<b>Meeting Date</b>	10 March 2021	
<b>Report Title</b>	Internal Audit & Assurance Plan 2021/22	
<b>Cabinet Member</b>	Cllr Roger Truelove, Leader of the Council	
<b>SMT Lead</b>	Nick Vickers – Chief Financial Officer	
<b>Head of Service</b>	Rich Clarke – Head of Audit Partnership	
<b>Lead Officer</b>	Rich Clarke – Head of Audit Partnership	
<b>Key Decision</b>	No	
<b>Classification</b>	Open	
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. <b>Approve</b> the Internal Audit &amp; Assurance Plan for 2021/22. This includes delegating to the Head of Audit Partnership authority to keep the plan current as set out in the appendix.</li> <li>2. <b>Note</b> the Head of Audit Partnership’s view that the Partnership currently has sufficient resources to deliver the plan and a robust Head of Audit Opinion.</li> <li>3. <b>Note</b> the Head of Audit Partnership’s assurance that the plan is compiled independently and without inappropriate influence from management.</li> </ol>	

## **1 Purpose of Report and Executive Summary**

- 1.1 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.
- 1.2 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 Background

- 2.1 The Standards set out the requirements of the Chief Audit Executive (the Head of Audit Partnership fulfils this role for Swale 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.

- 2.2 The Audit 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.
- 2.3 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.

## 3 Proposal

- 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 Audit 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.

## 4 Alternative Options

- 4.1 The Audit 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.

## 5 Consultation Undertaken or Proposed

- 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.

## 6 Implications

The Council's internal control processes include operating an effective internal audit service. This plan aims to deliver that requirement and so support the Council's overall governance.

Issue	Implications
Corporate Plan	The audit plan supports all Council activities and the wider Corporate Plan in assisting the governance around its delivery.
Financial, and Property	The work programme set out in the plan is produced to be fulfilled within agreed resources for 2021/22.
Legal and Statutory	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.
Crime & Disorder	No direct implications.
Environmental Sustainability	No direct implications.
Health/Wellbeing	No direct implications.
Risk Management and Health and Safety	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 the risk management process.

Issue	Implications
Equality/Diversity	No direct implications.
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.

## 7 Appendices

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

- Appendix I: Internal Audit & Assurance Plan 2021/22

## 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.