

REPORT TO	ON
Governance Committee	22 September 2020



TITLE	REPORT OF
Internal Audit Plan 2020-21	

Is this report confidential?	No
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PURPOSE OF THE REPORT

1. To inform members of the proposed Internal Audit Plan for 2020-21 and changes to the Internal Audit Service.

RECOMMENDATIONS

2. That members note the content of the report.

CORPORATE OUTCOMES

3. The report relates to the following corporate priorities:

Excellence, Investment and Financial Sustainability	X
Health, Wellbeing and Safety	
Place, Homes and Environment	

Projects relating to People in the Corporate Plan:

Our People and Communities	
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BACKGROUND TO THE REPORT

4. 2020 has been particularly challenging. In addition to planned changes to the shared services being progressed, the unexpected consequences of the covid-19 pandemic have led to reprioritisation of work to ensure continuity of service delivery.
5. This has had particular impacts for the Internal Audit team. Work which would usually be delivered has been delayed although it is important to note that statutory requirements remain fulfilled.
6. It is also important to note that there has been a change in staffing in Internal Audit limiting both experience and capacity. This is addressed in the body of the report which details the progress of a restructure to ensure that the needs of the Council are met moving forward.
7. This report addresses 2 issues for consideration by Committee:
 - The proposed restructure of the Internal Audit Team
 - The Audit Plan for 2020/21.

PROPOSALS

Proposed Restructure of Internal Audit

8. Senior management changes preparing for the extension of shared services included a recommendation to delete the then Head of Shared Assurance Service post and introduce temporary arrangements pending the implementation of the extension. This has led to a period of uncertainty in this team with staff being asked to act up to higher roles or temporary staff being brought in to support delivery.
9. This situation has been exacerbated due to two senior members of staff obtaining employment with other councils. An Audit Manager was appointed on a temporary basis and temporary auditors were appointed to assist in the delivery of the audit plan work for 2019/20. Whilst this served to deliver the audit plan, the gaps and changes at a senior level have prevented a strategic approach to the delivery of the Internal Audit function.
10. A further issue relates to the Interim Manager role. This post was procured as a services contract. It was extended on 2 occasions. Had the contract been extended further the value would have then exceeded the Council's procurement limits for the appointment. Given the proximity to the proposed shared services review it was felt appropriate to delay any change to incorporate them into the move to the new proposed shared services terms and conditions.
11. As part of the implementation of the new shared service all shared teams have been reviewed and proposals made to the Shared Services Joint Committee. So far as they relate to the Internal Audit service it is proposed to establish a Service Lead post which will discharge the function of Head of Internal Audit and a Senior Auditor post to support the existing two Auditors. This will provide the necessary capacity and experience to deliver the internal audit function.
12. The first duty the Service Lead post will be asked to undertake is to revisit the approach of the Council to its audit function. Working with the Council's Monitoring Officer to review the

adopted code for corporate governance and revisit the council’s approach to testing against this. This is not to say that the Council’s current approach to governance is wrong but it is an opportunity to revisit both the framework in which we work and our audit practices to ensure they reflect best practice. This approach will demonstrate the Council’s commitment to good governance in light of the challenges and failings identified in the Annual Governance Statement.

13. A consequence of these staffing changes has been that whilst we have been able to discharge our statutory functions through the delivery of the annual governance statement and supporting the residents through secondments to the community hubs, we have not been able to produce or progress a detailed audit work plan for the year 2020/21 sooner.

14. This is not ideal, however, given the proposed work plan substantially relates to the reviewing of actions identified within the AGS and working with teams to re-embed a strong governance environment this is not a significant risk as can be demonstrated by the update on progress of the AGS Action Plan presented to this Committee under separate cover

The internal audit plan

15. Attached at Appendix A is the proposed audit plan for the year 2020/21. It is based upon reviewing the actions carried over from last year and a risk based assessment of areas requiring audit. In addition the commitments from the AGS are incorporated into the plan.

16. Recognising that resources are going to be more limited this year due to vacancies and the support provided to the community hub during the lockdown period, the period of audit has not been allocated at this stage. It is intended to deliver the higher risk audits and report back to Governance Committee with more detail as to the audits to be undertaken this year and the capacity.

COMMENTS OF THE STATUTORY FINANCE OFFICER

17. No comment

COMMENTS OF THE MONITORING OFFICER

18. No comments.

APPENDICES

Appendix A – Internal Audit Plan 2020/21

Chris Moister
Monitoring Officer

Report Author:	Telephone:	Date:
Chris Moister, Director of Governance		11 September 2020