

**STROUD DISTRICT COUNCIL**  
**AUDIT AND STANDARDS COMMITTEE**

**AGENDA  
ITEM NO**

**27 APRIL 2021**

**7**

<b>Report Title</b>	<b>DRAFT INTERNAL AUDIT PLAN 2021/22</b>
<b>Purpose of Report</b>	To provide the Committee with a summary of the draft Risk Based Internal Audit Plan 2021/22 as required by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS) 2017.
<b>Decision(s)</b>	<p><b>The Audit and Standards Committee RESOLVES to:</b></p> <p style="padding-left: 40px;"><b>a) Agree that the Annual Risk Based Internal Audit Plan 2021/22 reflects the current risk profile of the Council; and</b></p> <p style="padding-left: 40px;"><b>b) Approve the Annual Risk Based Internal Audit Plan 2021/22 as detailed in Appendix A.</b></p>
<b>Consultation and Feedback</b>	<p>Officers (Senior Leadership Team, Heads of Service and Service Managers); Members (via the Audit and Standards Committee Risk Based Audit Planning workshop on 26<sup>th</sup> January 2021); and External Audit have been consulted on the draft Annual Risk Based Internal Plan 2021/22.</p> <p>Alongside Internal Audit's own assessment of risk, the consultation process is applied to ensure effective plan development in order to establish priorities and assurance requirements.</p> <p>The timing of audit work will be planned in conjunction with the appropriate managers to minimise abortive work and time.</p>
<b>Report Author</b>	<p>Piyush Fatania, Head of Audit Risk Assurance Tel: 01452 328883 Email: <a href="mailto:piyush.fatania@gloucestershire.gov.uk">piyush.fatania@gloucestershire.gov.uk</a></p>
<b>Options</b>	No other options can be considered as a Risk Based Internal Audit Plan is required by the PSIAS. The lack of such a Plan would lead to non compliance with these Standards.
<b>Background Papers</b>	N/A – links to legislation are in the body of the report.
<b>Appendices</b>	Appendix A – Draft Internal Audit Plan 2021/22

<b>Implications (details at the end of the report)</b>	Financial	Legal	Equality	Environmental
	No	No	No	No

## 1.0 INTRODUCTION/BACKGROUND

- 1.1 All local authorities must make proper provision for Internal Audit in line with the Accounts and Audit Regulations 2015. The Regulations provide 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”. Undertaking annual internal audits based on the risk profile of the Council also supports the Section 151 Officer’s duty to ensure the proper administration of the Council’s financial affairs.
- 1.2 The guidance accompanying the Regulations recognises the Public Sector Internal Audit Standards (PSIAS) 2017 as representing “proper Internal Audit practices”. The Standards define the way in which the Internal Audit Service should be established and undertake its functions. These Standards require the Head of Audit Risk Assurance to produce an Annual Risk Based Internal Audit Plan to determine the priorities of the Internal Audit activity. The proposed activity should be consistent with the organisation’s priorities and objectives, taking into account the organisation’s risk management framework, including risk appetite levels set by management and Internal Audit’s own judgement of risks.
- 1.3 To ensure our Internal Audit resources continue to be focussed accordingly, particularly during periods of organisational change, it is essential that the Internal Audit Service understand our clients’ needs, which means building relationships with key stakeholders, including other assurance/challenge providers, in order to gain crucial insight and ongoing ‘intelligence’ into the strategic and operational change agendas within our organisation.
- 1.4 This insight is not only identified at the initial development stages of the plan. Dialogue continues throughout the financial year(s) which increases the ability for the Internal Audit Service to adapt more closely to meet the assurance needs of the Council, particularly during periods of significant change. Our plan therefore needs to be dynamic and should be flexible to meet these needs.

## 2.0 MAIN POINTS

- 2.1 To ensure that an effective plan is developed, in addition to including activity requested by the Audit and Standards Committee at the Risk Based Audit Planning workshop held on 26<sup>th</sup> January 2021 and alongside Internal Audit’s own assessment of risk, a consultation process took place with Senior Leadership Team, Heads of Service and Service Managers to establish priorities and assurance requirements. The proposed activity from all sources

was collated and matched against the Internal Audit resources available and prioritised accordingly.

- 2.2 The Audit Plan is stated in terms of estimated days input to the Council of 463 audit days, which is comparable to 2020/21. By continuing to apply risk based internal audit planning principles; this level of input, with the ability to commission Internal Audit resources from current audit framework agreements as required, is considered acceptable to provide the assurance the Council needs.
- 2.3 The Head of Audit Risk Assurance will continue to reassess Internal Audit resources required against the Council's priorities and risks and will amend the Plan throughout the year as required, reporting any key changes to the Audit and Standards Committee. Any additional activity required above the core provision will be agreed upfront with the S151 Officer. This approach will appropriately consider the Council's priorities and risk changes that occur due to Covid-19, ensuring that the Risk Based Internal Audit Plan remains flexible and dynamic within 2021/22.

### **3.0 CONCLUSION**

- 3.1 The PSIAS requires the Head of Audit Risk Assurance to produce an Annual Risk Based Internal Audit Plan and for this Plan to be approved by the appropriate body, which for Stroud District Council is the Audit and Standards Committee. This Audit and Standards Committee report meets the PSIAS requirement.
- 3.2 Regular reports on progress against the approved 2021/22 Annual Risk Based Internal Audit Plan and any significant control issues identified will be presented to the Audit and Standards Committee.

### **4.0 IMPLICATIONS**

#### **4.1 Financial Implications**

There are no financial implications arising directly from this report.

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Risk Assessment:

Failure to deliver effective governance will negatively impact on the achievement of the Council's objectives and priorities and reputation.

#### **4.2 Legal Implications**

There are no specific legal implications in addition to those mentioned in the report.

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#### **4.3 Equality Implications**

There are no equality implications arising from the recommendations made in this report.

#### **4.4 Environmental Implications**

There are no environmental implications as a result of the recommendations made within this report.