

NORTH LINCOLNSHIRE COUNCIL

AUDIT COMMITTEE

INTERNAL AUDIT PLAN 2021/22

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To consider and approve the internal audit plan for 2021/22

2. BACKGROUND INFORMATION

- 2.1 The Accounts and Audit Regulations 2015 require the Council to ensure there are sound systems of internal control and to undertake effective internal audit to evaluate the effectiveness of its risk management, control and governance processes. Internal audit must take into account Public Sector Internal Auditing Standards (PSIAS) and guidance.
- 2.2 The PSIAS requires that an Internal Audit Plan is agreed by the Audit Committee annually. The audit plan must be risk-based and take into account the organisation's risk management framework and reflect changes in the organisation's business, risks, operations, programmes, systems and controls. The plan also confirms the resources available and required to support a reliable year-end Audit opinion.
- 2.3 The updated Audit Charter, approved by the Audit Committee in January 2020 defines the internal audit activity's purpose, authority and responsibility and defines the scope of internal audit activities. The attached audit plan prepared by the Head of Audit and Assurance provides Members with an outline of the Audit Plan, a commentary on the methodology for its compilation, and assurance on compliance with auditing standards.
- 2.4 As of 31 March 2021, the section relating to strategic and operational risk/governance is subject to further development so any risks raised through the completion of the Annual Governance Statement can be factored into the Plan. A final detailed plan will be shared with the Audit Committee later in the year.'

3. OPTIONS FOR CONSIDERATION

- 3.1 In line with the PSIAS it is a requirement for the Audit Committee to consider whether the Internal Audit plan has been produced on a proper basis and will provide sufficient assurance to form a reliable opinion on the Council's control environment.
- 3.2 There are no alternative options as it is a requirement for the Audit Committee to review the Audit Plan.

4. ANALYSIS OF OPTIONS

- 4.1 The audit plan meets the requirements of the Public Sector Internal Audit Standards (PSIAS),
- 4.2 The Head of Internal Audit and Assurance is satisfied that he has sufficient resources for the delivery of the plan and that it will provide a reliable year-end annual audit opinion on the council's control environment.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 5.1 The plan will be delivered from existing resources within the council's internal audit service which is provided through a Shared Service, as well as a third party specialist IT Audit support. The resource allocation is based upon assumptions about the design and operation of systems and processes; the co-operation of council staff with the audit process and estimated vacancy and absence rates. The resource allocation will be reviewed periodically to take account any changes in assumptions and the extent of emerging risks.

6. OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)

- 6.1 The compilation of the audit plan is based on risk with those areas with the potential biggest risk to an effective control environment being prioritised. The achievement of the Council's strategic outcomes, its legislative and regulatory responsibilities and the Council's risk register are all taken into account when compiling the audit plan.

7. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 7.1 An Integrated Impact Assessment is not required.

8. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

- 8.1 The plan is subject to consultation discussion with members of the Council's Leadership team and Heads of Service.
- 8.2 The Head of Audit and Assurance also has responsibility for risk management arrangements, insurance and counter fraud. Here applicable audits in these areas will be carried out by a third-party provider to prevent a potential conflict of interest. In addition, at the beginning of each year audit team members, in line with the audit of code of conduct are required to declare any close relationships which could impact on the delivery of particular audit assignment. If relevant such assignments are provided to other members of the team.

9. RECOMMENDATIONS

- 9.1 That the Audit Committee:
- (i) considers whether the Internal Audit plan has been produced on a proper basis, and will provide sufficient assurance to form a reliable opinion on the Council's control environment
 - (ii) approves the Internal Audit Plan for 2021/22 subject to the finalisation of the section on strategic and operational risk/governance

DIRECTOR OF GOVERNANCE AND PARTNERSHIPS

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Background Papers used in the preparation of this report

Public Sector Internal Audit Standards
Accounts and Audit Regulations 2015
Audit Charter January 2020