

Item

## INTERNAL AUDIT PLAN



**To:**

Civic Affairs Committee [4<sup>th</sup> June 2020]

**Report by:**

Jonathan Tully, Head of Shared Internal Audit Service

Tel: 01223 - 458180 Email: jonathan.tully@cambridge.gov.uk

**Wards affected:**

All

### 1. Introduction / Executive Summary

- 1.1 This report introduces the draft Internal Audit Annual Plan and Strategy, for 2020 / 2021, for consideration by the Civic Affairs Committee.
- 1.2 Internal Audit Plans, and associated documents, have been created in line with best practice laid down in the Public Sector Internal Audit Standards (PSIAS) and the accompanying Local Government Application Note (LGAN).

### 2. Recommendations

- 2.1 Civic Affairs Committee is requested to consider the supporting information, in the appendices, to:
  - i) approve the draft Audit Plan and Strategy; and
  - ii) approve the supporting Charter and the Code of Ethics.

### **3. Background**

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- 3.1 The Accounts and Audit Regulations 2015 require that the Council “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.”
- 3.2 The Public Sector Internal Audit Standards (PSIAS) require that the Head of Audit “must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”.
- 3.3 Appendix A is the risk-based Audit Plan. It has been based upon the Corporate Plan, risk registers, ongoing consultation with key officers, committee reports, information from other assurance processes, plus horizon scanning to consider emerging risks and opportunities.
- 3.4 The Audit Plan is the work programme for Internal Audit and provides the basis upon which the service will subsequently give an audit opinion on Cambridge City Council’s (CCC) system of internal control, risk management and corporate governance arrangements.
- 3.5 It is good practise to operate an agile audit plan that continuously adapts in response to the governance risk and control environment of the Council. Our Audit Plan is based around a long-term framework of reviews, which typically covers a three-year period. Audits are prioritised according to several risk-based determinants, and we have traditionally presented a 12-month plan to the Committee. Considering the current global COVID-19 disruption, it is unrealistic to plan for 12 months, given the rapid pace of change. Consequently, we are presenting a shorter 6-month plan, focussing on the key areas of assurance and we will bring back a further report to the Committee later in the year. This will also provide an opportunity to proactively communicate topical risks and assurance to the Committee.
- 3.6 It is realistic to recognise that COVID-19’s priorities will constrain some service areas from fully participating in audit activities and responding to requests. We will aim to provide timely and valued assurance with minimal disruption to teams during this period.
- 3.7 The Internal Audit team was an early adopter of Council Anywhere technology and has been developing our smarter working approach for

the past 12 months. Consequently, we are in a positive position to work flexibly and adapt to new ways of working. We have already started developing our self-service capability to access data and records, and applying data analytics to provide increased insights, feedback and assurance.

- 3.8 In response to the COVID-19 disruption we have already refocused our resources to other immediate unplanned areas that required assistance. This includes supporting the development of pragmatic and proportionate controls in response to rapidly developing policies and procedures. It is important that the Audit Plan continues to prioritise relevance, speed and flexibility in addressing risks as they develop. This will enable us to utilise our resources as effectively as possible to provide an effective audit opinion for the Council.
- 3.9 The Internal Audit Charter and the Code of Ethics are also appended for information. They are regularly reviewed as part of an ongoing Quality Assurance and Improvement Programme (QAIP) considering both the PSIAS and the LGAN. We have updated the “Objectives and Scope” to reflect that we support the Risk Management Framework at both Councils and are the Strategic Lead for Risk Management at CCC. No further changes were required this year. It is good practice to present these documents as they define internal audit's purpose, authority, responsibility and position within an organization, supporting the risk-based audit plan.

## **4. Implications**

### **(a) Financial Implications**

None.

### **(b) Staffing Implications**

The audit plan reflects current available resources, and factors in current vacancies in the team, plus time for successful recruitment. Any further significant change in resource, or Council activities, will be reported under separate cover to Members and their impact.

### **(c) Equality and Poverty Implications**

There are no implications.

### **(d) Environmental Implications**

None.

**(e) Procurement Implications**

None.

**(f) Community Safety Implications**

None.

**5. Consultation and communication considerations**

Not applicable.

**6. Background papers**

Background papers used in the preparation of this report:

- Risk-Based Internal Auditing – Working Standards and Procedures
- Public Sector Internal Audit Standards
- CIPFA Local Government Application Note
- Cambridge City Council Risk Registers
- Corporate Plan

**7. Appendices**

- a) Internal Audit Plan and Strategy
- b) Internal Audit Charter
- c) Internal Audit Code of Ethics

**8. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact Jonathan Tully, Head of Shared Internal Audit Service, tel: 01223 - 458180, email: [jonathan.tully@cambridge.gov.uk](mailto:jonathan.tully@cambridge.gov.uk).