

Item

INTERNAL AUDIT PLAN AND OPINION



To:

Civic Affairs Committee [14th July 2021]

Report by:

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Wards affected:

All

1. Introduction / Executive Summary

- 1.1 This report introduces the proposed Internal Audit Annual Plan and Strategy, for the next six months of the 2021 / 2022 financial year, for consideration by the Civic Affairs Committee.
- 1.2 The report also includes a progress update from the past six months work, plus our current opinion on the internal control environment, governance and risk management arrangements.
- 1.3 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 The PSIAS also requires the Head of Audit to provide a written report to those charged with governance to support the Annual Governance Statement (AGS), which accompanies the Statement of Accounts. This includes an opinion on the overall adequacy and effectiveness of the organisation’s internal control environment, governance, and the risk management framework.
- 3.4 Appendix A is the risk-based Audit Plan which is continually updated. 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.
- 3.5 The Audit Plan is the work programme for Internal Audit and provides the basis upon which we will subsequently give an audit opinion on Cambridge City Council’s (CCC) system of internal control, risk management and corporate governance arrangements.
- 3.6 It is good practice 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. We are presenting a 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. 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, and to proactively communicate topical risks and assurance to the Committee.

- 3.7 In response to the COVID-19 disruption in 2020/2021 we refocused our resources to other immediate unplanned areas that required assistance. This included supporting the Business Grant program through both pre-assurance and post assurance work. The amount of work was greater than initially anticipated, due to the launch of additional grant schemes to support businesses, as the pandemic continued throughout the year. Consequently, our planned reviews for 2021/2022 include some activities which were deferred from the previous six-month plan. Our expectation is that, as required by the Department for Business, Energy and Industrial Strategy, we will continue to provide post assurance work throughout 2021/2022 financial year.
- 3.8 It is realistic to recognise that COVID-19's priorities will continue to constrain how service areas participate in audit activities and respond to requests. We aim to provide timely and valued assurance with minimal disruption to teams. The Internal Audit team utilises the Council Anywhere technology and smarter working. Consequently, we are in a positive position to work flexibly and continue to adapt to new ways of working. We continuously develop our self-service capability to access data and records, and the application of data analytics to provide increased insights, feedback and assurance.
- 3.9 Appendix B provides a progress update from the past six months, plus the current opinion on the overall adequacy and effectiveness of the organisation's internal control environment, governance, and the risk management framework
- 3.10 The Internal Audit Charter (Appendix C) and the Code of Ethics (Appendix D) 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. No changes have been made this year. It is good practice to present these documents annually 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

None.

(c) Equality and Poverty Implications

None.

(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.