

**REPORT TO:** **AUDIT AND STANDARDS COMMITTEE**

**DATE:** **10 JUNE 2020**

**TITLE:** **REVISED INTERNAL AUDIT PLAN 2020/21**

**LEAD OFFICER:** **SARAH MARSH, INTERNAL AUDIT MANAGER**  
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**RECOMMENDED that:**

The Committee approves the revised Internal Audit Plan for 2020/21.

**BACKGROUND**

1. At its 4 March 2020 meeting this Committee approved the Internal Audit strategy and plan for 2020/21. On 23 March 2020 the Prime Minister announced new measures that were being introduced to put the UK in a state of lockdown due to coronavirus.
2. Since then the Internal Audit function has been working remotely along with most Council employees. This has severely hampered delivery of the original plan. However, more importantly, the focus of Internal Audit's work has significantly changed as set out below and there is a need to adopt a new plan for 2020/21.

**The Internal Audit Approach**

3. While Internal Audit provides assurance through completing a programme of planned work, the service is also flexible and responsive to changing and emerging issues. Some audit work is delivered on a consultancy basis, contributing advice on risk and controls, for example ex-officio attendance at project meetings or undertaking a specific investigation of a newly identified issue. This was the case during lockdown and as the Council starts its recovery phase.

**Key Deliverables**

4. The key deliverables for the Internal Audit service during 2020/21 remain the same as reported to the March Audit and Standards Committee being:
  - a) Delivery of the Audit Plan - the Internal Audit Manager will ensure there is sufficient audit coverage in order to provide an annual Internal Audit opinion and report, which feeds into the Council's Annual Governance Statement.

- b) Integrated approach to assurance – Providing ongoing assurance to management on the integrity, effectiveness and operation of the Council’s internal control, governance and risk management processes. Working with other assurance providers including External Audit to prevent duplication of work.
- c) Management commitment - Ensure agreed management responses to audit recommendations made are implemented thereby improving the overall control framework.
- d) Continually develop our approach – To develop, improve and deliver a quality assurance and improvement programme for the service, including working closely with the Audit and Standards Committee and senior management.
- e) Business insight - Working closely with Officers, Members and services to establish greater relevance to what matter most to the Council by contemplating current and future key risks and challenges.

### **Key Priorities for the Revised 2020/21 Internal Audit Plan**

- 5. There is a need to focus on core financial controls, especially where controls have been flexed to allow for processes to be carried out remotely. This is sometimes known as getting back to basics. Therefore, Internal Audit will assess the suitability and appropriateness of those controls as the Council moves into its recovery phase and whether this allows for greater agile working in the longer term whilst ensuring they remain robust. Initial focus will be on purchases (Accounts Payable), Treasury Management and Payroll where the risk of fraud has increased.
- 6. In addition, the Internal Audit Manager is on hand for the Council’s internal recovery group to provide advice on internal controls, risk management and governance. Internal Audit will ensure the work of this group, and the other recovery groups (community impact, business and economic and Harlow Trading Services) feeds into the Council’s business continuity framework. This will ensure lessons learnt from the coronavirus outbreak are captured and used to enhance the framework. An audit of IT disaster recovery formed part of the original 2020/21 Plan and therefore will continue as planned.

7. Appendix A sets out the revised plan for 2020/21 and clearly identifies those audits that are new as a result of coronavirus, those that should continue as well as those that could be deferred. The Plan is based on the assumption of the full resumption of Internal Audit from 1 September 2020, and that Council staff will have the capacity to fully engage in the process. In the meantime, Internal Audit continues to progress those outstanding audits from the 2019/20 Plan, provide advice and guidance and where possible make a start on the 2020/21 Plan.
8. However, the Plan is only indicative and can be changed or flexed as the risk profile and priorities of the Council change. This will be achieved by ongoing review and amendment in consultation with relevant officers. Any significant changes will be brought to the Chair of the Audit and Standards Committee's attention in the first instance, due to the current fast pace of change, and notified to the next available Committee for formal approval.

## **Resource**

9. The Internal Audit function continues to consist of the Internal Audit Manager (1.0 f.t.e), three Senior Auditors (2.8 f.t.e) and three Auditors (each 1.0 f.t.e). In addition, the service has a call off contract with an external provider of Internal Audit to undertake more specialist audits when required.
10. The Audit Plan as presented to the March 2020 Committee required 342 days. The revised plan requires 214 days and covers a six month period (September 2020 to March 2021).

## **IMPLICATIONS**

### **Environment and Planning (includes Sustainability)**

None specific.

**Author: Andrew Bramidge, Head of Environment and Planning**

### **Finance (includes ICT)**

Failure to achieve the audit plan may lead to a lack of assurance that internal controls are effective and risks properly managed.

**Author: Simon Freeman, Head of Finance and Deputy to the Chief Executive**

### **Housing**

None specific.

**Author: Andrew Murray, Head of Housing**

## **Community Wellbeing (includes Equalities and Social Inclusion)**

None specific.

**Author: Jane Greer, Head of Community Wellbeing**

## **Governance (includes HR)**

The responsibilities, duties and obligations of Internal Audit are set out in the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (2017) against which activity should be measured and determined.

**Author: Simon Hill, Head of Governance**

## **Appendices**

Appendix A – Revised Internal Audit Plan 2020-21

## **Glossary of terms/abbreviations used**

f.t.e – full time equivalent