

North Somerset Council

REPORT TO THE:	AUDIT COMMITTEE
DATE OF MEETING:	7TH JULY 2020
SUBJECT OF REPORT:	AUDIT & ASSURANCE PLAN 2020-21
TOWN OR PARISH:	NONE
OFFICER/PRESENTING:	JEFF WRING - AUDIT WEST
KEY DECISION:	NO

RECOMMENDATIONS:

The Audit Committee approves the Audit & Assurance Plan 2020-21.

1. SUMMARY OF REPORT

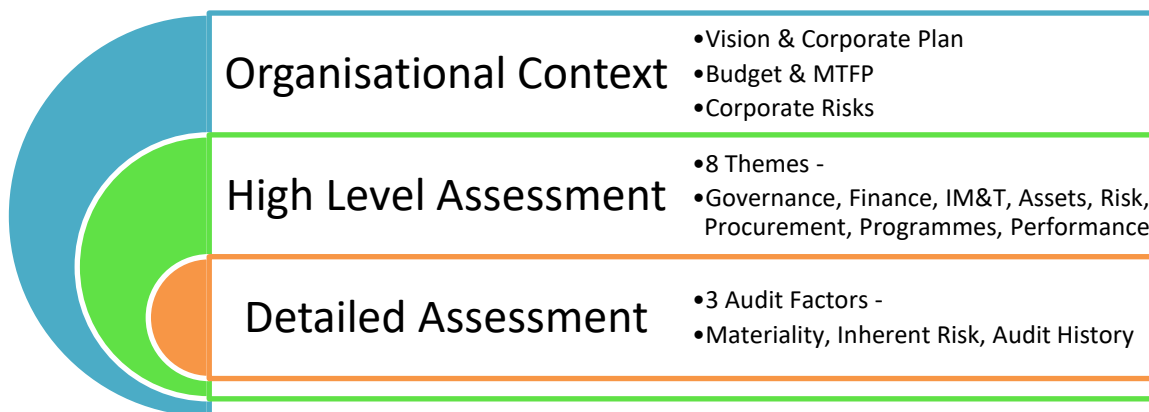
This report outlines the Annual Audit and Assurance Plan 2020-21 which forms the principal work of the Internal Audit Service for 2020-21. The Audit Committee is asked to endorse the plan. Also attached is the Audit Charter for the Internal Audit Service (with very minor revisions) for information in Appendix B.

2. POLICY

The Annual Audit and Assurance Plan forms a key element of the council's corporate governance arrangements. The work provides assurance and improves the council's internal controls to ensure delivery of the council's objectives. The outputs inform the Head of Audit's opinion of the council's governance, risk and control environment as well as informing the Annual Governance Statement.

3. DETAILS

The Public Sector Internal Audit Standards require Internal Audit to prepare a risk-based plan and this is attached at Appendix A. The plan is formulated using the Reasonable Assurance Model the essential elements of the model are as follows –



Notwithstanding the assessment, specific circumstances (such as a significant reputational issue or request of S151 or Corporate Management Team) may on occasion mean that a low scoring or new topic is nevertheless included in the Plan, i.e. Covid-19.

The plan process involved extensive consultation between December and March including the following key stakeholders –

Senior Management
Directorate Management Teams
Statutory Officers
Audit Committee

Resources available to deliver the Plan will also inform the quantum of the Plan and as previously detailed the budget reductions during recent years obviously impact on the number of audit days and areas to be reviewed. Some of these reductions have been however mitigated by our partnership arrangements which have given us new efficiency opportunities to reduce the amount of time spent on reviews.

It should be noted that the Plan was compiled prior to the Covid19 lockdown and therefore whilst the Plan does include an additional line for Covid-19 related work it will have to be amended later in the year when we are clearer on the work required and scale of risk. Committee Members will be kept informed of changes to the Plan.

Internal Audit Charter & Professional Standards

The Public Sector Internal Audit Standards (PSIAS) came into effect from 1st April 2013 and replaced the CIPFA Code of Practice for Internal Audit in Local Government, Central Government and the NHS.

The PSIAS was revised wef 1st April 2017 and are based on the Institute of Internal Auditors' International Standards. The objectives of the PSIAS are to:

- Define the nature of internal auditing within the UK public sector.
- Set basic principles for carrying out internal audit in the UK public sector.
- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations.
- Establish the basis for the evaluation of internal audit performance and to drive improvement planning.

A key requirement of the PSIAS is an Internal Audit Charter which defines the internal audit activities purpose, authority and responsibility. The Internal Audit Charter establishes its position within the organisation; the nature of the Chief Audit Executive (CAE's) functional reporting relationship with the Audit Committee; formally records its access to property, records and personnel; and defines the scope of internal audit activities.

As part of best practice we always present the Charter annually to the Audit Committee so that you are aware of how Internal Audit delivers its services and derives its authority and to re-confirm our independence.

Each year we will assess ourselves against the required standards and ensure a quality assurance and improvement programme (QA&IP) is in place requiring both internal and external assessment with an external assessment being required once every 5 years.

4. CONSULTATION

In developing the Audit Plan, the Internal Audit Service drew upon local and national intelligence and reports and consulted with a range of stakeholders. The Service used a risk framework to identify the topics to be included in the draft Plan.

5. FINANCIAL IMPLICATIONS

The costs of delivering the Annual Audit Plan are contained within the budget set aside for the contract with Audit West. If this work identifies weaknesses in the council's control environment, this may result in additional costs. The work may also identify efficiencies and savings in the council's operation.

6. RISK MANAGEMENT

The Plan describes how Internal Audit will take a risk-based approach in applying its limited resources to provide a sufficient level of assurance to those charged with governance. This includes a risk assessment tool used to inform the content of the Annual Audit Assurance Plan.

7. EQUALITY IMPLICATIONS

Embedded within the audit process is consideration of compliance with statutory guidance and regulations which includes those relating to equality and diversity.

8. CORPORATE IMPLICATIONS

Failure to agree a sufficient Annual Assurance Plan may result in an inability to provide assurance to officers, members and the public of the soundness of the council's corporate governance

9. OPTIONS CONSIDERED

None as report follows professional standards.

AUTHORS

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BACKGROUND PAPERS

None

ATTACHMENTS

- Appendix A Annual Audit & Assurance Plan 2020-21
- Appendix B Audit Charter