



**REPORT of  
INTERIM SECTION 151 OFFICER**

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**to  
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE  
27 FEBRUARY 2020**

**INTERNAL AUDIT - DRAFT STRATEGIC PLAN 2018/19 -2020/21 AND DRAFT  
ANNUAL AUDIT PLAN 2020/21**

**1. PURPOSE OF THE REPORT**

1.1 The purpose of this report is to seek approval of the Draft Internal Audit Strategic Plan 2018/19 -2020/21 and the 2020/21 Operational Plan attached as APPENDIX 1 to this report.

**2. RECOMMENDATIONS**

- (i) That the Indicative Internal Audit Plan covering the Draft Internal Audit Strategic Plan 2018/19 -2020/21 and 2020/21 Draft Annual Audit Plan be approved attached at **APPENDIX 1**.

**3. SUMMARY OF KEY ISSUES**

- 3.1 BDO LLP are the Council's contracted Internal Audit Service provider. The Partner, Mr. Greg Rubins fulfils an equivalent role to that of Head of Internal Audit.
- 3.2 The Internal Audit Service is there to provide assurance to the Section 151 Officer, Management and Members of the adequacy of internal controls and checks in the organisation and to highlight any risks that the Council may be exposed to in its overall and day to day operations.
- 3.3 As such, Internal Audit is independent of Management and operates, performs to and is measured against The UK Public Sector Internal Audit Standards (PSIAS) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). In addition, CIPFA has also issued a Statement on the Role of the Head of Internal Audit.
- 3.4 The financial year commencing 1 April 2020 is the last year of the current three year strategic plan. Therefore, the 2020/21 annual audit plan is the same with changes agreed with the Corporate Leadership Team of audits to be included from the 2019/20 plan that were moved to 2020/21 due to the structure and service changes that were happening in 2019/20.
- 3.5 The new three year strategic plan to cover the period 2021/22 to 2023/24 will be submitted to the Committee for consideration early in the new financial year.
- 3.6 The three-year strategic plan will be reviewed each year to ensure that the ongoing risks and opportunities are considered and are captured. In **APPENDIX 1** the key

risks that are known at the time of writing this report have been mapped along with the audit work that is and will be undertaken, demonstrating that the plans are focussing not only on the most important issues but also on providing the assurance to management on the operation of the internal controls and checks

- 3.7 Significant variations to the plan arising from the reviews, changes to the Council's risk profile or due to management requests will be discussed in the first instance with the S.151 officer and approved by the Performance, Governance and Audit Committee.

#### **4. CONCLUSION**

- 4.1 Internal audit is an important function that provides assurance on the operation of the internal controls and checks and the risks that the Council may be exposed to.
- 4.2 The Strategic Internal Audit Plan for 2018/19 to 2020/21 and the Draft Annual Audit Plan for 2020/21 are set out at **APPENDIX 1**.

#### **5. IMPACT ON STRATEGIC THEMES**

- 5.1 Effective risk management arrangements ensure that the Council is able to meet its stated goals by effective control of the risks identified to the delivery of those goals.

#### **6. IMPLICATIONS**

(i) **Impact on Customers** – There is an indirect positive impact, in that effective risk management helps ensure that service delivery to customers is maintained.

(ii) **Impact on Equalities** – None

**Impact on Risk** – Management of risk is fundamental to the sound operation of the Council. Failure to manage risk could have a significant impact on the Council's ability to correctly define its policies and strategies or deliver against its objectives. The implementation and operation of the risk management framework will minimise risks and thus mitigate any potential strategic, operational, reputational or regulatory consequences.

Failure to manage risk would also mean that the Council might face censure by its external auditors or the potential for legal proceedings in the event of breaches of the Health and Safety at Work Act or similar legislation.

(iii) **Impact on Resources (financial)** – No direct impact, although risk management practices not only help control financial risks but also keep the cost of insurance down.

(iv) **Impact on Resources (human)** – Once approved risk management will be included within the Council's induction process and e-learning portfolio of courses.

(v) **Impact on the Environment** – None directly from this report.

(vi) **Impact on Strengthening Communities** – None directly from this report.

Background Papers:

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