

**STROUD DISTRICT COUNCIL**  
**AUDIT AND STANDARDS COMMITTEE**

**AGENDA  
ITEM NO**

**26 MAY 2020**

**5**

<b>Report Title</b>	<b>RISK BASED INTERNAL AUDIT PLAN 2020/21</b>			
<b>Purpose of Report</b>	To present to Members, for their consideration and approval the Annual Risk Based Internal Audit Plan 2020/21.			
<b>Decision(s)</b>	The Audit and Standards Committee <b>RESOLVES</b> to:  a) Agree that the Annual Risk Based Internal Audit Plan 2020/21 reflects the current risk profile of the Council; and  b) Approve the Annual Risk Based Internal Audit Plan 2020/21 as detailed in Appendix A.			
<b>Consultation and Feedback</b>	Officers (Senior Leadership Team, Heads of Service and Service Managers); Members (via the Audit and Standards Committee Risk Based Audit Planning workshop on 2 <sup>nd</sup> December 2019); and External Audit have been consulted on the proposed Annual Risk Based Internal Plan 2020/21. Alongside internal audit's own assessment of risk, the consultation process is applied to ensure effective plan development in order to establish priorities and assurance requirements.  The timing of audit work will be planned in conjunction with the appropriate managers to minimise abortive work and time.			
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<b>Options</b>	The <a href="#">Public Sector Internal Audit Standards (PSIAS) 2017</a> require the Chief Internal Auditor to produce an Annual Risk Based Internal Audit Plan to determine the priorities of the internal audit activity. The lack of such a Plan would lead to non-compliance with these Standards.			
<b>Background Papers</b>	N/A – links to legislation are in the body of the report.			
<b>Appendices</b>	Appendix A – Annual Risk Based Internal Audit Plan 2020/21.			
<b>Implications (details at the end of the report)</b>	Financial	Legal	Equality	Environmental
	No	No	No	No

## **1.0 INTRODUCTION/BACKGROUND**

- 1.1 All local authorities must make proper provision for internal audit in line with the [Accounts and Audit Regulations 2015](#). The Regulations provide that a relevant authority “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”. Undertaking annual internal audits based on the risk profile of the Council also supports the Section 151 Officer’s duty to ensure the proper administration of the Council’s financial affairs.
- 1.2 The guidance accompanying the Regulations recognises the [Public Sector Internal Audit Standards \(PSIAS\) 2017](#) as representing “proper internal audit practices”. The Standards define the way in which the Internal Audit Service should be established and undertake its functions. These Standards require the Chief Internal Auditor to produce an Annual Risk Based Internal Audit Plan to determine the priorities of the internal audit activity. The proposed activity should be consistent with the organisation’s priorities and objectives, taking into account the organisation’s risk management framework, including risk appetite levels set by management and internal audit’s own judgement of risks.
- 1.3 To ensure our internal audit resources continue to be focussed accordingly, particularly during periods of organisational change, it is essential that the Internal Audit Service understand our clients’ needs, which means building relationships with key stakeholders, including other assurance/challenge providers, in order to gain crucial insight and ongoing ‘intelligence’ into the strategic and operational change agendas within our organisation.
- 1.4 This insight is not only identified at the initial development stages of the plan but dialogue continues throughout the financial year(s) which increases the ability for the Internal Audit Service to adapt more closely to meet the assurance needs of the Council, particularly during periods of significant change. Our plan therefore needs to be dynamic and should be flexible to meet these needs.

## **2.0 MAIN POINTS**

- 2.1 To ensure that an effective plan is developed, in addition to including activity requested by the Audit and Standards Committee at the Risk Based Audit Planning workshop held on 2<sup>nd</sup> December 2019, and alongside internal audit’s own assessment of risk, a consultation process took place with Senior Leadership Team, Heads of Service and Service Managers to establish priorities and assurance requirements. The proposed activity from all sources was collated and matched against the internal audit resources available and prioritised accordingly.
- 2.2 The Audit Plan is stated in terms of estimated days input to the Council of 463 audit days, which is comparable to 2019/20. By continuing to apply risk based internal audit planning principles; this level of input, with the ability to commission internal audit resources from current audit framework agreements

as required, is considered acceptable to provide the assurance the Council needs.

## COVID - 19

- 2.3 At the time of writing (April 2020), government restrictions and requirements due to Coronavirus (Covid-19) have led to changes in operations at Stroud District Council to ensure prioritisation and continuity of services within this unprecedented climate. The present situation has and will put extra pressure on Council resources.
- 2.4 The Chief Internal Auditor will continue to reassess internal audit resources required against the council's priorities and risks and will amend the Plan throughout the year as required, with any additional activity required above the core provision agreed with the S151 Officer, reporting any key changes to the Audit and Standards Committee. This approach will appropriately consider the council's priorities and risk changes that occur due to Covid-19, ensuring that the Risk Based Internal Audit Plan remains flexible and dynamic within 2020/21.

## 3.0 CONCLUSION

- 3.1 The PSIAS requires the Chief Internal Auditor to produce an Annual Risk Based Internal Audit Plan and for this Plan to be approved by the appropriate body, which for Stroud District Council is the Audit and Standards Committee. This Audit and Standards Committee report meets the PSIAS requirement.
- 3.2 Regular reports on progress against the approved 2020/21 Annual Risk Based Internal Audit Plan and any significant control issues identified will be presented to the Audit and Standards Committee.

## 4.0 IMPLICATIONS

### 4.1 Financial Implications

There are no financial implications arising directly from this report.

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Risk Assessment:

Failure to deliver effective governance will negatively impact on the achievement of the Council's objectives and priorities and reputation.

## **4.2 Legal Implications**

There are no specific legal implications in addition to those mentioned in the report.

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## **4.3 Equality Implications**

There are not any specific changes to service delivery proposed within this decision.

## **4.4 Environmental Implications**

There are no significant implications within this category.