

Allerdale Borough Council

Audit Committee – 29 June 2021

Audit Plan and Strategy 2021/22

Portfolio holder	Councillor Colin Sharpe
Report from	Paula McKenzie
Wards affected	None specifically
Is this a key decision	No

1.0 The reason for the decision

- 1.1 To set out how we intend to deliver an Internal Audit Service in line with the Public Sector Internal Auditing Standards (PSIAS) 1 April 2017.

2.0 Recommendations

- 2.1 To approve the Assurance Risk and Audit strategy and resource plan 2021/22.

3.0 Background and Introduction

- 3.1 The strategy sets out how the ARA Manager develops the resource plan. There have been no significant changes to the methodology for developing the Audit Plan, this has simply been refreshed to include the current priorities. (See appendix 1).

- 3.2 The PSIAS 2010 Planning, requires:

The 'Chief Audit Executive' must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.

Interpretation:

To develop the risk-based plan, the Chief Audit Executive (Assurance Risk and Audit Manager) consults with senior management and the board and obtains an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes. The Chief Audit Executive must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems, and controls.

Public sector requirement

The risk-based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework. It must incorporate or be linked to a strategic or high-level statement of how the internal audit service will be delivered and developed in accordance with the internal audit charter and how it links to the organisational objectives and priorities

4.0 Content (to include alternative options considered)

- 4.1 The resource plan (appendix 2) presented for your approval is based on the Assurance Risk and Audit Strategy 2021/22 and incorporates the requirements of the PSIA's and the Audit and Accounts and Audit (England) Regulations 2015 (amended), the Accounts and Audit (Wales) regulations 2005, section 95 of the Local Government (Scotland) Act 1973 and the Amendment to the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006.
- 4.2 The allocation of days to each area has been taken on a risk based approach based on the total income and expenditure for each area, corporate insight of risks and issues arising in these areas, the nature and number of corporate risks and the of corporate priorities assigned for delivery in 2021/22.
- 4.3 The audit reviews have been allocated lead auditors within the plan based on their mix of knowledge, skills and competencies were possible, all audit reviews are supervised by the ARA Officer, and her work is reviewed by the AR Auditor.

Audit Area	Lead Auditor	Days Allocated
Finance – Treasury Management	MIAA	10
Finance – Main Accounting	MIAA	22
Revenues and Benefits	AR Auditor	22
Risk Management	ARA Officer	11
ICT	ARA Manager / Out Sourced ICT Audit	17
Culture and Ethics	AR Auditor	11
Car Parking Income	AR Auditor	11
Latco - Allerdale Waste Services	AR Auditor	27

- 4.4 The plan includes a high level overview of the additional assurance and consulting activities undertaken by the team, these estimated budgets have been devised using previous performance information, corporate insight into activities going forward along with resource for investigations, advice and fraud work.
- 4.5 Internal Audit is a non-critical service, the team have provided redeployment resource to critical services as part of the Covid-19 response as well as being under resourced since September 2020 due to this reduction in resource we have prioritised the statutory audits for delivery in 2021/22.

Assurance Risk and Audit have an agile approach, meaning Assurance Risk and Audit can adapt when needed and work quickly to help the rest of the organisation address an increasingly chaotic, unpredictable environment and the audit methodology must be flexible enough to support these changes throughout the year.

5.0 Implications and Impact

5.1 Contribution to Council Strategy Priorities, Outputs and Outcomes

Acceptance of the Assurance, Risk and Audit Team's work provides a direct and indirect contribution to the achievement of the Council's priorities, in accordance with the Assurance, Risk and Audit Service Plan.

5.2 Finance/Resource implications

The plan will be based on the Full Time Equivalent resource of the Assurance, Risk and Audit Team, the standard bought in days for ICT Audit work and due to reduced resource, will also include additional bought in days from MIAA to help complete the mandatory reviews.

5.3 Legal and governance implications

As stated in 3.2 and in accordance with the Public Sector Internal Audit Standards (PSIAS).

5.4 Risk analysis

This contributes to the effectiveness of the Assurance Risk and Audit Team in Enterprise-wide Risk Management.

5.6 Equality impacts

Equality Impact Analysis considered – not required.

5.7 Health and Safety impacts

None.

5.8 Health, wellbeing and community safety impacts

None.

5.9 Environmental/sustainability impacts

None.

5.10 Other significant implications

None.

Appendices attached to this report

Appendix number	Title of appendix
1	Strategic Plan
2	ARA Resource Plan

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