Assurance, Risk and Audit Strategic Plan 2021/22

Delivering independent **assurance**, advice and consulting services to Allerdale Borough Council to support the achievement of objectives and the delivery and coordination of organisational integrated assurance.

Delivering Value Differently

"Allerdale – a great place to live, work and visit"

1   Introduction

1.1   During 2015/16 the Council improved the risk management framework by embedding and committing to an Integrated Assurance Strategy, based on the three lines of defence model, incorporating a risk framework that is in line with risk management best practice. The Council has a maintained Risks and Issues Log for corporate risks to the achievement of the Council's objectives outlined in the Council Strategy 2020-30. The Council produces a Delivery Plan, which will outline what all services wish to achieve in the current financial year, this will assist with the prioritisation of Assurance activities going forward.

1.2   This strategy must demonstrate the balance between the corporate need for internal audit advice, guidance and assurance, and the statutory responsibilities of the Account and Audit Regulations 2015, the standards and expectations of the Public Sector Internal Auditing Standards (PSIASs), the Constitution, external stakeholders and the Audit Committee. The Delivering Good Governance Framework 2016 also defines the follow up of agreed actions and the regular audit of risk management, performance and data quality as some of the criteria of good governance.

1.3   To ensure efficiency and effectiveness the majority of Assurance, Risk and Audit work should be providing advice and guidance within the first line of defence, in a proactive role looking forward rather than a reactive role looking back on past events, whilst maintaining the necessary independence and objectivity. The Assurance, Risk and Audit Team will continue to have an active role supporting the Programme Office where requested providing assurances over the risk management, governance and control activities throughout the project lifecycle from business case to post implementation review. Improving fraud awareness is a continuing priority and is detailed within this year's plan. The Assurance Risk and Audit team will continue to be the main point of contact for the National Fraud Initiative and coordinate these activities on an ongoing basis.

1.4   The role of the team to support Enterprise Wide Risk Management best practice will continue. Audit meet the individual members of SMT at least annually to go through their risk profile and provide them with any support they need with the risk management process and to facilitate any risk profiling support when new risks emerge.

2   What is Risk based Internal Auditing?

2.1   The Chartered Institute of Internal Auditors defines risk based internal auditing (RBIA) as a methodology that links internal auditing to an organisation's overall risk management framework. RBIA allows internal audit activity to provide assurance to the Audit Committee and senior management that risk management processes are managing risks effectively, in relation to the stated risk appetite. RBIA seeks at every stage to reinforce the responsibilities of management, the Executive and Audit Committee for managing risk and recommend enhancements to improve the efficiency and effectiveness of these processes.

2.2 Applying the principles of risk based internal auditing.

Key
Flow of audit work →
Source where possible →
Internal audit reports ----→

1 Assess Risk maturity

Overall Audit Strategy

Management → Risk register → 2 Periodic Audit Planning ← Assurance Requirements ← Audit Committee

Audit Plan

3 Individual Audit Assignments

Audit Results

3 Resource

3.1 The approach for the plan this year has been developed by the team to ensure the resource is aligned to the Council Strategy Delivery Plan 2021-22, where the time spent will add most value to the achievement of organisational goals. This strategy will detail how the annual plan will be delivered in accordance with the Assurance Risk and Audit Charter and the organisations objectives and priorities. The risk based plan will include sufficient work to produce an annual opinion on the adequacy of the assurance framework to support the Annual Governance Statement.

3.2 The plan will be based on the Full Time Equivalent resource of the Assurance, Risk and Audit Team with specialist ICT bought in via the joint procurement with the Lancashire and District Audit Group members, due to reduced resource the team will also look to buy in support from the MIAA. The plan will be broken down into all areas of work, to provide a guide to internal audit activity and apply the elements of Performance Standard 2000, which states the risk based plan must incorporate or be linked to a strategic or high-level statement of how the service will be delivered and how it links to the organisational objectives and priorities. We will endeavour to allocate specific reviews to team members at the earliest opportunity. To further enhance this plan where possible the PSIASs link will be made against the relevant activities.

4 Audit Plan

4.1 Moving forward and in line with the Planning Performance Standard 2010 the plan will be prioritised in relation to the risk management activities and organisational objectives for each area of the Council. For 2021/22 these will be defined by the Council in a number of ways:

- The 2021/22 budget

- Council Strategy Delivery Plan 2021-22 – key projects to be delivered which directly link with the strategic objectives of the Council set out in the Council Strategy 2020-30

- The Corporate Risks and Issues log

- Service Risk Registers

- Annual Governance Statement significant issues

- Areas of risk arising from previous reviews

- Outcomes from annual risk meetings with the Senior Management Team

- Organisational insight gained from corporate support and consultancy work

4.2 This information will be used to create an Audit plan focused on adding maximum value to the biggest priorities at Allerdale, this focus will drive efficiency and effectiveness in project delivery and ensure the benefits from improvements are experienced throughout the business. The plan of reviews will be made up of two parts, risk based statutory assurance reviews and where resource allows risk based assurance reviews.

5 Statutory Audit and Assurance Reviews

5.1 The Accounts and Audit Regulations 2015 make the 'body' (Council) responsible for 'maintaining an adequate and effective internal audit' service. The internal audit service must complete sufficient work to provide an opinion over the adequacy of the system of internal control for the Council's financial systems.

5.2 A risk based approach will be followed for 2021/22. The risk profile and assurances in place for Financial Services, Revenues and Benefits, Car Parks and Allerdale Waste Services will be used to scope each review following the methodology in the table below.

- Financial Services – From 21/22 a three-year programme has been put in place which ensures that each main financial system is reviewed in more depth at least once every three years. Management also has a responsibility to ensure that all financial systems continue to operate effectively each year.

The PSIAS also highlight the following areas as key areas for review:

ICT - The internal audit activity must assess whether the information technology governance of the organisation supports the organisation's strategies and objectives.

Risk Management - The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.

Ethic and Cultures - The internal audit activity must evaluate the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities.

Methodology for Planning the Scope of Statutory Reviews	Assurance and Risk Rationale
Follow up of agreed actions and or actions from other assurance providers.	Directing resource to areas highlighted as high risk or limited assurance
Identify where assurances exist and how these can be evidenced	Identify where opportunities for improvement can be realised and promote management ownership of risk management and assurance.
Meetings with Heads of Service and key	Consideration of key business priorities as

Officers to establish the key operational priorities and issues for this year.	defined by stakeholders
Review of the Corporate Risks and Issues Log and Service Risk Assessments	To validate and prioritise the scope of work to add value and improve governance, risk management and control processes.
Outline an independent testing plan with input from all team members to ensure all aspects of corporate knowledge and experience is included.	To validate the activities defined by the service as providing assurance and managing key risks as part of the service assurance map and risk registers. To direct resource to the highest risks and main objectives for the service.
Deliver comprehensive, visual results together where possible– one report for Financial Services and one for Revenues and Benefits.	Improves productivity with more efficient and effective delivery of services, more time providing assurance less time report writing. Aligning audit delivery with service delivery making improvements more practicable for implementation – all in one place approach.

6   Risk Based Assurance Reviews

6.1   Our aim is to add value by providing assurance for risk management, internal control and governance to the most significant business areas. Adding value to areas that matter the most in terms of risk and objectives supports our business partnering role.

6.2   Audit Reviews will also be completed for areas identified in the risk assessment approach defined in Section Four above. The scope of work will be defined in real time when the area appears next in the ARA work schedule. ARA resource will focus on the highest risks and the main objectives the service intend to deliver to support the achievement of the Business Plan 21/22 and ultimately the Council Strategy 2020-30.

6.3   Internal Audit is a non-critical service, the team have provided redeployment resource to critical services as part of the Covid-19 response. 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.

6.4   To maintain independence work will be planned and allocated to the appropriate team member to ensure the standards are met and assurance is not impaired, such as where possible rotating staff at least every three years and ensuring where possible no reviews are completed by officers who have had previous responsibilities in the service area.

7   Approval and Communication

7.1   This has been developed to ensure the council receives maximum benefit from the limited Internal Audit resource available. We endeavour to move with the changing nature of Local Government challenges and ensure we can make a direct impact on the delivery of council priorities.

7.2   The Audit Committee approves these plans in line with the Assurance Risk and Audit Charter and Terms of Reference. Plans are communicated and consulted with the Senior Management Team prior to approval. This strategy allows for flexibility in approach to respond to business needs, changes in the operating environment and corporate governance support. The service

will continue to encourage advice and guidance support at the earliest opportunity to ensure technical advice is provided at the right time to strengthen the decision making process.