

Title of meeting: Governance & Audit & Standards Committee

Date of meeting: 24th July 2020.

Subject: Audit Plan 2020/21 - Updates/changes as a result of COVID-19.

Report by: Chief Internal Auditor

Wards affected: All

Key decision: No

Full Council decision: No

1. Summary

- 1.1 The proposed Audit Plan 2020/21 was presented to this committee on 3rd March 2020. Since that meeting the COVID-19 pandemic has caused significant changes in the priorities, working practices, governance arrangements and availability of staff at the Council. As such, changes have been made to the Audit Plan and these changes are presented in Appendix A.

2. Purpose of report

- 2.1 This report is to update the Governance and Audit and Standards Committee on the revised Internal Audit Plan for 2020/21.
- 2.2 In addition, the report also notes how internal audit will conduct post COVID-19 assurance work which will influence both the Annual Audit Opinion 2020/21 and the Annual Governance Statement 2019/20 & 2020/21.
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3. Recommendations

- 3.1 That Members note the changes to the Audit Plan 2020/21.

4. Background

- 4.1 The Annual Audit Plan for 2020/21 was presented to the Governance and Audit and Standards Committee on 3rd March 2020 and subsequently approved. The plan is revised quarterly to take account of any changes in risks/ priorities, in accordance with the Strategy.

- 4.2 On March 17th 2020, as a result of the COVID-19 pandemic, the Council enacted emergency plans and moved to running critical services only. Since that date the Council has operated flexibly and has needed to be reactive in some activities in order to meet central government requirements regarding the pandemic. These changes, while considered by senior officers, may have impacted certain internal controls and governance arrangements.
- 4.3 In addition to this and during the period of March 17th through to June 2020, Internal Audit stood down areas of operation that required client input. This was to assist the council in maintaining critical services and as a result a number of audit staff were redeployed to assist elsewhere. The reduced level of resource has therefore been considered when revising the plan.
- 4.4 The revised plan caters for the above and factors in an increase in fraud exposure and central government verification arrangements, which are reflected in a post COVID-19 assurance programme of testing which will influence both the Annual Audit Opinion 2020/21 and the Annual Governance Statement.
- 4.5 The proposed coverage of the audit universe, by this audit plan, has not affected the stated 20-25% coverage as outlined in the Audit Charter and Strategy. The post COVID-19 assurance work will support the normal audit plan and enable an Annual Audit Opinion at the end of 2020/21 to be given.
- 4.6 To ensure the safety of all staff and clients, a risk assessment will be completed prior to each item of work in relation to COVID 19. Specifically to assess whether evidence to support audit testing or an investigation can be obtained safely and in accordance with the required evidential levels.
- 4.7 Actions to minimise risk will be completed and a determination made on whether the activity can be undertaken or if the evidence strategy can be substituted by alternative means. The risk assessment will be treated as a live document until the activity has been completed. Any activities that are deemed not safe to complete will be deferred to later in the financial year, escalated to the Director of Finance or cancelled. The underlining processes for all activities will not fundamentally change.

5. Integrated Impact Assessment

- 5.1 The contents of this report do not have any relevant equalities and environmental impact and therefore an Integrated Impact assessment is not required.

6. Legal Implications

- 6.1 The City Solicitor has considered the report and is satisfied that the recommendations are in accordance with the Council's legal requirements and the Council is fully empowered to make the decisions in this matter.

- 6.2 Where system weaknesses have been identified he is satisfied that the appropriate steps are being taken to have these addressed.

7 Finance Comments

- 7.1 There are no financial implications arising from the recommendations set out in this report.
- 7.2 The S151 Officer is content that the progress against the Annual Audit Plan and the agreed actions are sufficient to comply with his statutory obligations to ensure that the Authority maintains an adequate and effective system of internal audit of its accounting records and its system of internal control.

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Signed by: Elizabeth Goodwin, Chief Internal Auditor

Appendices:

Appendix A – Internal Audit Plan 2020/21 - Amended re COVID-19

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
1 Accounts and Audit Regulations	http://www.legislation.gov.uk/ukxi/2011/817/contents/made
2 Previous Audit Performance Status and other Audit Reports	Refer to Governance and Audit and Standard meetings – reports published online.
3 Public Sector Internal Audit Standards	http://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: