

Rother District Council

Report to:	Audit and Standards Committee
Date:	7 December 2020
Title:	Internal Audit Plan Update
Report of:	Gary Angell, Audit Manager
Purpose of Report:	To agree the Audit Plan for the next quarter.
Officer	
Recommendation(s):	It be RESOLVED: That the Internal Audit Plan for 2020/21 (Quarter 4) be approved.

Introduction

1. The Accounts and Audit Regulations 2015 require the Council to “undertake an effective Internal Audit to evaluate the effectiveness of risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”. The proper practice for the Internal Audit Service (IAS) is laid down in the Public Sector Internal Audit Standards (hereafter referred to as “the Standards”).
2. These standards are ordinarily met by establishing a risk-based plan at the start of the financial year to ensure that the priorities of the IAS are consistent with the Council’s goals. However, this year, the audit planning process has been disrupted by the coronavirus outbreak and quarterly work plans are therefore being used instead. This new approach was agreed by the Audit and Standards Committee (A&SC) on 22 June 2020 (Minute AS20/09 refers).
3. The Standards require that the Audit Manager communicate the plan and resource requirements, including significant interim changes, to senior management and the A&SC for review and approval. For this year at least, this will be done via quarterly Internal Audit Plan updates.

Audit Plan 2020/21 (Quarter 3)

4. No changes have been made to the Audit Plan for the third quarter of 2020/21. This is because good progress is being made on the Governance audits, albeit within the constraints of the current working environment. It should be noted however that none of the priority audits/consulting work activities specified in the plan have so far come to fruition.

Audit Plan 2020/21 (Quarter 4)

5. The Audit Plan for the fourth quarter of 2020/21 is shown in Appendix A. This sets out Internal Audit’s work programme to obtain assurance on the Council’s control environment.
6. Quarter 4 will see the continuation of the Governance audits which will need to be completed before the end of the financial year. The plan also includes a

provision for unspecified audit work. This is to allow time to carry out some additional audit/consultancy activities, but the focus of this work will not be determined until later in the quarter as it is first necessary to take into consideration the impact the COVID-19 pandemic has had on our clients' workloads and priorities.

7. The quarterly plan contained in this report has been reviewed by the Strategic Management Team and is supported by them. The plan will however need to be kept under review by the Audit Manager and may need to change at short notice if new risks emerge. Members will be notified of any changes made in future updates to the A&SC.
8. Members will note that an Indicative Plan for the next six month period has not been produced on this occasion. This is because it is hoped that it will be possible to return to an annual Audit Plan approach from 1 April 2021. The situation may of course change, depending on how the COVID-19 crisis develops.

Resources

9. Best practice dictates that the plan should meet the audit needs of the organisation, regardless of the level of resources available to deliver it. However, as previously explained, it is not possible to properly quantify the audit needs at this time. It has therefore had to be assumed that the existing staff resources will be sufficient.
10. An estimate of the Internal Audit resources available to carry out planned audit work in the fourth quarter 2020/21 are highlighted in the table below:

ESTIMATED RESOURCES FOR PLANNED AUDIT WORK	Available Days	Non-Charge Time	Resources Available
Quarter 1	195	121	74
Quarter 2	198	74	124
Quarter 3	198	56	142
Quarter 4	192	51	141
TOTALS	783	302	481

NB - These figures are taken from the detailed breakdown of resources reported to the A&SC on 22 June 2020.

11. The estimated resources shown above form the basis for the 141 days of audit work specified in the Audit Plan for Quarter 4.

Reporting Arrangements

12. Progress against the plan will be monitored by the Audit Manager and reported to the A&SC at the next meeting.

Conclusion

13. Quarter 4 will see the continuation of the annual Governance Audits although some disruption is still possible as a result of the ongoing COVID-19 pandemic.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	No	Access to Information	No
Sustainability	No	Exempt from publication	No
Risk Management	No		

Chief Executive:	Malcolm Johnston
Proper Officer:	Malcolm Johnston, Head of Paid Service
Report Contact Officer:	Gary Angell, Audit Manager
e-mail address:	gary.angell@rother.gov.uk
Appendices:	A – Audit Plan 2020/21 (Quarter 4)
Relevant Previous Minutes:	AS20/09 and AS20/24
Background Papers:	None.
Reference Documents:	None.

AUDIT PLAN 2020/21 (Quarter 4)

01/01/21 to 31/03/21

GOVERNANCE AUDITS	DAYS
Part completed Governance Audits - B/fwd from Quarter 3	20
Benefits	20
Debtors	12
Payroll	20
TOTAL	72

PRIORITY AUDITS/CONSULTANCY WORK	DAYS
CIL Income COVID-19 Risks - Part 2	3
ERP System - HR/Self-Service Health Check	5
Estates Income COVID-19 Risks - Part 2	3
Unspecified audit work - Yet to be determined	23
TOTAL	34

COUNTER FRAUD WORK	DAYS
Fraud Analysis & Referrals	10
NFI Coordination & Review	5
TOTAL	15

OTHER WORK	DAYS
Audit Advice/Special Investigations	15
Committee Representation and Training	2
Liaison with External Audit	1
Recommendation Follow Up	2
TOTAL	20

TOTAL CHARGEABLE DAYS	141
NUMBER OF AUDITS/CONSULTANCY WORK	9