

Report of: Corporate Director of Resources

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| Meeting of: Audit Committee | Date: 25 th May 2021 | Ward(s): All |
| Delete as appropriate | | Non-exempt |

SUBJECT: 2021-22 Internal Audit Plan**1. Synopsis**

- 1.1. The provision of a continuous internal audit service provides independent and objective assurance on the control environment that supports the delivery of the Council's objectives.
- 1.2. The report outlines the draft 2021-22 Internal Audit Plan. It also includes an assurance map which maps recent and planned audit activity to each of the Council's principal risks.

2. Recommendations

- 2.1. Committee is asked to approve the 2021-22 Internal Audit plan.

3. Background

- 3.1. The Council has a statutory duty to maintain an adequate and effective internal audit function. The Internal Audit, Investigations and Risk Management service provides this function.
- 3.2. Our primary objective is to offer the Council (via the Audit Committee), an independent and objective appraisal of whether objectives are being met. We also provide advice and guidance to management on risk and control issues within individual processes. We aim to achieve this through a planned programme of work based on an annual assessment of the principal risks facing the Council.
- 3.3. The draft plan attached at Appendix 1 details the work to be undertaken by the Internal Audit in 2021-22 to deliver this objective.
- 3.4. In 2021-22, the audit plan will need to be particularly flexible to provide most value to services that are undergoing significant levels of change. To this end, while Internal Audit will deliver a

risk based annual plan, we will also remain responsive to the needs of auditees and wider-stakeholders and will continue to provide ad hoc control advice and support where required.

4. Internal Audit plan - preparation and consultation

- 4.1. The 2021-22 plan was drafted from a number of sources including the Council's principal risk report, an Internal Audit risk assessment, audit plans of other local authorities, intelligence from previous audits/fraud investigations, and CIPFA good governance guidelines. The Internal Audit risk assessment to arrive at the plan is as follows:
- The Council's principal risks were evaluated to assess the extent of assurance activity against them in the last three years and any planned follow up activity (see Appendix 2);
 - Any gaps in assurance were identified and audit or advisory activity was proposed to ensure Internal Audit coverage;
 - Plans for each directorate were discussed and approved at Directorate Management Teams in March 2021;
 - The cross-cutting plan and assurance map was noted at Directorate Management Teams in March 2021; and
 - The consolidated plan was agreed by the Corporate Management Board in April 2021.
- 4.2. Based on the evaluation of risks and the body of work carried out over the three years between 2018-19 and 2020-21, the 2021-22 plan includes a number of extended follow ups to provide continued assurance on principal risks.

5. Internal Audit plan - delivery

- 5.1. The annual plan has been drawn up to address the statutory requirements and key risks for the Council, taking into account the available resources within the Internal Audit service. Changes to the annual plan may be necessary during the year to reflect changing risks.
- 5.2. The 2021-22 Internal Audit plan will deliver c.880 audit days, including a contingency of c.100 days to cover urgent and unplanned reviews arising during the year. A portion of the plan (c.185 days) will be delivered by our co-sourced partner.

6. Follow up audits

- 6.1. As reported to Audit Committee in January 2021, a Controls Board has been set up to facilitate an ongoing dialogue between Internal Audit and Directorate Management Teams (DMTs). The Board focusses on the progress of the Internal Audit plan, emerging assurance themes, monitoring of audit actions arising from internal and external audit work, proactive advisory work and escalation of areas of concern. The Director of Finance chairs the Controls Board and its members include Internal Audit and representatives (Control Leads) from all directorates. A key activity that Control Leads have been tasked with since inception of the Board, is to report the status of implementation of audit recommendations to the Board.
- 6.2. For 2021-22, we have revised the approach to following up audit recommendations. Internal Audit will focus on following up those recommendations which present the highest risk to the Council. We will follow up all critical and high priority recommendations, and medium priority recommendations in areas where the inherent risk is high. The remaining recommendations will be tracked at a directorate level and implementation status will be reported to Controls Board. Responsibility for following up all recommendations from establishment reviews

(schools, Tenant Management Organisations and voluntary sector organisations) will sit within the relevant directorates except where critical priority findings are identified. Internal audit will offer ongoing support to directorates to support robust action monitoring and decision-making on the closure of audit actions. Internal Audit will, if necessary, pick up any follow up activity where directorates have been unable to reach a conclusion due to complexity or systems change.

- 6.3. Only extended follow up audits will be reported on using memoranda. All other recommendations will be followed up in the quarter after recommendations become due. Outcomes of follow up activity will be reported to Audit Committee bi-annually within the Internal Audit Annual Report and the Interim Internal Audit Annual Report.

7. Implications

7.1. Financial implications:

The programme of work has been met from within the existing Internal Audit budget. The financial implications of individual audit recommendations are met by local budgets.

7.2. Legal implications:

There are no legal implications arising from this report. Legal advice and support will be provided, where necessary, in relation to individual risks.

7.3. Environmental implications:

There are no environmental implications arising from the recommendations in this report.

7.4. Resident Impact Assessment:

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment has not been completed because the decision currently being sought does not have direct impacts on residents.

8. Reason for recommendations

- 8.1. To agree the draft 2021-22 Internal Audit Plan.

Appendices:

Appendix 1 – 2021-22 Internal Audit Plan

Appendix 2 – Assurance Map

Final report clearance:

Signed by: David Hodgkinson – Corporate Director of Resources

Date:

A handwritten signature in grey ink, appearing to read 'DH', followed by a long horizontal flourish.

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