

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO THE GOVERNANCE AND AUDIT COMMITTEE

18 JUNE 2021

REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE

ANNUAL INTERNAL AUDIT STRATEGY & RISK BASED PLAN 2021-22

1. Purpose of report

- 1.1 The purpose of this report is to provide members of the Governance and Audit Committee with the Annual Internal Audit Strategy and Risk Based Plan for 2021-22.

2. Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:-

- **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

3. Background

- 3.1 The United Kingdom Public Sector Internal Audit Standards (Performance Standard - 2010 Planning) provides the framework within which an internal audit plan should be compiled.

- 3.2 In line with the Public Sector Internal Audit Standards (PSIAS) the Head of Internal Audit must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.

- 3.3 To develop the risk-based plan, the Head of Internal Audit consults with senior management to obtain an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes. The Head of Internal Audit must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems and controls.

- 3.4 In order to produce the Internal Audit plan the following information is taken into account:

- Corporate Risk Register;
- Corporate Plan;
- Key Financial Systems;
- Grant Claims that require Internal Audit certification;
- Follow-up reviews;
- Audit reviews that are carried forward from the previous audit plan;
- Results of discussions with the Senior Leadership Team, including the Chief Executive, Section 151 officer and other senior officers.

- 3.5 The Public Sector Internal Audit Standards require a risk-based audit plan to be produced to cover the Council's overall control environment including risk, governance and internal controls as far as practicable.
- 3.6 By taking into account the sources of information noted above, this supports Internal Audit to achieve the following:
- Comply with the Public Sector Internal Audit Standards in compiling the draft annual Audit Plan;
 - Enable the Governance and Audit Committee to monitor the adequacy of the risk management framework and the associated control environment of the Council for 2021-22 based on the audit reviews set out in the draft Annual Audit Plan; and
 - Enables the Head of Internal Audit to form an opinion on the risk, governance and internal controls of the organisation.
- 3.7 Regard to the changes to the way the Council is operating since Covid-19, including any new risks as a result of remote working have been considered and included within the draft audit plan for 2021-22.

4. Current situation/proposal

- 4.1 Attached at **Appendix A** is the draft Internal Audit Strategy document for 2021-22. It demonstrates how the Internal Audit Service will be delivered and developed in accordance with our Terms of Reference. The Strategy will be reviewed and updated annually in consultation with stakeholders namely the Governance and Audit Committee, Corporate Management Board, External Auditors and Senior Management.
- 4.2 The 2021-22 draft Annual Risk Based Plan of work has been formulated in compliance with the PSIAS. The draft detailed plan is attached at **Appendix B**.
- 4.3 The proposed plan continues to recognise particular risks arising from COVID-19, availability of audit and service staff and challenges arising from the remote ways of working. The plan is also flexible to allow for changing circumstances and events that may occur, such as requests to respond to new issues that may emerge.
- 4.4 Internal Audit work will be undertaken remotely using video conferencing (e.g. Microsoft Teams) and digital solutions as a basis for meetings and sharing documents and data.
- 4.5 The proposed plan at **Appendix B** will offer sufficient coverage to be able to provide an opinion at the end of 2021-22.
- 4.6 The Governance and Audit Committee will receive updates on how the plan is being delivered and any changes that may be required.

5. Effect upon policy framework and procedure rules

- 5.1 There is no effect upon the policy framework and procedure rules.

6. Equality Act 2010 implications

