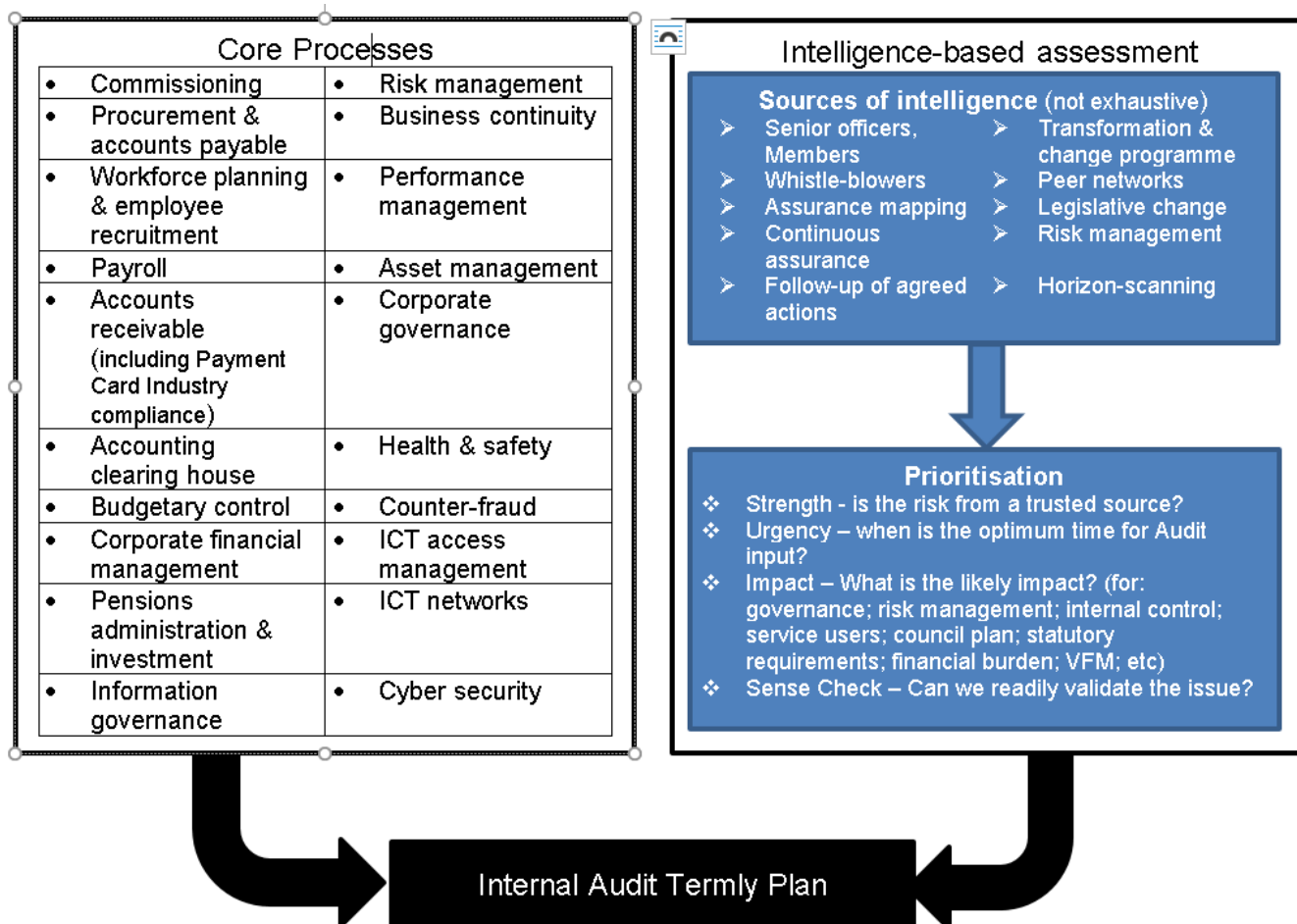


30 September 2021**Agenda Item: 8****REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE &
IMPROVEMENT****INTERNAL AUDIT TERM 2 PLAN 2021-22****Purpose of the Report**

1. To consult with Members on the Internal Audit Plan for Term 2 of 2021/22.

Information**Proposed Internal Audit Plan for Term 2 2021-22**

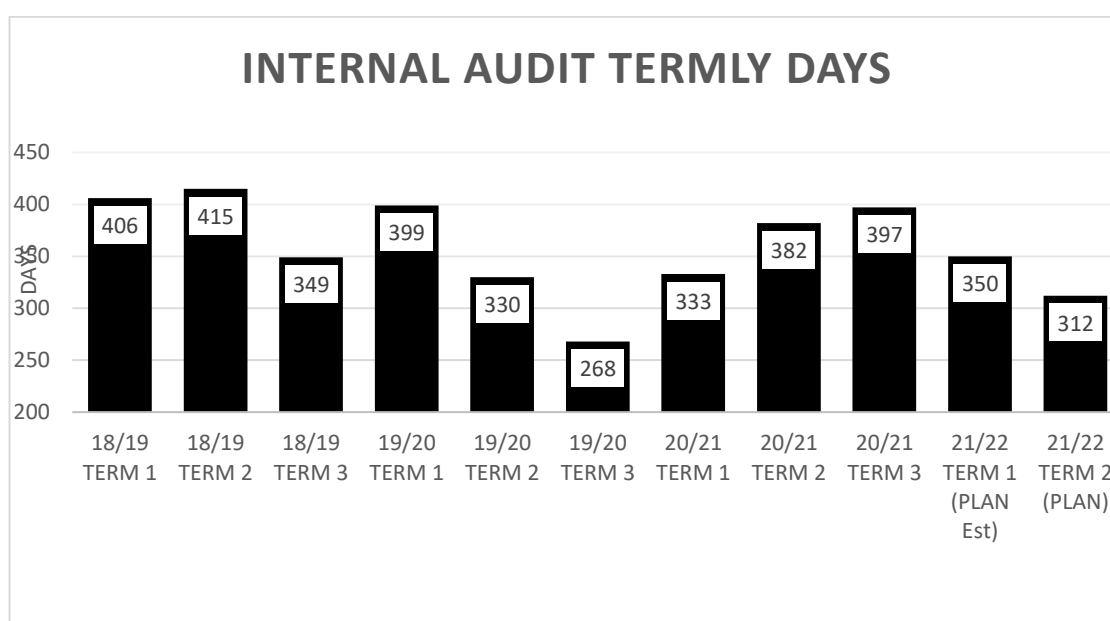
2. Internal Audit termly plans continue to be determined on a risk basis, as required by the Public Sector Internal Audit Standards.
3. The previous termly plan introduced a new approach to planning, replacing the former and long-established audit needs assessment. Under the former approach, each area of activity in the Council was assessed in terms of a number of factors and, using a system of scoring and weighting each factor, the needs assessment arrived at a high/medium/low risk-rating for each area of activity. This approach is commonly known as maintaining an 'audit universe'.
4. Whilst this approach served well for many years, it was increasingly the case that its outputs were becoming static and largely predictable. The approach is effective in identifying the Council's core processes, which the Head of Internal Audit needs to review on a rotational basis over a period of 2-3 years as a key element of his annual opinion. However, being grounded in large part on a retrospective assessment of risk, the approach is less effective in identifying which areas, or topics, the service should audit next to deliver timely assurance to the Council.
5. The revised approach complements the known core processes from the former needs assessment with a more forward-looking, intelligence-based priority assessment. This is depicted in the following diagram.



- Termly planning continues to be developed in an agile way allowing the precise scope and objectives for each audit assignment to be agreed at the time the audit is to commence. Detailed discussions prior to an audit commencing should identify other sources of assurance already available for the area in question, thereby clarifying the objectives on which Internal Audit's focus should most impactfully be applied. At this planning stage, therefore, proposed topics for audit are expressed in terms of the broad rationale for their inclusion.
- The Term 2 plan represents the Section's assessment of the key areas that need to be audited in order to satisfy the Authority's statutory responsibility to undertake an adequate and effective internal audit of its system of internal control. The Section's aim is to complete enough work to express an overall, annual opinion on the adequacy and effectiveness of the Authority's internal control arrangements.
- Appendix 1** sets out details of the draft coverage by Internal Audit for Term 2, and it is summarised in the following table.

Assurance from Audit Coverage	Days	Outputs
Second Line Assurance work	25	1
Opinion Assurance	210	8
Advice / Consultancy Assurance	55	1
Counter Fraud Assurance	12	4
Certification Assurance	10	3
Total	312	17
External Clients (Notts Fire & Rescue Service)	59	
Grand Total	371	

9. The chart below shows the trend in the number of actual days delivered in recent terms, excluding the external clients.



10. The next Internal Audit update to Committee will cover details of the outcome of Internal Audit's work in Term 1 (April – July 2021).

Other Options Considered

11. The Audit Section will work to the Public Sector Internal Audit Standards during 2021/22. This report meets the requirement of the Standards to produce a risk-based plan and to report the outcomes of Internal Audit's work. No other option was considered.

Reason/s for Recommendation/s

12. To set out the report of the Group Manager – Assurance for internal audit progress, and to propose the planned coverage of Internal Audit's work in Term 2 of 2021/22, providing Members with the opportunity to make suggestions for its content.

Statutory and Policy Implications

13. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Individual audits completed and in the proposed Termly Plan may potentially have a positive impact on many of the above considerations.

Financial Implications

The Local Government Act 1972 requires, in Section 151 that the Authority appoint an officer who is responsible for the proper administration of the Council's financial affairs. The Service Director for Finance, Infrastructure & Improvement is the designated Section 151 officer within Nottinghamshire County Council. Section 6 of the Accounts and Audit Regulations 2011 requires Local Authorities to undertake an adequate and effective internal audit of its accounting records and of its system of internal control. The County Council has delegated the responsibility to maintain an internal audit function for the Authority to the Service Director for Finance, Infrastructure & Improvement and Section 151 Officer.

RECOMMENDATIONS

- 1) That Members consider whether the planned coverage of Internal Audit's work in Term 2 of 2021/22 will deliver assurance to the Committee in priority areas.

Nigel Stevenson

Service Director for Finance, Infrastructure & Improvement and Section 151 Officer

For any enquiries about this report please contact:

Rob Disney

Group Manager - Assurance

Constitutional Comments (LW 01/09/2021)

14. Governance and Ethics Committee is the appropriate body to consider the content of the report.

Financial Comments (RWK 06/09/2021)

15. There are no specific financial implications arising directly from the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All