

**Agenda Item No:** 8  
**Report To:** Audit Committee  
**Date of Meeting:** 17 March 2020  
**Report Title:** Internal Audit & Assurance Plan 2020/21  
**Report Author & Job Title:** Rich Clarke – Head of Audit Partnership



**Summary:** This report sets out the proposed plan for Mid Kent Audit's work at Ashford Borough Council during 2020/21. The plan provides an overview of the range of areas for potential future examination by Internal Audit. It is based on the outcomes of risk assessments and consultation and considers the resources available to the partnership.

The report also sets out future developments within the partnership to provide Chief Audit Executive responsibilities through the Deputy Head of Audit Partnership post.

**Key Decision:** NO

**Significantly Affected Wards:** All

**Recommendations:**

1. **Approve** the Internal Audit & Assurance Plan for 2020/21 (appendix A)
2. **Note** the Head of Audit Partnership's view that the Partnership currently has sufficient resources to deliver the plan and a robust Head of Audit Opinion.
3. **Note** the Head of Audit Partnership's assurance that the plan is compiled independently and without inappropriate influence from management.
4. **Approve** the proposal to define the Chief Audit Executive role for the Council as part of the duties of the Deputy Head of Audit Partnership

**Policy Overview:** The Public Sector Internal Audit Standards (the "Standards") require an audit service to produce and publish a risk-based plan, at least annually, for approval by Members. The plan must consider input from senior management and Members.

<b>Financial Implications:</b>	The work programme set out in the plan is produced to be fulfilled within agreed resources for 2020/21 and so makes no new resource requests.
<b>Legal Implications:</b>	The Council is required by Accounts & Audit Regulations to operate an internal audit service, including agreeing a plan at least annually (as described in the appendix). Therefore, the Council must approve an internal audit plan to maintain regulatory conformance.
<b>Risk Assessment:</b>	The audit plan draws on the Council's risk management in considering the areas for audit examination. In turn increased involvement in risk management will allow audit findings to provide feedback on the identification, management and controls operating within the risk management process.
<b>Equalities Impact Assessment:</b>	No direct implications
<b>Other Material Implications:</b>	N/A
<b>Exempt from Publication:</b>	N/A
<b>Background Papers:</b>	The appendix includes reference to the Public Sector Internal Audit Standards (full document <a href="#">at this link</a> ). Further background papers, including detailed resource calculations, risk assessments and notes from consultation meetings can be made available on request.
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## Report Title: Internal Audit & Assurance Plan 2020/21

### Introduction & Background

1. The Standards set out the requirements of the Chief Audit Executive (the Head of Audit Partnership fulfils this role for Ashford Borough Council) that must be met when creating the audit plan. Specifically, Standard 2010:

#### 2010 Planning

The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.

#### *Interpretation:*

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

#### Public sector requirement

The risk-based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework. It must incorporate or be linked to a strategic or high-level statement of how the internal audit service will be delivered and developed in accordance with the internal audit charter and how it links to the organisational objectives and priorities.

2. The Audit Committee needs to obtain assurance on the effectiveness of the control environment, governance and risk management arrangements. The principal source of this assurance is derived from the annual assurance plan.
3. Standards explicitly support that the plan is flexible and responsive to emerging and changing risks across the year. Therefore, like with the 2019/20 audit plan, the 2020/21 plan includes audit reviews that are **high** priority and those that are **medium** priority. By taking this approach we are able to achieve flexibility within the plan and ensure that the plan remains relevant throughout the year.
4. The role of Chief Audit Executive (CAE) is defined within the Standards and set out further in our Audit Charter. The CAE is required to issue the Annual Opinion each year and is a key advisor to the Audit Committee and Senior Management. The responsibilities require this role to be suitably experienced and qualified. As part of our commitment to support the effective succession and development of the Partnership, and in recognition of our increasing governance and risk work across the Partnership we have been reviewing the role of the Deputy Head of Audit Partnership.

5. Following consultation with Management, Shared Service Board and key stakeholders, our proposal is for the CAE responsibilities for Ashford to be allocated to the Deputy Head of Audit Partnership aligned to commencement of the 2020/21 audit and assurance plan in June 2020.
6. This decision is formally one that the Audit Committee must consider and endorse.

### **Purpose of this Report**

7. This report is provided to allow the Committee to consider and approve the internal audit & assurance plan 2020/21 (appendix A). It sets out the proposed audit work, comprising both assurance rated projects and other work. The Audit Partnership undertakes this work to support assessing the Council's internal control, risk management and corporate governance.

### **Other Options Considered**

8. The Audit Committee as part of its terms of reference must retain oversight of the internal audit service and its activities. This includes the Committee's role to formally consider and approve the plan. The Council could decide that it does not want a programme of work for the audit service, however, this would go against professional Standards.

### **Consultation**

9. We consult with Managers, Heads of Service and Directors throughout the year as we undertake our work, but also specifically as part of the audit planning process. The plan attached represents the collective views of management and the audit service.
10. The overall resource allocation between the partners is consistent with the collaboration agreement and discussed with the Shared Service Board.

### **Conclusion and Next Steps**

11. Work will commence on the audit plan in June 2020 and will be used to inform the Head of Audit Opinion in the summer of 2021.

### **Portfolio Holder's Views**

12. The portfolio holder with responsibility for audit is a member of this Committee.

## Contact & Email

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