



Richmondshire District Council

Internal Audit Work Programme 2021/22

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Circulation List:

Members of the Audit, Governance &
Standards Committee
Corporate Director & S151 Officer

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Introduction

- 1 This report sets out the proposed 2021/22 programme of work for the internal audit service, to be provided to Richmondshire District Council by Veritau.
- 2 The work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS) and the Council's audit charter. In accordance with PSIAS, internal audit work must be risk-based and take into account the requirement to produce an evidence-based annual internal audit opinion. Accordingly, planned work should be reviewed and adjusted in response to changes in the business, risks, operations, programmes, systems and internal controls.
- 3 The Head of Internal Audit's annual opinion is formed following an independent and objective assessment of the effectiveness of the framework of risk management, governance and internal control. Our planned audit work includes coverage of all three areas to develop a wider understanding of the assurance framework of the Council, and to produce a fully informed body of work which allows us to provide that opinion.
- 4 Responsibility for effective risk management, governance and internal control arrangements remains with the Council. The Head of Internal Audit cannot be expected to prevent or detect all weaknesses or failures in internal control nor can audit work cover all areas of risk across the organisation.

Approach

- 5 There is currently a significant amount of uncertainty for Richmondshire District Council arising from the environment in which it operates. The impact of Covid-19 on all aspects of the Council, the socioeconomic and regulatory uncertainty for post-Brexit UK, and the significant potential impact of Local Government Reorganisation are just three reasons why it is difficult to accurately predict key organisational risks for 2021/22. Risks relating to these issues, and the actions needed to manage and mitigate them, are likely to change and evolve over the next 12 months.
- 6 To meet professional aims and objectives, good practice for internal audit requires us to adopt flexible planning processes. This helps to ensure that internal audit work undertaken during the year is adapted on an ongoing basis to reflect changing and emerging risks within the Council.
- 7 The work programme for 2021/22 represents a summary of the overall areas where we expect to undertake work over the next year, based on our current assessment of risk. This assessment involves giving careful consideration to:
 - where the volume and value of transactions processed are significant, or the impact if risks materialise is very high, making the continued operation of regular controls essential;
 - areas of known concern, where a review of risks and controls will add value to operations;

- areas of significant change which may include providing direct support / challenge to projects, reviewing project management arrangements, or consideration of the impact of those changes on the control environment, for example where the reduction in resources may result in fewer controls.

Despite the significant uncertainties facing the Council, the areas listed above remain the core principles and appropriate criteria in identifying and prioritising areas for internal audit attention.

- 8 The identification of risks included in the assessment has been informed in several ways. This includes review of the organisational risk management processes, sector-wide risk information, understanding the Council's strategies and objectives, other known risk areas (for example areas of concern highlighted by management), the results of recent audit work and other changes in Council services and systems. The proposed areas of coverage have been subject to consultation with Senior Management Team.
- 9 In delivering the programme we will prioritise work in the short term and regularly review and update its content (i.e., to reflect the actual work to be undertaken) on an ongoing basis throughout the year.
- 10 We will also regularly discuss the scope and timings of work with officers and management to help ensure that we provide assurance in the right areas and at the right time. Further meetings will be held in April to plan and confirm the scope and timings of some 2021 work. We will also provide regular updates to the Audit, Governance and Standards Committee throughout 2021/22 on the coverage, scope and findings of our work.
- 11 Where possible, internal audit work during 2021/22 will include shorter, more focussed assignments and an increased use of data analytics to support the provision of continuous assurance to the Council.

2021/22 Internal audit work programme

- 12 The proposed areas of audit coverage are based on a total commitment of 212 days and are included in the work programme at appendix A.
- 13 These areas have been identified on the basis of a risk assessment process discussed earlier in this report. The programme is designed so as to ensure that limited audit resources are prioritised towards those areas which are considered to carry the most risk or which contribute the most to the achievement of the Council's strategic priorities and objectives.
- 14 The plan has been structured into several sections:
- **Strategic risks / Corporate & cross cutting;** to provide assurance on areas which, by virtue of their importance to good governance and stewardship, are fundamental to the ongoing success of the Council.
 - **Fundamental / material systems;** to provide assurance on the key areas of financial risk. This helps support the work of the external auditors and provides assurance to the Council that risks of loss are minimised.

- **Operational / regularity**; to provide assurance on key systems and processes within individual service areas. These areas face risks which are individually significant, but which could also have the potential to impact more widely on the operations or reputation of the Council if they were to materialise.
- **Technical / projects**; to provide assurance on those areas of a technical nature and where project management is involved. These areas are key to the Council as the risks involved could detrimentally affect the delivery of services.
- **Other audit assurance areas**; an allocation of time to allow for continuous audit planning and information gathering, unexpected work, and the follow up of work we have already carried out, ensuring that agreed actions have been implemented by management.
- **Client support, advice & liaison**; work we carry out to support the Council in its functions. This includes the time spent providing support and advice and liaising with staff.

- 15 It is important to emphasise two important aspects of the programme. Firstly, the audit areas included in this draft programme are not fixed. Work will be kept under review to ensure that audit resources continue to be deployed in the areas of greatest risk and importance to the Council.
- 16 Secondly, it will not be possible to deliver all of the audits in the programme. The programme has been oversubscribed to a small degree so as to build in flexibility from the outset and to provide an indication of the priorities at the time of our risk assessment. This is so that, if risks and priorities do change during the year, we can respond quickly by commencing work in other areas of importance to the Council.
- 17 The prioritisation and scoping of work will continue to be discussed regularly with officers, and relevant changes to the programme will be agreed with the Corporate Director & S151 Officer and notified to this committee.

Draft Internal Audit Work Programme 2021/22

Area	Days	Potential audits / activity
Strategic risks / Corporate & cross cutting	80	Organisational development (including support for possible LGR preparations, Covid-19 recovery) Health and safety (e.g. post-pandemic working arrangements, service risk assessments, accident and incident reporting, staff wellbeing) Performance management and data quality Medium term financial planning and the CIPFA Financial Management Code Information governance and data protection (e.g., DPIAs) Member training and development (e.g., PDPs) Procurement and contract management Climate change
Fundamental / material systems	50	Council Tax / NNDR (including review of Covid-19 related grants) CTRS and benefits Debt management / income collection (including enforcement practices) General ledger
Operational / regularity	20	Homelessness / housing options Environmental health (e.g., food safety inspections)
Technical / projects	26	Cybersecurity IT information security CASH Programme
TOTAL	176	

Other audit assurance areas

Area	Days	Activity
Ongoing assurance	6	Continuous audit planning and assurance gathering to support annual opinion
Follow up of management actions	6	Follow-up of previously agreed management actions
TOTAL	12	

Client support, advice & liaison

Area	Days	Activity
Client and committee related support, advice and liaison	24	Committee preparation and attendance Client liaison, support, and advice External audit liaison Member and officer training Financial appraisals Contingency
TOTAL	24	
OVERALL PROGRAMME	212	