

Purpose**To consider and approve the 2020-21 Annual Plan for the Internal Audit service****1. Background**

- 1.1 The Accounts and Audit Regulations require local authorities to maintain an adequate and effective system of internal audit of accounting records and of the system of internal control, in accordance with internal audit Standards. The adoption of an internal audit annual plan helps to demonstrate how Surrey Heath Council can satisfy this requirement in accordance with the Public Sector Internal Audit Standards.

2. The Annual Plan

- 2.1 The attached Annual Plan is the Council's proposed work programme for the Internal Audit service for the next financial year. A copy of the plan is attached at Annex A, covering the period April 2020 through March 2021. The plan is a combination of pieces of audit work conducted cyclically every year, and those audits that are undertaken less regularly such as ad hoc pieces of work, or audits conducted every 3 years.
- 2.2 The plan is based on the Strategic Audit Plan, the 3-year medium term plan which is agreed at Member and senior officer level. The last 3 year plan expired in March 2020, and a new 3 year plan has been drafted as its replacement. This will also require Member approval.

3. Resourcing

- 3.1 In total approximately 430 officer days will be required to deliver the plan, not taking into account annual leave, training, and other absences. It is proposed that the resourcing of the 2020-21 plan will be met from existing staffing within the internal audit team. Additional resources may be required should it be necessary after consultation with management, which may be met from salary underspend.

4. Requirements of External Audit

- 4.1 The Annual Plan includes a range of audits that have been required by the Council's external auditors in the past who have placed reliance on the work undertaken by Internal Audit as part of their audit of the Council's set of accounts. We understand that the external auditors reserve the right to re-perform or undertake additional testing in the areas that internal audit have reviewed such as debtors and creditors. Potentially this could lead to an additional cost to the Council.

5. Monitoring and reporting

- 5.1 Progress against the plan is monitored periodically and reported to Members every July at Audit and Standards. Material changes to the plan should be discussed and agreed in advance with the corresponding Executive Head as well as the Audit Chair as necessary.

5.2 Significant risks and findings identified by Internal Audit during the course of the year will be brought to the attention of the Chief Executive, the Section 151 Officer and senior management, and reported to Audit & Standards committee. Significant risks are also brought to the attention of the Council's Corporate Risk Management Group and considered for inclusion in the Corporate Risk Register, as well as the Annual Governance Statement. Internal Audit recommendations are followed up and any that have not been implemented or discharged in line with agreed timescales are escalated.

6. Corporate Plan

6.1 The work of Internal Audit supports the Council's Corporate Annual Plan and helps to meet its corporate objectives and key priorities. The Internal Audit service is also an integral part of the Council's performance management system.

7. Resource implications

7.1 There are no resource implications arising from this report.

8. Recommendation

8.1 Members are asked to note and agree the internal audit Annual Plan for 20120-21.

Annex: Annual Plan for 2020-21

Background Papers: None

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