

Report title: Internal Audit Plan 2021/22	
Report to: Audit, Governance and Standards Committee	
Report author: Paula Clowes – Head of Assurance	
Date: 22 March 2021	For: Approval.
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County Divisions affected: All Essex	

1. Purpose of Report

- 1.1 This report asks the Committee to approve the ECC Draft Flexible Internal Audit and Counter Fraud Plan for 2021/22.

2. Recommendations

- 2.1 The 2021/22 Flexible Internal Audit and Counter Fraud Plan be approved in the form at appendix 1 to this report.

3. Summary of issue

- 3.1 The Council is required under the Accounts and Audit Regulations 2015 to maintain an adequate and effective system of internal audit. The Internal Audit and Counter Fraud Team provide independent and objective assurance that the system of governance, risk management and control is operating effectively.
- 3.2 The proposed activity of the Internal Audit and Counter Fraud Service is captured in an annual plan (see Appendix 1). Coverage within the plan, combined with other sources of assurance, should be sufficient to enable the Head of Assurance in her capacity as the chief audit executive to provide the Audit, Governance and Standards Committee with an independent, objective, and evidence based opinion on the overall adequacy and effectiveness of the Council's system of internal control. The planned coverage will also inform the Council's Annual Governance Statement.
- 3.3 For 2021/22 a flexible plan is proposed. The Covid-19 pandemic caused significant service disruption across ECC which meant that the original plan (March 2020) underwent several significant changes. To recognise that this is also foreseeable for the 21/22 plan it is presented as a 'flexible plan'. It still includes a full programme of audits and any change will still need to be approved by the Committee. Audits have been prioritised to reflect the value of the assurance they give. This approach allows for flexibility for audits to be

deferred or cancelled should this be necessary as a result of disruption to services or pressures on senior leaders as a result of covid related activity.

3.3 In devising the risk-based Plan and to ensure it is appropriately focussed, we have considered the following:

- Risk Registers, including the ECC Strategic Risk Register
- Key Documents, including the organisational strategy, operational business plans, budgets and savings targets, programmes and projects and future known commercial activity.
- External Horizon Scanning such as guidance produced by CIPFA and the Institute of Internal Auditors
- Other sources of Assurance

3.4 The proposed audits are broken down by Function in a 'plan on page summary' and in-depth explanations regarding audit coverage are also provided.

3.5 The plan includes audits that we are required to carry out every year such as key financials and audits that have been included due to a heightened reputational risk environment or significant expenditure.

4. Financial Implications

4.1 There are no financial implications as the Internal Audit activity for 2021/22 will be met within existing resources.

5. Legal Implications

5.1 Internal audit is a key way in which councillors can be assured that the Council is using its resources effectively and that the Council is discharging its fiduciary duties concerning taxpayers' money. It helps services to design systems which have appropriate controls and also helps identify and respond to breaches if they occur.

5.2 The internal audit plan is key document for Audit Committees. It is important that the Committee considers that the planned audits cover areas of concern to the Committee so that it can receive the required assurance.

6. Staffing and Other Resource Implications

6.1 It is anticipated that the plan will be delivered using existing staff and contractors, as in previous years. There are no staffing or resource implications.

7. Equality and Diversity Implications

- 7.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 7.3 Equality and diversity matters have been considered in the production of the Internal Audit Plan.

8. List of Appendices

Appendix 1- Draft Essex County Council Flexible Internal Audit and Counter Fraud Plan 2021/22

9. Background Papers

ECC Organisational Strategy
ECC Strategic Risk Register
ECC Fraud Risk Assessment
Public Sector Internal Audit Standards