

DRAFT 2020/21 INTERNAL AUDIT PLAN

1. INTRODUCTION

- 1.1 This report introduces the draft 2020/21 internal audit plan.

2. RECOMMENDATIONS

- 2.1 To note proposed content and feedback any comments to the Chief Internal Auditor (CIA).

3. DETAIL

- 3.1 The Public Sector Internal Audit Standards (PSIAS) stipulate that the Council's internal audit plan must be risk based and focused on governance, risk and controls to allow the CIA to provide an annual opinion on the Council's internal control framework, based on the work undertaken during the year. This annual opinion informs the Annual Governance Statement.

- 3.2 The Committee agreed that a draft audit plan would be submitted to the January meeting of the Audit & Scrutiny Committee (the Committee) to allow members to review proposals and feedback any comments to the CIA prior to approving the finalised plan at the 17 March 2020 meeting of the Committee.

- 3.3 The draft Annual Audit Plan is shown at Appendix 1. The creation of the plan gave consideration to a number of factors including:

- the audit universe risk assessment which is based upon a matrix taking account of scores for each potential audit area in respect of materiality, sensitivity, time elapsed since it was last subject to audit and the overall audit assessment when it was last reviewed.
- the Council's strategic risk register and operational risk registers
- input from Executive Directors, the HSCP Chief Officer and Heads of Service
- a consideration of the need to provide audit coverage across all Heads of Service, the HSCP and LiveArgyll
- significant changes within the Council (i.e. new systems, new policies)
- wider issues in the public sector environment
- an internal audit team meeting to discuss possible areas of focus based on cumulative audit knowledge.

- 3.4 The Audit plan is broken down into 3 main areas which are:

- Service department reviews
- Continuous monitoring programme
- Other Activity

- 3.5 Service department reviews include auditable units within the audit universe which are specific to an individual department. Our continuous monitoring

programme includes a number of auditable units which were historically subject to individual annual audits. These areas are now tested on a regular recurring basis with control weaknesses reported by exception. Internal Audit also undertake other activities during the year including verification work and following up on previous internal audit recommendations for improvement.

- 3.6 An indicative outline scope is given for each of the audit reviews. Full terms of reference will be discussed and agreed with the relevant Head of Service as part of the planning process for each audit.
- 3.7 The plan is based on an estimated available 755 audit days with suitable contingency factored in. The plan remains fully flexible, to accommodate changes in the Council's risk profile and /or emerging risks.
- 3.8 Feedback on the draft plan has been obtained from the SMT, the two Council DMTs, the Chief Officer of the HSCP and the Live Argyll General Manager. This has been incorporated into the plan included as appendix 1 to this paper

4. CONCLUSION

- 4.1 The draft annual audit plan is risk based and is aligned to the Council's long term outcomes, corporate objectives and strategic risk register. The plan also incorporates continuous monitoring and verification activity.

5. IMPLICATIONS

- 5.1 Policy - None
- 5.2 Financial - None
- 5.3 Legal - None
- 5.4 HR - None
- 5.5 Fairer Scotland Duty - None
 - 5.5.1 Equalities – None
 - 5.5.2 Socio-Economic Duty – None
 - 5.5.3 Islands Duty - None
- 5.6 Risk – Delivery of an effective internal audit function and plan should help reduce the Council's risk exposure.
- 5.7 Customer Service – None

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APPENDICES

Appendix 1 – Draft 2020/21 Internal Audit Plan