

**REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY
AUDIT COMMITTEE**

DATE: 25 FEBRUARY 2021

REPORT TITLE: AUDIT PLAN CONSULTATION

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Purpose of Report

- 1 This report updates the Audit Committee on the methodology used to create the Internal Audit Plan and asks for comments on areas or themes they would like to be considered within the plan for 2021/22.

Impact of Covid-19 pandemic

- 2.1 The Combined Authority continues to actively review its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic. Specific issues relating to the Covid-19 situation that impact on or are addressed through this report are as follows:
 - A flexible approach will continue to be applied for the 2021/22 Internal Audit Plan to take account of any changing risks caused by COVID-19 pandemic. The plan will therefore be kept under review and adjusted as necessary throughout the year with a formal update six months into the year.

Recommendations

- The Audit Committee is asked to comment on any areas or themes that they would like to be considered for the Internal Audit Plan 2021/22.

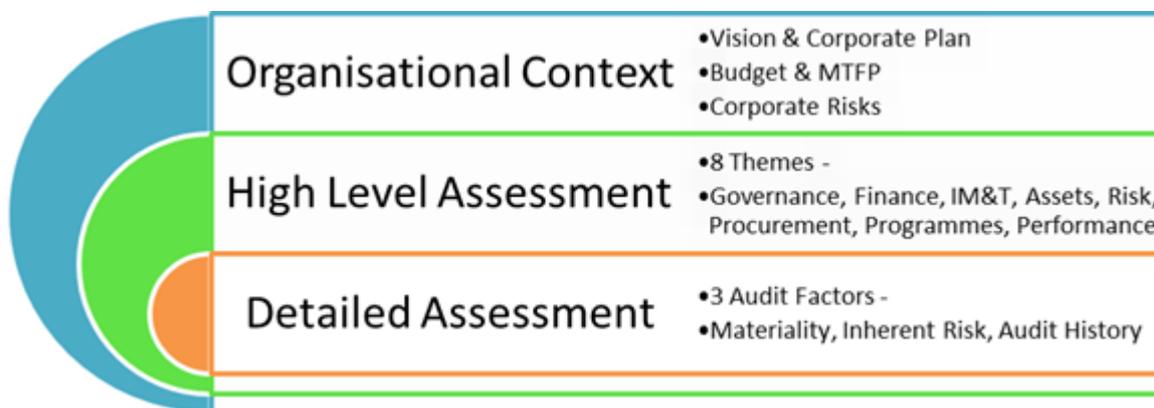
Background / Issues for Consideration

3. The work of the Internal Audit Service is to provide independent assurance to the Combined Authority's senior officers and members that governance, risk management and controls are sufficient in ensuring delivery of the Combined Authority's objectives.

4. Report Narrative / Main Context

4.1 Background - Reasonable Assurance Model

- 4.1.1 The planning process is based on the fundamental requirement that the Audit Plan proposed will deliver sufficient work to enable the Chief Internal Auditor to independently assess the internal control framework of the Combined Authority and provide a 'reasonable assurance' opinion at the end of each year. The model we use – the Reasonable Assurance Model - has previously been reported to the Committee.
- 4.1.2 It was created and adopted in conjunction with a number of other councils in the South West and the Model approach won a Public Finance award in 2017.
- 4.1.3 The model is outlined in the following diagram with the key element being the high-level assessment of 8 'good governance' themes.



4.2 Consultation & Input – Audit Committee

- 4.2.1 The Audit Committee is a key stakeholder and have responsibility for approving the Audit Plan. The purpose of this report is to obtain views and feedback on areas for review which can then be considered as part of the planning process.
- 4.2.2 Members will have an awareness of specific impacts of the pandemic and also the interventions put in place which the Authority have facilitated and supported.
- 4.2.3 Currently the Plan has resources of 100 days per year which we have currently allocated as follows which leave approximately 30 days for consideration of input from key stakeholders.

LEP – 10 Days

Corporate Governance – 15 Days

Core (Financial) Systems – 15 Days

Core Grant Audit Certification – 10 Days

IT Audit – 5 Days

Counter Fraud & Corruption – 5 Days

Risk Management – 5 Days

Follow-Up Audits – 5 Days

4.2.4 Professional bodies such as The Chartered Institute of Internal Auditors have provided advice on key areas for organisations to consider when compiling audit plans. These are detailed below for Committee Members consideration:

- Information security (Covid-19 work environment)
- Regulatory requirements and the return to normal
- Delivery of Strategic Priorities (following Covid-19)
- Financial Resilience
- Managing talent, staff wellbeing and diversity challenges post pandemic
- Disaster and crisis preparedness: lessons from the pandemic
- Unprecedented economic volatility at National and Regional levels
- Supply chain disruption and third-party solvency for critical suppliers
- Fraud and the exploitation of operational and economic disruption
- Climate change and delivery post pandemic

4.2.5 It should be noted that within the commitments made above Internal Audit will continue to:

- Provide support to the corporate governance framework within the Authority;
- Provide support to assess the Authority's risk management framework;
- Provide advice on systems of internal control including policies and procedures. This is particularly important when systems and processes are being developed or changed;
- Provide support to Services on carrying out investigations in relation to financial irregularities. This may require Audit staff to take on the Investigating Officer role in compliance with the disciplinary procedures.

4.2.6 Views of the Committee are therefore sought to finalise the Audit Plan before its next meeting.

Consultation

5 To develop and deliver the Annual Audit Plan the Internal Audit Service has consulted widely with officers and members and with the external auditors. Ongoing consultation will continue with the Audit Committee throughout the year.

Other Options Considered

6 Not applicable.

Risk Management/Assessment

- 7 The Audit Plan is drawn up on a risk-based approach, in line with Public Sector Internal Audit Standards.

Public Sector Equality Duties

- 8 Embedded within the audit process is consideration of compliance with statutory guidance and regulations which includes those relating to equality and diversity.

Finance Implications, including economic impact assessment where appropriate:

- 9 The number of planned audit days remains the same level as in 2019/20.

Legal Implications:

- 10 No direct implications.

Climate Change Implications

- 11 Particular focus has been given to the risks and opportunities associated with Climate Change throughout the 2020-21 Internal Audit Plan discussions with senior management.

Land/property Implications

- 10 No direct implications.

Human Resources Implications:

- 11 No direct implications.

Appendices:

None

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Background Papers

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird / Tim Milgate on 0117 332 1486; or by writing to West of England Combined Authority, 3 Rivergate, Temple Way, Bristol BS1 6ER; email: democratic.services@westofengland-ca.gov.uk