

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

**DATE: 1 July 2021**

**REPORT TITLE: INTERNAL AUDIT PLAN (2021/22)**

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### **Purpose of Report**

1. To present the Internal Audit Plan for 2021/22 for approval.

### **Impact of Covid-19 pandemic**

The Combined Authority has actively reviewed 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.
- Consideration has been given to the changing risk environment due to the Covid-19 pandemic when undertaking planning for the 2021/22 Audit Plan. This is reflected in the audits of cyber security, and fraud and corruption, with online crime having increased nationally in the past year. Consideration of impacts will also be given at planning stage for each individual review during the year.

### **Recommendation**

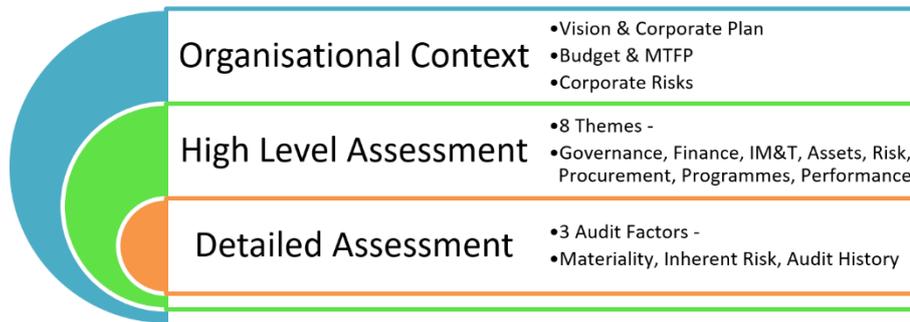
- To note the report and approve the Internal Audit Plan attached at Appendix 1.

### **Background / Issues for Consideration**

#### **2 Internal Audit Annual Plan 2021/22 (Appendix 1)**

- 2.1 The Public Sector Internal Audit Standards require Internal Audit to prepare a risk-based plan. This is the fifth year of WECA's operation and most of the key foundations of good governance are now in place and have been reviewed as part of our planned activities.
- 2.2 As detailed in our report to Audit Committee in February 2021 with our indicative list of areas the Audit Plan attached reflects our current assessments of assurances and risk facing WECA as outlined in detail at the last Audit Committee meeting.

2.3 The Plan has been subject to consultation with the Director of Investment and Corporate Services (S151 Officer) and WECA’s Senior Management. The Internal Audit service (Audit West) use the reasonable assurance model to compile the plan, of which the essential elements are as follows –



2.4 As presented to the last Audit Committee in detail at its last meeting we have used the Reasonable Assurance Model as one of our core assurance processes as well as informing the plan for this year. Notwithstanding the assessment, specific circumstances (such as a significant reputational issue or request of S151 Officer or Senior Management Team) may on occasion mean that a new audit area may be included in the Plan.

2.5 Resources available to deliver the Plan will also inform the quantum of the Plan which amounts to approximately 100 days in total and the areas indicated in the plan relate to these numbers of days.

2.6 The Committee will receive an update on the work undertaken later in the year.

**2.7 Internal Audit Charter & Professional Standards**

2.8 The Public Sector Internal Audit Standards (PSIAS) came into effect from 1st April 2013 and replaced the CIPFA Code of Practice for Internal Audit in Local Government, Central Government and the NHS. The PSIAS was revised wef 1st April 2017 and are based on the Institute of Internal Auditors’ International Standards. The objectives of the PSIAS are to:

- Define the nature of internal auditing within the UK public sector.
- Set basic principles for carrying out internal audit in the UK public sector.
- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations.
- Establish the basis for the evaluation of internal audit performance and to drive improvement planning.

2.9 A key requirement of the PSIAS is an Internal Audit Charter which defines the internal audit activity’s purpose, authority and responsibility. The Internal Audit Charter establishes its position within the organisation; the nature of the Chief Audit Executive (CAE’s) functional reporting relationship with the Audit Committee; formally records its access to property, records and personnel; and defines the scope of internal audit activities. The CAE must periodically review the Internal Audit Charter and present it to the Audit Committee for approval. Attached at Appendix 2 is the latest version.

2.10 As part of best practice we always review the Charter annually to the Audit Committee

(which you approved last year) so that they are aware of how Internal Audit delivers its services and derives its authority and to re-confirm our independence.

2.11 Each year we will assess ourselves against the required standards and ensure a quality assurance and improvement programme (QA&IP) is in place requiring both internal and external assessment with an external assessment being required once every 5 years.

2.12 were externally assessed in 2018 and are pleased to confirm we have received the highest rating – general confirming to standards – and will ensure we keep the Committee apprised on an annual basis of our ongoing compliance.

### **Consultation**

3 Draft Plan was consulted with Senior Management team and Director of Investment & Corporate Services.

### **Other Options Considered**

4 Not applicable.

### **Risk Management/Assessment**

5 The internal audit plan is drawn up on a risk basis, using the Reasonable Assurance Model.

### **Public Sector Equality Duties**

6 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:**

7 No direct implications – Cost of service within existing budgets.

### **Legal Implications:**

8 No direct implications.

### **Climate Change Implications**

9 Climate Change has been considered as a key point during the Reasonable Assurance Model and subsequently the 2021-22 Annual Internal Audit Plan, which includes a proposed audit of the Climate Change Action Plan.

### **Land/property Implications**

10 No direct implications.

### **Human Resources Implications:**

11 No direct implications.

### **Appendices:**

*List any appendices to the report:*

Appendix 1 – Internal Audit Plan 2021/22.

Appendix 2 – Internal Audit Charter

**Background papers:**

None.

**West of England Combined Authority Contact:**

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 Quay, Bristol BS1 6EW; email: [democratic.services@westofengland-ca.gov.uk](mailto:democratic.services@westofengland-ca.gov.uk)