

**North East Derbyshire District Council**

**Audit and Corporate Governance Scrutiny Committee**

**28th April 2021**

**Internal Audit Plan 2021/22**

**Report of the Internal Audit Consortium Manager**

**Classification:** This report is public

**Report By:** Internal Audit Consortium Manager

**Contact Officer:** Jenny.Williams@ne-derbyshire.gov.uk

---

**PURPOSE / SUMMARY**

To present to Members for consideration and agreement the Internal Audit Plan for 2021/22.

---

**RECOMMENDATIONS**

1. That the Internal Audit Plan be agreed.
2. That it be noted that the plan is provisional and may need adjusting and prioritising in the light of any emerging risks.

Approved by the Portfolio Holder – Councillor Paul Parkin

---

**IMPLICATIONS**

---

**Finance and Risk:** Yes  No

**Details:**

The internal audit budget for 2021/22 has been approved by the Joint Board.

Risk management issues – no formula exists that can be applied to determine internal audit coverage needs. However, as a guide the minimum level of coverage is that required to give an annual evidence-based opinion on internal controls. The level of coverage provided by the proposed 2021/22 internal audit plan will be sufficient upon which to base an opinion.

The audit plan is designed to provide assurance that the significant risks identified as part of the risk assessment process are being managed effectively. If additional risks are identified and / or there are changes to priorities during the year the plan will be reconsidered. Any significant changes to the plan will be reported back to this

Committee for approval.

On Behalf of the Section 151 Officer

---

**Legal (including Data Protection):**                      **Yes**                       **No**

**Details:**

The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account the Public Sector Internal Audit Standards or guidance”.

On Behalf of the Solicitor to the Council

---

**Staffing:**      **Yes**                       **No**

**Details:**

[Click here to enter text.](#)

On behalf of the Head of Paid Service

---

## DECISION INFORMATION

Decision Information	
<b>Is the decision a Key Decision?</b> A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:  <b>BDC:</b> Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input checked="" type="checkbox"/> <b>NEDDC:</b> Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>District Wards Significantly Affected</b>	None
<b>Consultation:</b> Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Yes  Details: Ward Members

**Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.**

The internal audit plan is linked to the Council Plan in respect of its aim to deliver high quality, cost effective services.

## **REPORT DETAILS**

### **1 Background**

1.1 A key requirement of the Public Sector Internal Audit Standards is that a periodic risk based plan should be prepared that is sufficiently flexible to reflect the changing risks and priorities of the organisation. The risk based plan should be fixed for a period of no longer than one year, should outline the assignments to be carried out, their respective priorities and the estimated resources needed.

### **2. Details of Proposal or Information**

2.1 The plan has been prepared taking into account the following factors: -

- The organisational objectives and priorities
- Local and national issues and risks
- The requirement to produce an annual internal audit opinion
- An update of the internal audit risk assessment exercise covering the financial control and other procedures subject to audit
- The Council's strategic risk register
- Consultation with the Strategic Alliance Management Team

2.2 This year I felt it prudent to increase the number of contingency days to allow for coverage of any unforeseen or emerging risks.

2.3 A number of reserve audit areas have also been identified. Whilst every effort will be made to complete the 2021/22 planned areas first, a list of reserved areas provides more flexibility. At certain times of the year, particularly year end and for example during lockdown there can be legitimate reasons why an audit is not feasible at a particular time. If the contingency days are not required then these will be utilised on the reserve areas.

2.4 It should also be noted that the frequency of some audits will be reduced over the next few years whilst the reduction in the number of audits completed in 2020/21 due to COVID-19 is caught up on.

2.5 An annual report summarising the outcome of the 2020/21 internal audit plan will be presented to this Committee after the year-end.

- 2.6 A summary of the internal audit plan for 2021/22 is shown below and the detailed plan is shown as Appendix 1.

**Internal Audit Plan 2021/22**

<b>Summary</b>	<b>Audit Days</b>
Main Financial Systems	128
Other Operational Audits	75
Computer / IT Related	14
Fraud and Corruption	5
Corporate / Cross Cutting	79
Special Investigations/ Contingency/training	43
Audit Committee / Client Liaison	15
Apprenticeship / Training	30
Rykneld Homes	97
<b>Grand Total</b>	<b>486</b>

- 2.7 Resource availability has been based on the Consortium Business Plan for 2021/22. The plan allocates 486 days to North East Derbyshire District Council which is the same allocation as for 2020/21.

**3 Reasons for Recommendation**

- 3.1 To ensure that a risk based audit plan is adopted and to determine the internal audit work programme for 2021/22.
- 3.2 To comply with the Public Sector Internal Audit Standards.

**4 Alternative Options and Reasons for Rejection**

- 4.1 Not applicable

## DOCUMENT INFORMATION

Appendix No	Title
Appendix 1	Draft Internal Audit Plan 2021/22
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
<a href="#">Click here to enter text.</a>	