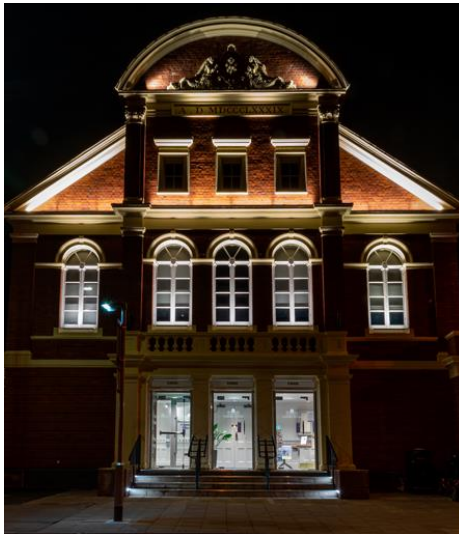


Appendix 1

Internal Audit Draft Audit Plan & Charter 2021/22



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Appendices

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- 02 Internal Audit Charter**

In the event of any questions arising from this report please contact Rebecca Neill, Head of Audit & Governance and Monitoring Officer
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The matters raised in this report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. This report was produced solely for the use and benefit of Tamworth Borough Council. The Council accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification.

01 Introduction

Background

This report sets out the Internal Audit operational plan for Tamworth Borough Council (TBC) for endorsement by the Audit & Governance Committee. The purpose of this plan is to identify the work required to achieve a reasonable level of assurance to be provided by Internal Audit in compliance with the Code of Practice for Internal Audit.

The fundamental role of Internal Audit is to provide senior management and the Audit Committee with independent assurance on the adequacy, effectiveness and efficiency of the system of internal control, and to report major weaknesses together with recommendations for improvement. This role is fulfilled by carrying out appropriate audit work in accordance with an annual operational plan as endorsed by the Audit Committee.

02 Audit Planning

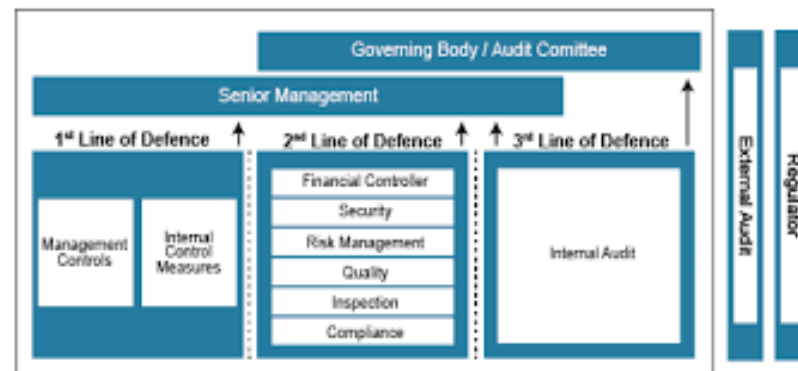
As part of the planning for 2021/22, the proposed plan of work has been developed based on:

- **Key risks** – the plan for 2021/22 is based on an analysis of strategic and operational risks; strategic objectives; internal control and governance processes and other factors which may affect the year ahead, including any changes within the external environment and the sector .
- **Coronavirus** – Due to the significant impact of the pandemic on the Council's operations, as was the case for the 2020/21 plan, an allocation of time to address assurance needs as and when they arise, in response to the pandemic and subsequent recovery has been included. This will be kept under review and any proposed changes reported to the Committee as part of routine quarterly progress reports.

- **Reference to previous assurance work** – a review of the outcome of previous audit and assurance work undertaken and where assurance is now required again.
- **Level of resources** – in 2020/21 a benchmarking exercise was undertaken to compare the level of audit resources with similar council's. Audit days were reduced from 318 days (2019/20) to 256 days (2020/21) to be competitive with peers. The Council's risk profile has not changed year this year, is not unusual (a reasonable assurance opinion has been given for the last 3 years) and the level of fraud risk has remained low. For these reasons the 2021/22 draft plan resources have not materially changed.
- **Agile approach** – our approach will be one where we will respond to the changing assurance need, by having a level of contingency, we will be able to change the focus of the audits / audit deliver

Discussions with the Corporate Management Team (which include the Section 151 Officer) have been included and their views reflected in the final plan.

Our strategy is based upon a three lines of defence model of assurance:



Internal Audit seeks to identify assurances provided through the first and second lines of defence and selects the most appropriate method for obtaining assurance to support the Head of Internal Audit's opinion and the Council's governance requirements.

03 Internal Audit Plan

The detailed audit plan at Appendix 01 sets out the assurance requirement in terms of core financial systems; strategic and operational risk; ICT; governance, fraud and other assurance. The draft plan is for a total of 260 days and in particular seeks to provide assurance over areas of higher risk.

04 Joint Working

During 2020/21, a trial 12 month extension to the shared agreement with Lichfield District Council to include their auditor resources took place. Despite the pandemic and challenges with remote working, the trial has been largely successful in terms of customer feedback and performance against KPI's (reported to Audit & Governance Committee in audit's routine performance reports). It is therefore suggested that the 12 month extension be extended for a further 12 months to allow the new Audit Manager to fully appraise in terms of future direction of the service.

05 Charter

The Audit Charter is at **Appendix 2**. Changes, which have been highlighted, are mainly to account for the replacement of the Head of Audit & Governance with an Audit Manager.

Appendix 01: Detailed Audit Plan 2021/22

Assurance Requirement	Audit	Scope	Risk	Planned Days	Total Days	Proposed Quarter
Core Financial Systems	Assets & Inventory	Risk based review covering the adequacy and effectiveness of controls regarding the Council's assets and inventory.		10	40	Q2
	NNDR	Risk based review of NNDR including assurance over the adequacy of controls around the maintenance of systems recording taxable properties and liable persons, billing, discounts and reliefs, collection, refunds and write offs.		10		Q3
	Procurement	Risk based review of strategic procurement including policy and procedural review (including changes arising from Exit from the European Union), planning, high level spend and compliance with contract rules, contract management.		10		Q3
	Creditors	Standard risk based review of creditors, including controls surrounding supplier set up, ordering, goods receipting, payment systems		10		Q4
Strategic & Operational Risks	Pandemic risks	'Flash' audits of dynamic risks arising from the Council's pandemic response. To include, for example, thematic reviews over continuity and recovery arrangements, business grants, productivity and performance.		20	110	Q1-Q4
	Recovery and Reset	Programme assurance based review of Recovery and Reset programme. Programme assurance includes programme planning, governance structure and controls, delivery, change management, RAIDD management (Risk, Action, Issue, Decision, Dependency), testing and reporting.		10		TBC
	Future High Street	Programme assurance review (as recovery and rest above) of progression towards transformation of the town centre following the £21.65m allocation of Future High Street Funding.		10		TBC

Assurance Requirement	Audit	Scope	Risk	Planned Days	Total Days	Proposed Quarter
	Preparedness for regulatory compliance arising from Housing White Paper	Risk based review of organisation preparedness for new regulatory inspection regime.		20		TBC
	Climate Change	Risk based review looking at the Council's preparation to de-carbonisation / climate change agenda.		10		Q2
	Partnerships	Risk based review of the Council's controls around strategic partnerships.		10		Q2
	Shared Services	Risk based review of controls in place for effective delivery of shared services e.g. waste management, CCTV, legal services, building control, internal audit.		10		Q3
	Assembly Rooms	Risk based review looking at key aspects of the Assembly Room's operations e.g. income, asset management, marketing, stock and inventory management, procurement, security and agility of operations on recovery. Audit carried forward from 2020/21.		10		Q3
	Castle	Risk based review looking at key aspects of the Castle's operations e.g. income, asset management, marketing, stock and inventory management, procurement, security and agility of operations on recovery. Audit carried forward from 2020/21.		10		Q3
ICT	TBC	TBC		20	20	Q2-Q4
Governance, Fraud & Other Assurance	Disabled Facilities Grant	Assurance statement		5	30	Q4
	Municipal Charities	Preparation of municipal charities accounts		2		Q3
	Counter Fraud	Work to support the mitigation of fraud risk, the provision of fraud awareness training, pro-active fraud exercises and reactive investigations.		10		Q1-Q4
	Annual Governance Statement	Production of the AGS.		10		Q1-Q2
	Annual Audit Opinion	Production of the Annual Audit Opinion		3		Q1-Q2
	Follow Up of Recommendations	To follow up all no and limited assurance reports and all high priority recommendations.		20	Q1-Q4	
	Management and Planning	Management, planning and assurance reporting		30	60	Q1-Q4

Assurance Requirement	Audit	Scope	Risk	Planned Days	Total Days	Proposed Quarter
		to CMT and Audit & Governance Committee				
	Ad hoc / Contingency / Consultancy	Contingency allocation to be utilised upon agreement of the Chief Finance Officer		10		Q1-Q4
Total					260	