

# TONBRIDGE & MALLING BOROUGH COUNCIL

## AUDIT COMMITTEE

06 April 2021

### Report of the Chief Audit Executive

#### Part 1- Public

#### Delegated

#### **1 INTERNAL AUDIT AND FRAUD PLAN 2021/22**

**This report seeks Members approval of the Internal Audit and Fraud Plan for the year 2021/22.**

#### **1.1 Introduction**

- 1.1.1 The professional standards for Internal Audit require the Chief Audit Executive to establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals. A risk-based Internal Audit Plan has been prepared for the 2021/22 financial year to fulfil this requirement. The Plan as a whole must enable the Chief Audit Executive to provide an overall opinion on risk management, governance and control at the end of the financial year.
- 1.1.2 The Internal Audit Plan includes the work plan of the Fraud Team. As a result the Plan is a combined Internal Audit and Fraud Plan.

#### **1.2 Internal Audit and Fraud Plan 2021/22**

- 1.2.1 A copy of the proposed Internal Audit and Fraud Plan for 2021/22 is attached at **[Annex 1]** of this report. This is intended to provide Members with a clear picture of how the Council will make use of its Internal Audit and Fraud Team, reflecting on all work to be undertaken by the Team during the financial year.
- 1.2.2 The Plan has been developed using a risk-based approach. Significant risk areas and priorities have been identified through a risk assessment which included review of the Strategic and Service risk registers, analysis of the wider environment, use of our own organisational knowledge and discussions with Service Heads and Directors both individually and collectively as part of Service Management Teams.
- 1.2.3 Relevant links to the Strategic Risk Register are shown within the Plan itself. Members will note that not all audits are linked to a specific risk; some are intended to provide assurance over core areas (for example financial audits) and some are included as the Council is undertaking change programmes. In line with the nature and scope of Internal Audit as set out in the Internal Audit Charter, it is

important that overall, the Plan balances all of these assurance and consultancy needs.

- 1.2.4 Whilst the Plan is drawn up annually, it is important that the Plan is dynamic and able to respond to key risks. Therefore, it will be kept under review to ensure continued relevance and alignment to organisation risks and priorities. Any proposed changes will be discussed with Management Team and brought back to a future meeting for Audit Committee to approve.
- 1.2.5 The Plan shows the number of days that have been estimated for each audit. The Internal Audit function is currently resourced through a mixture of in-house, seconded and contract staff and it is proposed to retain this arrangement pending the outcome of the service review. Whilst contracted days are yet to be finalised, there are currently sufficient resources available (with the skills required) to deliver the Plan as it stands. However, there is no built-in contingency time and therefore, should organisational needs change, it will be necessary to buy in additional resource or to re-prioritise existing resource.
- 1.2.6 The proposed Plan has been reviewed and endorsed by Management Team.

### **1.3 Legal Implications**

- 1.3.1 The Accounts and Audit Regulations place a statutory requirement on authorities to undertake effective internal audit of the effectiveness of risk management, governance and control processes.
- 1.3.2 The Council also has a legal duty under s151 of the Local Government Act 1972 and the Accounts and Audit Regulations to ensure that there are appropriate systems in place to prevent and detect fraud.
- 1.3.3 The Local Government Act 1972 provides the Council with the ability to investigate and prosecute offences committed against them.

### **1.4 Financial and Value for Money Considerations**

- 1.4.1 An adequate and effective Internal Audit function provides the Council with assurance on the proper, economic, efficient and effective use of Council resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the finances of the Council.
- 1.4.2 Fraud prevention and detection is an area subject to central government focus with initiatives such as the National Fraud Initiative and Local Government Counter Fraud and Corruption Initiative. The message coming from these initiatives is that effective fraud prevention and detection releases resources and minimises losses to the Council through fraud.

## 1.5 Risk Assessment

- 1.5.1 The Internal Audit and Fraud Plan is intended to ensure that the work of the Internal Audit and Fraud Team is effectively directed. For this very reason, the process for preparing the Plan is itself informed by an assessment of the risks and audit needs of the Council. Members' endorsement of the Internal Audit and Fraud Plan for the year 2021/22 ensures that the status of the Plan is maintained.

## 1.6 Equality Impact Assessment

- 1.6.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

## 1.7 Recommendations

- 1.7.1 Members are asked to **consider** and subject to any amendments required to **approve** the Internal Audit and Fraud Plan for the year 2021/22.

Background papers:

Contact: Richard Benjamin

Nil

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Chief Audit Executive