

ISLE OF ANGLESEY COUNTY COUNCIL	
Adroddiad i: Report to:	Audit and Governance Committee
Dyddiad: Date:	9 February 2021
Pwnc: Subject:	Internal Audit Assurance Provision for 2020/21
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Awdur yr Adroddiad: Report Author:	Marion Pryor Head of Audit and Risk 01248 752611 MarionPryor@ynysmon.gov.uk
Natur a Rheswm dros Adrodd / Nature and Reason for Reporting: Following sector-specific guidance issued by CIPFA, the Audit and Governance Committee is asked to approve the current arrangements for ensuring the Head of Audit and Risk will have sufficient assurance to support the Internal Audit Annual Opinion for 2020/21 to ensure no limitation of scope.	

Introduction

1. The impact of COVID-19 on all the public services has been considerable and for internal auditors it has raised the question of whether they will be able to undertake sufficient internal audit work to gain assurance during 2020/21.
2. This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) where the Head of Audit & Risk is required to issue an annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. This opinion is one of the sources of assurance that the Council relies on for its annual governance statement.
3. CIPFA¹ has recognised that local government bodies are struggling with considerable challenges and are having to make difficult decisions on how best to use their available staff and financial resources to meet critical needs, while the professional and regulatory expectations on local government bodies to ensure that their internal audit arrangements conform with PSIAS have not changed.
4. CIPFA has therefore prepared sector specific guidance for internal auditors working in or for local government in the UK. It is a requirement for local

¹ CIPFA is the Relevant Internal Audit Standard Setter (RIASS) for local government and works with the other UK RIASS to mandate the PSIAS across the public sector.

government in the UK. The guidance was published in December 2020 and is available here:

<https://www.cipfa.org/policy-and-guidance/standards/guidance-for-head-of-internal-audit-annual-opinions-202021>

5. It sets out and discusses in detail six key requirements for local government bodies that heads of internal audit or the chief audit executive (CAE), leadership teams and audit committees should follow:
 - The CAE should plan to obtain sufficient assurance to support the annual opinion, taking into account both internal audit work and other sources of assurance. The CAE should disclose in the overall opinion the reliance placed on other sources of assurance.
 - The CAE, leadership team and audit committee should review and discuss internal audit capacity where there are concerns and develop an action plan to mitigate the risk.
 - The CAE should make best use of their audit resources to maximise assurance.
 - Where the CAE considers that a limitation of scope is likely, the Head of Audit and Risk should advise the leadership team and audit committee promptly. The CAE should set out the likely consequences assessed and advise on remedial action to avoid a limitation of scope.
 - The Internal Audit Annual Opinion should contain a clear explanation of any limitation of scope along with its causes and plans to address the situation going forward.
 - Where the Internal Audit Annual Opinion contains a limitation of scope the authority should state this in the annual governance statement.

Internal Audit Priorities

6. The Head of Audit and Risk has therefore revised and agreed the internal audit team's priorities to cover the new risks and changes from the impact of COVID-19 with the Senior Leadership Team to ensure that there will be no limitation of scope and we will have sufficient assurance to support the annual opinion.
7. The key pieces of work that will contribute to the assurance are:
 - Corporate risk register audits
 - Review of COVID–19 Emergency Response (Self-Assessment) and Follow Up – completed between April and June 2020
 - Emergency Management Assurance (First-line assurance) – currently at fieldwork stage

8. The risks continue to change through the pandemic and therefore SLT regularly reviews and updates the risk registers (corporate, COVID-19, Brexit and service risk registers), which informs actions and decisions.
9. Consequently, we will revise internal audit priorities to take account of the changing risks, along with issues identified through discussions with members and senior officers.

Making effective use of internal audit resources

10. When delivering the risk-based audit strategy, the Head of Audit & Risk, supported by the Senior Leadership Team, has made every effort to make best use of available internal audit resources during the pandemic, including:
 - streamlining reports to the Audit and Governance Committee
 - narrowing the focus of audit scopes to examine only key risks
 - filling vacant audit posts on a temporary basis – additional Senior Auditor recruited
 - buying in audit expertise from an external provider – IT Audit from Salford City Council
 - evaluating all requests for advisory work and prioritising assurance work and advisory work that supports the annual opinion – School Fund guidance and training, audit certificate work outsourced
 - avoiding diversion of internal audit staff to counter fraud work – the counter fraud programme has been delayed until 2021/22
 - reducing to a minimum non-audit work, such as Covid-19 returns and redeployment to the Test, Trace and Protect (TTP) and business grants teams
 - increasing communication with services to help ensure good co-operation and avoid unnecessary delays when undertaking audits – there has been better use of technology such as Microsoft Teams
 - continuing with the adoption of an ‘agile audit’ approach to smooth bottlenecks and remove barriers to progression.

Recommendation

11. That the Audit and Governance Committee:
 - considers the arrangements for ensuring the Head of Audit and Risk will have sufficient assurance to support the Internal Audit Annual Opinion for 2020/21 and
 - notes that there will be no ‘limitation of scope’.