

Finance and Resources Committee

10.00am, Thursday, 18 November 2021

Capacity to deliver the 2021/22 Internal Audit plan

Executive/routine Wards Council Commitments	Executive
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1. Recommendations

- 1.1 Following earlier consideration at the Governance, Risk and Best Value Committee meeting on 9 November, members of the Finance and Resources Committee are recommended to:
- 1.1.1 note that the Executive Director of Corporate Services has now identified in-year funding within the Directorate to meet, in full, one-off costs of up to £0.350m to allow the Internal Audit team's capacity to be increased sufficiently so as to support the issuing of an assurance opinion for 2021/22; and,
 - 1.1.2 approve the drawing down of additional support from the Council's co-sourcing partner accordingly.

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Capacity to deliver the 2021/22 Internal Audit plan

2. Executive Summary

- 2.1 Following earlier discussion at the Governance, Risk and Best Value Committee meeting on 9 November, the Executive Director of Corporate Services has now identified in-year funding within the Directorate to meet, in full, one-off costs of up to £0.350m to allow the Internal Audit team's capacity to be increased by around 400 days and thereby provide sufficient coverage to support the issuing of an assurance opinion for 2021/22. Members' approval is therefore sought to approve the drawing down of corresponding support from the Council's co-sourcing partner.

3. Background

- 3.1 At the meeting of the Governance, Risk and Best Value (GRBV) Committee on 9 November, members considered a report on a number of resourcing challenges facing the Internal Audit team and threatening the ability to obtain sufficient audit coverage to underpin the issuing of the Internal Audit assurance opinion for 2021/22.
- 3.2 In order to secure the level of additional coverage required, members supported Option 3 detailed within the report, with an associated in-year cost of up to £0.350m. Given the GRBV Committee's scrutiny role, however, this recommendation has been referred to the Finance and Resources Committee to identify commensurate funding and provide relevant approval.

4. Main report

- 4.1 The Executive Director of Corporate Services will present a full half-year update on the Directorate's current-year revenue monitoring position to the next meeting of the Finance and Resources Committee on 9 December.
- 4.2 The month four position reported to the Finance and Resources Committee on 7 October indicated a projected overall underspend of £0.074m, representing the forecast favourable variance within the former Strategy and Communications divisional teams.
- 4.3 Since that time, the underlying underspend has increased to £0.114m with further savings forecast to be delivered in-year due primarily to non-recurring employee

cost savings across the Finance and Procurement, Human Resources and Customer and Digital Services Divisions. Further savings are also anticipated from renewal of the Council's legal services framework contract.

- 4.4 Taken together, these measures are anticipated to deliver one-off savings of around £0.350m, thereby meeting in full the maximum additional costs indicated by the Council's co-source provider. Members of the Committee are therefore asked to approve the drawing down of this additional resource from the Council's co-sourcing partner PwC which will be made available immediately.

5. Next Steps

- 5.1 Arrangements have already been made to ensure that Internal Audit will continue to focus on annual plan delivery throughout quarters three and four, with support from the Council's co-source provider. Subject to members' approval, existing resources will be supplemented by additional external support.
- 5.2 Delivery of the annual plan and opinion will, however, still be heavily dependent on directorates and services ensuring that they have sufficient capacity to support delivery within timeframes agreed and detailed in IA terms of reference.

6. Financial impact

- 6.1 While the precise costs remain to be confirmed, it is estimated that backfilling through use of the Council's co-sourcing arrangements could result in an additional cost in the remainder of 2021/22 of up to £0.350m.
- 6.2 The Executive Director of Corporate Services will bring forward a detailed revenue monitoring update to the next meeting of the Finance and Resources Committee on 9 December. Primarily as a result of non-recurring staffing underspends, the forecast will set out the basis on which the associated cost of up to £0.350m will be contained within a balanced overall position for the year.

7. Stakeholder/Community Impact

- 7.1 Provision of full and effective assurance across the Council's most significant risks following completion of the 2021/22 Internal Audit plan and implementation of associated management actions should have an indirect positive impact on services delivered to citizens, stakeholders and communities.
- 7.2 Failure to resource the plan sufficiently may result in an inability to deliver an annual internal audit opinion, resulting in a breach of Public Sector Internal Audit Standards and also impacting production of the Council's annual financial statements.

8. Background reading/external references

- 8.1 [Capacity to deliver the 2021/22 Internal Audit Plan](#), Governance, Risk and Best Value Committee, 9 November 2021

9. Appendices

- 9.1 None