

CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 22 June 2020
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Report title	Internal Audit and the impact of Covid-19	
Accountable director	Claire Nye, Director of Finance	
Originating service	Audit	
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Report to be/has been considered by	Not applicable.	

Recommendation for noting:

The Committee is asked to note:

1. The impact of Covid-19 on the operations of the internal audit team.

1.0 Purpose

- 1.1 The UK Public Sector Internal Audit Standards Advisory Board has produced guidance to support audit functions during Covid-19.
- 1.2 This states that all internal audit teams in organisations affected by Covid-19 will be reassessing their work plans and staff priorities. For public sector internal auditors there is an additional responsibility. All staff in a public service body have a responsibility to work in the public interest. At a time of national crisis there is a need to act in the best interests of the health, safety and livelihoods of the public as well as supporting the operational needs of the organisation. As a result very few internal auditors will be operating under 'business as usual' conditions. At the very least they will be doing the majority of work remotely, and staff in many teams are likely to be taking on different roles to support their organisation and the public interest.
- 1.3 This report, is based upon this guidance and updates the Audit and Risk Committee on how the Council's Internal Audit function has reacted to the challenge brought by Covid-19.

2.0 Background

- 2.1 The Mission of Internal Audit as included in the Internal Audit Charter and approved by the Audit and Risk Committee is 'to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.' In the current circumstances internal audit is fulfilling our Mission in different ways than usual. Ideally, this will provide enough assurance to support our audit opinions, and for the Annual Governance Statement, although it is appropriate to draw attention to the context within which this assurance will be gained and potential limitations.
- 2.2 As part of our Annual Internal Audit Report for 2019-2020 and accompanying opinion statement we noted that towards the end of the year, and in response to Covid-19 the internal audit team were redeployed to either the food distribution hub or to work on the small business grant team.
- 2.3 As a result of this, a number of audits that were underway at the time of the outbreak, had to be put on hold and therefore were unable to feed into our annual opinion. While we needed to caveat our opinion, we do believe that we managed to complete sufficient work pre-outbreak in order to support our opinion and to inform the Annual Governance Statement.
- 2.4 These reviews will be revisited as soon as possible and consideration given to either cancelling, re-starting or rolling them over into future audits, dependent upon both the changing risk profile and the immediate needs of the Council during the reset and recovery period.

2.5 During this period we have continued to:

- Provide advice and support in the development of new controls. For example, where the Council has had to implement new and urgent government policy or processes – in particular with regards to the payment of small business grants.
- Ensure that our work remained risk-based, but continuously reassessing it in order to reflect the significant changes and escalation of risk levels being experienced.

We will also be helping the Council to understand and plan for longer term risks resulting from the current crisis to protect the Council and its services going forward.

2.6 With regards to applying the Public Sector Internal Audit Standards, there have been challenges as indicated, including the redeployment of internal audit officers to other work such as in the food distribution hub and the small business grant teams, which has reduced capacity to carry out audit work, alongside the redeployment of operational officers to other duties, and their general availability and access to information.

2.7 Where internal audit officers have been diverted into operational roles, for that duration they are not operating as internal auditors. When they return to their internal audit role, an assessment will be undertaken to see if any steps are necessary to address any potential impairment to independence and objectivity. However, we believe this to be low risk.

3.0 Progress

3.1 As and when officers return to the audit team, the Internal Audit Plan approved by the Committee in March 2020, will need to be revisited and re-assessed in order to take into account a number of factors. This will include the audit resources remaining, the post-Covid risk profile and the changes that will no doubt be introduced across the Council to its practices and processes. However, due to the likely remaining level of uncertainty, it may be difficult to plan too far ahead and a more consultative approach is likely to need to be taken for the remainder of the year.

3.2 There is a likelihood that the majority of audit resource in 2020-2021 will be focussed as a short term measure on how public resources have been used during this time and how the Council resets and recovers. However, consideration of key financial systems and other risks will remain within the audit plan where possible.

3.3 An update on progress will be brought to the committee in the next quarter.

4.0 Financial implications

4.1 It is not anticipated at this stage that any financial implications will arise from the proposed review of the Internal Audit Plan. Should any financial implications emerge through the year these will be detailed in future report progress reports to Committee.
[GE/10062020/J]

5.0 Legal implications

5.1 There are no legal implications arising from the recommendation in this report.
[TS/10062020/T]

6.0 Equalities implications

6.1 There are no equalities implications arising from the recommendation in this report.

7.0 Climate Change and Environmental implications

7.1 There are no climate change and environmental implications arising from the recommendation in this report.

8.0 Human resources implications

8.1 There are no human resources implications arising from the recommendation in this report.

9.0 Corporate landlord implications

9.1 There are no corporate landlord implications arising from the recommendation in this report

10.0 Health and Wellbeing implications

10.1 There are no health and wellbeing implications arising from the recommendation in this report.

11.0 Covid implications

11.1 This report details the impact of Covid-19 on the Council's internal audit service.

12.0 Schedule of background papers

12.1 None.