

Audit and Risk Committee

08 March 2021

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| Report title | CIPFA Audit Committee Update | |
| Accountable director | Claire Nye, Director of Finance | |
| Originating service | Audit | |
| Accountable employee | Peter Farrow Tel Email | Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk |
| Report to be/has been considered by | Not applicable. | |

Recommendation for noting:

The Audit and Risk Committee is asked to note:

1. The contents of the latest CIPFA Audit Committee Update which has a focus on the Head of Audit Opinion, the Redmond Review and a regular briefing on current issues.

1.0 Purpose

- 1.1 The Chartered Institute for Public Finance and Accountancy (CIPFA) issue regular briefings for audit committee members in public sector bodies. Their aim is to provide members of audit committees with direct access to relevant and topical information that will support them in their role.

2.0 Background

- 2.1 The latest edition of these briefings has a focus on the Head of Audit Opinion, the Redmond Review and a regular briefing on current issues.
- 2.2 With regards to the Head of Audit Opinion and the impact of Covid-19 on the delivery of the audit plan, CIPFA have provided the Committee with the following questions to consider:
1. What has been the impact on internal audit resources and planned work during the year to date? What will be the impact for the remaining year?
 2. Are there any areas where you have concerns about maintaining conformance with the Public Sector Internal Audit Standards?
 3. Do you think there is a risk to your annual opinion? Is a limitation of scope likely?
 4. What is your proposed action plan to recover from the impact of COVID?
 5. What support can the audit committee provide to you to help manage this situation?

Audit Services Response:

A report was presented to the Committee in June 2020 informing the Committee that the UK Public Sector Internal Audit Standards Advisory Board had produced guidance to support audit functions during Covid-19. This stated that all internal audit teams in organisations affected by Covid-19 would need to reassess their work plans and staff priorities.

During the year a proportion of the audit resources was temporarily redeployed within the Council to provide assistance in a number of areas including the food distribution hub, the various business support grants teams, assisting Procurement with supplier due diligence checks regarding the supply of personal protective equipment (PPE) and other Covid-19 related grant assurance.

At the September and later the December 2020 meetings, the Committee were informed that in order to reflect the in-year change in risk profile for the Council and to facilitate the above shift in resources, a consultation exercise had been undertaken with the senior management team and the internal audit plan revisited to ensure that the audit resource is focussed in the most effective manner. This included an assessment of both Covid-19 and strategic risks from the respective risk registers and took into account factors such as the outcome of more recent assurance exercises, possible alternative assurance routes such as those from the first and second lines of defence from the three lines of defence model, and any particular key timing issues. As a result of this exercise, it was agreed with the senior management team that a number of audit reviews that initially featured in the current plan, would be put back until the following year, where they again

formed part of the assessment of assurance needs exercise. Details of these reviews were provided to the Committee at the December meeting.

Audit Services continue to assess the situation, and at present it is believed that the number of audits planned to be completed, including all of the key financial systems reviews, will still enable Audit to be in a position to provide an annual audit opinion at the year-end. Similarly, there are no concerns about maintaining conformance with the Public Sector Internal Audit Standards, although both of these issues are being kept under review.

By having an understanding of the above situation, continuing to review the audit work as it is reported back and through the regular review of the Covid-19 risk register, the Committee will continue to help Audit Services manage this situation.

3.0 Progress

3.1 Further CIPFA updates will be brought before the Audit and Risk Committee, as and when they are published.

4.0 Financial implications

4.1 There are no financial implications arising from the recommendation in this report. [GE/22022021/D]

5.0 Legal implications

5.1 There are no legal implications arising from the recommendation in this report. [TS/19022021R]

6.0 Equalities implications

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

7.0 All other implications

7.1 There are no other implications arising from the recommendation in this report.

8.0 Schedule of background papers

8.1 CIPFA Audit Committee Update

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