

**REPORT TO:** Audit and Governance Board

**DATE:** 23 March 2022

**REPORTING OFFICER:** Divisional Manager – Audit, Procurement & Operational Finance

**SUBJECT:** Internal Audit Plan – 2022/23

**PORTFOLIO:** Resources

**WARDS:** Borough-wide

## **1.0 PURPOSE OF THE REPORT**

This report seeks the Board's approval for the planned programme of internal audit work for 2022/23.

## **2.0 RECOMMENDATION:**

**That the Board considers and approves the proposed programme of internal audit work for 2022/23.**

## **3.0 SUPPORTING INFORMATION**

- 3.1 A risk-based internal audit plan has been prepared in accordance with relevant professional guidance, i.e. the Public Sector Internal Audit Standards (PSIAS). The plan sets out the proposed internal audit activity for 2022/23.
- 3.2 The plan is designed to enable internal audit to deliver an overall opinion on the Council's risk management, control and governance arrangements.
- 3.3 The annual internal audit plan must ultimately be agreed with the Operational Director - Finance as the s151 Officer to the Council, who needs to be assured that the planned audit coverage is sufficient to discharge the s151 officer's statutory role. However, it is also important that the Board is consulted and provided with the opportunity to comment on the proposed coverage.
- 3.4 Development of the audit plan has taken account of:
- Planned audit work from 2021/22 that had not commenced at year-end but is still considered to be a priority;
  - The results of consultation with senior management across the Council to identify areas of risk, new developments and other matters that should be considered for inclusion;
  - Consideration of risks and issues affecting local government and the wider public sector identified through guidance and publications issued by bodies such as the Chartered Institute of Internal Auditors and CIPFA;

- The internal audit team’s cumulative knowledge and experience of the Council and the results of previous audit work;
- The Council’s organisational objectives and priorities;
- The need to provide assurance over the Council’s critical business systems;
- Issues reported in key documents such as:
  - The Corporate Risk Register
  - The Annual Governance Statement
  - Medium Term Financial Strategy
  - External inspections

3.5 In developing the audit plan, and the scope for individual audit assignments, consideration is given to the Council’s existing assurance framework. This helps to ensure that internal audit can direct its resources on areas of highest risk or where there are gaps or weaknesses in other assurance arrangements.

3.6 The draft audit plan for 2022/23 is attached as an appendix. It provides for planned audit work totalling 1,025 days, which is broadly comparable to 2021/22. This is based on a forecast staffing establishment of approximately 6.0 FTE staff.

3.7 Inevitably the risks that the Council faces will continue to evolve over time. In this regard it is important that the audit plan remains flexible, so as to be responsive to the changing risk landscape. It is therefore probable that some changes to the plan will be needed as the year progresses.

3.8 For the past two years the pandemic has had a significant impact on the work of internal audit and is possible that it will continue to do so, at least in the short term. As such, a general provision has been made in the audit plan for continuing work in relation to the pandemic.

3.9 Performance against the audit plan will be kept under review throughout the year and regular progress reports will be provided to the Audit and Governance Board. Any significant matters that jeopardise the delivery of the plan, or require changes to the plan will also be identified, addressed and reported to the Board.

3.10 Internal Audit will also continue to liaise with the Council’s external auditor, Grant Thornton, to minimise duplication and to ensure efficient and effective deployment of the overall audit resource.

#### **4.0 POLICY IMPLICATIONS**

Delivery of the audit plan will provide assurance that the policies and procedures established by the Council are implemented and remain appropriate.

## **5.0 OTHER IMPLICATIONS**

- 5.1 The Council is required to comply with the requirements of the Accounts and Audit Regulations 2015, regarding its “arrangements to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.
- 5.2 Internal audit work supports the Operational Director – Finance in discharging his statutory responsibilities as Section 151 Officer in terms of ensuring the proper administration of the Council’s financial affairs.
- 5.3 Internal audit work provides one of the key sources of assurance to the Chief Executive and Leader of the Council who are jointly required to sign the Annual Governance Statement (AGS). The purpose of the AGS is to declare the extent to which the Council complies with the principles of good governance.
- 5.4 There are no additional resource implications arising from this report.

## **6.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES**

- 6.1 Internal audit work supports the delivery of all the Council’s priorities by promoting probity, integrity, accountability, efficiency and effective management of public funds.
- 6.2 The audit plan has been designed to provide assurance over the adequacy of the arrangements established to mitigate risks that may threaten the delivery of the Council’s priorities.

## **7.0 RISK ANALYSIS**

- 7.1 Internal audit work forms a key element of the Council’s overall system of internal control. An effective internal audit service also helps to promote and implement best practice and process improvements in the management of risks.
- 7.2 The Public Sector Internal Audit Standards require the Head of Internal Audit to review and adjust the plan, as necessary, in response to changes in the organisation’s business, risks, operations, programs, systems and controls.
- 7.3 Changes to planned work may therefore become necessary during the year. Minor changes will be agreed with the Operational Director – Finance. Any significant matters that jeopardise completion of the plan or require substantial changes to it will be reported to the Board.

## **8.0 EQUALITY AND DIVERSITY ISSUES**

None identified

**9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE  
LOCAL GOVERNMENT ACT 1972**

Public Sector Internal Audit Standards