

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	24 March 2022
Subject:	Internal Audit Six Month Plan 2022/23
Report of:	Head of Corporate Services (Chief Audit Executive)
Corporate Lead:	Chief Executive
Lead Member:	Lead Member Corporate Governance
Number of Appendices:	1

Executive Summary:

The Public Sector Internal Audit Standards (PSIAS) REF 2010 (Planning) requires that the Chief Audit Executive (CAE) is responsible for developing a risk-based plan. Ref 2030 (Resource Management) requires that the CAE must also ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the plan.

Recommendation:

To APPROVE the Internal Audit Six Month Plan 2022/23 (April-September 2022) as detailed in Appendix 1.

Reasons for Recommendation:

1. The Terms of Reference of the Audit and Governance Committee require Members to consider a summary of proposed internal audit activity.
2. The PSIAS requires that the CAE reports functionally to the Board, an example of functional reporting is approving the Internal Audit Plan.

Resource Implications:

The undertaking of an audit will require the support and engagement of individual services.

Legal Implications:

None.

Risk Management Implications:

If an Internal Audit Plan is not developed and approved, there will be no steer as to where audit resources should be deployed.

If the plan does not give adequate coverage of the internal control environment, resources will not be deployed effectively to the higher risk areas.

Performance Management Follow-up:

The Audit and Governance Committee receive at each meeting, a monitoring report on achievement against the plan, and an audit opinion for each individual audit. Any audit within the plan where recommendations have been made to improve control are subject to a follow-up audit. Progress in implementing internal audit recommendations is reported to each Audit and Governance Committee.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

- 1.1** Internal audit sits within the Corporate Services group and has direct reporting to the Chief Executive. This arrangement demonstrates compliance with PSIAS ref 1110 – organisational independence, as it allows the Head of Corporate Services (delegated as CAE within the audit charter) to report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. Safeguards have been put in place to protect the independence of the CAE, given the operational responsibilities of the role.
- 1.2** PSIAS ref 2010 – planning, requires that the CAE is responsible for developing a risk-based plan to take into account the requirement to produce an annual internal audit opinion. The input of senior management and the Board (Audit and Governance Committee) must be considered in the process. The plan has been endorsed by Corporate Management Team.
- 1.3** The setting of a six month plan enables a flexible approach to be taken to audit planning. Rather than setting a rigid annual plan, this approach recognises the changing environment the Council operates in particularly around its transformation agenda. It allows audit planning to better track and respond to the audit of developing risk areas. In terms of auditing the strategic risks facing the Council, the Corporate Risk Register helps inform the work of internal audit.

2.0 PUTTING TOGETHER THE PLAN

- 2.1** In normal circumstances the plan would be resourced and delivered by two full time equivalent (FTE) members of staff. Currently, the team is resourced with 1.5 FTE made up of the Senior Internal Auditor (18.5 hrs) and a full time Internal Auditor – the latter is a temporary 12 month post funded from a new burdens grant. The net available days based on the 1.5 FTE is estimated around 145 days. Within the budget reserves, to support the internal function is a £10,000 reserve for 2022/23 and £10,000 carry forward from 2021/22. This is ringfenced for technical ICT audit work and, in terms of days, this should roughly equate to an annual total of 40 days. The total available audit days including the ICT audit work, for the period April to September is therefore 165 days. This resource is deemed appropriate, sufficient and will be effectively deployed to achieve the plan. Appropriate refers to the mix of knowledge, skills and other competencies need to perform the plan. Sufficient refers to the quantity of resources needed to accomplish the plan. Overall, it is really positive the team is back and running, adding value to the Council's improvement and assurance framework.

2.2 In addition to the above, one permanent member of the team (1FTE) currently remains re-deployed to the COVID-19 business cell and heads up the post grant assurance work. It is anticipated this officer will return to the internal audit role for around 75% of the time in July 2022. Another permanent member of the team (0.5 FTE) has been deployed full time on information governance related work. A permanent Information Governance Officer post was approved as part of the 2022/23 budget setting. In discussion with the Head of Finance and Asset Management, it is the intention to provide further additional temporary resource for the second half of the financial year and this will be reflected within the next six monthly plan.

2.3 The plan (see Appendix 1) takes into account key areas as follows:

2.4 Corporate Risk Register

It is important the Committee gain assurance that risks reported within the register are being managed. Internal audit will, on a rolling basis, review individual risks and ascertain that mitigating controls are actually in place, working effectively and there is progress in implementing actions to mitigate the risk further.

2.5 Governance related

These are typically audits which are not a recognised service area but are frameworks or systems which underly the Council's overall governance framework.

2.6 Corporate Improvement

This is an allocation of days, specifically requested by Corporate Management Team. This is ad hoc work and can either be of a consultancy or assurance type nature. Using the independence of internal audit can help inform the Corporate Management Team of specific issues when a need arises or utilise internal audit to undertake a piece of work where there may not be available resource.

2.7 Financial Systems

This is the audit review of the key financial systems which inform the year end Statement of Accounts. Although internal audit sits within the Chief Executive's Unit, it still recognises its responsibility to support the Head of Finance and Asset Management to discharge his duties as the Council's Section 151 Officer, one of which is to maintain sound financial control. It has previously been reported to Audit and Governance Committee, both by internal audit and external audit, the Council has good financial control. On this basis, the individual financial systems can be audited on a rolling basis.

2.8 Service area related activity

These are service-related activities that have been risk assessed based upon factors such as size of budget, inherent risk, previous audit history and the period since last audit. Very often this does not require any sophistication to the assessment as fundamental changes to service-related activity tend to be the main identifier or the time since the last audit.

2.9 Other areas

- There is an allocation of days under 'consultancy and advice'. This covers representation at corporate groups such as the Keep Safe, Stay Healthy Group, Programme Board and individual project groups. The days also cover general advice given on an ad hoc basis such as advice on procurement, financial procedure rules, data retention etc.
- An estimated number of days are allocated for follow-up reviews. This is an important element of audit work to provide assurance as to whether audit recommendations have been successfully implemented.

3.0 OTHER OPTIONS CONSIDERED

3.1 None

4.0 CONSULTATION

4.1 Consultation has taken place with Corporate Management Team.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 Internal Audit Charter.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 None.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 None.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 None.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 Internal Audit contribute to VFM through their routine audit work and corporate improvement work.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None.

Background Papers: None

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Appendices: Appendix 1 – Internal Audit Plan Six Month Plan 2022/23 (April – September)