

# TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Audit and Governance Committee
<b>Date of Meeting:</b>	23 November 2022
<b>Subject:</b>	Internal Audit Six Month Plan 2022-23
<b>Report of:</b>	Head of Corporate Services (Chief Audit Executive)
<b>Head of Service/Director:</b>	Head of Corporate Services (Chief Audit Executive)
<b>Lead Member:</b>	Lead Member for Corporate Governance
<b>Number of Appendices:</b>	One

## **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 (October-March) as detailed in Appendix 1.**

## **Financial Implications:**

None directly arising from this report.

## **Legal Implications:**

None directly arising from this report.

## **Environmental and Sustainability Implications:**

None directly arising from this report.

## **Resource Implications (including impact on equalities):**

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

## **Safeguarding Implications:**

None directly arising from this report.

## **Impact on the Customer:**

To give assurance to external stakeholders (including customers) as to how well the council's internal control environment is managed.

## **1.0 INTRODUCTION**

- 1.1** Internal audit sits within Corporate Services 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 Internal 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** The plan (see Appendix 1) takes into account key areas as follows:

### **2.2 Corporate Risk Register**

It is important the Committee gains 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.

### **2.3 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.

### **2.4 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.

### **2.5 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.

## **2.6 Service-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. There is also a reserve set aside specific for ICT audit related work.

## **2.7 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 CONSULTATION**

3.1 Corporate Management Team

## **4.0 ASSOCIATED RISKS**

4.1 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 then resources will not be deployed effectively to the higher risk areas.

## **5.0 MONITORING**

5.1 The Audit and Governance Committee receives, 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.

## **6.0 RELEVANT COUNCIL PLAN PRIORITIES/COUNCIL POLICIES/STRATEGIES**

6.1 The work of internal audit underpins the delivery of actions within the Council Plan.

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**Background Papers:** None

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**Appendices:** Appendix 1 – Internal Audit Six Month Plan Oct-March 2022/23