

Title: Strategic Internal Audit Plan 2024-27 and Internal Audit Charter 2024-25

Lead Officers: Richard Barr and Ian Davy

Portfolio Holder: Councillor Chilvers

Wards of the District directly affected: None directly impacted

Approvals required	Date	Name
Portfolio Holder	15/02/24	Councillor Chilvers
Finance	08/02/24	Andrew Rollins
Legal Services	Not applicable	
Chief Executive	08/02/24	Chris Elliott
Director of Climate Change	08/02/24	Dave Barber
Head of Service(s)	08/02/24	Andrew Rollins
Section 151 Officer	08/02/24	Andrew Rollins
Monitoring Officer	08/02/24	Graham Leach
Senior Leadership Team	08/02/24	Various
Final decision by this Committee or rec to another Cttee / Council?	Yes	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No	
Accessibility Checked?	Yes	

Summary

The report presents the Strategic Internal Audit Plan for 2024-27, together with the Internal Audit Charter 2024-25 for consideration and approval.

Recommendations

- 1 That the report, including its appendices, be noted and, where appropriate, approved. Specifically:
 - 1.1 That Appendix 1, detailing the Strategic Internal Audit Plan 2024-27, be approved.
 - 1.2 That Appendix 2, setting out the Internal Audit Charter 2024-25, be approved.
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1 Reason for the Recommendations

- 1.1 The Strategic Internal Audit Plan and Internal Audit Charter are important elements in providing the required independent and objective opinion to the organisation on its control environment, in fulfilment of statutory duties.

2 Background: Internal Audit Plan

- 2.1 Internal Audit provides an independent opinion to the organisation on the control environment by evaluating its effectiveness in achieving the organisation's objectives. It examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 2.2 The Internal Audit Strategic Plan 2024/25 to 2026/27 comprising the planned reviews over this period is set out as the first appendix to this report.
- 2.3 The Internal Audit Charter for delivering this assurance is also included and is set out as Appendix 2.
- 2.4 The production of the Strategic Internal Audit Plan (attached at Appendix 1) takes into account the strategic priorities of the organisation and the risks associated with them.
- 2.5 Prior to the formal draft audit plan being drawn up, a series of meetings was held with the departmental management teams and a separate meeting with the Chief Executive, the Deputy Chief Executive and the Programme Manager for Climate Change. A revised plan, balanced to the available resources was then presented to the Strategic Leadership Team for their approval.
- 2.6 The 'audit universe' (i.e. all audits that were included in the previous strategic audit plans) for each service area was presented at each meeting and queries were raised as to whether these audits were considered to remain relevant, whether there were any gaps in the coverage (e.g. in respect of emerging risks or changes to methods of service delivery) and whether any audits were no longer relevant that could be removed from the plan.
- 2.7 The previous strategic audit plan had aimed to match the auditable activities to

the risks included within the departmental risk registers and the Significant Business Risk Register. This approach was adopted in order to address the recommendation raised in the last external quality assessment performed. This is still a 'work in progress' which will be refined in future years.

- 2.8 One issue with this approach is that each department appears to be at a different stage in terms of integrating their risks with their Service Area Plans (e.g. some only have generic risks recorded, some have also recorded their section-specific risks and one department is trialling a different system which is, in itself, a work in progress).
- 2.9 A number of registers had not been updated during the year, with the production of the Service Area Plans being delayed to ensure that they addressed the priorities as set out in the new corporate strategy.
- 2.10 Another issue was that there were issues with the scoring of individual risks, with some not including gross risk scores and others having higher residual risk scores than the gross scores (i.e. implying that the controls in place were actually making the risk worse).
- 2.11 As a result, the strategic plan being presented is largely a 'roll-forward' of the previous plan, with amendments made following the consultation meetings held.
- 2.12 It is anticipated that these issues will be addressed during the coming financial year, so that, as the Council moves to a more consistent stage in its risk recording process, the audit plans can be more closely aligned to the risks, with audits being prioritised based on the RAG ratings and the impact of controls on reducing risks to their residual scores.
- 2.13 Also, whilst the plan attempts to be risk-based, there are a number of other factors that have been / need to be taken into account:
 - The strategic objectives of the organisation;
 - areas of concern or previous requests for coverage from management and the Audit and Standards Committee;
 - areas where the External Auditors may wish to place reliance on the testing performed by Internal Audit;
 - regulatory requirements for internal audit coverage;
 - the results of previous internal audit coverage.
- 2.14 As highlighted above, the Plan, attached, sets out a balanced plan taking into account the staff resources available to Internal Audit.
- 2.15 The Audit and Risk Manager will be retiring in May 2024 which has implications for the number of 'available audit days' for the Audit Plan until his position is filled. An allowance has been included within the plan for a two month 'notice period' for the new appointments to take up their post.
- 2.16 If this proves to be either too many or too few days, a revised Plan will be presented to Committee. Accordingly, the number of audits may increase or decrease. If extra capacity is available, the additional audit(s) included will be drawn from those that have been deferred from year one of the plan due to the need to balance resources.

3 Alternative Options

3.1 The report is not based on 'project appraisal' so this section is not applicable.

4 Legal Implications

4.1 Not applicable.

5 Financial Implications

5.1 Not applicable.

6 Corporate Strategy

6.1 Warwick District Council has adopted a Corporate Strategy that sets three strategic aims for the organisation – see below. Each proposed decision should set out how the report contributes to the delivery of these strategic aims. If it does not contribute to these aims or has a negative effect on them the report should explain why that is the case.

- Delivering valued, sustainable services.
- Low cost, low carbon energy across the district.
- Creating vibrant, safe and healthy communities of the future.

6.2 Internal Audit contributes to the delivery of these strategic aims as part of an assurance framework. This ensures that the activities necessary to deliver these aims are reviewed and, where appropriate, improved.

7 Environmental/Climate Change Implications

7.1 An effective internal audit function can assist the Council achieve its environmental and climate emergency objectives.

8 Analysis of the Effects on Equality

8.1 An effective internal audit function can help the Council achieve its equality obligations.

9 Data Protection

9.1 An effective internal audit function can help the Council achieve its data protection objectives.

10 Health and Wellbeing

10.1 An effective internal audit function can help the Council achieve its health and wellbeing objectives.

11 Risk Assessment

11.1 The whole report is about risks and the risk environment. Clearly there are governance-related risks associated with weak internal control, risk management and governance processes.

12 Consultation

12.1 Please refer to 'header page' of this report.

Background papers:

None.

Supporting documents:

None.