

Title: Internal Audit Plan 2022/23 & Internal Audit Charter 2022/23
Lead Officer: Richard Barr
Portfolio Holder: Councillor Hales
Wards of the District directly affected: None directly impacted

Summary

The report presents the Internal Audit Strategic Plan 2022/23 and the Internal Audit Charter 2022/23 for consideration and approval.

Recommendation

- 1 That Members consider and approve the Internal Audit Strategic Plan 2022/23 and the Internal Audit Charter 2022/23.
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1 Background: Internal Audit Plan

- 1.1 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.
- 1.2 The Internal Audit Plan 2022/23 comprising the planned reviews over this period is set out as the first appendix to this report.
- 1.3 The Audit Plan is organised as follows:
 - Risk-based coverage
 - Coverage for core activities that traditionally require Internal Audit input for assurance on financial probity and regularity
 - Other internal audit coverage.
- 1.4 The audits set out in the Plan are performed throughout the year with timings (start dates) agreed with managers on individual audits, usually at the beginning of the year.
- 1.5 Internal Audit usually present a three-year strategic plan for approval. However, due to the programme of service integrations combined with the change of provision of the audits for Stratford-on-Avon District Council from Warwickshire County Council to us in 2023/24 (subject to approval), it was prudent to only set out a plan for one year in this instance.
- 1.6 The Internal Audit Charter for delivering this assurance is also included and is set out in Appendix 2.

2 Formulation of Plan

- 2.1 To produce the audit plan the following has been taken into account:
- The strategic objectives of the organisation and the specific risks associated with those objectives;
 - the content of risk registers and assurance frameworks to understand the risks faced, and the controls that the organisation places reliance on to manage those risks;
 - areas of concern or previous requests for coverage from management and the Finance and Audit Scrutiny Committee;
 - areas where the External Auditors may wish to place reliance on the testing performed by Internal Audit;
 - any recent significant changes within the organisation and its operations;
 - regulatory requirements for internal audit coverage;
 - emerging issues, including any additional risks that do not appear on the risk profile but which may merit internal audit coverage;
 - the results of previous internal audit coverage.
- 2.2 Due to the abovementioned service integrations, a number of the audits will be undertaken in conjunction with Warwickshire County Council so that the processes in place at both Warwick and Stratford are reviewed together.

3 Consultation

- 3.1 Prior to a formal draft audit plan being issued, a series of meetings has been held with the Chief Executives, the two Deputy Chief Executives and the Heads of Service (i.e. each member of JMT).
- 3.2 The audits that were due to be undertaken, based on 'Year 2' of the previous strategic plan were discussed with these staff, along with the audits that had been slipped from the current financial year due to the departure of a member of the Internal Audit team at the end of December 2021.
- 3.3 As suggested above, queries were also raised at the meetings as to whether any emerging issues were felt to warrant coverage by Internal Audit and, due to resource constraints, they were also asked to identify any audits that were not high priority which could be slipped to the following year.
- 3.4 Views were sought on:
- ❖ The amounts of time allocated to the various proposed assignments;
 - ❖ whether anything important has been missed;
 - ❖ whether any planned assignments should be excluded (because, for example, the function is considered very low risk or because the function is no longer performed);
 - ❖ whether any risk profiles had changed significantly in the last 12 months.
- 3.5 The revised Plan, attached, reflects the feedback that has been received and sets out a balanced plan.

4 Alternative Options available to Committee

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

5 Consultation and Members' comments

5.1 Include any comments received in response to the consultation on the report.

No comments received.

6 Implications of the proposal

6.1 Legal/Human Rights Implications

6.1.1 Include a summary of the legal or human rights implications of the proposal.

Not applicable.

6.2 Financial

6.2.1 Include a summary of the financial implications of the proposal

Not applicable.

6.3 Council Plan

6.3.1 External Impacts

People - Health, Homes, Communities

Services - Green, Clean, Safe

Money- Infrastructure, Enterprise, Employment

Although there are no direct policy implications, internal audit is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

6.3.2 Internal Impacts

People - Effective Staff

Services - Maintain or Improve Services

Money - Firm Financial Footing over the Longer Term

Although there are no direct policy implications, internal audit is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

6.4 Environmental/Climate Change Implications

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

6.5 Analysis of the effects on Equality

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

6.6 **Data Protection**

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

6.7 **Health and Wellbeing**

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

7 **Risk Assessment**

7.1 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.

8 **Conclusion/Reasons for the Recommendation**

8.1 The Internal Audit Plan is an important element in providing the required independent and objective opinion to the organisation on its control environment, in fulfilment of statutory duties.

8.2 The compilation of the Internal Audit Charter is a requirement of the Public Sector Internal Audit Standards.

Background papers:

Please provide a list of any papers which you have referred to in compiling this report and are not published documents. This is a legal requirement.

You must also supply these when submitting the report.

All Papers referred to in this report are published documents.

Supporting documents:

JMT minutes.

Report Information Sheet

Committee/Date	Finance & Audit Scrutiny Committee – 9 March 2022	
Title of report	Internal Audit Plan 2022/23 and Internal Audit Charter 2021/22	
Consultations undertaken		
Consultee *required	Date	Details of consultation / comments received
Ward Member(s)		
Portfolio Holder WDC & SDC *	28/2/2022	
Financial Services *		
Legal Services *		
Other Services		
Chief Executive(s)	24/2/2022	
Head of Service(s)	24/2/2022	
Section 151 Officer	24/2/2022	
Monitoring Officer	24/2/2022	
CMT (WDC)	24/2/2022	
Leadership Co-ordination Group (WDC)	24/2/2022	
Other organisations		
Final decision by this Committee or rec to another Cttee/Council?		The former.
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?		File/Info/Inspect Document/Check Accessibility