

 Finance and Audit Scrutiny Committee 27 May 2020		Agenda Item No. 9
Title	Internal Audit Strategic Plan 2020/21 – 2022/23 and Internal Audit Charter 2020	
For further information about this report please contact	Richard Barr Tel: (01926) 456815 email: richard.barr@warwickdc.gov.uk	
Service Area	Finance	
Wards of the District directly affected	Not applicable	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	Finance and Audit Scrutiny Committee – 5 March 2019	
Background Papers	Internal Audit risk assessment file; email correspondence with members of SMT.	

Contrary to the policy framework?	No
Contrary to the budgetary framework?	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality & Sustainability Impact Assessment Undertaken?	N/A: no direct service implications

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	18/02/20	Chris Elliott
Head of Service	18/02/20	Mike Snow
SMT	18/02/20	SMT
Section 151 Officer	18/02/20	As Head of Service
Monitoring Officer	18/02/20	Andrew Jones
Finance	18/02/20	As Section 151 Officer
Portfolio Holder	04/03/20	Councillor Hales
Consultation and Community Engagement		
None other than consultation with members and officers listed above.		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

1 **Summary**

- 1.1 The report presents the Internal Audit Strategic Plan 2019/20 – 2021/22 and the Internal Audit Charter 2019 for consideration and approval.

2 **Recommendation**

- 2.1 That Members consider and approve the Internal Audit Strategic Plan 2019/20 – 2021/22 and the Internal Audit Charter 2019.

3 **Reason for the Recommendation**

- 3.1 The Internal Audit Strategic 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.
- 3.2 The compilation of the Internal Audit Charter is a requirement of the Public Sector Internal Audit Standards.

4 **Policy Framework**

4.1 **Fit for the Future (FFF)**

The Council's FFF Strategy is designed to deliver the District's Vision of making it a Great Place to Live, Work and Visit. With those objectives the FFF Strategy contains several Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities.	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB.	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels.
Impacts of Proposal		
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.		

Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours.	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services.	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money.
Impacts of Proposal		
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.		

4.2 **Supporting Strategies**

Each strand of the FFF Strategy has several supporting strategies but description of these is not relevant for the purposes of this report.

4.3 **Changes to Existing Policies**

This section is not applicable.

4.4 **Impact Assessments**

This section is not applicable.

5 **Budgetary Framework**

5.1 Although there are no direct budgetary implications arising from this report, Internal Audit provides a view on all aspects of governance including that of the Budgetary Framework. An effective control framework ensures that the Authority manages its resources and achieves its objectives economically, efficiently and effectively.

6 **Policy Framework**

6.1 Although there are no direct policy implications, Internal Audit provides a view on all aspects of governance and will take into account the Council's policies.

7 **Risks**

7.1 Internal Audit provides a view on all aspects of governance, including corporate and service arrangements for managing risks.

8 **Alternative Options Considered**

8.1 This section is not applicable.

9 **Internal Audit Strategic Plan**

9.1 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.

9.2 The Internal Audit Strategic Plan 2019/20 to 2021/22 comprising the planned reviews over this period is set out as the first Appendix to this report.

9.3 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

9.4 The audits set out in the first year of the Plan are carried out throughout the year with timings (start dates) agreed with managers on individual audits, usually at the beginning of the year.

9.5 The Internal Audit Charter for delivering this assurance is also included and is set out as Appendix 2.

10 **Formulation of the Plan**

10.1 To produce the audit plan, the following has been taken into consideration:

- 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 & Audit Scrutiny Committee;
- areas where the External Auditors will wish to place reliance on the testing performed by Internal Audit;
- other sources of assurance available to the organisation e.g. inspections, peer reviews, accreditations;
- 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 may merit internal audit coverage;

- the timing for each internal audit review to maximise the benefit of assurance provided; and
 - the results of previous internal audit coverage.
- 10.2 In recent years we have strengthened our risk-based approach by placing greater reliance on the risk registers to identify priority areas. An exercise to link the audit plan to the risk registers also highlighted some new areas that required audit coverage. A good example of this was climate change where an audit of the Authority's preparations for responding to climate change was identified. We have continued that approach for this year.
- 10.3 An earlier draft of the Strategic Plan was issued to CMT and Service Area Managers for their views.
- 10.4 Views were sought on a number of aspects, including:
- ❖ 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.
- 10.5 Deputy Chief Executives and Service Area Managers were requested to share the draft Plan as widely as possible within their service areas and to feed back comments to Internal Audit.
- 10.6 The draft Plan was subsequently revised to reflect the aforementioned feedback and this updated version is now presented to Committee.