



## Agenda Item 5

### Finance and Audit Scrutiny Committee 17 March 2021

**Title: Internal Audit Strategic Plan 2021/22 – 2023/24 and Internal Audit Charter 2021/22**

**Lead Officer: Richard Barr**

**Portfolio Holders: Councillor Hales**

**Public report / Confidential report: No**

**Wards of the District directly affected: Not applicable**

Contrary to the policy framework: No

Contrary to the budgetary framework: No

Key Decision: No

Included within the Forward Plan: Yes

Equality Impact Assessment Undertaken: Not applicable

Consultation & Community Engagement: Consultation with line management and SMT. None with community.

Final Decision: Yes.

#### **Officer/Councillor Approval**

<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	25 Jan 2021	Chris Elliott/Andrew Jones
Head of Service	25 Jan 2021	Mike Snow
CMT	25 Jan 2021	Chris Elliott/Andrew Jones/Bill Hunt
Section 151 Officer	25 Jan 2021	Mike Snow
Monitoring Officer	25 Jan 2021	Andrew Jones
Finance	25 Jan 2021	Mike Snow
Portfolio Holder(s)	3 March 2021	Councillor Hales

1 **Summary**

- 1.1 The report presents the Internal Audit Strategic Plan 2021/22 – 2023/24 and the Internal Audit Charter 2021/22 for consideration and approval.

2 **Recommendation**

- 2.1 That Members consider and approve the Internal Audit Strategic Plan 2021/22 – 2023/24 and the Internal Audit Charter 2021/22.

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)**

- 4.1.1 The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.
- 4.1.2 The FFF Strategy has 3 strands, People, Services and Money, and each has an external and internal element to it, the details of which can be found [on the Council's website](#). The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

4.2 **FFF Strands**

4.2.1 **External impacts of proposal(s)**

**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.

4.2.2 **Internal impacts of the proposal(s)**

**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.

### 4.3 **Supporting Strategies**

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

### 4.4 **Changes to Existing Policies**

4.4.1 This section is not applicable.

### 4.5 **Impact Assessments**

4.5.1 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 **Background: Internal Audit 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 2021/22 to 2023/24 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. The previous year's Charter has been updated to reflect findings and recommendations arising from the Public Sector Internal Audit Standards review that was conducted recently. The results of that review are reported elsewhere on the agenda for Finance and Audit Scrutiny Committee.

### 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

## Agenda Item 5

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.