

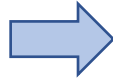
WOKINGHAM BOROUGH COUNCIL
Internal Audit & Investigation Plan and Strategy
2024-25

The Internal Audit Plan Strategy

This report provides an overview of Internal Audit's proposed work plan and strategy for 2024/25 for the Internal Audit Service from 1 April 2024.

The internal audit programme of work aims to provide sufficient and appropriate coverage to enable the Head of Internal Audit and Investigation (who fulfils the role of Chief Audit Executive) to provide a well-informed and comprehensive year-end annual internal audit opinion on the Council's governance, internal control and risk management framework.

This feeds into the Annual Governance Statement (AGS) and provides assurances on the implementation of the Council's Local Code of Corporate Governance.



Introduction and Objective

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Internal Audit and Investigation Plan provides the mechanism through which the Head of Audit and Investigation can ensure most appropriate use of internal audit resources to provide a clear statement of assurance on risk management, internal control, and governance arrangements. In addition, the work of internal audit aims to provide an independent and objective opinion to the Council on the level to which the internal control environment supports and promotes the achievement of the Council's objectives.

Prior to the start of each financial year, the Head of Audit and Investigation, in conjunction with senior management, puts together a proposed plan of internal audit work. The objective of our planning process enables the service to provide a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.

The outcomes of each of the audits in our planned programme of work, will provide senior management and Members with assurance that the current risks faced by the Council in these areas are adequately controlled and managed.

Internal audit is only one source of assurance, and the outcomes of internal audit reviews should be considered alongside other assurance sources.

The Internal Audit Plan Strategy

Methodology

In developing the Internal Audit and Investigation Plan, a review has been undertaken of the potential risk areas for review including consideration of:

- Risk in Focus 2023: Hot topics for internal auditors published by a consortium of institutes of internal auditors that includes the Chartered Institute of Internal Auditors (UK & Ireland)
- Council Corporate Plan and Vision
- Council Corporate and Directorate Risk Registers
- Annual Governance Statement Improvement Plan
- WBC Governance Toolkit
- Various Council Inspection Reports and Lessons Learned re Governance
- Audit Group Networks, Better Governance Forum for 'hot topic' areas

Additionally, consultation has been undertaken with officers to confirm our assessment of the risks, determine areas of audit input that can add value to managers and to ensure that a clear understanding of how Internal Audit work fits with other known sources of assurance:

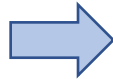
- The Corporate Leadership Team (CLT)
- Directorate Management Teams
- Section 151 Officer
- Monitoring Officer



The Internal Audit Plan Strategy

The internal audit activity must evaluate and contribute to the improvement of the organisation's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal audit's credibility and value are enhanced when auditors are proactive, and their evaluations offer new insights and consider future impact.

Risk-based plans need to be developed to determine the priorities of the internal audit activity, consistent with the organisation's goals.



The Audit Plan Key Features

The Internal Audit Plan reflects some of the highest risk areas to the Council and is designed to ensure that assurance is targeted effectively to enable provision of an opinion on the governance, risk, and control framework. Significantly, this year, approaches include:

- **Wokingham Centric** – focus on key priorities and key corporate assurances for the Council for 2024/25. For example, in the current financial climate for local authorities it will include Budget and Financial Resilience.
- **Strategic Focus** – Audit will focus on management assurance on key corporate and operational risks versus the reliance on Internal Audit to provide direct assurance. Audits focussed on quality outcomes that increase the likelihood that the Community Vision is delivered,
- **Proactive Risk Identification** – promoting risk management across the Council.
- **Governance Arrangements:** Internal Audit have a key role in assessing the effectiveness of governance arrangements by comparison with principles contained in the CIPFA/SOLACE Governance Framework. A number of audits will support this assessment and will take account of any emerging governance arrangements, for example, Risk Management - to review the Council's Risk Management arrangements to assess how embedded they are across the Council and how this can be driven forward.
- **Auditor Judgement:** Audit of areas not specific to Corporate/Directorate Risk Registers.

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The Audit Plan Key Features contd./...

- **Consultancy and Value Added** – Management periodically identifies areas where audit input is beneficial e.g. new system/procedures/controls developments. This work is designed to support management in delivering aspirations and problem resolution and as such is included, not as work that will support the annual audit opinion but as value added work. No assurance opinions will be given in consultancy engagements.
- **Grant Certifications** – Mandatory/Statutory certification of grants received from Central Government as stated within each grants grant determination letter's terms and conditions.
- **Advisory and Support** - Periodic briefings for CLT on governance internal control, risk management, for example, lessons learnt from review of recent financial failures in local government.
- **Fraud, Corruption and Financial Irregularities:** The service will investigate fraud, corruption and irregularity arising during the year.
- **Follow up work:** Follow up work on outstanding 'Management actions' will be regularly undertaken. Where Internal Audit reports conclude that a Category 3 or 4 assurance level (bottom two categories of audit opinion), the reviews will be revisited at an appropriate time to establish the effectiveness of agreed management actions in improving control and mitigation of risks. Progress will be reported to the Audit Committee.

The Internal Audit Plan and Strategy

The Table opposite shows the Council's KCRs and proposed Internal Audit coverage. This aims to demonstrate that Internal Audit activity is focussed on the key risks to the Council, in addition to other required audit activity, e.g. Key Operational Risks, Governance Building Blocks, Fraud and Grant work (as set out at Appendix A(I), which is required to inform the Head of Internal Audit Annual Opinion. It is not possible to cover all KCRs each year, but they will be reviewed on a rolling programme with the top risk Key Corporate Risk 1 audited annually and the other Key Corporate Risks audited once every 3 years. (Numbering gaps relate to where risks have been removed). For 2024/25, risks being covered will include a mix of detailed reviews, follow up activity and also a focus on specific aspects of risks, as requested by Directorate Management Teams. The aim is to ensure that all KCRs have coverage over a fixed time period.

The Corporate Risk Register is a live document and risks enter and leave the register during the course of the year. Therefore, the Internal Audit Plan aims to be dynamic and flexible in order to respond to these changes to ensure Internal Audit activity remains focussed on the key risks to the Council.



Corporate Risk Register Ref.*	Key Corporate Risks as at November 2023	2024-25	2025-26	2026-27
1	Budget and Financial Resilience - Financial Management - Budget Monitoring, setting and control	✓	✓	✓
2	Corporate Governance		✓	
3	Workforce	✓		
4	Uncontrolled Development (Local Plan Update)			✓
5	Outcomes and Costs for Children with SEND (External Assurance – Safety Valve)	✓		
6	Health & Safety	✓		
7	ASC Supplier Sustainability & Sufficiency	✓		
8	Cyber Security	✓		
9	Climate Emergency		✓	
10	Major Emergency Response (e.g. Pandemic)			✓
13	Adult Safeguarding		✓	
14	Children's Safeguarding		✓	
15	Resources to Support Emerging Communities			✓
17	Mainstream Education Provision		✓	
18	Magnitude of Change for 2024 Elections	Coverage in 2023/24		
19	Information Governance (2023/24 Follow Up)	✓		
21	Local Affordable Housing Needs			✓
22	Support for Unaccompanied Asylum-Seeking Children			✓
23	Significant Procurement Activity P&G (2026) (Preparatory audit work in 2024/25)	✓		
24	Waste Collection Changes	Coverage in 2023/24		

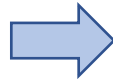
The Internal Audit Plan and Strategy

Resources should be appropriate, sufficient, and effectively deployed to achieve the approved plan.

The Internal Audit Plan will be delivered by the in-house team.

Appendix A(I) sets out the proposed coverage for 2024/25. It should be noted that this plan is flexible and could change in the event of new key risks emerging during the year.

Risk assessment is used to inform the amount of staff resource dedicated to each area and the extent, frequency and depth of testing undertaken, with high-risk areas being examined more frequently.



Resources

The Internal Audit and Investigation Plan is based on judgement of the Head of Internal Audit and Investigation, HoIA (Chief Audit Executive) in order to be able to inform their Annual Audit Opinion on the Council's internal control, governance and risk management framework, a requirement under the PSIAS. It is compiled on the basis of one Senior Auditor post being held vacant until any financial pressures across the Council are known. The Apprentice and Corporate Investigation Officer posts, which were new posts from April 2023, were recruited to in November 2023 and December 2023 respectively.

The IAIS has challenging savings targets for Internal Audit and Investigations work. In addition to the WBC Audit and Investigation activity, internal audit work is undertaken for our client council under a S113 Agreement, which generates income for the Council to assist in achieving these income targets, and the team structure agreed by CLT takes account of these requirements.

The Internal Audit Plan Strategy

Performance against completion of the internal annual plan will be measured and reported in Internal Audit Activity reports.



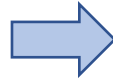
Plan Monitoring

Potential performance indicators are: -

- **Percentage Key Corporate Risks audited**
 - Focus of internal audit activity on key corporate/operational risks of Council
- **Delivery of Internal Audit Plan**
 - % Audits completed to at least draft report stage 90%
- **Compliance with Public Sector Internal Audit Standards**
 - Annual Self-assessment
 - Five Year External independent review of Internal Audit Service against the PSIAS (maintaining 'Fully Compliant' assessment)
- **Client Satisfaction**
 - Audit satisfaction surveys regarding benefits and value of audit service
- **Audit Effectiveness (Making a Difference)**
 - Annual like-for-like comparison of audit opinions over previous 3 years

The Internal Audit Plan Strategy

The Head of Internal and Investigation (fulfils the role of Chief Audit Executive) must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.



Reports to Corporate Leadership Team and Audit Committee

A status report on internal audit work will be presented to the CLT and Audit Committee on a regular basis throughout the year. The purpose of these reports is to provide an update on the progress made against the delivery of the 2024/25 Internal Audit and Investigation Plan, the status of audits, i.e. those completed to date including audit opinion, at draft stage or work in progress. The reports will also provide a summary of internal audit performance, the planning and resourcing position.

Annual Assurance Report

A formal annual report to the Audit Committee, presenting the Head of Audit and Investigation (fulfils the role of Chief Audit Executive) Annual Audit Opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control, will be published to enable it to be taken into account within the annual review of the effectiveness of the system of internal audit and in preparing the AGS.

Regular periodic updates will be provided to CLT and the Audit Committee throughout the year that will culminate in the production of an annual report and Annual Head of Internal Audit Opinion on the council's governance, internal control, and risk management framework.

The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

The Internal Audit Plan Strategy

The Public Sector Internal Audit Standards (PSIAS), as revised in April 2017, define the service and professional standards for public sector internal audit services.

Compliance will be monitored on a regular basis, as part of the review process for individual audits and as part of annual self-assessment review of the internal audit service.



Compliance with Public Sector Internal Audit Standards

The PSIAS, as revised in April 2017, define the service and professional standards for public sector internal audit services.

Key, specific PSIAS provisions include:

PSIAS: 2010 - *“The Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals.”*

PSIAS: 2450 – *“The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.”*

The Internal Audit Service is designed to conform to the PSIAS. Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. The last external review was undertaken in 2023 and the results were reported to the Audit Committee. The report concluded that the Internal Audit and Investigation Service received the highest classification.

The HoIA fulfils the role of Chief Audit Executive

CIPFA Statement on the Role of Head of Internal Audit

The Head of Internal Audit occupies a critical position in any organisation, helping it to achieve its objectives by evaluating the effectiveness of governance, risk management and internal control arrangements and playing a key role in promoting good corporate governance. CIPFA has publicised a Statement on the Role of the Head of Internal Audit in public service organisations to help ensure that organisations engage with and support the role effectively.



Compliance with CIPFA Statement on the Role of Head of Internal Audit

In addition to the work undertaken to inform the CIPFA External Assessment against the PSIAS, a self-assessment against the CIPFA Statement on the Role of the Head of Internal Audit was undertaken by Internal Audit, which was verified by CIPFA, and this is referred to in the CIPFA External Assessment report.

This assessment identified minor advisory points that have been incorporated into the PSIAS Action Plan.

Updates on the implementation of the advisory points from the PSIAS External Assessment and the self-assessment against the Role of the Head of Internal Audit will be reported periodically to the Audit Committee.

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