

TITLE	2023/24 Draft Internal Audit Plan, Strategy and Internal Audit Charter
FOR CONSIDERATION BY	Audit Committee on 13 March 2023
WARD	None Specific
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

Public assurance about the Council's risk, control, and governance environment.

RECOMMENDATION

The Audit Committee is asked to:-

- 1) Review and scrutinise the 2023/24 draft Internal Audit and Investigation Plan and Strategy (attached as Appendices A and AI).
- 2) Approve the 2023/24 Internal Audit Charter (Appendix A(II)).

SUMMARY OF REPORT

This report recommends that the Audit Committee considers and approves the draft Internal Audit and Investigation Plan and Strategy for the 2023/24 financial year. In addition, that it approves the 2023/24 Internal Audit Charter. This recommendation is being made to ensure that the Internal Audit and Investigation Service (IAIS) plans its work to assist the Council in meeting its statutory requirements and ensures that there is an ongoing focus on the Council's key corporate priorities and risks, whilst also remaining flexible and agile in the planning of its work.

The 2023/24 Internal Audit Charter is presented alongside the Internal Audit and Investigation Plan. It incorporates the requirements of the Public Sector Internal Audit Standards 2017 with the arrangements for the provision of Internal Audit Services and is being presented, with small changes since the last revision, for annual approval.

The Internal Audit Charter includes the reporting lines for Internal Audit.

Background

Internal Audit supports the Council's S151 Officer (Deputy Chief Executive and Director of Resources and Assets) in discharging his statutory duties: -

- I. Section 151 of the Local Government Act 1972. The Council's Section 151 Officer is responsible under the Local Government Act for ensuring that there are arrangements in place for the proper administration of the authority's financial affairs. The work of internal audit is an important source of information for the S151 Officer in exercising their responsibility for financial administration. Reliance upon Internal Audit and their annual programme of work in reviewing the operation of systems of internal control and financial management is fundamental to the fulfilment of that responsibility.
- II. The Accounts and Audit Regulations (2015) state that: 'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

Each financial year, a relevant authority must:-

- a) Conduct a review of the effectiveness of the system of internal control required by Regulation 3; and
- b) Prepare an annual governance statement.

2023/24 Draft Internal Audit Plan and Strategy

The 2023/24 Draft Internal Audit and Investigation Plan and Strategy provides the mechanism through which the Chief Audit Executive (a role fulfilled by Head of Internal Audit and Investigation) can ensure that there is the most appropriate use of internal audit resources to provide a clear statement of assurance on the Council's risk management, internal control and governance arrangements.

Internal Audit provides an independent and objective opinion to the Council on the degree to which the internal control environment supports and promotes the achievement of the Council's objectives. Internal Audit contributes to the Council achieving its key priorities by helping to promote a secure and robust internal control environment, which enables a focus on achieving the key priorities.

The 2023/24 Draft Internal Audit and Investigation Plan and Strategy are attached as Appendices A and A(I) to this report. The Strategy (Appendix A) outlines the role, scope and purpose of Internal Audit, the 2023/24 Audit Planning process, resourcing, reporting arrangements and Internal Audit's requirements to conform with the Public Sector Internal Audit Standards (PSIAS), 2017.

Developing the programme of work has included managements' assessment of risk, as well as our own risk assessment of the Council's major systems, strategic and operational areas, other auditable areas and work undertaken to date.

It has involved consultation with the Corporate Leadership Team, Directorate Management Teams, the review of risk registers and external guidance (where appropriate), the Annual Governance Statement Improvement Plan, 2021/22 Peer Review Action Plan and 2022/23 Peer Review Follow Up, comparison with other authorities and Audit Group Networks.

The Plan is based on the work deemed necessary to be able to provide the annual Head of Internal Audit opinion and for the Deputy Chief Executive and Director of Resources and Assets (S151 Officer) to be able to fulfil their legislative responsibilities.

Appendix A(I) presents the audit topic areas identified during the audit planning process.

The 2023/24 Draft Internal Audit and Investigation Plan and Strategy, once approved, will come into effect from 1 April 2023. Progress on delivering the Plan will be reported to the Committee on a regular basis in line with the Council's reporting cycle.

2023/24 Internal Audit Charter

The Internal Audit Charter is a formal document that defines the internal audit purpose, authority and responsibility. The Internal Audit Charter establishes the internal audit's position within the organisation, including the nature of the Chief Audit Executive's (fulfilled by Head of Internal Audit and Investigation) functional reporting relationship with the board (Audit Committee); authorising access to records; personnel and physical properties relevant to the performance of engagements; and defining the scope of internal audit activities.

The Internal Audit Charter sets out to communicate key information around the following areas: -

- The purpose or authority of Internal Audit and its definition.
- The role, purpose and function of Internal Audit with a stress on independence to preserve objectivity.
- The objectives of internal audit and the scope of the audit function.
- The professional standards and ethics to be followed by Internal Audit and its employees.
- Reference to the responsibilities retained by Council's management.
- Internal Audit style content including reference to a prepared audit protocol.
- Internal Audit resources and training.
- Internal Audit reporting.

The 2023/24 Internal Audit Charter is presented at Appendix A(II), with tracked changes, and Appendix A(III), clean version, to this report.

Analysis of the Issues

The Internal Audit Charter provides the authority for the practice of Internal Audit in the Council and is a key governance document in this respect. The Audit Committee should consider whether the Internal Audit Charter provides Internal Audit with the necessary authority to enable it to fulfil its responsibilities in providing independent and objective assurance to the Audit Committee.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£0	Yes	Revenue
Next Financial Year (Year 2)	£0	Yes	Revenue
Following Financial Year (Year 3)	£0	Yes	Revenue
Other financial information relevant to the Recommendation/Decision			
None			

Cross-Council Implications
Internal Audit works across all areas of the Council – effective internal audit is one of the ways assurance is provided that the Council’s key priorities and objectives will be achieved.

Public Sector Equality Duty
The Equality Act 2010 places a statutory duty on the council to ensure that when considering any new or reviewed strategy, policy, plan, project, service or procedure the impacts on particular groups, including those within the workforce and customer/public groups, have been considered. In undertaking our audit and investigative work, we ensure we have regard for equalities.

Climate Emergency – <i>This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030</i>
This report has a positive impact on the climate emergency agenda, as it provides public assurance about the Council’s risk, control and governance environment and includes specific reviews of key corporate risks that have been undertaken in respect of Net-Zero Carbon (Climate Emergency).

Reasons for considering the report in Part 2
Not applicable.

List of Background Papers
2023/24 Internal Audit and Investigation Strategy - Appendix A 2023/24 Draft Internal Audit and Investigation Plan - Appendix A(I) 2023/24 Internal Audit Charter – Appendix A(II) Public Sector Internal Audit Standards 2017

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