

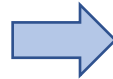
WOKINGHAM BOROUGH COUNCIL
Internal Audit & Investigation Plan and Strategy
2023-24

The Internal Audit Plan Strategy

This report provides an overview of Internal Audit's proposed work plan and strategy for 2023/24 for the Internal Audit Service from 1 April 2023.

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, put together a proposed plan of 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.

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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
- 2021/22 Council Peer Review Action Plan and 2022/23 Follow Up work.
- 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



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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

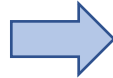
The Internal Audit Plan reflects some of the highest risk areas to the Council and is designed to ensure that assurance is targeted effectively to enable provision of an opinion on the governance, risk, and control framework. Significantly, this year, approaches include:

- **Wokingham Centric** – focus on key priorities and key corporate assurances for the Council for 2023/24, for example, Budget and Financial Resilience, Governance of Companies.
- **Strategic Focus** – Audit will focus on management assurance on key risks versus the reliance on Internal Audit to provide direct assurance. Audits focussed on quality outcomes that increase the likelihood that Community Vision is delivered.
- **Proactive Risk Identification** – identifying potential and emerging risks to the Council through horizon scanning and working with partners. Suggesting emerging risks to senior managers from insights from other clients, professional networks, and case studies of other local authorities.
- **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.

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The Audit Plan Key Features contd./...

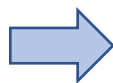
- **Consultancy and Value Added** – Management periodically identifies areas where audit input is beneficial e.g. new system/procedures/controls developments. This work is designed to support management in delivering aspirations and problem resolution and as such is included, not as work that will support 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.
- **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 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 Audit Committee.

The Internal Audit Plan and Strategy

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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. For 2023/24, 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.



Key Corporate Risks (KCRs) as at January 2023					
1	1	Budget and Financial Resilience - Financial Management - Review of Self-Assessment against the CIPFA Financial Management Code	✓	✓	✓
2=	5	Outcomes and Costs for Children with SEND * (External Assurance – Safety Valve)	* EA		✓
2=	7	ASC Supplier Sustainability and Sufficiency			✓
2=	8	Cyber Security	✓	✓	
5	17	Sufficiency of School Places		✓	
6	12	Health & Social Care Reform			✓
7=	3	Workforce		✓	
7=	4	Uncontrolled Development (Local Plan Update)			✓
7=	15	Inward Migration		✓	
10	16	Public Transport			
11=	2	Corporate Governance	✓	✓	
11=	14	Children's Safeguarding			✓
13=	9	Implementation of Climate Emergency Action Plan	✓		
13=	20	Website replacement (New)			✓
15=	6	Failure to meet statutory duties (Health & Safety)	✓		
15=	19	Information Governance		✓	
17	10	Major Emergency Response (e.g. Pandemic)		✓	
18	18	Elections Act Implementation (Voter ID)			✓
19	13	Adult Safeguarding	✓		

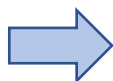
The Internal Audit Plan and Strategy

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 2023/24. 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 Chief Audit Executive (role fulfilled by the Head of Internal Audit (HoIA)) in order to be able to inform their Annual Opinion on the Council's internal control, governance and risk management framework, a requirement under the PSIAS. It is compiled on the basis of the recruitment to the Senior Auditor post that was frozen during 2022/23 in order to contribute to the council's financial savings for that year. In addition, recruitment to the Apprentice post that has been vacant through the year. Further, recruitment to a new Corporate Investigation post that has been approved by Resources and Leadership Team and this role be appointed on an 'Invest to Save' basis. The assumption is that these posts will be filled part way through the year after a recruitment process.

The appointment of an Apprentice will assist in building further resilience within the service, by developing and implementing succession plans that are underpinned by the principle of growing our own skilled professionals through the apprenticeship and graduate trainee route. This approach not only supports the Council's wider objectives but also helps to address difficulties currently faced in recruiting experienced and qualified internal audit staff. Where possible, we will also use a Guest Auditor programme to offer opportunities for skills across the Council to be shared.

Should these posts not be filled, then the Internal Audit and Investigation Plan will need to be reviewed and amended, which will impact on the HoIA's ability to inform their annual opinion on the Council's internal control, governance and risk management framework, a requirement under the PSIAS.

In addition to the WBC Audit and Investigation activity, internal audit work is undertaken for our client councils under S113 Agreements, which generates income for the Council, and the structure agreed by CLT takes account of that requirement.

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



Plan Monitoring

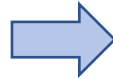
Potential performance indicators are: -

- **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 (Quarter 1 / 2 - 2023/24)
- **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

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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.

Regular periodic updates will be provided to CLT and 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.



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 2023/24 Internal Audit and Investigation Plan, the status of audits, i.e. those completed to date, at draft stage or work in progress, with the audit assurance opinions given. 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) 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.

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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 and for 2023/24, an External review of the Service, as required to be undertaken every five years, in accordance with the PSIAS.



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 2018, with an ongoing self-assessment exercise being undertaken annually. A further external review of the Service against the PSIAS is planned for Quarter 1/2 of 2023/24.