

Report of	Meeting	Date
Head of Audit and Risk	Governance Committee	Tuesday, 7 March 2023

Internal Audit Plan and progress update

Is this report confidential?	No
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Purpose of the Report

- This report sets out the programme of work to be undertaken by the Internal Audit Service. The Internal Audit Plan is the vehicle by which audit workload is identified and prioritised.

The main purposes of the report are to:

- Remind members of the respective roles of managers and Internal Audit to maintain a sound system of governance and internal control within the Council;
- Provide details of the Internal Audit Plan and associated performance indicators;
- Seek the Committee's approval of the Audit Plan.

Recommendations

- That the Committee approve the Internal Audit Plan and associated indicators.

Reasons for recommendations

- Governance Committee approval of the Internal Audit Plan is a requirement of the Public Sector Internal Audit Standards.

Other options considered and rejected

- Not applicable.

Corporate priorities

- The report relates to the following corporate priorities: (Please bold one)

An exemplary council	Thriving communities
A fair local economy that works for everyone	Good homes, green spaces, healthy places

The Role of Management and Internal Audit

6. The responsibility for implementing a strong system of governance and internal control within the Council lies primarily with the Shared Senior Management Team. Directors and Heads of Service need to ensure that they maintain effective control procedures not least because services and business systems are subject to on-going change.
7. Internal Audit is an independent appraisal function whose core objective is to evaluate and report on the adequacy of the Council's system of governance, risk management and internal control. In the main this is achieved through an annual programme of reviews, following a detailed risk assessment of audit need.

Development of the Internal Audit Plan

8. Professional standards for Internal Audit in local government specify that "the Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals."
9. To enable Internal Audit to be flexible and responsive to ongoing changes in priorities, strategy, operational arrangements, external factors that may increase the Council's exposure to risk and keep pace with to emerging risks across the organisation, it has been previously agreed with the Governance Committee that Internal Audit Plan is only developed for April to September. The process is then to revisit the audit needs analysis and to liaise with key stakeholders to consider any new and emerging risks to identify the work plan for October to March 24.

Compilation of the Audit Plan

10. The Internal Audit Plan April – September has been constructed after taking into consideration the following:
 - The Council's priorities / strategic plan;
 - A review of corporate strategies;
 - The corporate risk register;
 - Information taken from other assurance processes within, and external to, the Council, including External Audit and inspection reports;
 - Direct engagement with Directors;
 - The skills, knowledge and experience of audit staff;
 - Professional judgement on the risk of fraud and error;
 - Annual Governance Statement and Service Assurance Statements.
11. The Internal Audit Plan contains the programme of reviews for the period of April 23 to September 23 and is shown at **Appendix A**. This clearly shows the link between the work of Internal Audit, strategic and operational risks and corporate objectives. The reviews are clearly highlighted with the quarter for completion. The plan also details our involvement with key project teams assisting with advice and guidance on risk management, internal control and governance.

Internal Audit Reviews of South Ribble Leisure Limited

12. It has again been agreed that the Internal Audit Service will provide 105 audit days to South Ribble Leisure Limited (SRLL). Whilst the outcome of each audit review will be reported to the Board of the Directors, the Governance Committee will receive an annual opinion on the adequacy and effectiveness of the internal control, risk management and governance arrangements for SRLL.

Audit Resource

13. The plans for both the Council and SRLL will be completed solely by the in-house team with external support procured for the specialist ICT reviews. Over the past 12 months, the Service has increased its capacity with the introduction of a Trainee Auditor post. The current level of resource is detailed in the table below:

Service Lead Audit and Risk	0.6 FTE
Senior Auditor	0.8 FTE
Auditor	2 x FTE
Trainee Auditor	1 x FTE
Bought in resource	30 days

Internal Audit Performance Indicators

14. For the forthcoming period of April 23 to March 24, there is no change to the performance indicators or targets. Progress will be monitored throughout the period and reported to the Governance Committee three time per year.

Performance Indicator	Target
% of Planned time used	90%
% of Audit Plan completed	90%
% satisfaction rating (assignment level)	90%
% of agreed actions implemented by management	90%

Progress against the 22-23 Internal Audit Plan

15. Since our last progress report to the Committee in January 2023, one further review has been completed. This received a limited assurance rating and a full copy of the report is attached at Appendix B. Given the significance of some of the findings, we agreed action dates with a short timescale, and we can confirm that all actions due to be implemented by the end of January 2023 have been fully implemented or are nearing full implementation.

Climate change and air quality

16. The work noted in this report does not impact the climate change and sustainability targets of the Councils Green Agenda and all environmental considerations are in place.

Equality and diversity

17. The material presented and discussed in this report has no direct implications on equality and diversity.

Risk

18. Risks are outlined through the body of the report.

Comments of the Statutory Finance Officer

19. No comments.

Comments of the Monitoring Officer

20. No comments.

Background documents

Appendices

Appendix A – Internal Audit Plan April to September 2023

Appendix B – Internal Audit Review of Waste Management

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