

| Report of              | Meeting              | Date                   |
|------------------------|----------------------|------------------------|
| Head of Audit and Risk | Governance Committee | Tuesday, 26 March 2024 |

## Internal Audit Plan April to September 2024

|                              |     |
|------------------------------|-----|
| Is this report confidential? | Yes |
|------------------------------|-----|

### Purpose of the Report

1. 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;

### Recommendations

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

### Reasons for recommendations

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

### Other options considered and rejected

4. Not applicable.

### Corporate priorities

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

|                             |                               |
|-----------------------------|-------------------------------|
| <b>An exemplary council</b> | Healthy and happy communities |
| Opportunities for everyone  | Green and clean neighbourhood |

## 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 25.

## 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 24 to September 24 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 75 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 profile has changed with the introduction of a further Trainee Auditor post. The current level of resource is detailed in the table below:

|                        |         |
|------------------------|---------|
| Head of Audit and Risk | 0.6 FTE |
| Senior Auditor         | 0.8 FTE |
| Auditor                | 0.8 FTE |
| Trainee Auditor        | 2 x FTE |
| Bought in resource     | 30 days |

## Internal Audit Performance Indicators

14. For the forthcoming period of April 24 to March 25, there is no change to the performance indicators or targets. Progress will be monitored throughout the period and reported to the Governance Committee three times 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 23-24 Internal Audit Plan

15. Since our last progress report to the Committee in January 2024, the Internal Audit Review of Community Infrastructure Levy 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 the findings, we agreed action dates with a relatively short timescale.

## 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**

There are no background papers to this report.

**Appendices**

Appendix A – Internal Audit Plan April to September 2024

Appendix B - Internal Audit Review of Community Infrastructure Levy

| Report Author:                      | Email:                          | Telephone:  | Date:   |
|-------------------------------------|---------------------------------|-------------|---------|
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