

Report of	Meeting	Date
Head of Audit and Risk	Governance Committee	Wednesday, 23 November 2022

Internal Audit Plan October 22 - March 23

Is this report confidential?	No
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Is this decision key?	No
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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 and seek the Committee's approval of the Internal Audit Plan.

Recommendations

2. That the Committee approve the Internal Audit Plan.

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:

Involving residents in improving their local area and equality of access for all	A strong local economy
Clean, safe and healthy communities	An ambitious council that does more to meet the needs of residents and the local area

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 emerging risks across the organisation it was agreed with the Governance Committee in March 2022 that the Internal Audit Plan is developed and approved on a six-monthly basis.
10. The aim of adopting this methodology was to strengthen Internal Audit's approach to risk-based auditing ensuring that resources are focused on the highest risks within the Council. Furthermore, it will ensure that the opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control as required by the Public Sector Internal Audit Standards is reflective of current environment that the Council is operating in.
11. This approach also allows the plan to be accurately tailored to the resources available during each 6-month period.
12. This is only the second plan to be developed using this approach and the benefits of it are already being realised. The attached plan contains reviews which were unknown at the time of planning in February / March. In addition, reviews already undertaken have provided further substantive detail to inform the risk assessment.

Compilation of the Audit Plan

13. The Internal Audit Plan October 22 – March 23 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.

14. The Internal Audit Plan contains the programme of reviews for the period of October 22 to March 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.

Audit Resource

15. The Internal Audit Plan will be completed largely by the in-house team with external support procured for specialist ICT reviews and additional capacity provided by some temporary resource. We have also recently successfully appointed to the post of Audit Trainee and this post is included in the resource allocation.

Internal Audit Annual Opinion

16. Successful delivery of the two combined six-month Plans will mean that Internal Audit will have delivered, in total 316 audit days to Chorley Council and 105 days to Chorley Leisure Limited, resulting in 21 audit assurance ratings.
17. This is considered to be sufficient coverage in order to be able to provide the Governance Committee with an annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control processes as required by the Public Sector Internal Audit Standards.

Climate change and air quality

18. 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

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

Risk

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

Comments of the Statutory Finance Officer

21. No comment.

Comments of the Monitoring Officer

22. No comment.

There are no background papers to this report

Appendices

Appendix A – Internal Audit Plan October 22 to March 23

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