

OPEN

Audit and Governance Committee

7 March 2024

Internal Audit Plan 2024/25

Report of: David Brown, Director of Governance and Compliance

Report Reference No: AG/23/23-24

Ward(s) Affected: All Wards

Purpose of Report

- 1 The purpose of this report is for the Committee to receive and approve the summary Internal Audit Plan for 2024/25 (Appendix A).

Executive Summary

- 2 The preparation and delivery of the annual Internal Audit Plan, annual opinion on the arrangements for governance, risk and internal control, and the assurances these provide to the Annual Governance Statement (AGS) are key indicators and contributors for the Council's corporate objectives as an open and enabling organisation.
- 3 The Council's Internal Audit Charter, which has been developed to ensure compliance with the Public Sector Internal Audit Standards (PSIAS), requires the preparation of a risk based internal audit plan which considers the need to produce an annual internal audit opinion. The opinion is a key source of assurance for the AGS which is approved by the Audit and Governance Committee and signed by the Council's Chief Executive and Leader.

RECOMMENDATIONS

The Audit and Governance Committee is recommended to:

1. Approve the Internal Audit Plan 2024/25.
2. Note that the plan details priority work during quarters 1 and 2 along with additional areas for consideration during quarters 3 and 4. Progress against the plan and the priorities for the last 6 months of 2024/25 will be reported back as part of the regular updates to the Committee.

Background

- 4 All principal local authorities subject to the Accounts and Audit Regulations 2015 must make provision for internal audit in accordance with the PSIAS. The PSIAS state that the provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the Head of Audit & Risk (as “Chief Audit Executive”) to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.
- 5 The planning process and risk assessment is detailed in Appendix A. The process ensures internal audit resources continue to focus on areas where assurance provides the most value, particularly during periods of change.
- 6 For planning purposes, the 2024/25 plan is based on current internal audit resources with adjustments made where necessary to reflect any changes in resource during the year.
- 7 Proposed audit activities identified through the development and consultation process are matched against the internal audit resources available and prioritised accordingly. The proposed risk-based summary internal audit plan for 2024/25 is included at Appendix A.
- 8 In accordance with the PSIAS, the plan is fixed for a period of no longer than one year. It details the assignments to be carried out, their respective priorities, (by differentiating between core assurance work and other work), and the estimated resources required. The Corporate Leadership Team (CLT) has been consulted on the plan prior to this presentation to the Committee.
- 9 The plan will be reviewed and refined during the year. Minor changes to the plan will be agreed by the Head of Audit & Risk. Any significant matters impacting upon the completion of the plan or the ability to

provide the annual opinion will be reported to CLT and the Audit and Governance Committee.

- 10 In accordance with the Internal Audit Charter, the Committee is asked to review and approve the summary internal plan 2024/25. In doing so, Members should consider whether the:
- (a) Scale and breadth of activity is sufficient to allow Internal Audit to provide an independent and objective audit opinion that can be used to inform the AGS.
 - (b) Level of resources in any way limits the scope of Internal Audit or prejudices the ability to deliver a service consistent with the PSIAS.
 - (c) Level of non-assurance work has an adverse impact on the core assurance work.

Consultation and Engagement

- 11 In preparing the Internal Audit Plan 2024/25, consultation has been undertaken to identify the expectations of senior management, external audit, and other key stakeholders (as detailed in Appendix A).

Reasons for Recommendations

- 12 The Internal Audit Charter, developed in accordance with the PSIAS requires the production of an annual internal audit plan. The plan sets out the anticipated range and volume of work which is required to deliver the annual internal audit opinion on the organisation's arrangements for governance, risk, and control.
- 13 The authority to approve the annual internal audit plan is within the Audit and Governance Committee's Terms of Reference.

Other Options Considered

- 14 None applicable.

Option	Impact	Risk
Do nothing.	Failure to provide Audit and Governance Committee with the annual internal audit plan for review and approval.	Failure to comply with the Public Sector Internal Audit Standards.

Implications and Comments

Monitoring Officer/Legal

- 15 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that authorities “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.
- 16 The guidance accompanying the Regulations recognised that with effect from 1st April 2013, the Public Sector Internal Audit Standards (PSIAS) represent “proper internal audit practices”. The PSIAS apply to all internal audit service providers within the UK public sector.

Section 151 Officer/Finance

- 17 In accordance with the PSIAS, the Audit and Governance Committee should ensure that the function has the necessary resources and access to information to enable it to fulfil its mandate and is equipped to perform in accordance with appropriate professional standards for internal auditors.
- 18 The Internal Audit Plan 2024/25 has been prepared, based on current resources, to cover the core areas of work required to deliver an annual audit opinion. This will be compared to resource availability as part of establishing the plan and in monitoring progress against the plan.
- 19 If an imbalance between the two arises the Committee will be informed of proposed solutions. Matters that jeopardise the delivery of the audit plan or require significant changes to it will be identified, addressed, and reported to the Committee.

Policy

- 20 There are no direct implications for policy.

Equality, Diversity and Inclusion

- 21 There are no direct implications for equality, diversity and inclusion.

Human Resources

- 22 The current Internal Audit team comprises an Internal Audit Manager (acting up), 1 Principal Auditor (acting up), 3 Senior Auditors and 2 Auditors equating to 6.1 FTE (full time equivalent).

23 The Internal Audit Manager post continues to be filled through a longstanding acting up arrangement by a Principal Auditor. A Principal Auditor vacancy also continues to be filled through an acting up arrangement by a Senior Auditor. The substantive Principal Auditor and Senior Auditor posts remain vacant.

Risk Management

24 Delivery of an appropriately balanced and focused Internal Audit Plan supports the Council's ability to effectively and efficiently identify and manage its risks, with the implementation of recommended actions designed to deliver improvements in governance and the control environment.

Rural Communities

25 There are no direct implications for rural communities.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

26 There are no direct implications.

Public Health

27 There are no direct implications for public health.

Climate Change

28 There are no direct implications for climate change.

Access to Information	
Contact Officer:	Josie Griffiths, Head of Audit & Risk Email: josie.griffiths@cheshireeast.gov.uk
Appendices:	Appendix A – Internal Audit Plan 2024/25
Background Papers:	Public Sector Internal Audit Standards (PSIAS) The Accounts and Audit Regulations 2015