

In partnership with



Appendix A

Herefordshire Council

Approach to Internal Audit Planning 2024-25

Internal Audit ■ Risk ■ Special Investigations ■ Consultancy

Unrestricted

Internal Audit Planning 2024-25: Summary & Approach

The work of Internal Audit should align strategically with the aims and objectives of the Council, considering key risks, operations, and changes. To do this Internal Audit needs to be flexible in adapting its audit plan to handle rapidly changing risks, priorities, and challenges.

It is the responsibility of the Corporate Leadership Team, and the Audit & Governance Committee to ensure that the audit work proposed and completed throughout the year contains sufficient and appropriate coverage of key risks.

Our approach to internal audit planning throughout 2024-25 will be a continuous risk assessment and a rolling plan approach.



Approach to Internal Audit Planning 2024-25

There is now a general recognition within the internal audit profession that to be most effective, audit teams need to be responsive and adaptive, with the ability to reprioritise and shift focus at speed. This is set against a backdrop of an increasingly challenging landscape within Local Government.

As a result, it is important that SWAP adopts a flexible and responsive approach to audit planning, ensuring that we are supporting the Council by collaboratively aligning our work to its aims, objectives, and emerging risks. This should ensure that we are auditing the right things, at the right time; enabling us to provide insight and value when and where it is required.

A traditional annual audit plan is subject to a high degree of uncertainty and change, and quickly becomes out of date and of less value as the year progresses. As such, this year we will build our plan in conjunction with management and Members as the year progresses; continuously re-assessing risks, priorities, and where we can add most value. This will be supported by a live, and continuously rolling, audit plan accessible to all relevant officers and members, through our audit management system AuditBoard.

The resulting programme of work will be a combination of requested audit work aligned to service priorities, combined with audit work recommended by SWAP, driven by our continuous risk assessment. This risk assessment will be informed by the Council's risk registers, as well as other key management information such as performance data. We will also provide a view on ongoing coverage against an assessment of SWAP's sector-wide top 10 risk areas, and consideration of the eight strands of our 'Healthy Organisation' framework.

As the year progresses, we will update the committee through our usual quarterly update report on internal audit activity. It will be through this process and regular access to the rolling audit plan via AuditBoard that management and the Audit & Governance Committee will be able to assess whether the audit work building throughout the year provides sufficient and appropriate coverage of key risks.

The overall objective of our planning process and subsequent plan is to put us in a position 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.

Internal Audit Planning 2024-25: Methodology

To develop and maintain appropriate risk-based audit work, SWAP will regularly consult with senior management, as well as reviewing key documentation, to obtain an understanding of the organisation's strategies, key business objectives, associated risks, and risk management processes.

We would encourage management and members to regularly review our live audit plan to assess our rolling internal audit coverage.

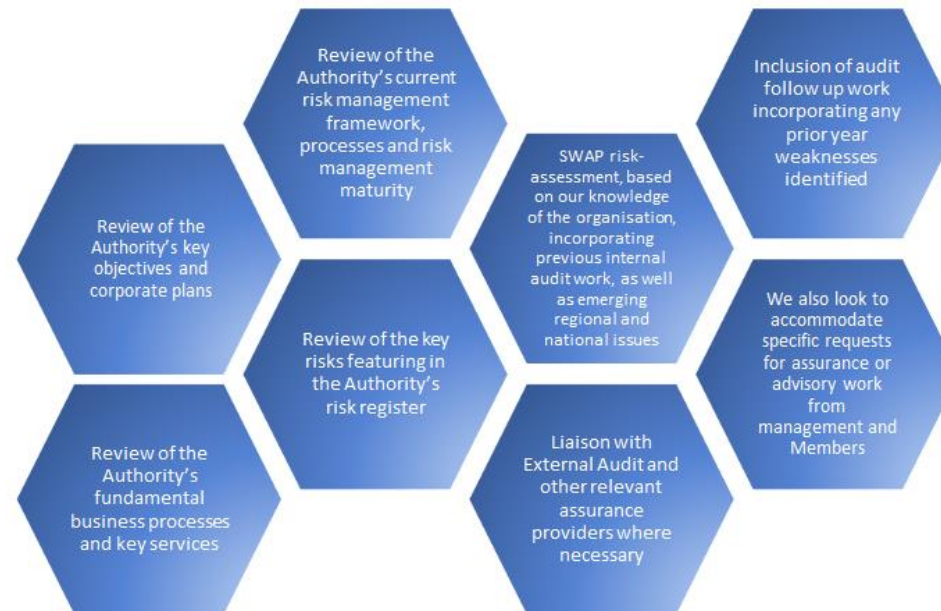
This will help to confirm:

- That the internal audit plan builds throughout the year to provide adequate coverage of the key risks faced by the organisation
- That sufficient assurance is being received to monitor the organisation's risk profile effectively; and
- That the areas included on the Future Proposed Audits remain appropriate, with an accurate priority and risk assessment.



Internal Audit Planning Methodology 2024-25

The factors that will be considered when risk assessing & prioritising 2024-25 audit work have been set out below:



To supplement the above, regular meetings with Directorate Leadership Teams will be held throughout the year to discuss any emerging risks, areas of concern, or general opportunities to enhance governance, risk management or control. The results of these conversations will help to shape our rolling programme of audit work.

It should be noted that internal audit is only one source of assurance, and the outcomes of our reviews should be considered alongside other sources, as part of the 'three lines' assurance model. Key findings from our internal audit work should also be considered in conjunction with the Annual Governance Statement.

Internal Audit Planning 2024-25: Your Internal Audit Service

SWAP Internal Audit Services is a public sector, not-for-profit partnership, owned by the public sector partners that it serves.

The key contacts in respect of your internal audit service for Herefordshire Council are:

Rupert Bamberger, Executive Director
Rupert.Bamberger@swapaudit.co.uk

Amy Probert, Principal Auditor
Amy.Probert@swapaudit.co.uk

Over and above our internal audit service delivery, SWAP will look to add value throughout the year wherever possible. This will include:

- Providing access to CiFAS – the UK’s leading fraud prevention service;
- Benchmarking and sharing of best-practice between our public-sector partners;
- Regular newsletters containing emerging issues of significance;
- Communication of fraud alerts received both regionally and nationally;
- A series of Member training sessions.



Your Internal Audit Service

Audit Resources

The 2024-25 internal audit programme of work will represent a resource mix and fee of £288,297. This fee includes a team of internal audit staff, including a dedicated Head of Internal Audit. The internal audit resources available will represent a sufficient and appropriate mix of seniority and skill to be effectively deployed to deliver the planned work.

Conflicts of Interest

We are not aware of any conflicts of interest within Herefordshire Council that would present an impairment to our independence or objectivity. Furthermore, we are satisfied that we will conform with our IIA Code of Ethics in relation to Integrity, Objectivity, Confidentiality, & Competency.

Consultancy Engagements

As part of our internal audit service, we may accept proposed consultancy engagements, based on the engagement's potential to improve management of risk, add value, and improve the organisation's operations. Consultancy work that is accepted, will contribute to our annual opinion, and will be included in our plan of work.

Approach to Fraud

Internal audit may assess the adequacy of the arrangements to prevent and detect irregularities, fraud, and corruption. We have dedicated counter-fraud resources available to undertake specific investigations if required. However, the primary responsibility for preventing and detecting corruption, fraud and irregularities rests with management who should institute adequate systems of internal control, including clear objectives, segregation of duties and proper authorisation procedures.

Our Reporting

A summary of internal audit activity will be reported quarterly to senior management and the Audit & Governance Committee. This reporting will include any significant risk and control issues (including fraud risks), governance issues and other matters that require the attention of senior management and/or the Audit & Governance Committee. We will also report any response from management to a risk we have highlighted that, in our view, may be unacceptable to the organisation.

Internal Audit Planning 2024-25: Your Internal Audit Service

Internal audit functions should be subject to an External Quality Assessment (EQA) at least once every five years.

An EQA, evaluates conformance with the International Professional Practices Framework (IPPF), which includes the Code of Ethics, the Core Principles, the Definition of Internal Audit and the International Standards for the Professional Practice of Internal Auditing (the current IIA Standards).

New Global Internal Audit Standards (GIAS) have just been released for the profession, and are due to come into effect in January 2025.

SWAP plans to have two EQA's over the next year; one under the existing standards, and a further EQA under the new standards. The results of these will be shared with management and the Audit & Governance Committee.

External Quality Assurance

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors (IPPF).

Every five years, SWAP is subject to an External Quality Assessment of Internal Audit Activity. The last of these was carried out in March 2020 which confirmed general conformance with Internal Audit Standards.

New Global Internal Audit Standards (GIAS) have just been released for the internal auditing profession – see here for further details: <https://www.theiia.org/en/standards/2024-standards/global-internal-audit-standards/>.

As an organisation, SWAP plan to have two further External Quality Assessments over the next year. One under the existing standards, towards the end of 2024. And a further assessment against the new standards in early 2025. We believe this demonstrates a commitment to quality and continuous improvement that goes above what other internal audit functions will be completing.

Internal Audit Charter

Whilst typically we would bring our Internal Audit Charter alongside our planning paper for the year ahead, due to the above changes and the introduction of new Global Internal Audit Standards, this will follow to a later Committee meeting. This is to ensure we have incorporated all mandatory elements of the new standards. We are also looking to base our charter on the model one provided by the Institute of Internal Auditors, which is expected to be released shortly. In the meantime, we will continue to operate in accordance with our existing charter.

