

Title of report: Internal Audit Plan and Charter 2023/24

Meeting: Audit and Governance Committee

Meeting date: Friday 23 June 2023

Report by: Head of Internal Audit / Head of Strategic Finance

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards)

Purpose

To present the proposed internal audit plan for 2023/24 and internal audit charter to the Audit and Governance Committee for discussion and approval.

Recommendation(s)

That:

- a) The committee approve the internal audit plan and pipeline of future work (Appendix 1) to ensure there is sufficient coverage and delivery to give an annual opinion; and**
- b) The committee approve the internal audit charter (Appendix 2).**

Alternative options

1. There are no alternative recommendations; it is a function of the committee to consider these matters in fulfilling its assurance role.
2. The content of the plan may be amended; however, in doing so regard should be had to the overall prioritisation of resources, level of risk and/or evidence of control weakness.
3. The alternative option is to not approve the internal audit charter. As this is a requirement of the arrangements between Herefordshire Council and the South West Audit Partnership (SWAP) it would put us in breach of our agreement.

Key considerations

4. Internal Audit services are provided by South West Audit Partnership Limited (SWAP). The internal audit plan for 2023/24 is included in Appendix 1. The plan sets out the work required for internal audit to give an opinion on the adequacy and effectiveness of the council's risk management, governance and internal control arrangements.
5. Periodically throughout the financial year, the Chief Audit Executive, in conjunction with senior management, puts together a proposed plan of audit work. The objective of the planning process and subsequent plan is to put internal audit 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.
6. The outcomes of the reviews in the planned programme of work are designed to provide senior management and the Audit and Governance Committee with assurance on the adequacy of control and management of key risks faced by the council. Internal Audit planning and delivery processes continue to provide for agility and flexibility and to provide and guide sustainable and integrated assurance.
7. The internal audit charter is included in Appendix 2. The charter sets out the nature, role, responsibility, status and authority of internal auditing within Herefordshire Council, and to outline the scope of the internal audit work.

Community impact

8. The council's code of corporate governance commits the council to managing risks and performance through robust internal control and strong public financial management and to implementing good practices in transparency, reporting, and audit to deliver effective accountability. By ensuring robust management responses to identified risks, the council will be better able to meet its corporate plan priority to secure better services, quality of life and value for money.
9. The internal audit charter sets out the reporting arrangements to the Audit and Governance Committee demonstrating the council's openness and transparency in providing reports that are published in the public domain.

Environmental impact

10. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
11. Whilst this is a decision on back office functions and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the Council's Environmental Policy.

Equality duty

12. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

- b. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - c. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
13. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

14. None arising from the recommendations; any additional recommendations made by the committee will be considered by the relevant manager or cabinet member and the financial implications of accepting those recommendations will be considered then.

Legal implications

15. In accordance with section 5 of the Accounts and Audit (England) Regulations 2015, the council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance.
16. The council is under a duty to make adequate arrangements for its internal audit functions and has chosen to appoint an external partner to assist with the discharge of this function.
17. The charter forms part of the legal agreement which the council has entered into with SWAP. Both parties have committed to refreshing the charter on an annual basis to establish a clear expectation of the annual priorities and processes by which the audit service will be provided.

Risk management

18. There is a risk that the level of work required to give an opinion on the council's systems of internal control is not achieved. This is mitigated by the regular active management and monitoring of progress against the agreed internal audit plan.
19. Risks identified by internal audit are mitigated by actions proposed by management in response. Progress on implementation of agreed actions is reported to this committee every six months by the council's corporate performance team.
20. Without an approved charter there is a risk that the SWAP will not have:
- a. the support of management and the council;
 - b. direct access and freedom to support to senior management including the chief executive and the audit and governance committee; and
 - c. access to any records, personnel or physical property of the council for audit work.

Consultees

21. None.

Appendices

Appendix 2 Internal Audit Charter

Background papers

None identified.