

Title of report: Internal Audit Planning Paper 2024/25

Meeting: Audit and Governance Committee

Meeting date: Tuesday 26th March 2024

Report by: Chief Financial Officer/ Head of Internal Audit

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To introduce the concept of a rolling audit plan for 2024/25 to the Audit and Governance Committee for discussion and approval.

Recommendation(s)

- a) The committee approve the rolling audit plan approach.**

Alternative options

1. The current annual planning process to remain, however this does not allow the internal audit function to be responsive and adaptive. It is a function of the committee to consider these matters in fulfilling its assurance role.

Key considerations

2. Internal Audit services are provided by SWAP Internal Audit Services (SWAP). SWAP's Internal Audit Planning Paper attached at Appendix A introduces and outlines the concept of a rolling plan approach.
3. There is 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. 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.

Further information on the subject of this report is available from
Andrew Lovegrove, email: andrew.lovegrove@herefordshire.gov.uk

4. A traditional annual audit plan is subject to a high degree of uncertainty and change, and quickly becomes out of date and of less value as the year progresses. This year we are proposing to 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.
5. Quarterly update reports will continue to be presented to the committee. 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.
6. 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.
7. The outcomes of the reviews 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.
8. 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. In the meantime, we will continue to operate in accordance with our existing charter.

Community Impact

9. 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.

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;
- 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.

Risk management

17. 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 rolling internal audit plan.

18. 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.

Consultees

19. None

Appendices

Appendix A SWAP Internal Audit Planning Paper 2024-25

Background papers

None identified