



**TO: Audit & Governance Committee**

**FROM: Head of Audit & Assurance**

**DATE: 29 March 2022**

**PORTFOLIOS AFFECTED: All**

**WARDS AFFECTED: All**

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**TITLE OF REPORT     Audit & Assurance Plan 2022/23 and Internal Audit Charter**

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**1. PURPOSE**

To inform Members of the planned Audit & Assurance work for the forthcoming year.

**2. RECOMMENDATIONS**

The Committee is asked to:

- approve the 2022/23 Annual Audit & Assurance Plan and draft three year Strategic Audit Plan (as set out in Appendices 1,2 and 3);
- approve the Internal Audit Charter (as set out in Appendix 4)
- note that reports dealing with both progress against the Plan and outcomes achieved will be submitted to each meeting; and
- note that Plan changes will be reported during the year.

**3. BACKGROUND**

Under the Accounts and Audit 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 public sector internal audit standards (PSIAs)”. The PSIAs require the Head of Audit & Assurance to develop a risk based audit plan taking into account the requirement to produce an annual internal audit opinion. The plan must explain how internal audit’s resource requirements have been assessed.

The PSIAS also require an internal audit charter to be in place. The charter should set out the purpose, authority and responsibility of internal audit. They require the Head of Audit & Assurance to review the charter periodically. However the final approval resides with the Audit & Governance Committee. The Charter has been reviewed and no changes have been identified as being required since the Charter was last approved in March 2021.

**4. RATIONALE**

The Plan and Charter define the scope and the rationale of the approach being followed. They allow Audit & Assurance, independently, to provide

assurance to managers, the Chief Executive, the Section 151 Officer and other stakeholders about the effectiveness of controls and the management of risk. They also enable Audit and Assurance to assist this Committee with its responsibility to oversee the effectiveness of governance arrangements in the Council and in its partnerships through the reporting arrangements in place.

## 5. KEY ISSUES

### The Plan:

The Plan defines the scope and reasoning behind the approach being adopted. Overall, the objectives are:

- to fulfil Audit & Assurance's own statutory obligations;
- to provide assurance, support and advice to Directors on matters under their control;
- to support the Section 151 Officer's statutory obligations to maintain an adequate and effective audit of the Council's accounting records and its systems of internal control;
- to assist the Audit & Governance Committee in gaining independent assurance on the Council's risk management, governance and control arrangements;
- to report compliance with the PSIAS; and
- to contribute to the development of corporate standards as part of the Resources Directorate.

The Plan itself, as in previous years, is risk-based and the audit methodology is essentially risk-based auditing.

### Consultations:

The Plan, as a whole, is also a product of consultations with Strategic Directors, Directors and their Management Teams, and the Corporate Leadership Team, which were undertaken in January-March. Later in 2022/23 further consultations will be held to ensure that the Plan continues to meet the stated objectives. Any significant changes to reflect new developments, changes to priorities and/or resources will be reported to this Committee.

Ongoing consultations will take place with Strategic Directors, Directors and Heads of Service during 2022/23 to ensure that specific Terms of Reference are prepared for each planned audit to reflect the detailed key risks relevant to each area.

### Resources:

Audit & Assurance has had to make adjustments to its staffing establishment to meet the demands currently placed upon the Council. The audit resources currently available are considered sufficient to deliver an effective Audit Plan. The planned resources for the internal audit function for this year are 734 work-days. In addition, there are 721 work-days for Risk Management (48 days), Counter Fraud (47 days), Insurance and Financial Support/Other (482 days).

### Internal Audit Charter:

The Internal Audit Charter is requirement of the PSIAS, which became mandatory from 1 April 2013. The Charter was last re-approved at the Audit &

Governance Committee meeting in March 2021. The Charter has been reviewed and no changes are deemed necessary for 2022/23.

**6. POLICY IMPLICATIONS**

This report begins the process that leads to the Annual Governance Statement for the new financial year. This process assesses the effectiveness of the Council's own management of its policy objectives.

**7. FINANCIAL IMPLICATIONS**

There are no financial implications arising as a result of this report.

**8. LEGAL IMPLICATIONS**

There are no legal implications arising as a result of this report.

**9. RESOURCE IMPLICATIONS**

There are no additional resource implications arising as a result of this report.

**10. EQUALITY & HEALTH IMPLICATIONS**

There are no equality or health implications arising as a result of this report.

**11. CONSULTATIONS**

Corporate Leadership Team

Contact Officer:	Colin Ferguson, Head of Audit & Assurance - Ext: 5326
Date:	18 March 2022
Background Papers:	Audit & Assurance Planning papers; Risk Registers; 2021/22 Audit & Assurance Plan, Strategic Statement and Internal Audit Charter.