

Audit and Governance Committee

Date: 21st April 2023

Agenda No:

Title of Report:	Draft Internal Audit Plan 2023/24
Purpose of Report:	To provide the Committee with a summary of the draft 2023/24 Risk Based Internal Audit Plan as required by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS) 2017.
Recommendations:	It is recommended that the Committee: i. Notes that the Internal Audit Plan for 2023/24 reflects the risk profile of the Council; and ii. Agree the 2023/24 Internal Audit Plan.
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Key Risks	Failure to deliver an effective Risk Based Internal Audit Plan (Risk and Control Assurance Programme) will impact on the statutory requirement to provide the Council with an annual independent audit opinion on the effectiveness of the Council's control environment comprising risk management, control and governance.

Background and Key Points

- i. All Councils must make proper provision for Internal Audit in line with the Accounts and Audit Regulations 2015 (the Regulations). The Regulations provide that a relevant 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 auditing standards or guidance'. Completion of annual Internal Audit activity based on the risk profile of the Council also supports the Section 151 Officer's duty to ensure the proper administration of the Council's financial affairs.
- ii. The guidance accompanying the Regulations recognises the PSIAS 2017 (the Standards) as representing 'proper Internal Audit practices'. The Standards define the way in which the Internal Audit service should be established and undertake its operations. These Standards require the Head of ARA to produce an Annual Risk Based Internal Audit Plan to determine the priorities of Internal Audit activity.
- iii. The proposed activity should be consistent with the Council's priorities and objectives. It should take into account the risk management framework, risk appetite levels set by management and Internal Audit's own judgement of risks.
- iv. To ensure Internal Audit resources continue to be focussed accordingly, it is essential that we understand the Council's needs. This requires building relationships with key stakeholders, including other assurance and challenge providers, to gain crucial insight and ongoing understanding of the strategic and operational change agendas within the Council.
- v. This insight is not only identified at the initial development stages of the Risk Based Internal Audit Plan. Dialogue continues throughout the financial year(s) and increases the ability for the Internal Audit service to adapt more closely to meet the assurance needs of the Council, particularly during periods of significant change. Our Plan is therefore dynamic and flexible to meet these needs.
- vi. To ensure that an effective Plan is developed and alongside Internal Audit's own assessment of risk, a consultation process took place with Directors, Heads of Service and Managers to establish priorities and assurance requirements. Audit and Governance Committee and wider Member audit requests were also considered as part of the consultation approach. The proposed activity from all sources was collated and matched against Internal Audit's resource availability and prioritised accordingly.
- vii. For the 2023/24 Internal Audit Plan, ARA have analysed and documented key risks to enable us to align our work to the Council's risks more effectively.
- viii. The Internal Audit Plan was prepared following discussions with management on the most relevant areas to audit, plus analytic review and understanding of the risks of the Council.

- ix. The Plan is stated in terms of estimated days input to the Council of 1,825 audit days, which is comparable to prior year. By continuing to apply risk based Internal Audit planning principles, this level of input is considered acceptable to provide the Internal Audit assurance requirements of the Council.
- x. The Head of ARA will continue to reassess Internal Audit resource requirements against the Council's priorities and risks. As a result of this review process, the Plan will be amended throughout the year as required.
- xi. The Plan should be both pro-active and re-active to change – new initiatives, threats and challenges will present themselves during the year, and it is important that the plan is flexible to respond to these new and emerging risks. Any key changes to the Plan will be reported to the Audit and Governance Committee.