

Meeting of:	GOVERNANCE AND AUDIT COMMITTEE
Date of Meeting:	1 JUNE 2023
Report Title:	INTERNAL AUDIT STRATEGY & RISK BASED PLAN 2023-24
Report Owner / Corporate Director:	HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE
Responsible Officer:	ANDREW WATHAN HEAD OF REGIONAL INTERNAL AUDIT SERVICE
Policy Framework and Procedure Rules:	The proposals in this report are in accordance with the policy framework and budget.
Executive Summary:	<ul style="list-style-type: none"> • In line with the Public Sector Internal Audit Standards the Head of Internal Audit must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. The risk-based audit plan should cover the Council's overall control environment including risk, governance and internal controls as far as practicable. • Consideration of the Regional Internal Audit Service's Audit Strategy and Annual Risk Based Plan is one of the Governance and Audit Committee's key responsibilities. • The proposed Internal Audit Strategy for 2023-24 is attached at Appendix A and the Annual Risk Based Plan for 2023-24 is attached at Appendix B to this report. • The Strategy demonstrates how the Internal Audit Service will be delivered and developed in accordance with our Terms of Reference. The Strategy will be reviewed and updated annually in consultation with stakeholders, namely the Governance and Audit Committee, Senior Leadership Team, External Auditors and Senior Management. • The plan provides this Committee with an overview of the work to be undertaken which will offer sufficient coverage to be able to provide an opinion at the end of 2023-24.

1. Purpose of Report

- 1.1 The purpose of this report is to provide members of the Governance and Audit Committee with the Annual Internal Audit Strategy and Risk Based Plan for 2023-24 for approval.

2. Background

- 2.1 The United Kingdom Public Sector Internal Audit Standards (Performance Standard - 2010 Planning) provides the framework within which an internal audit plan should be compiled.

- 2.2 In line with the Public Sector Internal Audit Standards (PSIAS) the Head of Internal Audit must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.

- 2.3 To develop the risk-based plan, the Head of Internal Audit consults with senior management to obtain an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes. The Head of Internal Audit must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems and controls.

- 2.4 In order to produce the Internal Audit Plan the following information is taken into account:

- Corporate Risk Register;
- Corporate Plan;
- Key Financial Systems;
- Grant Claims that require Internal Audit certification;
- Follow-up reviews;
- Audit reviews that are carried forward from the previous Audit Plan;
- Feedback from questionnaires issued to Heads of Service
- Results of discussions with the Corporate Management Board, including the Chief Executive, Section 151 Officer and other senior officers as necessary.

- 2.5 The PSIAS require a risk-based audit plan to be produced to cover the Council's overall control environment including risk, governance and internal controls as far as practicable.

- 2.6 Consideration of the sources of information noted above supports Internal Audit to achieve the following:

- Compliance with the PSIAS in compiling the draft Annual Audit Plan;
- Enabling the Governance and Audit Committee to monitor the adequacy of the risk management framework and the associated control environment of the Council for 2023-24 based on the audit reviews set out in the draft Annual Audit Plan; and
- Enabling the Head of Internal Audit to form an opinion on the risk, governance and internal controls of the organisation.

2.7 Changes to the way the Council is operating since Covid-19, including any other changes have been considered and included within the draft Audit Plan for 2023-24.

3. Current situation / proposal

3.1 Attached at **Appendix A** is the draft Internal Audit Strategy document for 2023-24. It demonstrates how the Internal Audit Service will be delivered and developed in accordance with our Terms of Reference. The Strategy will be reviewed and updated annually in consultation with stakeholders namely the Governance and Audit Committee, Corporate Management Board, External Auditors and Senior Management.

3.2 The 2023-24 draft Annual Risk Based Plan of work has been formulated in compliance with the PSIAS and is attached at **Appendix B**.

3.3 The proposed Annual Plan is flexible to allow for changing circumstances and events that may occur, such as requests to respond to new issues that may emerge.

3.4 Internal Audit work will be undertaken remotely using video conferencing (e.g. Microsoft Teams) and digital solutions as a basis for meetings and sharing documents and data but will also include in person visits and meetings as required for each audit.

3.5 The proposed Annual Plan at **Appendix B** will offer sufficient coverage to be able to provide an opinion at the end of 2023-24.

3.6 The Governance and Audit Committee will receive updates on how the Plan is being delivered and any changes that may be required.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report, therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

6. Climate Change Implications

6.1 There are no climate change implications arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding or corporate parent implications arising from this report.

8. Financial Implications

8.1 There are no financial implications as a result of the recommendations set out in the report.

9. Recommendation(s)

9.1 The Committee is recommended to consider and approve the draft Internal Audit Strategy (**Appendix A**) and draft Annual Risk Based Audit Plan for 2023-24 (**Appendix B**).

Background documents

None