

# AUDIT AND GOVERNANCE COMMITTEE



Report subject	<b>Internal Audit - Audit Charter &amp; Audit Plan 2024/25</b>
Meeting date	11 April 2024
Status	Public Report
Executive summary	<p>This report sets out the Internal Audit Charter and the Audit Plan for 2024/25. Approval of these documents by the Audit &amp; Governance Committee is a requirement of the Public Sector Internal Audit Standards (PSIAS).</p> <p>Some minor amendments have been made to the Internal Audit Charter which includes an updated Data Analytics Strategy.</p> <p>The final Internal Audit Plan for 2024/25 has been produced which includes some minor amendments from the version provided to the Audit &amp; Governance Committee in January 2024. Completion of the plan will enable the Head of Audit &amp; Management Assurance to provide an annual opinion on the adequacy and effectiveness of the Council's control environment.</p> <p>The allocated budget resource for 2024/25 is considered adequate to deliver the Internal Audit Charter and Audit Plan for 2024/25.</p>
Recommendations	<p><b>It is RECOMMENDED that Audit &amp; Governance Committee:</b></p> <ul style="list-style-type: none"><li>• <b>approve the Internal Audit Charter and agree that the Chair signs the document to record this approval (this may be a virtual sign off using email)</b></li><li>• <b>approve the Internal Audit Plan 2024/25 including the detailed breakdown of quarter 1 audits</b></li><li>• <b>note the 2024/25 budget for the Internal Audit service which was approved by Council as part of the 2024/25 Council Budget setting and Medium Term Financial Plan update in February 2024</b></li></ul>
Reason for recommendations	To comply with Public Sector Internal Audit Standards
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
Corporate Director	Graham Farrant, Chief Executive
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Wards	Council-wide
Classification	For Decision and Information

## Background

1. The Public Sector Internal Audit Standards (PSIAS) provide a consistent framework for Internal Audit Services operating across the public sector. The Public Sector Internal Audit Standards require Internal Audit to:
  - a. periodically review its Charter;
  - b. produce a risk based Audit Plan; and to
  - c. obtain approval for the Internal Audit service budget.
2. To comply with the PSIAS, the Audit & Governance Committee should approve the Internal Audit Charter and Audit Plan annually (in this case for 2024-25), and also note the Internal Audit service budget (as previously approved by Council).

## Internal Audit Charter 2024/25

3. The Internal Audit Charter (Appendix A) describes the purpose, authority, responsibilities and scope of the Council's Internal Audit Section.
4. An annual review has been undertaken of the Charter as required by the PSIAS.
5. The following minor amendments have been made to the Charter:
  - The Health & Safety function has been added as area that is managed by the CIA (paragraph 11.4).
  - The Service Strategy (section 14) has been updated including actions taken to improve the service during the past year and planned actions for next year.
  - For Medium Priority recommendations, where a revised target date has been agreed, these will be followed-up by Internal Audit as the recommendation revised target date falls due.
  - A statement that all audit reports are sent to the relevant Corporate Director (and member of the Corporate Management Board) has been added (paragraph 18.9).
  - The Equality Impact Assessment conversation screening tool (Annexe 4) was reviewed and refreshed (no changes required).
  - The Internal Audit Data Analytics Strategy (Annexe 6) has been updated on actions completed and actions planned for 2024/25.
6. The Audit & Governance Committee are asked to approve the amended Charter, including the updated Internal Audit Data Analytics Strategy.

## Internal Audit Plan 2024/25

7. The Internal Audit Planning Consultation 2024/25 (high level allocation of resource and delivery approach) was presented to the Audit & Governance Committee on the 11 January 2024 for comments and feedback. There have been some minor amendments to the draft 2024/25 Internal Audit Plan which are highlighted below:

AUDIT ACTIVITY	2024/25 PLAN DAYS (Reported to Jan A&G)	2024/25 PLAN DAYS (Updated)	Difference (Days)	Difference (Reason)
<b>CORE AUDIT &amp; ASSURANCE WORK</b>				
HIGH LEVEL RISKS	700	740	+40	Less time required due to cyclical nature of reviewing Key Financial Systems. Time reallocated to High Risk audit areas
KEY FINANCIAL SYSTEMS	200	160	-40	
KEY ASSURANCE FUNCTIONS	195	195		
COUNTER FRAUD RISKS	160	160		
SCHOOLS	60	50	-10	School transferred to an Academy
PLANNING, ADVICE, FOLLOW UP	270	270		
<b>TOTAL</b>	1,585	1,575	-10	
<b>OTHER AUDIT WORK</b>				
INVESTIGATIONS	100	100		
CONTINGENCY WORK	20	20		
GRANT CERTIFICATION WORK	45	45		
FINANCIAL REGULATIONS COMPLIANCE	20	20		
BCP TRANSFORMATION & EFFICIENCY	35	35		
<b>TOTAL</b>	220	220	-	
<b>CORPORATE ASSURANCE WORK</b>				
CORPORATE FRAUD	260	260		Amended estimated days required for this activity following consultation with the service
FREE EARLY EDUCATION FUNDING AUDITS	25	50	+25	
OTHER CORPORATE ASSURANCE WORK	30	30		
<b>TOTAL</b>	315	340	+25	
<b>GOVERNANCE WORK</b>				
CORPORATE MANAGEMENT & LIAISON	70	70		
MEMBER LIAISON	65	65		
AGS (Annual Governance Statement)	75	75		
<b>TOTAL</b>	210	210	-	
<b>IA SERVICE MANAGEMENT WORK</b>				
MANAGEMENT & MEETINGS	285	285		
AUDIT DEVELOPMENT	80	80		
PERFORMANCE MANAGEMENT	45	45		
<b>TOTAL</b>	410	410	-	
<b>NON-PRODUCTIVE TIME</b>				
LEAVE	535	535		Slightly less internal training required for Audit Apprentices
SICK/DOWNTIME	55	55		
TRAINING & CPD	335	320	-15	
<b>TOTAL</b>	925	910	-15	
<b>TOTAL DAYS</b>	3,665	3,665	-	

8. The 'Core Audit & Assurance Work' (1,575 days) is detailed further at Appendix B and shows all planned work across each individual Service Area. A further breakdown of the audits that are planned to be carried out in quarter 1 of 2024/25 is shown at Appendix C.
9. Time planned to be spent on Key Financial Systems (160 days) has been temporarily reduced from the previous year (200 days) due to the assessed risk and cyclical nature of key financial system audits (full or annual key control reviews). All Key Financial Systems will still be reviewed during 2024/25.
10. Internal Audit have also produced an Anti-Fraud & Corruption Work Plan (see Appendix D) which details planned work to prevent, detect and investigate fraud and corruption during 2024/25.
11. Consultation is being finalised with Corporate and Service Directors and External Audit on the Audit Plan.
12. The proposed work in the 2024/25 Audit Plan has been designed to enable the Head of Audit & Management Assurance to provide an annual opinion on the adequacy and effectiveness of the Council's control environment. The Audit Plan has been designed to be very flexible to take account of BCP services change which may occur across the organisation.
13. Monitoring of the Audit Plan completion and any changes will be brought to this committee on a quarterly basis. Audit & Governance Committee are asked to agree the proposed 2024/25 Audit Plan.

### **Options Appraisal**

14. An options appraisal is not applicable for this report.

### **Summary of financial implications**

15. The BCP Internal Audit Team budgeted cost for 2024/25 is £752,000. This budget is inclusive of all direct costs including supplies and services but does not include the apportionment of central support costs (which are budgeted in aggregate and apportioned to services as a separate exercise). These numbers are also inclusive of the Head of Audit & Management Assurance who manages other teams.
16. The allocated budget resource for 2024/25 is considered adequate to deliver the Internal Audit Charter 2024 and 2024/25 Audit Plan. Audit & Governance Committee are asked to note the budget for the Internal Audit service which has been previously approved by Council as part of the 2024/25 Budget setting and Medium Term Financial Plan update in February 2024.

### **Summary of legal implications**

17. This report gives an opinion on the adequacy and effectiveness of the risk, control and governance systems in place.

### **Summary of human resources implications**

18. There are 14.35 full-time equivalent (FTE) Internal Audit staff members planned to be employed as part of the 2024/25 Audit Plan inclusive of the Head of Audit & Management Assurance. It is the opinion of the Chief Internal Auditor that these resources are sufficient to provide Audit & Governance Committee and the Council's Corporate Management Board with the assurances required.
19. This represents an increase of 1 FTE from 2023/24 resulting from a minor restructure of the team and the appointment of three audit apprentices in place of two auditors.

### **Summary of sustainability impact**

20. There are no direct sustainability impact implications from this report.

**Summary of public health implications**

21. There are no direct public health implications from this report.

**Summary of equality implications**

22. There are no direct equality implications from this report.

**Summary of risk assessment**

23. The risk implications are set out in the content of this report.

**Background papers**

None

**Appendices**

Appendix A – Internal Audit Charter 2024/25

Appendix B – Core Audit Plan 2024/25

Appendix C – Audits Planned for Quarter 1

Appendix D – Anti-Fraud & Corruption Work Plan 2024/25