



Report of the Chief Auditor

Governance & Audit Committee – 8 March 2023

Draft Internal Audit Annual Plan 2023/24

Purpose:	This report presents the Draft Internal Audit Annual Plan for 2023/24 to the Governance and Audit Committee for consideration.
Recommendation:	It is recommended that the Governance and Audit Committee: i) review the Draft Internal Audit Annual Plan and propose any amendments for consideration prior to the final plan being presented in April for final approval.
Policy Framework:	None
Consultation:	Legal, Finance, Access to Services.
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Finance Officer:	Ben Smith
Legal Officer:	Debbie Smith
Access to Services Officer:	Rhian Miller

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) requires a risk-based Internal Audit Plan to be prepared each year to determine the priorities of Internal Audit and ensure they are consistent with the Council's goals and objectives.
- 1.2 The Audit Plan must provide sufficient coverage across the whole of the Council's activities to allow the Chief Auditor to be able to give an opinion on the control environment including governance, risk management and internal control. The annual Internal Audit opinion

which is delivered to the Section 151 Officer and the Governance and Audit Committee is a key input into the Council's Annual Governance Statement.

- 1.3 The PSIAS also require the Audit Plan to be linked to a high-level Audit Strategy which shows how the internal audit service will be delivered, how it will be developed in accordance with the Internal Audit Charter and how it links to the Council's objectives and priorities
- 1.4 The methodology used to prepare the Audit Plan is also due to be reported to the Governance and Audit Committee at the meeting on 8th March 2023.
- 1.5 This report presents the Draft Internal Audit Annual Plan 2023/24 to the Governance and Audit Committee for consideration. The Corporate Management Team reviewed, discussed and approved the draft plan on the 23rd February. The final plan will return to the Audit Committee in April for final approval.

2. Internal Audit Strategy and Annual Plan 2023/24

- 2.1 A risk-based Internal Audit Annual Plan is produced each year which is used to guide the work of the Internal Audit Section and ensure sufficient coverage of the Council to allow the Chief Auditor to deliver the annual opinion on the internal control environment as well as providing assurance to management, the Section 151 Officer and the Governance and Audit Committee.
- 2.2 The Internal Audit Annual Plan must incorporate or be linked to a strategic or high-level statement of how the work of Internal Audit will be delivered and developed in accordance with the Internal Audit Charter and how it links to the Council's goals and objectives. The Internal Audit Strategy and the Internal Audit Charter for 2022/23 will accompany the final version of the Plan which due to be presented to Governance and Audit Committee in April.
- 2.3 For 2023/24, the Internal Audit Section is made up of 9.1 full time equivalents plus the Chief Auditor which is the same level of resources available in 2021/22. This gives a total number of available days of 2,366.
- 2.4 A summary of the Internal Audit Plan 2023/24 is shown in Appendix 1 and a list of audits planned for the year is shown in Appendix 2 along with the number of days planned for each audit as well as the perceived risk of each audit arising from the risk assessment process.
- 2.5 The Internal Audit Plan 2023/24 accommodates any audits which were deferred from the 2022/23 Plan where the risk justifies their inclusion. As noted in the quarterly monitoring reports presented to the Governance and Audit Committee, the Internal Audit team has lost a

significant number of days in 2022/23 due to long term sickness and two vacancies that occurred during the year. The vacancies were filled in November 2022.

- 2.6 Audits that were included in the 2022/23 Audit Plan that have not yet been allocated to staff in quarter 4 have been deferred and included in the draft 2023/24 audit plan (marked with * for reference). Audits on the 2022/23 Audit Plan that have been allocated or are in progress will be reviewed closer to the end of the financial year to determine whether they need to be carried forward into the 2023/24 plan. In order to accommodate any 2022/23 audits that need to be included in the 2023/24 plan, the contingency budget in the draft plan has been increased. In addition, audits that are ordinarily due to be audited 2023/24 that could be deferred to 2024/25 have been identified in the 2023/24 plan, should they need to be postponed (highlighted in grey in the draft 2023/24 audit plan). The basis for deciding which audits to defer will be discussed with the Principal Auditor, Senior Auditors and the Section 151 Officer. In the majority of cases, those audits that could be deferred are those that are ordinarily due in the year (not deferred from 2022/23), and had received a high level of assurance when last reviewed and/or are classed as being low or medium risk.
- 2.7 The Plan includes time for all fundamental audits due in the year i.e. systems that are so significant to the achievement of the Council's objectives that they are audited annually or every 2 years e.g. Employee Services, Accounts Receivable, Pensions Administration.
- 2.8 Some low risk areas have been included to ensure adequate audit coverage across the organisation. The detailed discussions between the senior members of Audit Team have dictated which audit are included in the 2023/24 plan based on experience, knowledge of the areas concerned and consideration of any ad hoc issues or concerns that have arisen in the current year.
- 2.9 As detailed in the Audit Plan Methodology report, an assurance mapping exercise is undertaken to inform the internal audit plan. The corporate risk register is also reviewed as part of the planning process, with the control measures noted against each of the risks informing the assurance map.
- 2.10 The assurance map is also distributed to corporate risk owners in advance of the planning process to give them the opportunity to review the entries in the three tiers of the map to ensure they are up to date and that all sources of assurance have been captured.
- 2.11 As in previous years, internal audit's knowledge and experience has continued to be relied upon, in consultation with the Director of Finance and Section 151 Officer and senior staff within the Internal Audit Team, to ensure a suitably balanced and risk targeted audit plan is produced.

- 2.12 Progress made by the Internal Audit Section in achieving the Audit Plan will be reported to the Governance and Audit Committee on a quarterly basis via the Chief Auditors Quarterly Monitoring Reports throughout 2023/24.
- 2.13 It is the view of the Chief Auditor that the proposed Internal Audit Plan 2023/24 will provide sufficient audit coverage for the annual opinion on the control environment to be delivered to Council via the Section 151 Officer and Governance and Audit Committee.

3 Integrated Assessment Implications

- 3.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
 - Deliver better outcomes for those people who experience socio-economic disadvantage
 - Consider opportunities for people to use the Welsh language
 - Treat the Welsh language no less favourably than English.
 - Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.
- 3.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.
- 3.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.
- 3.4 The completion of the Integrated Impact Assessment Screening revealed that:
- The Draft Internal Audit Annual Plan Report has a low positive impact across all groups.

- It has been subject to consultation with the Director of Finance & S151 Officer, Legal and Access to Services.
- All Well-being of Future Generations Act considerations are positive and any risks identified are low.
- The overall impact of the Draft Internal Audit Annual Plan Report is positive as it will support the Authority in its requirement to protect public funds.

4. Financial Implications

4.1 There are no financial implications associated with this report.

5. Legal Implications

5.1 Provision of an adequate and effective internal audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2005 as amended. For local government in Wales, the PSIAS is mandatory for all principal local authorities. An effective internal audit service also ensures that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are being met.

Background Papers: None

Appendices:

Appendix 1 - Draft Internal Audit Annual Plan 2023/24 (Summary)

Appendix 2 - Draft Internal Audit Annual Plan 2023/24

Appendix 3 - Integrated Impact Assessment Screening Form

Appendix 1

Draft Internal Audit Annual Plan 2023/24 – Summary

Categories of Audit Work	Plan 2023/24	Plan 2022/23
	Days	Days
People	331	333
Place	390	435
Corporate Services	198	285
Fundamental Audits	277	218
Contract Audit Systems	45	10
Computer Audits	60	60
Cross Cutting Audits	65	90
Miscellaneous Audits	30	10
Projects & Special Investigations	70	65
Productive Days	1466	1506
Staff Training	48	48
Holidays, Sick & Special Leave	560	543
Admin, Planning, Control, Clerical Support etc.	209	219
Contingencies	67	34
Performance Management - Appraisals	16	16
Non Productive Days	900	860
Total Days	2366	2366