



Signed off by	Chief Finance Officer
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To	Audit Committee
Date	Wednesday, 13 March 2024
Executive Member	Deputy Leader and Portfolio Holder for Finance, Governance and Organisation

Key Decision Required	N
Wards Affected	(All Wards);

Subject	Internal audit plan and Charter - 2024/25
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Recommendations
<p>That the Audit Committee:</p> <ul style="list-style-type: none"> (i) Approve the internal audit Plan for Q1 2024/25 as set out in annex 1; and (ii) Approve the internal audit Charter for 2024/25 as set out in annex 2.
Reasons for Recommendations
The Council has a statutory obligation to undertake an adequate and effective internal audit function. The approval of the audit plan and Charter is integral to this.
Executive Summary
<p>The Audit Committee is responsible for agreeing the Council's internal audit plan and Charter. The audit plan and Charter (attached as annex 1 and 2 respectively) will provide independent and objective assurance that the Council's systems and processes are appropriate, operating effectively and provide sufficient control for the purposes of risk management, internal control and governance.</p> <p>In order to increase the responsiveness of audit reviews within the year, the audit plan is presented on a quarterly basis. The Audit Committee is therefore asked to approve the plan for Q1 2024/25, and will be asked to similarly approve the plans for quarters 2 to 4.</p>
The Committee has authority to approve the above recommendations.

Statutory Powers

1. The requirement of an internal audit function in local government is detailed within the Accounts and Audit (England) regulations (2015), as amended by the Accounts and Audit (Amendment) Regulations 2022, which state that authorities must: 'undertake an effective internal audit to evaluate the effectiveness of [their] risk, control and governance processes, taking into account public sector internal auditing standards or guidance'.
2. The standards are defined in the Public Sector Internal Audit Standards (PSIAS) which were last updated in 2017.
3. Under Section 151 of the Local Government Act (1972), the Council's Chief Financial Officer holds the statutory responsibility for the overall financial administration of the Council's affairs and is therefore responsible for maintaining an adequate and effective internal audit function.

Background

4. A professional, independent and objective internal audit service is a key element of ensuring good corporate governance.
5. The PSIAS defines internal audit as 'an independent, objectives assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'
6. The Council's internal auditors are the Southern Internal Audit Partnership (SIAP).
7. The Council's Chief Internal Auditor – the Head of the Southern Internal Audit Partnership – is responsible for the management of the Council's internal audit activity. Key to doing this is the setting of a risk based internal audit plan.
8. The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and are operating effectively.
9. The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.
10. Under the Council's Constitution the Audit Committee is responsible for approving the Council's internal audit plan and Charter, as well reviewing internal audit progress reports and monitoring delivery of the internal audit plan.
11. The Chartered Institute of Public Finance and Accountancy's (CIPFA) guidance on the role of the Audit Committee in Local Government provides further background and context to this requirement..

Key Information

The internal audit plan and Charter

12. The Public Sector Internal Audit Standards state that a risk-based internal audit plan should be established in order to determine the priorities of internal audit activity. The plan for Q1 2024/25 is provided at annex 1.
13. The audit plan provides the mechanism through which the Council's internal auditors are able to ensure the most appropriate use of resources. The eventual culmination of the work as detailed by the plan is a clear statement of assurance on risk management, internal control and governance arrangements, expressed in an annual opinion of the Chief Internal Auditor.
14. The Chief Internal Auditor holds overall responsibility for the delivery of the plan.
15. The audit plan has been developed in consultation with the Council's senior management and with regard to the Council's strategies, objectives and risks.
16. The audit plan is presented on a quarterly basis, to enable the internal audit reviews undertaken within each quarter to be responsive to the risks and contextual factors within each quarter.
17. The Audit Committee will therefore also be asked to approve the audit plan for quarters 2 to 4 of 2024/25 at subsequent meetings at the start of each of these quarters.
18. The plan is kept under continual review in order to ensure that it remains relevant to the Council's risk profile. Any subsequent revisions to the plan are reported to the Committee through the quarterly progress reports.
19. The Charter – updated annually – formally defines the purpose, authority and responsibility of internal audit.

Options

20. The Committee has two options

Option 1: Approve the internal audit plan 2024/25 (Q1) and internal audit Charter 2024/25 as set out in annex 1 and 2 respectively.

This is the recommended option as it will allow the swift commencement of the work programme for 2024/25.

Option 2: Defer approval.

This is not the recommended option as it will cause delay and may prove injurious to SIAP's ability to deliver the 2024/25 plan to schedule.

Legal Implications

21. The adoption of the internal audit plan and Charter will fulfil the Council's statutory duty to maintain an independent and effective internal audit function.
22. An effective internal audit function supports good governance which, in turn, reduces the risk of the Council being subject to successful legal challenge.
23. If the internal audit process identifies any concerns regarding legal matters, these will be addressed through identified management actions.

Financial Implications

24. There are no financial implications arising from this report.
25. If the internal audit process identifies any concerns regarding financial matters, these will be addressed through identified management actions.

Equalities Implications

26. There are no equalities implications arising from this report.
27. If the internal audit process identifies any concerns regarding equalities matters, these will be addressed through identified management actions.

Communication Implications

28. There are no communications implications arising from this report.
29. If the internal audit process identifies any concerns regarding communications matters, these will be addressed through identified management actions.

Environmental Sustainability Implications

30. There are no environmental sustainability implications arising from this report.
31. If the internal audit process identifies any concerns regarding environmental sustainability matters, these will be addressed through identified management actions.

Risk Management Considerations

32. An effective internal audit function is an important part of effectively managing risk.
33. The Council's strategic and operational risk registers were utilised in the development of the internal audit plan.
34. There are no other risk management implications arising from this report.

Consultation

35. This internal audit plan and Charter have been considered by the Council's Corporate Governance Group as part of its governance role.

Policy Framework

36. Internal audit makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all Corporate Plan priority areas.

Background Papers

None.

Annexes

Annex 1: Internal Audit Plan 2024/25 (Q1)

