

Surrey Heath Borough Council
Audit and Standards
11 July 2023

Internal Audit Medium Term Plan for 2023-2026

Strategic Director/Head of Service	Gavin Ramtohal
Report Author:	Alex Middleton – Senior Internal Auditor
Wards Affected:	N/A

Summary and purpose

To consider and approve the Internal Audit Medium Term Plan for 2023 to 2026.

Recommendation

The Committee is advised to RESOLVE that

- (i) Members review and approve the Internal Audit Medium Term Plan for 2023-2026.

1. Background and Supporting Information

- 1.1 Managing the Internal Audit service for Surrey Heath requires a degree of strategic planning which ensures that all internal resources are applied and effectively deployed. It should be used to direct all audit resources to those aspects of the Council that represents the greatest risk.
- 1.2 The Internal Audit Medium Term Plan has been prepared in accordance with the Public Sector Internal Audit Standards which apply to the Chartered Institute of Internal Auditing (IIA) International Standards to the UK public sector.
- 1.3 The Medium Term Plan demonstrates how the Internal Audit service for Surrey Heath plans to support the Council's 5 Year Plan as well as engaging with the Council's Key Priorities and Corporate Objectives. The Medium Term Plan provides an annual opinion on the internal control environment of the Council and to support managers in ensuring that the control systems and governance framework operated within their services are adequate and effective and risks are being adequately managed.
- 1.4 The Internal Audit Medium Term Plan has been produced with the purpose of:

- Providing an opinion on the internal control environment to support the completion of the Annual Governance Statement which support the Council's Financial Statements and Set of Accounts
- Preparing audit plans that give suitable priority to the Council's objectives and key risks and concentrate audit resources on areas that have been identified as having been the most vulnerable
- Provides a Council wide framework for internal audits with the aim of covering all the Council's main activities within a 3 Year period. Internal Audit is using a risk based approach to audits rather than simply providing blanket coverage of the 'audit universe' on a set cycle
- Agreeing actions with managers at the conclusion of each audit assignment that will assist in identification of weaknesses in control, maintain robust procedures and processes, ensure continuous service improvement and help to manage risks and threats to the organisation
- Periodic reporting to both CMT and Audit & Standards committee regarding compliance with recommendations made and advising on action taken in cases of non –compliance
- Identifying the audit resources required to deliver an audit service that is cost effective, resilient but at the same time meets the required professional standards.

2. Reasons for Recommendation

- 2.1 Both the Annual Audit Plan and the 3 Year Medium term Plan will normally be subject to audit committee review and approval.

3. Details of the Medium Term Plan

- 3.1 The Medium Term Plan covers a 3 year reporting period and has been prepared utilising the following sources:
- The Corporate Risk Register that identifies the key risks to the authority
 - Discussion with CMT and Members on their views of key risks as well as management's appetite to risk – this exercise was carried out as part of the annual Internal Audit Annual Plan setting exercise. An 'Audit Needs Assessment' exercise that was undertaken to produce the Annual Plan is valuable in informing the details of the Medium Term Plan.
 - Materiality – the level of income and expenditure projected in the Council's financial accounts.
 - Emerging risk landscape- new and forecasted major risks affecting the public sector

- Audit history – the frequency and when audits were last carried out
- Control environment – the quality of the control environment and inherent risks in the system, control weaknesses, staff turnover, new systems or reliance on legacy systems
- Growth areas identified in the Council’s 5 Year strategy, as well as any new work streams – examples include threats from cyber security, and the climate change landscape and the Council’s Environmental Action plan

3.2 The timing of audit reviews will be driven by a number of factors including:

- Level of risk and risk appetite of the Council
- Management or audit committee concerns regarding a particular area

4. Integrated Assurance

4.1 The work of internal audit is supported by other assurance providers and agencies, including Investors in People, the Health and Safety Executive, and the Council’s existing external auditors BDO. Senior managers and Members obtain assurance from various bodies and as wide a range of services as possible. The Council’s main contractors including the leisure centre provider and the joint waste service also undertake their own self-assessments of their own performance and delivery which also provide valuable information to the Council’s management team.

5. Specialised Reviews

5.1 Some audit assignments by their very nature may require specialist technical knowledge that is not available in house or where the Council simply doesn’t have the expertise to deal with. Such systems may include IT penetrating testing, and the auditing of large engineering projects. In order to place reliance on these systems the authority will need to obtain additional services or provide dedicated training.

6. Proposal and Alternative Options

6.1 No alternatives proposed.

7. Contribution to the Council’s Five Year Strategy

7.1 The work of Internal Audit supports the Council’s Annual Plan as well as supporting its corporate objectives and key priorities.

8. Resource Implications

8.1 No matters arising.

9. Section 151 Officer Comments:

9.1 No matters arising.

10. Legal and Governance Issues

10.1 No matters arising.

11. Monitoring Officer Comments:

11.1 No matters arising.

12. Other Considerations and Impacts

Environment and Climate Change

12.1 No matters arising.

Equalities and Human Rights

12.2 No matters arising.

Risk Management

12.3 No matters arising.

Community Engagement

12.4 No matters arising.

Annexes

Annex A – Medium Term Plan 2023-2026

Background Papers

Insert text