

Surrey Heath Borough Council
Audit Standards and Risk
March 2024

Internal Audit Annual Plan for 2024-25

Strategic Director/Head of Service
Report Author:
Wards Affected:

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n/a

Summary and purpose

To consider and approve the 2024-25 Annual Plan for the Internal Audit activity.

Recommendation

The Committee is advised to RESOLVE that

- (i) the proposed Annual Plan for the Internal Audit activity in respect of the year 2024-25 be approved.

1. Background and Supporting Information

The proposed Annual Plan for internal audit covering the 2024-25 financial year is attached. The Plan highlights the audit work programme that is scheduled to be carried out for the year, as well as an estimated number of days allocated for each audit, and a calculation of the amount of resources required to deliver the plan.

The main aim of the audit work programme is to review as many Council activities as possible over a period of time, in order to obtain a wide area of audit coverage, given the limited resources and staffing available within the Council's audit team.

Given the current resources available it is not possible to audit every activity carried out by the Council each year, **so the plan is risk-based**, and has been prepared based on a number of known risks which have been assessed. These include:

- The amount of income and expenditure relating to that activity
- Staff turnover
- Inherent risk

- Risks/weaknesses identified when last audited
- Frequency of audit
- Whether it is an established or new system

In terms of audit frequency or cycle, internal audits are normally carried out either annually as in the case of key finance audits such as creditors, debtors, treasury, and revenues and benefits; bi-annually such as information governance or periodically as in the case of planning, licensing, and insurance. Periodic audits tend to be undertaken once every 3 to 4 years. The frequency of audits is determined by the risk assessment, as well as the Medium Term Audit Plan.

Members should be minded that the Joint Waste audit is currently being rotated between the 4 partner authorities, having previously only being audited by the Surrey Heath audit team. Woking has been the most recent audit client.

2. Resources required to deliver Plan

In total 520 days are required to deliver the proposed Audit Annual Plan, as outlined in the report. This resource takes into account days that are needed for annual leave and other absences. Built into the plan are also a number of staff training and development days including any corporate mandatory training that is required such as data protection and safeguarding as well as participation in the continued professional membership of the IIA accreditation.

A number of staff days have also been set aside to provide consultancy and professional advice on matters such as financial regulations, authorised signatories and delegated powers, IR35 regulation compliance, as well as risk and governance issues that may arise in year. The Senior Auditor also leads the audit team and represents audit at senior management meetings as well as reporting to committee.

3. Requirements of External Audit

The Annual Plan includes a number of audits which have in the past been relied upon by the Council's external auditors who have placed reliance on the work undertaken by Internal Audit as part of the audit of the Council's set of accounts.

4. Monitoring and reporting

Audit performance is regularly monitored and is reported to senior management and to Members and the Audit Chair at Audit Standards and Risk committee throughout the year. Material changes to the plan should be discussed and agreed in advance with the corresponding service as well as the Audit Chair and the Section 151 officer.

Significant risks and findings identified by Internal Audit during the course of the year will be brought to the attention of the Chief Executive, the Section 151 Officer and senior management, and reported to Audit Standards and Risk committee. Significant risks may also brought to the attention of the Council's Corporate Risk Management

Group and considered for inclusion in the Corporate Risk Register, as well as the Annual Governance Statement which supports the Council's set of Accounts.

5. Reasons for Recommendation

- 5.1 The Accounts and Audit Regulations require local authorities to maintain an adequate and effective system of internal audit of accounting records and of the system of internal control, in accordance with internal audit Standards. The adoption of an internal audit Annual Plan helps to demonstrate how Surrey Heath Council can satisfy this requirement in accordance with the Public Sector Internal Audit Standards.

6. Proposal and Alternative Options

- 6.1 Members of the Audit Standards and Risk committee are being asked to review and approve the proposed Audit Annual Plan for the upcoming year. Members may consider whether the allocated resources are suitable given the proportionate nature of the service and the size of the organisation.

7. Contribution to the Council's Five Year Strategy

- 7.1 Internal audit supports the Council's vision, and main objectives by considering the Council's Strategy for 2024-28 which sets out the direction for the Council's services for the next 4 years, as well as the Council's Annual Plan which identified the main targets. Internal audit will also review the Medium Term Financial Strategy and be mindful of the main issues when planning individual audits as well as when undertaking financial testing.

8. Resource Implications

- 8.1 Members are minded that all internal audit assignments will require a certain amount of resources, in terms of officer time and access to records and documents. Audit will be sensitive to the needs of the business as well as service departments when planning and undertaking individual audits and not to overburden Council officers, but Audit is aware of the limited capacity of some services to help at certain times of the year.

9. Section 151 Officer Comments:

- 9.1 A large amount of the Annual Plan focuses upon finance related audits such as debtors, creditors and treasury. By reviewing these finance audits each year, Internal Audit is able to provide a level of assurance to the Council's Section 151 officer over these areas, as well as testing finance transactions which can support the audit of the Council's set of accounts and financial statements by external audit.

10. Legal and Governance Issues

- 10.1 Internal Audit supports the Council by reviewing staff compliance with national regulations and laws and rules e.g. housing legislation, benefit legislation as well as the Constitution. Audits consider internal controls and good governance arrangements such as Financial Regulations, the scheme of delegation and Contract Standing Orders.

11. Monitoring Officer Comments:

- 11.1 The work of Internal Audit supports the Council's Monitoring Officer by reviewing compliance with Council rules and regulations as well as the Constitution, Code of Conduct and Standards.

12. Other Considerations and Impacts

Environment and Climate Change

- 12.1 No significant issues

Equalities and Human Rights

- 12.2 No significant issues

Risk Management

- 12.3 Internal Audit support the Council's corporate risk management framework by identifying weaknesses in control and governance, and suggesting mitigating actions to reduce or alleviate those risks. Any significant risks identified by Audit may be subject to discussion at the Council's risk management group, and if necessary, added to the Corporate Risk Register.

Community Engagement

- 12.4 No significant issues

Annexes

Proposed Audit Annual Plan for the year 2024-25

Background Papers

Nil