

REPORT TO: Audit and Governance Board

DATE: 20 March 2024

REPORTING OFFICER: Divisional Manager – Audit, Procurement and Operational Finance

PORTFOLIO: Corporate Services

SUBJECT: Internal Audit Plan – 2024/25

WARD(S) Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 This report seeks the Board’s approval for the planned programme of internal audit work for 2024/25.

2.0 RECOMMENDATION: The Board is requested to review and approve the Annual Internal Audit Plan for 2024/25.

3.0 SUPPORTING INFORMATION

3.1 The Public Sector Internal Audit Standards state that the Head of Internal Audit must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals. The standards refer to the need for the plan to reflect the assurance framework, risk management arrangements, and provide for input from management and the Audit Committee. These principles have been followed in the development of the audit plan for 2024/25.

3.2 The underlying principles for the development of the Audit Plan are summarised below:

- The plan is designed to enable Head of Internal Audit to deliver an overall opinion on the Council’s risk management, control and governance arrangements.
- It is recognised that it is not practical nor necessary to provide coverage of all the Council’s systems, services, and risks each year.
- Internal audit coverage is to be sufficient to provide the Council’s s151 officer with confidence that it supports them in discharging their statutory responsibilities.
- Prioritisation of audit work is informed by consultation with senior management across the Council to identify areas of risk, new developments, and other matters that should be considered for inclusion.

- The plan needs to be flexible and will be reviewed and adjusted throughout the year in response to the changing governance, risk and control landscape. Significant changes will be communicated to senior management and the Audit and Governance Board as required.
- Account is taken of the Council's Corporate Risk Register and the need to provide assurance over key risks.
- Planned work for 2023/24 that was not completed has been included where still considered relevant following discussions with senior management.
- Provision is made to ensure capacity to respond to management requests for assistance with special investigations, consultancy, and other forms of advice.

3.3 In developing the scope of individual audit assignments, consideration will be given to the Council's existing assurance framework and Transformation Programme. This helps to ensure that internal audit can direct its resources on areas of highest risk or where there are gaps or weaknesses in other assurance arrangements.

3.4 The draft Audit Plan for 2024/25 is attached as a separate appendix. It provides for planned audit work totalling 1,160 days. This is based on a forecast staffing establishment of 6.8 FTE staff, which remains unchanged from 2023/24.

3.5 Performance against the Audit Plan will be kept under review throughout the year and regular progress reports will be provided to the Audit and Governance Board. Any significant matters that jeopardise the delivery of the plan or require significant changes will also be identified, addressed and reported to the Board.

3.6 Internal Audit will also continue to liaise with the Council's external auditor, Grant Thornton, to minimise duplication and to ensure efficient and effective deployment of the overall audit resource.

4.0 **POLICY IMPLICATIONS**

4.1 Delivery of the Audit Plan will provide assurance that the policies and procedures established by the Council are implemented and remain appropriate.

4.2 Internal audit work provides one of the key sources of assurance to the Chief Executive and Leader of the Council who are jointly required to sign the Annual Governance Statement (AGS). The purpose of the AGS is to declare the extent to which the Council complies with the principles of good governance.

4.3 There are however no direct policy implications arising from this report.

5.0 **FINANCIAL IMPLICATIONS**

5.1 The work of Internal Audit assists the Council in maintaining and developing its financial control arrangements and promotes the efficient, effective and economic use of resources.

5.2 There are no additional resource implications arising from this report.

6.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 **Children & Young People in Halton**

Internal audit work supports the delivery of all the Council's priorities by promoting probity, integrity, accountability, efficiency and effective management of public funds.

The design of the Audit Plan has also taken account of the need to provide assurance over the adequacy of the arrangements established to mitigate risks that may threaten the delivery of the Council's priorities.

6.2 **Employment, Learning & Skills in Halton**

See 6.1

6.3 **A Healthy Halton**

See 6.1

6.4 **A Safer Halton**

See 6.1

6.5 **Halton's Urban Renewal**

See 6.1

7.0 **RISK ANALYSIS**

7.1 Internal audit work forms a key element of the Council's overall system of internal control. An effective internal audit service also helps to promote and implement best practice and process improvements in the management of risks.

7.2 The Public Sector Internal Audit Standards require the Head of Internal Audit to review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programs, systems and controls.

7.3 Changes to planned work may therefore become necessary during the year. Minor changes will be agreed with the Operational Director – Finance. Any significant matters that jeopardise completion of the plan or require substantial changes to it will be reported to the Board.

8.0 **EQUALITY AND DIVERSITY ISSUES**

8.1 None

9.0 **CLIMATE CHANGE IMPLICATIONS**

9.1 None

10.0 **LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

Public Sector Internal Audit Standards