

# Allerdale Borough Council

## Audit Committee – 25 July 2022

### Internal Audit Plan & Charter 2022/23

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<b>Portfolio holder</b>	Councillor Colin Sharp PH Finance & Legal
<b>Report from</b>	Michael Roper - Strategic Advisor: Assurance, Risk & Audit
<b>Wards affected</b>	All
<b>Is this a key decision</b>	No

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#### **1.0 The reason for the decision**

- 1.1 To set out and seek approval of the work the Assurance, Risk and Audit team intends to deliver during 2022/23.

#### **2.0 Recommendations**

- 2.1 To approve the Internal Audit plan for 2022/23.
- 2.2 To approve the Internal Audit Charter for 2022/23.

#### **3.0 Background and Introduction**

- 3.1 The internal audit charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation, including the nature of the CAE's (Chief Audit Executive) functional reporting relationship with the board; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the board.
- 3.2 At Allerdale Borough Council the roles and responsibilities of the 'board' are carried out by the Audit Committee, the role of 'senior management' is carried out by the Senior Management Team and the Chief Audit Executive is the Assurance, Risk and Audit Manager

- 3.3 The CAE is also required to prepare an annual risk based audit plan and charter for review and approval by the Senior Management Team (SMT) and the Audit Committee.
- 3.4 The Plan sets out the intended audit activity to be completed in the year, which enables the CAE to form an annual opinion on the Council's systems of risk management, governance and internal control.
- 3.5 The Internal Audit Plan has been prepared in line with a risk-based planning methodology and consultation with the Council's Senior Management Team to identify the areas where it is considered that Internal Audit can add the greatest value through provision of independent assurance.

#### **4.0 Content (to include alternative options considered)**

- 4.1 The plan (which covers the period July 2022 – March 2023) has been prepared in line with a risk-based planning methodology and individual consultation with the Council's Senior Management Team to identify the areas where it is considered that Internal Audit can add the greatest value through provision of independent assurance.
- 4.2 It is proposed that there will be 254 direct days of Internal Audit time in 2022/23 (Appendix 1 - Resource). This includes management time incurred by the CAE (appointed April 2022), who's role and resource is equally shared between Allerdale, Copeland and Carlisle City Councils.
- 4.3 Attempts are being undertaken to recruit to the two vacant roles within the team and the available resource makes allowances that these roles are currently vacant. Available resource will need to be reviewed once the recruitment exercise is complete.
- 4.4 The number of days planned for each category of audit work is detailed at Appendix 2 – Work Categories with proposed individual reviews and contingencies shown at Appendix 3 Assignments. The plan includes a contingency for work that may be incurred by the Internal Audit team as a result of Local Government Reorganisation.
- 4.5 The draft plan was presented to and approved by SMT on 8 June 2022.
- 4.6 The level of coverage is considered sufficient to provide an opinion on the systems of governance, risk and internal control in line with the PSIAS and in order to support the preparation of the Annual Governance Statement.
- 4.7 The PSIAS also reflects the requirement for internal audit plans to be flexible to respond to new and emerging risks. Should the approved Plan need to be revised these would be considered and agreed by SMT and reported to the Audit Committee, including the need for any additional audit resources if appropriate.
- 4.8 The Internal Audit Charter has been included in Appendix 4; it describes the purpose, authority, responsibilities and objectives of Internal Audit.

## **5.0 Implications and Impact**

### **5.1 Contribution to Council Strategy Priorities, Outputs and Outcomes**

Acceptance of the Assurance, Risk and Audit Team's work provides a direct and indirect contribution to the achievement of the Council's priorities, in accordance with the Assurance, Risk and Audit Service Plan.

### **5.2 Finance/Resource implications**

The plan is based on the estimated available resource of the Assurance, Risk and Audit Team. This will be revised following completion of current recruitment, including consideration of any additional bought in days from external providers.

### **5.3 Legal and governance implications**

As stated in section 3 and in accordance with the Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit regulations (2015).

### **5.4 Risk analysis**

This contributes to the effectiveness of the Assurance Risk and Audit Team in Enterprise-wide Risk Management.

### **5.5 Increasing satisfaction and service**

The plan will ensure an effective Internal Audit services that adds value to the achievement of organisational objectives through reviewing and suggesting improvements to the Governance, Risk Management and Internal Control Framework:

### **5.6 Equality impacts**

Equality impacts are considered during the Assurance, Risk and Audit activities

### **5.7 Health and Safety impacts**

Acceptance of this report has no health and safety impacts

### **5.8 Health, wellbeing and community safety impacts**

Acceptance of this report has no health, wellbeing and community safety impacts

### **5.9 Environmental/sustainability impacts**

Acceptance of this report has no environmental/sustainability impacts

### **5.10 Other significant implications**

None

## **Appendices attached to this report**

<b>Appendix number</b>	<b>Title of appendix</b>
<b>1</b>	<b>Internal Audit Plan 2022/23 Resource</b>
<b>2</b>	<b>Internal Audit Plan 2022/23 Work Category</b>
<b>3</b>	<b>Internal Audit Plan 2021/22 Assignments</b>

**Background documents available**

Name of background document	Where it is available

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