

Audit & Governance Committee  
13 March 2024

**Internal Audit Strategy and Annual Audit Plan 2024/25**

**SUMMARY AND PURPOSE:**

The purpose of this report is to present the Internal Audit Strategy and Annual Audit Plan for 2024/25 to the Committee.

Under-pinning the work of the Orbis Internal Audit Service in delivering the Annual Audit Plan are the key principles and objectives as set out in the Internal Audit Strategy and Charter. These are presented alongside the Annual Audit Plan for 2024/25 as good practice dictates that these should be updated and reviewed on an annual basis.

**RECOMMENDATIONS:**

Members are asked to consider the contents of this report and Appendices, and to approve the following:

- (i) The Internal Audit Strategy (Annex A)
- (ii) The Internal Audit and Corporate Fraud Plan (Appendix A)
- (iii) The Internal Audit Charter (Appendix B)

**BACKGROUND:**

1. The statutory basis for Internal Audit in local government is provided in the Accounts and Audit Regulations 2015, which require a local authority to “*undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes*”.
2. The Accounts and Audit Regulations contain the expectation that Internal Audit will take into account public sector internal audit standards or guidance. The Audit and Governance Committee recognises the mandatory nature of the Public Sector Internal Audit Standards (PSIAS), which came into effect on 1 April 2013 (and revised 1 April 2017).

**Internal Audit Strategy and Annual Audit Plan**

3. The Internal Audit Strategy details the priorities for delivering an effective internal audit and counter fraud service together with details of the quality assurance and performance management arrangements for the coming year.
4. Through approving the Orbis Internal Audit Strategy alongside the Annual Audit Plan for 2024/25, the link between the work of Internal Audit and the high-level strategic vision of the Council is apparent.

## Development of the Internal Audit Plan

5. The Internal Audit Plan for 2024/25 is a risk-based programme of work, as set out at Appendix A. There are several core elements to the Internal Audit Plan that are likely to feature each year such as:
- (i) Reviewing corporate governance arrangements to inform the Annual Governance Statement;
  - (ii) Grant certification; and
  - (iii) Counter fraud activity, including participation in the National Fraud Initiative (NFI)

In addition to these elements, Internal Audit also carries out testing on an annual basis of the Council's key financial systems.

6. Once these core elements of the Plan and follow up reviews are accounted for, the remaining audits shown in the proposed Plan have been included based on a risk priority which has been assessed following:
- (i) Consultation with:
    - a. Executive Directors and other senior officers
    - b. S151 Officer
    - c. The Audit and Governance Committee
  - (ii) Consideration of risk registers
  - (iii) Liaison with partners from East Sussex County Council and Brighton and Hove City Council within the overall Orbis Internal Audit partnership
  - (iv) Other Local Authority Internal Audit services through regional and national networking
7. The draft Plan was also presented at a meeting of the Corporate Leadership Team on 27 February 2024 and has been agreed by the Section 151 Officer at Resources Directorate Leadership Team on 1 March 2024.
8. The Chief Internal Auditor is confident that the draft Internal Audit Plan at Appendix A provides sufficient coverage across the Council's activities to enable him to form an overall opinion on the adequacy of the Council's framework of control at the end of the year.

## Resources

9. The Internal Audit planned available days are as follows:

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
<b>Plan Days</b>	1,817	1,817	1,761	1,817

10. The overall level of resource for 2024/25 has slightly increased when compared with the previous year due to the effect of filling vacancies within the service. It is considered to be sufficient to allow Internal Audit to deliver its risk-based plan in accordance with professional standards<sup>1</sup> and to enable the Chief Internal Auditor to provide his annual audit opinion. Additional resource, to recommence the delivery of a cyclical programme of schools' audit, was made available to Internal Audit in 2021/22

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<sup>1</sup> Public Sector Internal Audit Standards (PSIAS)

and continues into 2024/25. It is held as a ring-fenced allocation of 225 days in addition to the 1,817 days shown above. This is described in more detail in the Internal Audit Strategy.

### **Internal Audit Charter (Appendix B)**

11. The PSIAS require Internal Audit to have a Charter that has been formally approved and is regularly reviewed. The Charter attached at Appendix B reflects the PSIAS Local Government Application note which was published in April 2013 and has been refreshed in 2023 by the Orbis Chief Internal Auditor.

### **IMPLICATIONS:**

12. There are no direct implications (relating to finance, equalities, risk management or value for money) arising from this report. The Annual Audit Plan is designed to focus on key areas of risk and as such should help ensure effective risk management and support the achievement of value for money.

### **WHAT HAPPENS NEXT:**

13. The Orbis Internal Audit Service will deliver the 2024/25 Internal Audit Plan over the coming 12 months and Internal Audit reports will be produced and distributed in line with the Reporting and Escalation Policy.
14. Quarterly updates on completed audit work and performance of the service will be reported to the Corporate Leadership Team (CLT) and the Committee throughout the year.

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### **Sources/background papers:**

None

### **Annexes/Appendices:**

Annex A - The Internal Audit Strategy

Appendix A - The Internal Audit and Corporate Fraud Plan

Appendix B - The Internal Audit Charter

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