



REPORT TO: Audit and Corporate Governance Committee
LEAD OFFICER: Head of Shared Internal Audit

28th July 2022

Internal Audit Plan and Opinion

Executive summary

1. This report introduces the proposed Internal Audit Annual Plan and Strategy for the next six months of the 2022 / 2023 financial year, for consideration by the Audit and Corporate Governance Committee.
2. The report also includes a progress update from the past six months work, plus our current opinion on the internal control environment, governance and risk management arrangements.
3. Internal Audit Plans, and associated documents, have been created in line with best practice laid down in the Public Sector Internal Audit Standards (PSIAS) and the accompanying Local Government Application Note (LGAN).

Key Decision

4. This is not a key decision because the risk based Internal Audit Plan is being presented to the Audit and Corporate Governance Committee in accordance with their terms of reference.

Recommendations

5. The Audit and Corporate Governance Committee is requested to consider the supporting information, in the appendices, to:
 - (i) approve the draft Audit Plan and Strategy; and
 - (ii) approve the supporting Charter and the Code of Ethics.

Reasons for Recommendations

6. The Internal Audit Plan, and associated documents, have been created in line with best practice laid down in the Public Sector Internal Audit Standards (PSIAS) and the accompanying Local Government Application Note (LGAN).
7. The Internal Audit Plan should help add value to the Council by helping to improve systems, mitigate risks, and inform the Annual Governance Statement.

Details

8. The Accounts and Audit Regulations 2015 require that the Council “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes; taking into account public sector internal auditing standards or guidance.”
9. The Public Sector Internal Audit Standards (PSIAS) require that the Head of Audit “must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”.

10. The PSIAS also requires the Head of Audit to provide a written report to those charged with governance to support the Annual Governance Statement (AGS), which accompanies the Statement of Accounts. This includes an opinion on the overall adequacy and effectiveness of the organisation's internal control environment, governance, and the risk management framework.
11. Appendix A is the risk based Internal Audit Plan which is continually updated. It has been based upon the Business Plan, risk registers, ongoing consultation with key officers, committee reports, information from other assurance processes, plus horizon scanning to consider emerging risks and opportunities.

Considerations

12. The plan is the work programme for Internal Audit and provides the basis upon which the service will subsequently give an audit opinion on South Cambridgeshire District Council's (SCDC) system of internal control, risk management and corporate governance arrangements. Progress against the plan, and updates, will be regularly reported to the Committee.
13. It is good practice to operate an agile audit plan that continuously adapts in response to the governance risk and control environment of the Council. Our Audit Plan is based around a long-term framework of reviews, which typically covers a three-year period. Audits are prioritised according to several risk-based determinants. We are presenting a shorter 6-month plan, focussing on the key areas of assurance and we will bring back a further report to the Committee later in the year. This will also provide an opportunity to proactively communicate topical risks and assurance to the Committee.
14. Appendix B provides a progress update from the past six months, plus the current opinion on the overall adequacy and effectiveness of the organisation's internal control environment, governance, and the risk management framework
15. The Internal Audit Charter (Appendix C) and the Code of Ethics (Appendix D) are also appended for information. They are regularly reviewed as part of an ongoing Quality Assurance and Improvement Programme (QAIP) considering both the PSIAS and the LGAN. No changes have been made this year. It is good practice to present these documents annually as they define internal audit's purpose, authority, responsibility and position within an organization, supporting the risk-based audit plan.

Options

16. The Committee should review the plan and consider if there are any further pieces of work where they would welcome assurance.

Implications

17. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, there are no significant implications or risks to the Council.

Background Papers

18. Background papers used in the preparation of this report:
 - Risk-Based Internal Auditing – Working Standards and Procedures
 - Public Sector Internal Audit Standards
 - South Cambridgeshire District Council Risk Registers
 - Business Plan

Appendices

19. Appendices to this report include:
- a) Internal Audit Plan and Strategy
 - b) Progress Update
 - c) Internal Audit Charter
 - d) Internal Audit Code of Ethics
 - e) Glossary of Terms

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