

# RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

## MUNICIPAL YEAR 2023/24

<p><b>GOVERNANCE AND AUDIT COMMITTEE</b></p> <p>4<sup>th</sup> July 2023</p>	<p><b>AGENDA ITEM NO. 8</b></p>
<p><b>REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE in consultation with DEPUTY CHIEF EXECUTIVE AND GROUP DIRECTOR – FINANCE, DIGITAL &amp; FRONTLINE SERVICES</b></p>	<p><b>ANNUAL INTERNAL AUDIT STRATEGY AND RISK BASED INTERNAL AUDIT PLAN 2023/24</b></p>

Author: Andrew Wathan (Head of the Regional Internal Audit Service)  
& Lisa Cumpston (Audit Manager)

### **1. PURPOSE OF THE REPORT**

- 1.1 To provide members of the Governance and Audit Committee with the draft Annual Internal Audit Strategy and Risk Based Internal Audit Plan for 2023/24.

### **2. RECOMMENDATIONS**

- 2.1 It is recommended that Members approve the draft Annual Internal Audit Strategy (**Appendix A**) and Risk Based Internal Audit Plan for 2023/24 (**Appendix B**).

### **3. REASONS FOR RECOMMENDATIONS**

- 3.1 To keep the Governance and Audit Committee informed and to approve the proposed draft Annual Internal Audit Strategy and Risk Based Internal Audit Plan 2023/24 in compliance with the Public Sector Internal Audit Standards (PSIAS) and the Committee's Terms of Reference.

### **4. BACKGROUND**

- 4.1 The United Kingdom Public Sector Internal Audit Standards (Performance Standard '2010 Planning') provides the framework within which an internal audit plan should be compiled.
- 4.2 In line with the Public Sector Internal Audit Standards (PSIAS) 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.

- 4.3 To develop the risk-based plan, the Head of Internal Audit consults with senior management to obtain an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes. The Head of Internal Audit must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems and controls.
- 4.4 In order to produce the Internal Audit plan the following information is taken into account:
- Corporate Risk Register/Strategic Risk Register;
  - Corporate Plan;
  - Key Financial Systems;
  - Grant Claims that require Internal Audit certification;
  - Follow-up reviews;
  - Audit reviews that are carried forward from the previous audit plan;
  - Feedback from questionnaires issued to Service Directors; and
  - Results of discussions with the Senior Leadership Team, including the Chief Executive, Section 151 Officer and other senior officers as necessary.
- 4.5 The Public Sector Internal Audit Standards require a risk-based audit plan to be produced to cover the Council's overall control environment including risk, governance and internal controls as far as practicable.
- 4.6 Considering the sources of information noted above supports Internal Audit to achieve the following:
- Comply with the PSIAS in compiling the draft Annual Internal Audit Plan;
  - Enable the Governance & Audit Committee to monitor the adequacy of the risk management framework and the associated control environment of the Council for 2023/24 based on the audit reviews set out in the draft Annual Risk Based Internal Audit Plan; and
  - Enables the Head of Internal Audit to form an opinion on the risk, governance and internal controls of the organisation.
- 4.7 Changes to the way the Council is operating since Covid-19, including any new risks as a result of remote and hybrid working have been considered and included within the draft Audit Plan for 2023/24.

## **Current situation/proposal**

- 4.8 Attached at **Appendix A** is the draft Internal Audit Strategy document for 2023/24. It demonstrates how the Internal Audit Service will be delivered and developed in accordance with our Terms of Reference. The Strategy will be reviewed and updated annually in consultation with stakeholders namely the Governance and Audit Committee, Senior Leadership Team, External Auditors and Senior Management.
- 4.9 The 2023/24 draft Risk Based Internal Annual Plan of work has been formulated in compliance with the PSIAS. The draft detailed plan is attached at **Appendix B**.
- 4.10 The proposed Annual Plan is flexible to allow for changing circumstances and events that may occur, such as requests to respond to new issues that may arise.
- 4.11 Internal Audit work will be undertaken using a hybrid approach of on-site visits and meetings as required for each audit, and also remotely using video conferencing (e.g. Microsoft Teams) and digital solutions as a basis for meetings and sharing documents and data, as required by each audit.
- 4.12 The proposed plan at **Appendix B** will provide sufficient coverage to be able to provide an opinion at the end of 2023/24.
- 4.13 The Governance and Audit Committee will receive updates on how the plan is being delivered and any changes that may be required.

## **5. EQUALITY AND DIVERSITY IMPLICATIONS / SOCIO-ECONOMIC DUTY**

- 5.1 There are no equality and diversity or socio-economic implications as a result of the recommendations set out in the report.

## **6. CONSULTATION**

- 6.1 There are no consultation implications as a result of the recommendations set out in the report.

## **7. FINANCIAL IMPLICATION(S)**

- 7.1 There are no financial implications as a result of the recommendations set out in the report, but effective audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

**8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

- 8.1 The provision of an adequate and effective Internal Audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2018 as amended from time to time.
- 8.2 Regulation 7 (Internal Audit) of Part 3 of the 2018 Regulations directs that: “A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.”

**9. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT & FIVE WAYS OF WORKING**

THE COUNCIL’S CORPORATE PLAN PRIORITIES

- 9.1 The work of Internal Audit aims to support the delivery of the priorities contained within the Council’s Corporate Plan 2020-2024 “Making a Difference”, in particular ‘Living Within Our Means’ through ensuring that appropriate internal controls are in place to effectively manage resources.

WELL-BEING OF FUTURE GENERATIONS ACT & FIVE WAYS OF WORKING

- 9.2 The wellbeing goals identified in the Act were considered in the preparation of this report. The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed. It is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report.

**10. CONCLUSION**

- 10.1 The draft Annual Internal Audit Strategy and Risk Based Internal Audit Plan for 2023/24 has been compiled in accordance with the Public Sector Internal Audit Standards and the Council’s Internal Audit Charter taking into account any new risks and challenges arising as a result of remote and hybrid working.
- 10.2 The Council’s Governance and Audit Committee, in line with its Terms of Reference, is requested to consider and approve the Internal Audit Strategy and Risk Based Internal Audit Plan for 2023/24.

\*\*\*\*\*

**LOCAL GOVERNMENT ACT 1972**

**AS AMENDED BY**

**THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**GOVERNANCE AND AUDIT COMMITTEE**

4<sup>th</sup> July 2023

**ANNUAL INTERNAL AUDIT STRATEGY AND RISK BASED INTERNAL AUDIT PLAN  
2023/24**

**REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE in  
consultation with the DEPUTY CHIEF EXECUTIVE AND DIRECTOR OF FINANCE,  
DIGITAL & FRONTLINE SERVICES**

Author: Andrew Wathan (Head of the Regional Internal Audit Service)  
& Lisa Cumpston (Audit Manager)

**Item 8**

**Background Papers**

None.

Officers to contact:

Andrew Wathan (Head of the Regional Internal Audit Service)  
Lisa Cumpston (Audit Manager)