



## AUDIT & GOVERNANCE COMMITTEE

Monday, 14 March 2022

<b>Subject</b>	ANNUAL INTERNAL AUDIT PLAN 2022/23
<b>Report by</b>	Councillor Maurice Cook, Cabinet Member with responsibility for Resources Councillor Edward Back, Assistant Cabinet Member for Resources
<b>Supporting Officer</b>	Mrs Siobhan Martin Head of Internal Audit <a href="mailto:siobhan.martin@eastsoffolk.gov.uk">siobhan.martin@eastsoffolk.gov.uk</a> 01394 444254

Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	Not applicable.
<b>Wards Affected:</b>	All Wards

## Purpose and high-level overview

### **Purpose of Report:**

To review and approve the annual internal audit plan, as required by this Committee's Terms of Reference and the Council's constitution.

Internal Audit Services acts in accordance with the Accounts and Audit Regulations (2015) and aims to follow the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (2019). This report has been prepared in accordance with our Audit Charter. The Council is required under the Accounts and Audit Regulations to maintain an adequate and effective Internal Audit Service.

This report presents the strategic risk based Internal Audit Plan for 2022/23, as agreed with the Chief Executive and Corporate Management Team.

### **Options:**

There are no options to be considered in relation to this report.

### **Recommendation:**

That the Annual Internal Audit Plan 2022/23 be reviewed and approved.

## Corporate Impact Assessment

### **Governance:**

This report is being presented to the Audit & Governance Committee in accordance with the Committee's terms of reference [2.5 (c)(ii)]:

*"To review and approve the annual internal audit plan and any major changes to it."*

### **ESC policies and strategies that directly apply to the proposal:**

The entire annual Internal Audit Plan and its outcomes are essential to supporting and improving the governance environment, which proactively contributes to delivering the East Suffolk Strategic Plan.

### **Environmental:**

Internal Audit assurance is fundamental to support the Council's foundations of corporate governance, risk and control. This report supports the Council's environmental aims by considering environmental and sustainability risks as part of the development of the annual Internal Audit Plan.

### **Equalities and Diversity:**

Internal Audit assurance is fundamental to support the Council's foundations of corporate governance, risk and control. This report supports the Council's approach to ethics, equality, and diversity by considering risks in these areas as part of the development of the annual Internal Audit Plan.

### **Financial:**

Internal Audit assurance is fundamental to support the Council's foundations of corporate governance, risk and control. This report supports the Council's efficiency, effectiveness and economy by considering financial risk as part of the development of the annual Internal Audit Plan. Delivering the annual Internal Audit Plan is an essential element in mitigating the risk of losses arising from error, irregularity and fraud.

**Human Resources:**

Internal Audit assurance is fundamental to support the Council's foundations of corporate governance, risk and control. This report supports the Council's approach to staffing, training or other human resources issues by considering risks in these areas as part of the development of the annual Internal Audit Plan.

**ICT:**

Internal Audit assurance is fundamental to support the Council's foundations of corporate governance, risk and control. This report supports the Council's approach to technical governance and ICT by considering risks in these areas as part of the development of the annual Internal Audit Plan.

**Legal:**

Internal Audit assurance is fundamental to support the Council's foundations of corporate governance, risk and control. This report supports the Council's approach to legal and regulatory compliance and governance impacts by considering risks in these areas as part of the development of the annual Internal Audit Plan.

The Local Government Act 1972 and the Accounts and Audit Regulations 2015 require a relevant authority to '...undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, considering public sector internal auditing standards or guidance.'

The Head of Internal Audit is the Council's Data Protection Officer and Senior Information Risk Officer. In addition to the annual Internal Audit Plan, this report includes the annual Data Protection Plan, an essential component for the Council's compliance with the Data Protection Act 2018 and UK GDPR.

**Risk:**

The fundamental purpose, nature and scope of internal auditing is to bring a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Internal Audit is considered the "third line of defence" in risk management, providing independent assurance on its effectiveness in every area included in the annual Internal Audit Plan. All audits presented as part of the annual Internal Audit Plan in this report are to support the effective management of risk and assist the Council in achieving its corporate objectives.

<b>External Consultees:</b>	No external parties were consulted in the preparation of this report.
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## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: (Select only one primary and as many secondary as appropriate)		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T02</b>	<b>Enabling our Communities</b>		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T05</b>	<b>Caring for our Environment</b>		
P20	Lead by example	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>XXX</b>	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>How does this proposal support the priorities selected?</b>			
<ol style="list-style-type: none"> <li>Internal Audit assurance and any associated recommendations for improvement support a robust corporate governance framework. The work of Internal Audit Services represents a fundamental function in delivering the Council's Corporate Governance responsibilities.</li> <li>The work of Internal Audit is cross-cutting and affects all service areas by improving controls and processes, which contribute towards efficient and effective management of services.</li> </ol>			

- 3 The work of Data Protection is cross-cutting and supports all service areas and the Council as a whole in complying with data protection law and principles of information governance.

## Background and Justification for Recommendation

1 Background facts	
1.1	The work of the Internal Audit Service is to provide independent assurance and report upon the effective and efficient application of internal controls, governance arrangements and value for money at the Council.

2 Current position	
2.1	<p>The risk-based annual Internal Audit Plan is usually considered by the Committee at its March meeting each year and details the work that will provide assurance to the Council in terms of the adequacy and effectiveness of financial and management controls in the proposed audit areas included within the Plan.</p> <p>The work covered by the Internal Audit Team during 2022/23 will contribute towards the Head of Internal Audit's annual opinion, alongside the other sources of assurance set out in the report.</p>
2.2	Members will be aware that, in common with all other areas of the Council, the work of the Internal Audit Team has been significantly affected by the Covid-19 pandemic over the past two years and will be required to support continued activity in this area throughout the financial year 2022/23. At this time, the Internal Audit Team must retain the flexibility to be responsive to the Council's changing needs.
2.3	<p>The staff resource allocation available to deliver the annual plans within Appendices A1 &amp; A2 may be subject to change. Internal Audit currently have the following vacancies:</p> <ul style="list-style-type: none"> <li>a) Internal Audit – 1 x 1.0 FTE Senior Auditor, and 1 x 0.5 FTE Principal ICT Auditor.</li> <li>b) A request for resources is to be submitted for 1 x 1.0 FTE Senior Auditor.</li> <li>c) Data Protection – 1 x 1.0 FTE Information Governance Administrator.</li> </ul>

3 How to address current situation	
3.1	A risk-based annual Internal Audit Plan is required in order for the Head of Internal Audit to provide an opinion upon the adequacy and effectiveness of the Council's systems of governance, risk management and internal control in the year to 31 March 2023.
3.2	The Internal Audit Plan for 2022/23 will continue to identify system weaknesses and/or non-compliance with expected controls, and to bring these to the attention

	of management and include appropriate recommendations and agreed action plans.
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#### 4 Reason for recommendation

4.1	To ensure the Committee fulfils its terms of reference and supports the Internal Audit process, enabling good governance over public funds.
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## Appendices

### Appendices:

<b>Appendix A</b>	Annual Internal Audit Plan Report 2022/23
<b>Appendix A1</b>	Annual Internal Audit Plan 2022/23
<b>Appendix A2</b>	Annual Data Protection Plan 2022/23
<b>Appendix A3</b>	Governance Activity

### Background reference papers:

Date	Type	Available From
2017	Public Sector Internal Audit Standards	CIPFA
2020	East Suffolk Strategic Plan	Head of Internal Audit