

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 20 March 2024
Subject:	Internal Audit Charter and Annual Audit Plan		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

This report presents the proposed Internal Audit Charter and the Internal Audit Plan 2024/25 for approval by Members.

Recommendation(s):

- (1) Members are requested to:
- (i) Approve the Internal Audit Charter
 - (ii) Approve the Internal Audit Plan 2024/25

Reasons for the Recommendation(s):

Approval of the recommendations will facilitate the continued provision of a comprehensive, efficient and effective Internal Audit Service which meets professional Standards.

Alternative Options Considered and Rejected: (including any Risk Implications)

None

What will it cost and how will it be financed?

(A) Revenue Costs - There are no direct financial implications arising from this report as the costs of the service are included within the existing staffing budget. However, the Council benefits from the work of the section in reducing the impact and likelihood (and so the cost) of risk.

(B) Capital Costs - There are no capital costs arising from this report.

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets): There are no specific resource implications arising from this report other than the report stating how many days will be spent on internal audit during 2024/25 and the rotation of CIPFA trainees within their Finance placement for six months. Two temporary Principal Auditor posts for six months are currently being recruited to, the cost of which can be contained within the overall Risk and Audit staffing budget.</p>									
<p>Legal Implications: There are no legal implications.</p>									
<p>Equality Implications: There are no equality implications.</p>									
<p>Impact on Children and Young People: There are no direct implications in the report for Children and Young People. Reviews are planned to take place within Children’s and Education Services which will provide assurance on the controls used to manage risks.</p>									
<p>Climate Emergency Implications:</p> <p>The recommendations within this report will</p> <table border="1"> <tr> <td>Have a positive impact</td> <td>Y</td> </tr> <tr> <td>Have a neutral impact</td> <td>N</td> </tr> <tr> <td>Have a negative impact</td> <td>N</td> </tr> <tr> <td>The Author has undertaken the Climate Emergency training for report authors</td> <td>Y</td> </tr> </table> <p>The Annual Audit Plan is risk based and designed to provide assurance on the Council’s key risks. One of the key risks is Climate Change and the proposed audit plan includes work to be conducted on Climate Change</p>		Have a positive impact	Y	Have a neutral impact	N	Have a negative impact	N	The Author has undertaken the Climate Emergency training for report authors	Y
Have a positive impact	Y								
Have a neutral impact	N								
Have a negative impact	N								
The Author has undertaken the Climate Emergency training for report authors	Y								

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Positive.
Facilitate confident and resilient communities: Positive.
Commission, broker and provide core services: Positive.
Place – leadership and influencer: Positive.
Drivers of change and reform: Positive.
Facilitate sustainable economic prosperity: Positive.

Greater income for social investment: Positive.

Cleaner Greener. Positive.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD 7577/24) and the Chief Legal and Democratic Officer (LD5677/24) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Committee / Council meeting.

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Appendices:

The following appendix is attached to this report:

- Internal Audit Charter and Internal Audit Plan 2024/25

Background Papers:

The following background papers, which are not available elsewhere on the Internet can be accessed on the Council website:

Public Sector Internal Audit Standards

1. Introduction/Background

- 1.1 From 1 April 2017, new Public Sector Internal Audit Standards (hereafter referred to as “the Standards”) came into effect. These were jointly developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA).
- 1.2 The Standards replaced the Public Sector Internal Audit Standards 2013 and the previous CIPFA Code of Practice for Internal Audit in Local Government (2006) as the mandatory guidance and provide a coherent and consistent internal audit standards framework for the whole of the public sector.

- 1.3 Two of the key requirements of the Standards are:
- “The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.” (Standard 1000)
 - “The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation ‘s goals”. (Standard 2010)
- 1.4 In line with the above standards the Audit and Governance Committee’s Terms of Reference includes the following responsibilities on internal audit:
- “To approve the internal audit charter.
 - To approve the risk-based internal audit plan, including internal audit’s resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.”
- 1.5 This report sets out the Internal Audit Charter and Internal Audit Plan for 2023/24, in order to comply with these Standards and demonstrate the role, purpose and focus of Internal Audit during the forthcoming year.

2. Key updates

- 2.1 There are no proposed changes to the Audit Charter.
- 2.2 The resources position for the Internal Audit Team has been raised in previous quarterly performance reports to Members. Proposed changes in the resourcing of the team are detailed in the Audit and Risk Performance Report, presented elsewhere on today’s agenda, and are detailed below:
- 2.2 A recruitment exercise is currently underway to provide two temporary Principal Auditors to provide additional capacity to ensure that a non-qualified audit opinion can be provided. The candidates have been appointed and due to start in April 2024.
- 2.3 The CIPFA trainee on a six-month rotation from Finance to the Internal Audit Team, discussed in last year’s report, is in place and this is generally working well although there are some lessons to be adopted on scope of the activities that they are involved in and the level of training that is provided.
- 2.4 Last year’s audit plan initially assumed a newly CIPFA Qualified apprentice would be available to support the team, with this assumption revised through the year no staff member was available. For 2024/25 additional permanent resources have been confirmed by Finance to be available and the team will be seeking to recruit to the role following a re-evaluation of the resources of the wider Risk and Audit function. The resource has been factored into the audit plan with a prudent start date.

2.6 The proposed audit plan is based on more audit days compared to last year however, as in previous years, there is a reliance on planned recruitment activities being successful to provide sufficient resources to deliver the audit plan. The planned dates used for completing the recruitment is prudent however in the current jobs market there always remains uncertainty that suitable qualified and experienced recruits will be available. There is a focus on assurance activities. The plan is based on planned audits with little contingency so where changes are forecast an update will be provided to members.