

STROUD DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE
26 APRIL 2022

Report Title	Draft Internal Audit Plan 2022/23			
Purpose of Report	To provide the Committee with a summary of the draft Risk Based Internal Audit Plan 2022/23, as required by the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS) 2017.			
Decision(s)	<p>The Audit and Standards Committee RESOLVES to:</p> <p>a) Note that the Draft Internal Audit Plan 2022/23 reflects the current risk profile of the Council; and</p> <p>b) Agree the Draft Internal Audit Plan 2022/23 as detailed in Appendix A.</p>			
Consultation and Feedback	<p>Officers (Senior Leadership Team (SLT), Heads of Service and Service Managers) and Members have been consulted on the draft Annual Risk Based Internal Plan 2022/23.</p> <p>Alongside Internal Audit’s own assessment of risk, the consultation process is applied to ensure effective plan development in order to establish priorities and assurance requirements.</p> <p>The timing of audit work has been planned in conjunction with the appropriate managers to minimise abortive work and time.</p>			
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Options	No other options have been considered as a Risk Based Internal Audit Plan is required by the PSIAS.			
Background Papers	N/A – links to legislation are in the body of the report.			
Appendices	Appendix A – Draft Internal Audit Plan 2022/23			
Implications (details at the end of the report)	Financial	Legal	Equality	Environmental
	No	No	No	No

1.0 INTRODUCTION/BACKGROUND

1.1 All Councils must make proper provision for Internal Audit in line with [the Accounts and Audit Regulations 2015](#) (the Regulations). The Regulations provide that a relevant 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’. Completion of annual Internal Audit activity based on the risk profile of the Council also supports the Section 151 Officer’s duty to ensure the proper administration of the Council’s financial affairs.

- 1.2 The guidance accompanying the Regulations recognise [the PSIAS 2017](#) (the Standards) as representing 'proper Internal Audit practices'. The Standards define the way in which the Internal Audit service should be established and undertake its operations. These Standards require the Head of ARA to produce an Annual Risk Based Internal Audit Plan to determine the priorities of Internal Audit activity.
- 1.3 The proposed activity should be consistent with the Council's priorities and objectives. It should take into account the risk management framework, risk appetite levels set by management and Internal Audit's own judgement of risks.
- 1.4 To ensure Internal Audit resources continue to be focussed accordingly, it is essential that we understand the Council's needs. This requires building relationships with key stakeholders, including other assurance and challenge providers, to gain crucial insight and ongoing understanding of the strategic and operational change agendas within the Council.
- 1.5 This insight is not only identified at the initial development stages of the Risk Based Internal Audit Plan. Dialogue continues throughout the financial year(s) and increases the ability for the Internal Audit service to adapt more closely to meet the assurance needs of the Council, particularly during periods of significant change. Our Plan is therefore dynamic and flexible to meet these needs.

2.0 MAIN POINTS

- 2.1 To ensure that an effective Plan is developed and alongside Internal Audit's own assessment of risk, a consultation process took place with SLT, Heads of Service and Service Managers to establish priorities and assurance requirements. Audit and Standards Committee and wider Member audit requests were also considered as part of the consultation approach. The proposed activity from all sources was collated and matched against Internal Audit's resource availability and prioritised accordingly.
- 2.2 For the Draft Internal Audit Plan 2022/23, ARA have enhanced our methodology to better analyse and document risks.
- 2.3 In previous years, the Internal Audit Plan was based largely on discussions with management about the areas to audit. However, distinguishing between different risks, particularly from different services and departments, was based more on subjective opinions rather than qualified judgement.
- 2.4 Assessing how best to use ARA resources was challenging as it was not easy to measure the relative importance of risks and issues identified by management. The new process is analytically driven and improves our ability to measure and compare risks more accurately. This enables our work to be better aligned to the risks of the Council.
- 2.5 The Plan is stated in terms of estimated days input to the Council of 463 audit days, which is comparable to prior year. By continuing to apply risk based

Internal Audit planning principles, this level of input is considered acceptable to provide the Internal Audit assurance requirements of the Council.

2.6 The Head of ARA will continue to reassess Internal Audit resource requirements against the Council's priorities and risks. As a result of this review process, the Plan will be amended throughout the year as required.

2.7 Any key changes to the Plan will be reported to the Audit and Standards Committee.

3.0 CONCLUSION

3.1 The PSIAS require the Head of ARA to produce an Annual Risk Based Internal Audit Plan and for this Plan to be agreed by the appropriate body, which for Stroud District Council is the Audit and Standards Committee. This Audit and Standards Committee report meets the PSIAS requirement.

3.2 Regular reports on progress against the agreed Internal Audit Plan 2022/23 will be presented to the Audit and Standards Committee. These will be captured within the Audit and Standards Committee work programme for 2022/23.

4.0 IMPLICATIONS

4.1 Financial Implications

There are no financial implications arising directly from this report.

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Risk Assessment: Failure to deliver effective governance will negatively impact on the achievement of the Council's objectives and priorities and reputation.

4.2 Legal Implications

There are no specific legal implications beyond those mentioned in the report.

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4.3 Equality Implications

There are no equality implications as a result of the recommendations made within this report.

4.4 Environmental Implications

There are no environmental implications as a result of the recommendations made within this report.