

AUDIT AND RISK COMMITTEE

27 March 2024

INTERNAL AUDIT PLAN 2024/2025 AND INTERNAL AUDIT CHARTER AND STRATEGY

Report of the Chief Internal Auditor

Strategic Aim	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Cllr A Johnson, Deputy Leader and Portfolio Holder for Governance and Resources	
Contact Officer(s):	Rachel Ashley-Caunt, Chief Internal Auditor	07799 217378 Rashley-caunt@rutland.gov.uk
Ward Councillors	N/A	

1 SUMMARY AND RECOMMENDATIONS

1.1 Summary

1.1.1 This report provides the Committee with a proposed plan of Internal Audit work for the 2024/25 financial year, and the Internal Audit Charter, for review and approval. This is in line with the Public Sector Internal Audit Standards and the Committee's terms of reference.

1.2 Recommendations

1. To approve the Internal Audit Plan for 2024/25, at Appendix A.
2. To approve the Internal Audit Charter and Strategy, at Appendix B.
3. To approve delegated authority for the Strategic Director of Resources, in consultation with the Chair of the Audit and Risk Committee, to agree amendments to the plan during the financial year, if required.

Reasons for Recommendations

- 1.2.1 The Audit Plan for 2024/25 was developed using a risk-based approach, with input from senior management and the Audit and Risk Committee.
- 1.2.2 The Internal Audit Charter remains consistent with previous years and requires

annual Committee approval, in line with the Public Sector Internal Audit Standards.

2 REPORT

2.1 Delivery of Internal Audit plan

2.1.1 The Internal Audit Plan sets out the assignments that will be delivered by the Internal Audit team during the financial year. In accordance with the Public Sector Internal Audit Standards (PSIAS), the Audit Plan should be risk based and developed with input from senior management and the Audit & Risk Committee.

2.1.2 Appendix A provides details on the process followed to develop the Internal Audit Plan for 2024/25 and a copy of the draft plan is provided in Table 1.

2.1.3 At the December 2023 meeting, members of the Audit and Risk Committee were invited to highlight any areas where assurance from Internal Audit was sought during 2024/25 for inclusion and prioritisation in the development of the Audit Plan. Those areas have been reflected on in the development of the planned coverage. Areas highlighted by the Committee included the new highways maintenance contract and flood authority statutory duties – both of which are included for audit coverage.

2.2 Internal Audit Charter and Strategy

2.2.1 The Public Sector Internal Audit Standards (PSIAS), define the Internal Audit charter as ‘a formal document that defines the internal audit activity’s purpose, authority and responsibility. The Internal Audit charter establishes the Internal Audit activity’s position within the organisation, including the nature of the chief audit executive’s functional monitoring relationship with the board; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities’.

2.2.2 The Chief Internal Auditor has undertaken an annual review of the Charter for the new financial year to confirm that this remains fit for purpose and compliant with good practice and the Public Sector Internal Audit Standards. No amendments have been proposed for 2024/25. A copy is provided as Appendix B.

2.3 Options Considered

2.3.1 The Committee may consider alternative priorities for inclusion on the plan.

2.4 Background

2.4.1 In setting the annual Internal Audit Plan, the Public Sector Internal Audit Standards require:

- The audit plan should be developed taking into account the organisation’s risk management framework and based upon a risk assessment process undertaken with senior management and the Audit & Risk Committee;
- The audit plan should be reviewed and approved by an effective and engaged Audit & Risk Committee to confirm that the plan addresses their assurance requirements for the year ahead; and
- The Chief Internal Auditor should consider accepting proposed consulting engagements based on the engagement’s potential to improve management of risks, add value and improve the organisation’s operations.

2.5 Consultation

- 2.5.1 Chief Internal Auditor has consulted with Corporate Leadership Team and the Audit & Risk Committee on coverage for the 2024/25 audit plan.

3 IMPLICATIONS OF THE RECOMMENDATION

3.1 FINANCIAL IMPLICATIONS

- 3.1.1 This section has been approved by Head of Finance.
- 3.1.2 There are no financial implications directly arising from this report. The Audit Plan is based upon the number of days commissioned by the Council on an annual basis (360 days) under the Delegation Agreement.
- 3.1.3 The contract is directly linked to the staff pay awards and as a result the cost of the contract (£108,015 2023/24) is likely to exceed the available budget (£103,500) in 2024/25. The Council are considering what steps can be taken to mitigate any increases in cost above the budget. The cost increase for 2023/24 was £5,728 with a similar uplift expected for 2024/25 will result in c£10,000 needing to be found to support the current Audit Plan.

3.2 LEGAL IMPLICATIONS

- 3.2.1 This section has been approved by Sarah Khawaja, Head of Legal & Democratic Services
- 3.2.2 There are no legal implications directly arising from this report.

3.3 Risk Management Implications

- 3.3.1 The Internal Audit Plan should be risk based and provide the Council with assurance over its governance, risk and control framework. Each assignment within the Audit Plan is mapped to related entries on the Council's Risk Register, as appropriate.

3.4 DATA PROTECTION IMPLICATIONS

- 3.4.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no identified risks or issues to the rights and freedoms of individuals.

3.5 EQUALITY IMPLICATIONS

- 3.5.1 An Equality Impact Assessment (EqIA) has not been completed as it is not relevant to this report.

3.6 COMMUNITY SAFETY IMPLICATIONS

- 3.6.1 The Council has a duty in accordance with S17 Crime and Disorder Act 1988, when exercising its functions, to have due regard to the likely effect of that exercise of those functions on and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social behaviour).
- 3.6.2 This duty has been considered and there are no implications relating to the recommendations.

3.7 HEALTH AND WELLBEING IMPLICATIONS

3.7.1 There are no health and wellbeing implications arising directly from this report.

3.8 ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS

3.8.1 On 11 January 2021 Rutland County Council acknowledged that it was in a climate emergency. The Council understands that it needs to take urgent action to address it.

3.8.2 There are no direct environmental and climate change implications of the Recommendations. The Internal Audit Plan for 2024/25 includes seeking assurance over the Council's approach to reaching Net Zero.

3.9 PROCUREMENT IMPLICATIONS

3.9.1 There are no procurement implications arising directly from this report.

3.10 HR IMPLICATIONS

3.10.1 There are no HR implications arising directly from this report.

4 BACKGROUND PAPERS

4.1 None

5 APPENDICES

5.1 Appendix A: Internal Audit Plan 2024/25

5.2 Appendix B: Internal Audit Charter and Strategy

An Accessible Version of this Report is available upon request – Contact 01572 722577.