

# Audit and Governance Committee



Date of meeting:	25 July 2022
Title of Report:	<b>Internal Audit Charter &amp; Strategy 2022/23</b>
Lead Member:	Councillor Mark Shayer, (Deputy Leader and Cabinet Member for Finance and Economy)
Lead Strategic Director:	Brendan Arnold, (Service Director for Finance & S151)
Author:	Brenda Davis, Audit Manager
Contact Email:	brenda.davis@plymouth.gov.uk
Your Reference:	AUD/BD
Key Decision:	No
Confidentiality:	Part I - Official

## Purpose of Report

One of the requirements of the Public Sector Internal Audit Standards is that the purpose, authority and responsibility of the internal audit activity are formally defined in an internal audit charter and strategy, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards.

The Internal Audit Charter and the Internal Audit Strategy was last bought before the Audit and Governance Committee in July 2021 and the updated Charter and Strategy is in the accompanying documents.

There are just two sections where the wording has been updated from the version agreed in July 2021. The first relates to our recent external quality assessment review to ensure conformance with the Public Sector Internal Auditing Standard and the International Standards for the Professional Practice of Internal Auditing must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation (page 5).

The outcome of our assessment is that we Generally Conform.

DEFINITIONS	
<b>Generally Conforms</b>	<b>The internal audit activity has a charter, policies, and processes that are judged to be in conformance with the Standards and the Code of Ethics.</b>
Partially Conforms	Deficiencies in practice are noted that are judged to deviate from the Standards and the Code of Ethics; however, these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner
Does Not Conform	Deficiencies in practice are judged to deviate from the Standards and the Code of Ethics and are significant enough to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities.

(Ref: Institute of Internal Auditors)

The second section (page 11) details changes in qualifications due to staff movement.

Track changes have been used to highlight all differences.

The Audit Strategy is a high-level statement of how the internal audit service will be delivered and developed in accordance with the Charter and how it links to the organisational objectives and priorities. It communicates the contribution that Internal Audit makes to the organisation and includes:

- internal audit objectives and outcomes,
- how the Head of Devon Audit Partnership will form and evidence his opinion on the governance, risk and control framework to support the Annual Governance Statement,
- how Internal Audit's work will identify and address significant local and national issues and risks,
- how the service will be provided, and
- the resources and skills required to deliver the Strategy.

The Strategy should be approved, but not directed, by the Audit and Governance Committee.

1. The Internal Audit Charter and Strategy complies with the mandatory requirements of the Public Sector Internal Audit Standards.
2. Delivery of the Internal Audit Service will be by the Devon Audit Partnership.

### **Recommendations and Reasons**

A requirement of the Public Sector Internal Audit Standards is that the purpose, authority and responsibility of internal audit activity are formally defined in an internal audit charter and strategy.

Members of the Audit and Governance Committee are asked to agree the Internal Audit Charter & Strategy for the year 2022/23.

### **Alternative options considered and rejected**

None, as failure to maintain an adequate and effective system of internal audit would contravene the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards.

### **Relevance to the Corporate Plan and/or the Plymouth Plan**

The Internal Audit service assists the Council in delivering robust standards of public accountability and probity in the use of public funds and has a role in promoting high standards of service planning, performance monitoring and review throughout the organisation, together with ensuring compliance with the Council's statutory obligations.

Our work supports delivery of the values and priorities set out in the Corporate Plan by ensuring that resources are used wisely, and service areas meet the needs of residents, businesses and communities through the delivery of quality public services.

### **Implications for the Medium Term Financial Plan and Resource Implications:**

Delivery of the audit plan will assist the council in delivering value for money services.

### **Carbon Footprint (Environmental) Implications:**

No direct carbon/environmental impacts arising from the recommendations.

### **Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:**

*\* When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

The work of the internal audit service is an intrinsic element of the Council's overall corporate governance, risk management and internal control framework.

### Appendices

\*Add rows as required to box below

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable)						
		If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.						
		1	2	3	4	5	6	7
A	Internal Audit Charter and Strategy 2022/23							

### Background papers:

\*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable)						
	If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.						
	1	2	3	4	5	6	7

### Sign off:

Fin	pl/22.23 55	Leg	EJ/38851 (2)	Mon Off		HR		Assets		Strat Proc	
Originating Senior Leadership Team member Brendan Arnold (Service Director Finance & SI51)											
Please confirm the Strategic Director(s) has agreed the report? Date agreed: 23/06/2022											
Cabinet Member approval: Councillor Mark Shayer (Deputy Leader and Cabinet Member for Finance and Economy)											
Date approved: 11/07/2022											