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| Council name                | <b>COTSWOLD DISTRICT COUNCIL</b>                                                                                                                    |
| Name and date of Committee  | <b>AUDIT COMMITTEE – 28 April 2022</b>                                                                                                              |
| Report Number               | <b>AGENDA ITEM 14</b>                                                                                                                               |
| Subject                     | <b>INTERNAL AUDIT PLAN 2022/23 AND INTERNAL AUDIT CHARTER</b>                                                                                       |
| Wards affected              | N/A                                                                                                                                                 |
| Accountable member          | Cllr Mike Evemy, Cabinet Member for Finance<br>Email: mike.evemy@cotswold.gov.uk                                                                    |
| Accountable officer         | Jenny Poole, Chief Finance Officer<br>Email: jenny.poole@cotswold.gov.uk                                                                            |
| Summary/Purpose             | To present the Internal Audit Plan for consideration and approval.<br>To present the updated Internal Audit Charter for consideration and approval. |
| Annexes                     | Annex A – Proposed Internal Audit Plan 2022/23<br>Annex B – Internal Audit Charter                                                                  |
| Recommendation(s)           | <i>It is recommended that the Audit Committee approves the proposed 2022/23 Internal Audit Annual Plan and the Internal Audit Charter</i>           |
| Corporate priorities        | Ensure that all services delivered by the Council are delivered to the highest standard.                                                            |
| Key Decision                | NO                                                                                                                                                  |
| Exempt                      | NO                                                                                                                                                  |
| Consultees/<br>Consultation | N/A                                                                                                                                                 |



## I. BACKGROUND

### Internal Audit Plan

The primary role of Internal Audit is to provide assurance that the Council's systems provide for a proper administration of its affairs. To this end, Internal Audit carries out a programme of audits that is agreed annually with the Council's Management Team and the Audit Committee. The Internal Audit service is provided to the Council by SWAP Internal Audit Services (SWAP).

In order to satisfy the requirements of the Public Sector Internal Audit Standards (PSIAS) and to reflect changes within the Council, SWAP needs to focus upon areas where the organisation now requires assurance. This reinforces the requirement for Internal Audit to follow a more flexible and risk-based plan.

The core financial systems delivered to the Council by Publica are covered within the Core Financials section of the Audit Plan. The scope of audits will include both Publica and client-side activities providing;

- Assurance to the client (Cotswold District Council) over the controls, and system controls, operated by Publica Officers, for each financial module
- Periodic assurance over the other services provided by Publica.
- The required support to the External Auditor.

### Internal Audit Charter

The Internal Audit Charter is a requirement of the arrangement between Cotswold District Council and SWAP. The charter ensures compliance with good practice as set out in the International Professional Practices Framework of the Institute of Internal Auditors and the Public Sector Internal Audit Standards (PSIAS).

The Charter demonstrates how the Internal Audit service will operate, and forms part of the requirements of the Public Sector Internal Audit Standards.

The Charter provides guidance on authority, accountability, customer care (quality control), independence, reporting, responsibility and audit standards

## 2. MAIN POINTS

### Internal Audit Plan

A summary of the Proposed Internal Audit Plan for 2022/23 is included in the Annex 'A'. This lists the risk-based assurance and consultancy work planned for the year. Counter fraud related audit work has not been included in this audit plan.

The Plan outlines a programme of work for 2022/23 as developed throughout January and February 2022 but due to the pace of change within Local Authorities, it is becoming increasingly difficult to accurately predict longer-term key organisational risks. Our approach to internal audit planning recognises this through a strategic 12 month rolling plan, whereby we have prepared an agile, risk assessed work plan containing key areas of coverage. This approach will ensure we are auditing the right areas, with the correct scope, at the right time.



We will revisit and adjust our programme of work on at least a quarterly basis to ensure alignment with the changing risk profile of the organisation's operations, systems and controls and with regard to sector risks. The regular input of Senior Management, and the Chief Financial Officer and review of the Authority's risk register will be considered in this process.

The audit plan contains an element of contingency in order that the plan can remain flexible and respond to new and emerging risks as and when they are identified and may include unannounced activity.

#### Internal Audit Charter

Without an approved charter there is a risk that SWAP will not have:

- The support of management and the Council
- Direct access and freedom to support senior management including the Chief Executive and the Audit Committee
- Access to any records, personnel or physical property of the Council for audit work.

### **3. FINANCIAL IMPLICATIONS**

3.1 The Internal Audit Service is operating within the contract sum.

### **4. LEGAL IMPLICATIONS**

4.1 None directly from this report. Internal Audit reviews consider compliance with legislation relevant to the service area under review.

### **5. RISK ASSESSMENT**

5.1 Any weaknesses in the control framework, identified by Internal Audit activity, continues to threaten organisational objectives until recommendations are implemented.

### **6. BACKGROUND PAPERS**

6.1 The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:

- Internal Audit Reports.

These documents will be available for inspection at the Council Offices at Trinity Road, Cirencester, GL7 1PX during normal office hours for a period of up to 4 years from the date of the meeting. Please contact democratic services via [democratic@cotswold.gov.uk](mailto:democratic@cotswold.gov.uk)

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