
REPORT TO:	Management Board Audit & Governance Committee
DATE:	12 September 2022
SERVICE AREA:	Finance (Audit Services)
REPORTING OFFICER:	Audit Services and Fraud Manager (<i>Alison Johnson</i>)
SUBJECT:	INTERNAL AUDIT PLAN 2022/23
WARD/S AFFECTED:	ALL DISTRICT
FORWARD PLAN REF:	N/A

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide the proposed Internal Audit Plan for 2022/23 for consideration and approval.

2.0 RECOMMENDATION

- 2.1 That Management Board and Audit & Governance Committee consider and approve the Internal Audit Plan for 2022/23 as set out in this report and attached appendices.

3.0 RECOMMENDED REASON FOR DECISION

- 3.1 The Council's Internal Audit Service must comply with the Public Sector Internal Audit Standards (PSIAS). These Standards require the Audit Services and Fraud Manager (Head of Internal Audit) to deliver an annual internal audit opinion and report on the adequacy and effectiveness of the Council's framework of governance, risk management and control. The basis for the opinion is the programme of work that Audit Services carries out during the year.

4.0 ALTERNATIVE OPTION CONSIDERED AND RECOMMENDED FOR REJECTION

- 4.1 There is no alternative. It is a condition of the Standards that the Audit Services and Fraud Manager provides an annual Audit Plan and that this is agreed at Management Board and Audit & Governance Committee.

5.0 THE REPORT

- 5.1 The Schedule attached at Appendix 1 sets out the proposed Internal Audit Plan for 2022/23. Appendix 2 shows the draft 2022/23 Audit Plan in greater detail, together with how it links to the Council's strategic risks. Attention should be brought to the reduced days (a 6 month plan), due to delays completing the 2021/22 audit work in the first quarter. These delays have been regularly reported to Management Board and Audit and Governance Committee and relate to staff shortages in service areas and work/commitments relating to the LGR process. The 6 month plan will cover the period 1 July to 31 December to allow the final quarter, 1 January to 31 March for finalising and close down of audit reports, and follow up work of any outstanding recommendations prior to transfer to the new Authority.
- 5.2 The number of days allocated to provide the Audit Services Manager with the evidence for the opinion on the control environment is 275 including the allocation of 80 days to Craven District Council per the Shared Internal Audit Service Agreement.
- 5.3 The Audit Service and Fraud Manager does not consider that the reduced plan of 6 months will affect the overall annual opinion for 2022/23 given the work that has continued during the 3 month period from 1st April 2022 through to 30th June 2022.
- 5.4 The PSIAS requires that the Audit Services and Fraud Manager "*must establish risk based plans to determine the priorities of the Internal Audit activity, consistent with the Organisation's goals.*"
- 5.5 The Audit Plan has been developed in consultation with Senior Managers and takes into account:
- Risks identified in the Strategic Risk Register
 - Corporate Priorities
 - LGR Processes and Impact
 - Current Service Plans
 - Proposed audit areas identified by the Institute of Internal Auditors
 - Discussions with the Council's External Auditors to establish that priority work should be focussed on financial systems during the LGR transition.

The focus for this year's audit work will therefore be based on risks identified during the LGR process, its effect on the Authority, and its effect (if any) on the financial systems, giving assurance that they are functioning satisfactorily in line with expected controls. There are also a number of days allocated to fraud and investigation work due to increased fraud work and related risk.

Progress against the plan will be monitored throughout the year and key issues/findings will be reported to Management Board and the Audit & Governance Committee in the usual way

6.0 REQUIRED ASSESSMENTS AND IMPLICATIONS

6.1 The following were considered: Financial Implications; Human Resources Implications; Legal Implications; ICT Implications; Strategic Property/Asset Management Considerations; Risk Assessment; Equality and Diversity (the Public Sector Equality Duty and impact upon people with protected characteristics). If applicable, the outcomes of any consultations, assessments, considerations and implications considered necessary during preparation of this report are detailed below.

6.2 Financial Implications

The Council has received £54,909 as at 31/03/2022 from Craven District Council as its contribution towards the cost of the Shared Service in 2021/22. The shared service agreement was extended in March 2021 for a further two years and will remain in place until the Council transfers to the new Authority.

6.3 Legal Implications

The submission of an Internal Audit Annual Report to an authority's Audit Committee is a requirement under the Public sector Internal Audit Standards. It is a legal requirement to comply with the Standards as these set out the proper Internal Audit practices authorities must follow under the Accounts and Audit Regulations.

6.4 The major risks are:

- Insufficient resources and capacity to provide audit assurance and meet the statutory requirements of the Public Sector Internal Audit Standards.
- Insufficient resources directly relating to LGR, and service area resources relating to this. The effect of this on the assurance gained from routine audit work
- Balancing competing needs and demands for all audit resources from Harrogate and Craven at any one time.
- The need for a major investigation which could mean that some planned work has to be deferred without an increase in overall resources.

7.0 CONCLUSIONS

7.1 The draft Audit Plan for 2022/23 is approved by Management Board and the Audit & Governance Committee in September.

Background Papers – none

OFFICER CONTACT: Please contact Alison Johnson, if you require any further information on the contents of this report. The officer can be contacted at Audit Services, Finance, *PO Box 787, Harrogate, HG1 9RW*, or by e-mail Alison.Johnson@Harrogate.gov.uk