

Internal Audit Plan 2023-24

Date: 20th March 2023

Report of: Chief Officer (Financial Services)

Report to: Corporate Governance and Audit Committee

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

The work of Internal Audit contributes to Leeds City Council achieving its key priorities by helping to promote a secure and robust internal control environment, which enables a focus on accomplishing the key priorities and Best City Ambition.

This report provides Members with the proposed Internal Audit Plan for 2023/24

Recommendations

- a) The Corporate Governance and Audit Committee is asked to review and approve the proposed Internal Audit Plan for 2023-24.

What is this report about?

- 1 The Terms of Reference for the Corporate Governance and Audit Committee include the consideration of the Council's arrangements relating to internal audit requirements and specifically, reviewing and approving the risk-based plan and any additional significant work.
- 2 The purpose of this report is to present the proposed Internal Audit Plan for 2023-24 to the Corporate Governance and Audit Committee for review and approval. This report also includes a summary of the basis for the plan. The plan has been developed in consultation with senior management.

What impact will this proposal have?

- 3 A risk-based Internal Audit plan will promote and provide assurance on the effective and efficient use of resources across the organisation.
- 4 The work of Internal Audit contributes towards Leeds City Council achieving its key priorities and Best Council Plan objectives.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing Inclusive Growth Zero Carbon

- 5 The Internal Audit Plan provides assurances that span a range of themes including coverage across the council's three Key Pillars.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

- 6 The Internal Audit Plan has been developed in consultation with Members of the Committee, the council's Section 151 Officer, the Monitoring Officer, senior management and colleagues from across the authority. Consultation around key risks and priorities continues throughout the year to ensure that the plan remains focussed on the areas of highest risk.

What are the resource implications?

- 7 At this stage, the plan is considered to be sufficient to enable the Head of Audit to provide appropriate assurances in support of the statutory finance officer's role, nevertheless, this will need to be monitored going forward. Internal Audit resource will need to be focused on the most significant risk areas and on the robustness of financial control.
- 8 Internal Audit Update Reports will be provided to the Committee throughout the year. These will provide assurances around the effective use of Internal Audit resources through information pertaining to the delivery and completion of the annual plan.
- 9 The Internal Audit Plan includes a number of reviews that evaluate the effective use of resources and provide assurance on the corresponding financial governance, risk management and internal control arrangements.

What are the key risks and how are they being managed?

- 10 The Internal Audit Plan will be subject to review throughout the financial year to ensure that audit resources are prioritised and directed towards the areas of highest risk. This process involves the review of information from a number of sources including the corporate and directorate risk registers.
- 11 The risks relating to the achievement of the Internal Audit Plan are managed through ongoing monitoring of performance and resource levels. This information is reported to the Committee.

What are the legal implications?

- 12 The Chief Officer (Financial Services), as the council's Section 151 Officer, is responsible under the Local Government Act 1972, for ensuring that there are arrangements in place for the proper administration of the authority's financial affairs. The work of Internal Audit is an important source of information for the Chief Officer (Financial Services) in exercising her responsibility for financial administration.
- 13 The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to deliver an annual Internal Audit Opinion and Report that can be used by the Council to inform its governance statement. The standards also refer to the need for a risk-based plan to take into account the requirement to produce an annual Internal Audit opinion which includes input from management and the Corporate Governance and Audit Committee. Standard 2020 requires that Internal Audit plans are communicated to senior management and the Committee for review and approval.
- 14 The PSIAS set out the standards for internal audit and include the need for risk-based plans to be developed for internal audit and for plans to receive input from management and the 'Board'. Within Leeds City Council, the Corporate Governance and Audit Committee fulfils the key duties of the Board laid out in the PSIAS. This report sets out the proposed plan for 2023-24.
- 15 The Internal Audit Plan includes a number of reviews that provide assurances around the application of the statutory and constitutional framework.

Options, timescales and measuring success

What other options were considered?

- 16 The work of Internal Audit provides a key source of assurance to the Committee. Additional assurances are obtained through a range of further reports presented to the Committee throughout the year.

How will success be measured?

- 17 Success will be measured through the delivery of the Internal Audit Annual Opinion and Report. Each update report will provide a rolling quarterly opinion that will reflect the work completed during the period.
- 18 Further performance measures and drivers are under continual review to ensure that relevant performance information is reported to the Committee throughout the year.

What is the timetable for implementation?

- 19 Subject to approval by the Committee, the Internal Audit Plan will be in place from April 2023.

Appendices

20 A – Internal Audit Plan 2023-24

Background papers

21 None.