

LONDON BOROUGH OF CROYDON

REPORT:	Audit and Governance Committee	
DATE OF DECISION	2 March 2023	
REPORT TITLE:	Internal Audit Charter, Strategy and Plan	
CORPORATE DIRECTOR / DIRECTOR:	Jane West, Corporate Director of Resources and S151 Officer	
LEAD OFFICER:	Dave Phillips, Head of Internal Audit Dave.Phillips@croydon.gov.uk	
LEAD MEMBER:	Cllr Jason Cummings	
KEY DECISION? [Insert Ref. Number if a Key Decision]	No	REASON: N/a
CONTAINS EXEMPT INFORMATION?	No	Public
WARDS AFFECTED:	N/a	

1. SUMMARY OF REPORT

- 1.1 This report is for the Audit and Governance Committee to review and approve the Internal Audit Charter and the plan of audit work for 2022/23 in line with the requirements of the Public Sector Internal Audit Standards.

2. RECOMMENDATION

- 2.1 The Audit and Governance Committee is asked to approve the Internal Audit Charter (Appendix 1), Strategy (Appendix 2) and the plan of audit work for 2022/23 (Appendix 3).

3. REASONS FOR RECOMMENDATION

- 3.1 In line with the Public Sector Internal Audit Standards, the Head of Internal Audit must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the Audit and Governance Committee for review and approval.

3.2 The Public Sector Internal Audit Standards also require the Head of Internal Audit to report periodically to senior management and the Audit and Governance Committee on the internal audit activity's purpose, authority and responsibility.

4. BACKGROUND AND DETAILS

4.1 In England, specific requirements are detailed in the Accounts and Audit Regulations 2015, in that a relevant body must "undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."

4.2 The UK Public Sector Internal Audit Standards which apply to local and central government, the NHS and the three devolved governments came into force from 1st April 2013 and were further revised in 2016 and 2017. Compliance with these satisfies the requirements of the Accounts and Audit Regulations.

4.3 To help with the Council's compliance with these standards the Council's internal audit charter (appendix 1) and strategy (appendix 2) have been reviewed and are attached for approval. These will be reviewed and brought back for approval each year to ensure that these remain up to date and relevant. Also attached for approval is the work plan for internal audit for 2022/23 (appendix 3).

4.4 The work plan for 2022/23 follows a similar format to previous years and its make-up is as set out in the audit strategy. It aims to maximise the value from the internal audit resource available and to provide sufficient evidence to enable the Head of Internal Audit to give an opinion on the effectiveness of its risk management, control and governance processes.

4.5 The Council's Corporate Management Team has reviewed and supports the work plan.

4.6 FINANCE IMPLICATIONS

4.6.1 The fixed price for the Internal Audit Contract is £0.365m for 2023/24 and there is adequate provision within the budget to cover this cost. The breakdown of the various audits, as advised within Appendix C, along with their daily charge out rates is indicated within the table below. There are no additional financial considerations relating to this report.

Daily Charge Rate Type	Charge Rate	Total Cost
Total Key Financials Audits	£404	£ 41,964
Total Corporate Risk Audits	£404	£ 40,350
Total Departmental Risk Register Audits	£404	£185,610
Total Computer Audits	£577	£ 29,427

Total Contract Audits	£491	£ 12,263
Total Schools Audits	£404	£ 34,298
Total Contingency	£404	£ 8,070
Total Admin and Management	£404	£ 9,684
Grand Total		£361,665

4.6.2 Internal audit plays a key role aiding the improvement of internal controls of the organisation and ensuring Council's resources are managed well. Internal Audit's planning methodology is based on risk assessments that include using the Council risk register processes.

4.6.3 Comments approved by Lesley Shields, Head of Corporate Finance. (Date: 10/02/2023)

4.7 LEGAL IMPLICATIONS

4.7.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that information provided in this report is necessary to demonstrate the Council's compliance with requirements imposed by Regulation 5 of the Accounts and Audit Regulations 2015. The Council is required to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

4.7.2 Under its terms of reference, Audit and Governance Committee is "to oversee internal and external audit, helping to ensure that efficient and effective assurance arrangements are in place" and "to review (but not direct) internal audit's risk-based strategy, plan and resource requirements".

4.7.3 Comments approved by Sandra Herbert, the Head of Litigation & Corporate Law on behalf of the Director of Legal Services and Monitoring Officer. (Date 09/02/2023)

4.8 HUMAN RESOURCES IMPLICATIONS

4.8.1 There are no immediate HR impacts arising from this report for Council employees or staff. Should any matters arise, this will be managed in accordance with the Council's HR policies and procedures.

4.8.2 Comments approved by Gillian Bevan, Head of HR Resources and Assistant Chief Executives on behalf of the Chief People Officer (09/02/2023)

4.9 EQUALITIES IMPLICATIONS

4.9.1 The Council is required to comply with the Public Sector Equality Duty [PSED], as set out in the Equality Act 2010. The PSED requires the Council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities. Failure to meet these requirements may result in the Council being exposed to costly, time consuming and reputation-damaging legal challenges.

4.9.2 When Internal Audit is developing the Annual Audit Plan or individual audit programmes the impacts of the issues above are considered depending on the nature of the area of service being reviewed. Issues relating to these impacts would be reflected in the audit reports and recommendations.

4.9.3 Comments approved by Denise McCausland Equalities Programme Manager 20 February 2023.

5. APPENDICES

5.1 Appendix 1 – Internal Audit Charter

5.2 Appendix 2 – Internal Audit Strategy

5.3 Appendix 3 - The Plan of Internal Audit Work for 2023/24

6. BACKGROUND DOCUMENTS

6.1 None

7. URGENCY

7.1 There is none.