



Chelmsford City Council

Audit & Risk Committee

14th December 2022

Internal Audit Strategy 2023-24

Report by:

Audit Services Manager

Officer Contact:

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Purpose

This report seeks approval from the Audit & Risk Committee for the Internal Audit Strategy 2023-24.

Recommendations

Committee are requested to note the contents of this report and approve the Internal Audit Strategy 2023-24

1. Introduction

- 1.1. This document sets out the Internal Audit Strategy for 2023-24, covering how the service will be delivered and developed and is a key component of our compliance with Public Sector Internal Audit Standards. It is supported by the Internal Audit Charter (approved annually by Committee) which outlines the purpose, authority, responsibility and position of the Internal Audit Service within Chelmsford City Council.

2. Conclusion

- 2.1. This document outlines the mission and goals of the Internal Audit service for 2023-24 and forms part of our compliance with Public Sector Internal Audit Standards.

List of appendices: Internal Audit Strategy 2023-24

Background papers: None

Corporate Implications

Legal/Constitutional: The Council has a duty to maintain an effective internal provision to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance (Regulation 5 (Part 1) of the Accounts and Audit Regulations 2015).

Financial: None

Potential impact on climate change and the environment: None

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: None

Risk Management: The scope of Internal Audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit & Risk Committee, management and outside parties (e.g. External Audit) on the adequacy and effectiveness of governance, risk management, and control process for Chelmsford City Council.

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

Consultees: Management Team November 2022

Relevant Policies and Strategies: Internal Audit Charter

Internal Audit Strategy 2023-24



Our Mission Statement

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. Internal Audit helps Chelmsford City Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

The Council's response to Internal Audit activity should also lead to the strengthening of the control environment and therefore contribute to the achievement of the organisation's objectives as set out in Our Chelmsford: Our Plan to make Chelmsford a fairer, greener, safer and better-connected place to live, work and visit. Internal Audit also embodies the Council's core values: Accountability, Creativity, Collaborative, Trust, Learning and Encouraging.



Our Goals

To deliver our Mission Statement and a successful and effective Internal Audit Service, we have four key goals for 2023-24:

- 1. Develop an agile planning process which identifies the Council's most significant internal and external risks and deliver an Annual Internal Audit Plan focussing on these key risks, and which meets stakeholder needs.**

This will be met through:

- ensuring the plan remains flexible to respond to new and emerging risks by embracing short term prioritisation and pro-active advisory work, thus ensuring we are auditing the right areas at the right time.*
- collaborating internally and externally with other internal control, governance and risk management functions to coordinate and align coverage of the Council's risks and governance arrangements.*
- ensuring that the audit plan links the Council's OCOP to the auditable risks, governance and internal control arrangements.*
- Validating the methodology and agile plan with key stakeholders.*

- 2. To contribute to the Council's delivery of its governance and assurance framework**

This will be met through:

- Providing assurance as one part of the Council's 'three lines' assurance model, which promotes governance and management oversight responsibilities as set out in the Council's Annual Governance Statement.*
- Continuing to align with the Council's Risk Management Strategy, delivering the Council's Counter Fraud Strategy, and contributing to the Council's Corporate Governance Group.*

3. To be a trusted advisor to Senior Managers and the Audit and Risk Committee

This will be met through:

- *Providing timely, effective and useful communications to key stakeholders.*
- *Bringing analysis and perspective on root causes of issues identified in audit findings, to help services design/take corrective actions.*
- *Providing value-added services and proactive strategic advice to services beyond the audit plan.*

4. To monitor the critical skills and resource blend required to ensure Internal Audit deliver their mission and objectives.

This will be met through:

- *Ensuring that the audit team continually develop their skills and knowledge, which also aligns with professional CPD requirements and best practice.*
- *Participating in conversations with other local government Internal Audit teams to address resourcing issues/concerns and determine whether there are opportunities for authorities to work together.*
- *Where applicable and appropriate, continue to engage in a co-sourced arrangement with a suitable provider that encourages a partnering and development approach.*



Key Internal Audit Outputs

- Production and delivery of an agile risk-based Internal Audit Plan
- Head of Internal Audit Annual Opinion on the Council's overall internal control, risk management framework and governance arrangements in the Internal Audit Annual Report and Annual Governance Statement.
- Interim and Annual Reports to Senior Management and the Audit and Risk Committee which highlight any significant control deficiencies or potential areas for improvement in the Council's internal governance, risk and control arrangements.
- Internal Audit advice and guidance to management on risk and control issues within individual systems to improve those systems and processes where necessary.



Measurements of success

We have established key performance indicators (KPIs) to measure our performance, robustness and value of Internal Audit.

- At least 90% of the agile Internal Audit Plan delivered to draft report stage by 31st March of the financial year and 100% to be finalised by 31st May.
- Overall customer satisfaction score for the year to meet or exceed acceptable level (i.e. very good or good) for at least 95% of completed surveys.
- Audit areas where the indicative level of assurance has improved from no assurance/limited assurance at the follow-up stage to demonstrate improvement in the control environment.



Provision of the service

- 1.0 FTE Audit Services Manager
- 1.5 FTE Senior Auditors

In order to ensure Internal Audit have an appropriate range of knowledge, skills, qualifications and experience that is required to deliver the audit plan, the Audit Services Manager will consider the external support required to deliver areas where specialist input would be beneficial, and to provide contingency in the event of any gaps in in-house staffing, alongside in-house delivery.



Compliance with professional standards

Public Sector Internal Audit Standards: Our Internal Audit service will operate in compliance with PSIAS. An External Quality Assessment will be undertaken in 2023 to assess our conformance.

International professional standards framework: Internal Audit will also operate in compliance with the IIA International Professional Practices Framework and Code of Ethics.



Our associated key strategic documents include:

- Internal Audit Strategy
- Internal Audit Charter
- Audit and Risk Committee Terms of Reference
- Internal Audit Plan
- Internal Audit Annual Report
- Risk/Internal Audit Protocol
- Counter Fraud Strategy and Action Plan
- Internal Audit Methodology
- Quality Assurance and Improvement Programme (QAIP)