

**Classification:** Public

**Key Decision:** No

## Gravesham Borough Council

**Report to:** Finance & Audit Committee

**Date:** 07 March 2023

**Reporting officer:** James Larkin, Head of Audit & Counter Fraud Shared Service  
(Chief Audit Executive)

**Subject:** Internal Audit Plan (Q1-Q2) 2023-24

### Purpose and summary of report:

To present for approval the Internal Audit Plan (Q1-Q2) 2023-24 for Gravesham

### Recommendations:

1. Members approve the Internal Audit Plan (Q1-Q2) 2023-24 for Gravesham presented at Appendix 2.

<b>Key Implications:</b>	
<b>Item</b>	<b>Implications</b>
<b>Legal</b>	The Accounts & Audit Regulations 2015 require local authorities 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. The Section 151 Officer of a local authority is responsible for establishing the internal audit service. Gravesham Borough Council has delegated this responsibility to the Section 151 Officer of Medway Council to deliver internal audit services through the Shared Service to both authorities.
<b>Finance and Value for Money</b>	An adequate and effective Internal Audit function provides the council with assurance on the proper, economic, efficient and effective use of council resources in delivery of services.
<b>Corporate Plan</b>	The work of the Internal Audit supports the council in achieving all of its objectives set out in the Corporate Plan but is particularly relevant to Objective #3 Progress.
<b>Climate Change</b>	There are no direct climate change implications to this report.

## 1. Introduction

- 1.1 The Public Sector Internal Audit Standards (Standards) require that: The Chief Audit Executive (CAE) must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. A risk-based

plan has been prepared for the authority to meet this requirement. Since 1 March 2016 the council's internal audit activity has been delivered by the Audit & Counter Fraud Shared Service with Medway Council.

## **2. Internal Audit Plan 2023-24**

- 2.1 The plan for 2023-24 has been prepared in line with the requirements of the Standards and is based on a risk assessment of all auditable areas within the council, which considers six factors that are detailed below, and each has its own weighting score:
- Inherent risk (weighting 7)
  - Control risk (weighting 10)
  - Reputational risk (weighting 5)
  - Financial risk (weighting 7)
  - Fraud risk (weighting 7)
  - Priority risk (based on Council Plan objectives) (weighting 5)
- 2.2 Each risk factor is scored on a range of one to five, which is then multiplied by the weighting to produce a total score for the assessment. The scores for each factor are based on a number of considerations, including (but not limited to):
- A review of the council's priorities as set out in the Corporate Plan 2019-23,
  - A review of the council's key risks as set out in the Corporate Risk Register,
  - Horizon scanning to identify local and national issues and risks,
  - Performance against KPI's,
  - Consultation with senior management to identify what services consider to be their key areas of risk in the coming 12 months,
  - The results of previous internal audit work (including follow up work) and other sources of assurance to the council,
- 2.3 The highest scoring areas are added to the plan to ensure that Internal Audit resources are directed to the council's highest areas of risk, and the links to the corporate risk register are listed alongside each proposed review, but this also considers when the area was last reviewed by Internal Audit and also that there is good coverage of all areas of the council to contribute to the overall assurance opinion.
- 2.4 Although a plan is drafted for the full year based on resources predicted to be available, given that the risk assessment is completed in January, there is a high probability that changes occurring in the year could result in changes to the risk landscape that need to be addressed. As such the plan being presented for approval is only for the first six months of the financial year.
- 2.5 In July, the resource budget and risk assessment detailed above will be reviewed to take account of any changes and updated accordingly. This will then inform the plan for the remainder of the year, which will be presented to the Finance & Audit Committee for approval in September 2023, along with the first progress update.
- 2.6 The risk numbers from the Corporate Risk Register 2022-23 are detailed below for reference:

- Risk One – Ongoing financial viability of the council.
- Risk Two - Changes in national priorities and legislative change.
- Risk Three - Organisational capacity/resilience.
- Risk Four - Cyberattack resulting in data breach or corruption of data.
- Risk Five - Investment risk.

2.7 The plan for Q1-Q2 of 2023-24 is presented at Appendix 2.

### **3. Appendices**

3.1 The following documents are to be published with the report:

3.2 Appendix 2: Internal Audit Plan (Q1-Q2) 2023-24

### **4. Background Documents**

4.1 There are no background documents.

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<b>Secondary Implications</b>	
<b>Risk Assessment</b>	The Public Sector Internal Audit Standards require that: The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. The Internal Audit Plan is intended to ensure that the work of the team is effectively directed and is in line with the organisation's goals. Member approval of the plan ensures the status of the plan is maintained.
<b>Data Protection Impact Assessment</b>	<i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i>
	a. Does the project/change being recommended through this paper involve the processing of <a href="#">personal data</a> or <a href="#">special category data</a> or <a href="#">criminal offence data</a> ?  A definition of each type of data can be found on the Information Commissioner's Office website via the above links.  No
	b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice?  N/A
	c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at <a href="mailto:gdpr@medway.gov.uk">gdpr@medway.gov.uk</a> .  N/A
<b>Equality Impact Assessment</b>	a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer.  No
	b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer.  No
	<i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i>
<b>Crime and Disorder</b>	The Internal Audit Team provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisations' objectives. The work of the team combined with a sound internal control environment has a positive contribution to community safety in its broadest sense.
<b>Digital and website implications</b>	The council's performance management framework includes the publication of the outturns against the Performance Measures and Indicators in the Corporate Business Plan. The proportion of recommendations made by the Internal Audit that are implemented by Management is one of the council's overall Performance Indicators and is therefore reported to the public via the council's Annual Report published on the council's website.
<b>Safeguarding children and vulnerable adults</b>	There are no direct safeguarding implications to this report.