

Guildford Borough Council

Report to: Corporate Governance and Standards Committee

Date: 6 June 2024

Ward(s) affected: All

Report of Director: Finance

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Report Status: Open

Q1 and Q2 Internal Audit Plan 2024-25

1. Executive Summary

- 1.1 This report provides the Southern Internal Audit Partnership proposal to transition to a quarterly approach to internal audit planning through 2024-25 and to adopt this methodology in full for future plans.
- 1.2 Appendix 1 presents the proposed retrospective Internal Audit Plan for Quarter 1 and the proposed Quarter 2 for 2024-25 in accordance with the requirements of the Public Sector Internal Audit Standards.

2. Recommendation to Committee

- 2.1 That the Committee approves:
 - (a) the approach to quarterly internal audit planning, and
 - (b) the proposed Quarter 1 and Quarter 2 Plans.

3. Reasons for Recommendation:

- 3.1. The Committee has a responsibility to approve the Internal Audit Plan in accordance with the Public Sector Internal Audit Standards.
- 3.2. To ensure good governance arrangements and internal control by undertaking an adequate level of audit coverage.

4. Exemption from publication

- 4.1. No part of this report is exempt from publication.

5. Purpose of Report

- 5.1 The purpose of this report is to present the Internal Audit Plans for Quarter 1 (retrospective) and Quarter 2 2024-25 to the Committee in accordance with the requirements of the Public Sector Internal Audit Standards. (Appendix 1).

6. Strategic Priorities

- 6.1 The audit of Council services supports the priority of providing efficient, cost effective and relevant quality public services that give the community value for money.

7. Background

- 7.1 Currently the Southern Internal Audit Partnership (SIAP) approach to internal audit planning within Guildford Borough Council is premised on an annual plan which is presented to Members for approval in March each year projecting internal audit activity over the forthcoming 12 months.
- 7.2 This approach has served us well; however, we are now operating in an increasingly more volatile and dynamic environment requiring us to adapt our approach and develop a more risk based and agile approach to our audit planning process and whilst the current approach enables a longer-term projection of audit focus it remains speculative given the rapidly changing environment in which the Council and SIAP operate.

- 7.3 Audit planning is a perpetual process that should enable the ability to react to new and emerging risks and the changing needs of the organisation.
- 7.4 This is currently managed through the annual planning process making necessary adjustments to the annual internal audit plan over the course of the year either in respect of revisions to the timing the work is undertaken or to the audit entity being reviewed.
- 7.5 With the plan agreed in March each year, a number of the changes occur due to competing capacity or timing issues for officers and the auditors as reviews may have been given a speculative window for completion some six to ten months in the future. This can lead to significant inefficiencies both for the organisation and for SIAP.
- 7.6 To ensure internal audit focus remains timely and relevant for the Council and to optimise officer resource and capacity, SIAP would like to propose to move to a quarterly planning process through 2024-25.
- 7.7 Quarterly planning would facilitate a much more agile approach and has worked successfully with other Partner organisations that have already adopted this methodology.
- 7.8 In adopting the quarterly planning approach, all auditable areas of review would remain subject to ongoing assessment and discussion with management and Committee; however, our focus would be on the most critical reviews (highest risk) for the organisation at that time.
- 7.9 Experience of the quarterly planning approach by SIAP and other audit services who have adopted it, has found it also negates multiple variations to the plan having to be presented to Members and enables them to have greater assurance each quarter that the plan they are approving is a more committed representation of assurance to be provided during that period.

7.10 Some of the advantages of the quarterly planning process include:

- More agile approach to react to new and emerging risks
- More effective engagement with officers
- More efficient and effective end to end delivery of the review (client capacity / availability)
- Greater engagement with the Corporate Governance and Standards Committee
- Corporate Governance and Standards Committee achieve real time approval of the plan, rather than retrospective acknowledgement of changes.

Process

7.11 The proposed adoption of quarterly planning provides a modern, agile, and forward-thinking approach that remains compliant with the current Public Sector Internal Audit Standards and places SIAP and Guildford Borough Council in an excellent position for the future adoption of the Global Internal Audit Standards that will supersede the Public Sector Internal Audit Standards in January 2025.

7.12 It is proposed that all potential audit areas will be reviewed and reassessed on a quarterly basis which will be informed through meetings with key stakeholders.

7.13 Once all meetings have concluded, the quarterly internal audit plan will be compiled and presented to Corporate Management Board (CMB) and Corporate Governance and Standards Committee for approval.

7.14 The timings of the Corporate Governance and Standards Committee are well aligned to the financial quarters in which we operate therefore optimising input and approval from Members prior to the commencement of audit work. An indicative timetable is included below for illustrative purposes.

	Q1	Q2	Q3	Q4
Planning Meetings			July 24	Sept 24
CMB Approval		May 24	Aug 24	Oct 24
Corporate Governance and Standards Committee Approval		June 24	Sept 24	Nov 24

* Q1 Plan: 2 of the 3 areas of coverage were already approved as part of the annual internal audit plan brought to Committee in March 2024.

Conclusion

- 7.15 The Southern Internal Audit Partnership want to ensure our Partners continue to receive a high quality, innovative, and agile internal audit service.
- 7.16 The proposed transition to quarterly planning will be beneficial to both the organisation, Committee and SIAP, optimising, focus, flexibility, efficiency, and effectiveness, which has been demonstrated in other organisations that have adopted the quarterly planning approach and aligns with industry good practice.

8. Consultations

- 8.1. Consultation with Senior Management has been undertaken as part of the process of drawing up the proposed internal audit plans for Quarter 1 and Quarter 2 2024-25.

9. Key Risks

- 9.1. None.

10. Financial Implications

- 10.1. None.

11. Legal Implications

- 11.1. None.

12. Human Resource Implications

12.1. None.

13. Equality and Diversity Implications

13.1. None.

14. Climate Change/Sustainability Implications

14.1. None.

15. Conclusion

15.1 The Committee is asked to approve the proposed Internal Audit Plans for Quarters 1 and 2 for 2024-25, as set out in Appendix 1 to this report.

16. Background Papers

None.

17. Appendices

Appendix 1: Internal Audit Plans for Quarter 1 and 2 2024-25.