

**Committee:** Governance, Audit and Performance Committee

**Date:**

Wednesday, 30 June 2021

**Title:** Internal Audit Strategy 2021-23

**Report Author:** Elizabeth Brooks, Internal Audit Manager

**Author:** EBrooks@uttlesford.gov.uk

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## Summary

1. This document sets out the Internal Audit Strategy for 2021-23.

## Recommendations

2. Committee are requested to note the Internal Audit Strategy 2021 – 23.

## Financial Implications

3. None

## Background Papers

4. None.

## Impact

- 5.

Communication/Consultation	Internal Audit Strategy 2021 – 23 was noted by the Director of Finance and Chief Executive in June 2021.
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

## Situation

6. This document sets out the Internal Audit Strategy for 2021-23, 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 by Committee in February 2021) which outlines in detail the purpose, authority, responsibility and position of the Internal Audit Service within Uttlesford District Council.

## Risk Analysis

7.

Risk	Likelihood	Impact	Mitigating actions
Internal Audit service may not be delivered in line with Public Sector Internal Audit Standards which may lead to reputational damage; negative perception from External Audit; loss of engagement from audit stakeholders	2	2	Periodic internal self-assessments are designed to assess conformance with Internal Audit's Charter, PSIAS, Definition of Internal Auditing, the Code of Ethics and the efficiency and effectiveness of internal audit in meeting the needs of its various stakeholders. An external assessment will also be conducted at least every five years.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

# Internal Audit Strategy 2021-2023

This document sets out the Internal Audit Strategy for 2021-23, covering how the service will be delivered and developed. It is supported by the Internal Audit Charter which describes the purpose, authority, responsibility and position of the Internal Audit Service within Uttlesford District Council.



## 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 Uttlesford District 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 the Council's Corporate Plan to make Uttlesford the best place to live, work and play.*



## Our Goals

To deliver our Mission Statement and a successful and effective Internal Audit Service, we have four key goals for 2021-23:

- 1. Develop a 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:*

- Collaboration 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.*
- Developing an audit planning methodology that links the Council's strategy to the auditable risks, governance and internal control arrangements.*
- Validating the methodology and annual plan with key stakeholders.*
- Being responsive to the Council's changing priorities and by adding value through proactive advisory work.*

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

*This will be met through:*

- *Continuing to champion the 3-Lines of Defence Assurance model, which promotes governance and management oversight responsibilities and align with the Council's Risk Management Strategy and Managing the Risk of Fraud.*
- *Contributing to the development of the Council's Annual Governance Statement.*

## **3. To be a trusted advisor to Senior Managers and the GAP 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 exploring alternative partnership models for the delivery of Internal Audit Services to determine whether there are opportunities for authorities to work together to address resourcing issues/concerns and make the best use of total resources available.*



### **Key Internal Audit Outputs**

- Production and delivery of a risk-based Annual Internal Audit Plan
- 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 GAP 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 to measure our performance, robustness and value of Internal Audit. *Our performance against these indicators will be reported in the Annual Report.*

- At least 90% of the Annual Internal Audit Plan delivered to draft report stage by 31st March of the financial year and 100% (including applicable follow ups) to be finalised by 30th April.

Other indicators of effectiveness of Internal Audit and/or where Internal Audit has added value:

- 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.
- Client survey results based on overall average good/excellent score each survey returned.



## Provision of the service

- 0.5 FTE Audit Manager (shared with Chelmsford City Council)
- 1.6 FTE Auditors



## Compliance with professional standards

**Public Sector Internal Audit Standards:** Our Internal Audit service will operate in compliance with PSIAS and will undertake the required formal External Quality Assessment in 2022.

**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
- Annual Internal Audit Plan
- Internal Audit Annual Report
- Internal Audit Methodology
- Quality Assurance and Improvement Programme (QAIP)