

21 March 2024		ITEM: 6
Standards and Audit Committee		
Internal Audit Protocol 2024		
Wards and communities affected: All	Key Decision: Non-key	
Report of: Colin Ratcliffe – Interim Head of Financial Assurance, Risk, Internal Audit, and Insurance		
Accountable Assistant Director: N/A		
Accountable Director: Dawn Calvert – Chief Finance Officer (Section 151 Officer)		
This report is public		
Version: Final		

Executive Summary

This report provides the Standards and Audit Committee with information on the Internal Audit Protocol which gives some general guidance on responsibilities of Members, Officers, and the Internal Audit team. It also provides detailed guidance on specific issues around the internal audit processes, such as turnaround times for reports and the timeliness of management responses.

Commissioner Comment:

This protocol is an essential component in establishing standards, roles, and relationships in the conduct of internal audits. There needs to be a clear commitment to reviewing this protocol on a regular basis and a full review on an annual basis.

1. Recommendation(s)

1.1 That the Standards and Audit Committee agree that the Internal Audit Protocol provides the Council and the Internal Audit Service with a process for improving the timeliness of reporting arrangements and sets out a formal escalation process for non-compliance.

2. Introduction and Background

2.1 The Accounts and Audit Regulations 2015 require that a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, and taking into account public sector internal auditing standards or guidance.

- 2.2 The Internal Audit Service carries out the work to satisfy this legislative requirement and part of this is reporting the outcome of its work to the Standards & Audit Committee.
- 2.3 The Standards and Audit Committee has a responsibility for reviewing the Council's corporate governance arrangements, including internal control, and formally approving the Annual Governance Statement. The audit work carried out by the Internal Audit Service is a key source of assurance to the Standards and Audit Committee about the operation of the internal control environment.
- 2.4 The Internal Audit Protocol will help to provide the Standards and Audit Committee with a level of assurance around the internal audit reporting process.

3. Issues, Options and Analysis of Options

- 3.1 The Protocol will enhance the reporting process and assist in providing a more effective Internal Audit Service which will meet the requirements of the Public Sector Internal Auditing Standards.

4. Reasons for Recommendation

- 4.1 To provide the Standards and Audit Committee with assurance that the Internal Audit Service and council staff are aware of their roles and responsibilities around the timely reporting of, and response to, internal audit recommendations.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 The Internal Audit Protocol will be circulated to the Chief Finance Officer and Commissioners as part of the consultation process.

6. Impact on corporate policies, priorities, performance, and community impact

- 6.1 The achievement of corporate priorities is a key consideration of members, senior management and internal audit and the Protocol should assist this by providing a more robust and timely reporting process.

7. Implications

7.1 Financial

Implications verified by: **Rob Chimani**
Accountant

12th March 2024

These paper sets out the terms of reference for internal audit processes, there no financial implications arising from this report.

7.2 Legal

Implications verified by: **Jayne Middleton-Albooye**
Interim Head of Legal Services and Deputy Monitoring Officer
14th March 2024

Section 151 of the Local Government Act 1972 requires that authorities 'make arrangements for the proper administration of their financial affairs'.

The Accounts and Audit (England) Regulations 2015 section require that: a relevant authority must ensure that it has a sound system of internal control which—facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk. The protocol attached to this report will help support these requirements.

7.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
Community Engagement and Project Monitoring Officer
11 March 2023

There are no diversity implications within this report.

7.4 Risks

If the Internal Audit Protocol is not agreed, expectations of the service and key stakeholders will be unclear and this create difficulties in undertaking internal audit activities required to provide an annual internal audit opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control arrangements.

7.5 Other implications (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder, or Impact on Looked After Children

The Internal Audit Plan and its outcomes are a key part of the Council's risk management and assurance frameworks.

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Public Sector Internal Audit Standards
- CIPFA – PSIAS Local Government Application Note
- Institute of Internal Auditors International Professional Practices Framework

9. Appendices to the report

- Internal Audit Protocol 2024

Report Author:

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Finance