

<b>Report To:</b>	Corporate Governance Committee
<b>Date of Meeting:</b>	6 March 2019
<b>Lead Member / Officer:</b>	Lisa Lovegrove – Chief Internal Auditor
<b>Report Author:</b>	Lisa Lovegrove – Chief Internal Auditor
<b>Title:</b>	Internal Audit Charter & Strategy 2019-20

## **1. What is the report about?**

This report provides the Committee with the Internal Audit Charter and Strategy for 2019-20. The Charter defines Internal Audit's purpose, authority and responsibility in line with the Public Sector Internal Audit Standards. The Strategy provides details of the proposed Internal Audit projects for the year that will allow the Chief Internal Auditor to provide an 'opinion' on the adequacy and effectiveness of the Council's framework of governance, risk and control during the year.

## **2. What is the reason for making this report?**

Local Authorities subject to the Account and Audit (Wales) Regulations must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal controls. The Charter has been updated to capture the requirements of the Public Sector Internal Audit Standards (PSIAS) as highlighted in the recent external assessment. The Strategy contains a risk-based internal audit plan that takes into account the PSIAS requirement to deliver an annual internal audit opinion and report that the organisation can use to inform its governance statement. This Committee's terms of reference require it to consider internal audit's plans.

## **3. What are the Recommendations?**

The Committee approves the Internal Audit Charter (Appendix 1) and the Internal Audit Strategy 2019-20 (Appendix 2)

## **4. Report details**

The main changes to the Charter in Appendix 1 are summarised below:

- Update the resources section to incorporate the reporting arrangements if there are insufficient resources;
- Inclusion of a section to cover the Internal Audit plan and reporting process;
- Include clarification that where issues/actions cannot be agreed with officers, that these are highlighted within the action plan of the relevant internal audit report and the Corporate Governance committee are made aware.
- Update to the Quality Assurance Improvement Programme section regarding recent external assessment results.

The Strategy in Appendix 2 provides background to the internal audit service as well as its proposed plan of work for the year based on an assessment of risk and consultation with services.

The proposed plan of work will allow the Chief Internal Auditor to provide an overall 'opinion' for the annual internal audit report for 2019-20. This Committee will receive regular information reports on progress.

**5. How does the decision contribute to the Corporate Priorities?**

There is no decision required with this report. There is no direct contribution to the Corporate Priorities, but some projects in the audit plan will review Corporate Priority areas and will provide assurance on their delivery.

**6. What will it cost and how will it affect other services?**

Not applicable - there is no decision or costs attached to this report.

**7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report**

This report does not require a decision or proposal for change, so there is no impact on people who share protected characteristics.

**8. What consultations have been carried out with Scrutiny and others?**

The Chief Internal Auditor has consulted with Corporate Directors, Section 151 Officer, management teams of all services and Wales Audit Office.

**9. Chief Finance Officer Statement**

There are no financial implications attached to this report.

**10. What risks are there and is there anything we can do to reduce them?**

Failure to deliver an adequate level of internal audit may mean that the Chief Internal Auditor cannot provide an annual 'opinion' on the adequacy and effectiveness of the Council's framework of governance, risk and control during the year. This would potentially lead to a significant governance issue being raised in the Council's 'annual governance statement' at the end of the financial year.

**11. Power to make the Decision**

Not applicable - there is no decision required with this report.