

Report to	Corporate Governance & Audit Committee
Date of meeting	18 March 2020
Lead Member / Officer	Lisa Lovegrove – Chief Internal Auditor
Report author	Lisa Lovegrove – Chief Internal Auditor
Title	Internal Audit Charter & Strategy 2020-21

1. What is the report about?

This report provides the Committee with the Internal Audit Charter and Strategy for 2020-21. 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 recent changes relating to the Chief Internal Auditor undertaking temporary responsibility for the Project Management Team. In accordance with the Public Sector Internal Audit Standards (PSIAS), safeguards have been put in place to maintain Internal Auditors’ independence and objectivity.

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 2020-21 (Appendix 2)

4. Report details

The main changes to the Internal Audit Charter in Appendix 1 are included in the 'Positioning & Reporting Lines' section as follows:

- The Chief Internal Auditor will ensure that the Internal Audit service remains free from all conditions that threaten the ability of Internal Auditors to perform their work in an unbiased manner.
- The Chief Internal Auditor has recently taken on a temporary role to manage the Project Management Team that sits within the Business Improvement & Modernisation Service. In order to maintain the independence of the Internal Audit service, the Senior Auditors will undertake responsibility for reviewing audits relating to this team. This will include the matter of audit selection, scope, frequency, timing and report content and the Senior Auditors will report directly to the Section 151 Officer on audits that fall within the responsibility of the Chief Internal Auditor.

The Internal Audit 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 2020-21 and inform the Annual Governance Statement. 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 Well-being Impact Assessment?

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, senior management and their management teams and the 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.