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| <b>Report to</b>             | Corporate Governance & Audit Committee    |
| <b>Date of meeting</b>       | 28 April 2021                             |
| <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 2021-22 |

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

- 1.1 This report provides the Committee with the Internal Audit Charter and Strategy for 2021-22. 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?**

- 2.1 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 reflect that the Chief Internal Auditor's temporary responsibility for the Project Management Team has recently ended. In accordance with the Public Sector Internal Audit Standards (PSIAS), safeguards will continue for a period of time to maintain Internal Auditors' independence and objectivity.
- 2.2 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?**

- 3.1 The Committee approves the Internal Audit Charter (Appendix 1) and the Internal Audit Strategy 2021-22 (Appendix 2)

### **4. Report details**

- 4.1 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 took on a temporary role to manage the Project Management Team that sits within the Business Improvement & Modernisation Service during 2020-21. This arrangement ended in March 2021. In order to maintain the independence of the Internal Audit service, the Senior Auditors will continue to undertake responsibility for audits relating to this team for a period of time. 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 if appropriate to maintain independence and objectivity."

- 4.2 In line with changes required by the Local Government & Elections (Wales) Act, references to 'Corporate Governance & Audit Committee' within the Charter has been updated to 'Governance & Audit Committee' as this will requirements becomes effective imminently.
- 4.3 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.
- 4.4 The proposed plan of work will allow the Chief Internal Auditor to provide an overall 'opinion' for the Internal Audit Annual Report for 2021-22 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?**

5.1 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?**

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

## **7. What are the main conclusions of the Well-being Impact Assessment?**

7.1 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?**

8.1 The Chief Internal Auditor has consulted with Corporate Directors, Section 151 Officer, senior management and their management teams.

## **9. Chief Finance Officer Statement**

9.1 There are no financial implications attached to this report.

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

10.1 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**

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