

GOVERNANCE AND AUDIT COMMITTEE

Date of Meeting	Wednesday, 26 th June 2024
Report Subject	Internal Audit Charter
Report Author	Internal Audit, Performance and Risk Manager
Type of Report	Assurance

EXECUTIVE SUMMARY

Public Sector Internal Audit Standards (PSIAS) require that the role, scope, independence, authority and responsibility of Internal Audit be formally defined in a charter. The charter must be reviewed periodically and approved by the Governance & Audit Committee. The current charter has been reviewed to ensure it continues to meet all legal and regulatory requirements. This paper shows the results of that review.

RECOMMENDATIONS

1	The Committee is requested to consider and approve the updated Internal Audit Charter.
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REPORT DETAILS

1.00	EXPLAINING THE INTERNAL AUDIT CHARTER
1.01	<p>The Internal Audit Charter has been in place since 2002. It was last updated in 2023 to reflect services provided to external organisations connected to the Council, specifically Clwyd Pension Fund, Aura Leisure & Libraries Ltd and NEWydd Catering & Cleaning Ltd.</p> <p>During the 2024 review, only minor changes were made to the Charter such as job titles.</p>
1.02	The Charter meets the requirements of the PSIAS standards. It gives the mission, definition and legal background to Internal Audit. It shows the Code of Ethics that auditors must comply with. It includes the independence and authority of internal audit; the role, scope and responsibility of the activity including fraud-related work. It also outlines the resources of the team, training requirements and reporting requirements.

1.03	Within Flintshire, the Charter is part of Section 29 of the Constitution. After approval by the Governance & Audit Committee, the Charter will be submitted to the Constitution and Democratic Services Committee for approval.
1.04	To aid clarity and transparency two copies of the Internal Audit Charter are included. Appendix A shows where the changes have occurred, using tracked changes, whilst Appendix B shows the revised Charter without tracked changes.
1.05	<p>The next review of the Charter (April 2025) will take into any changes required to address any changes following the implementation of the new Global Internal Audit Standards (GIAS). These GIAS will replace the International Professional Practice Framework, the mandatory elements of which are the basis for the current UK public sector internal auditing standards (the PSIAS).</p> <p>The PSIAS are issued under the authority of the Relevant Internal Audit Standard Setters (RIASS) who are HM Treasury, the Scottish Government, the Department of Finance Northern Ireland and the Welsh Government, the Department of Health and Social Care and the Chartered Institute of Public Finance and Accountancy. Between them the RIASS determine what standards or other requirements are applicable to the practice of internal auditing in central government, local government and the health sector across the UK.</p> <p>The RIASS have agreed to use the new GIAS as the basis for internal auditing for the UK Public Sector, and have asked the UK Public Sector Internal Auditing Standards Advisory Board (IASAB) to carry out a review of the new standards with a view to identifying and producing any sector specific interpretations or other material needed to make them suitable for UK public sector use.</p> <p>Development of IASAB material is to be progressed. The effective date of the new material developed by IASAB will be 1 April 2025, to align with requirements for annual opinions and other relevant aspects of UK public sector governance which line up with the financial year. Until then, the existing PSIAS based on the old International Professional Practices Framework will continue to apply.</p>

2.00	RESOURCE IMPLICATIONS
2.01	None as a result of this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	The draft Charter has been shared with the Chief Executive, Council's Monitoring Officer and Corporate Finance Officer (s151 Officer) for consideration.

4.00	RISK MANAGEMENT
4.01	Internal Audit provides an independent, objective assurance to the Council by evaluating the effectiveness of risk management, control and governance processes. To do so it needs to be independent and have the necessary authority to fulfil that role, which helps reduce the overall risk to the Council. The Charter ensures that the internal audit service has sufficient independence and authority within the Council.

5.00	APPENDICES
5.01	Appendix A – Internal Audit Charter including tracked changes. Appendix B – Internal Audit Charter without tracked changes.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None. Contact Officer: Lisa Brownbill, Internal Audit, Performance and Risk Manager Telephone: 01352 702231 E-mail: Lisa.brownbill@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	<p>PSIAS, Public Sector Internal Audit Standards: a set of standards that all Internal Audit teams working in the public sector must comply with.</p> <p>Corporate Governance: the system by which local authorities direct and control their functions and relate to their communities. It is founded on the basic principles of openness and inclusivity, integrity and accountability together with the overarching concept of leadership. It is an inter-related system that brings together the underlying set of legislative requirements, governance principles and management processes.</p> <p>Risk Management: the process of identifying risks, evaluating their potential consequences and managing them. The aim is to reduce the frequency of risk events occurring (wherever this is possible) and minimise the severity of their consequences if they occur. Threats are managed by a process of controlling, transferring or retaining the risk. Opportunities are managed by identifying strategies to maximise the opportunity or reward for the organisation.</p>