

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	25 June 2026
Subject:	Internal Audit Charter
Head of Service:	Marc Jones Director of Function (Resources) and Section 151 Officer MarcJones@anglesey.gov.wales
Report Author:	Marion Pryor Head of Audit and Risk MarionPryor@anglesey.gov.wales
<p>Nature and Reason for Reporting:</p> <p>The Governance and Audit Committee’s Terms of Reference require the committee to oversee the council’s internal audit arrangements as part of its legislative duties under the Local Government (Wales) Measure 2011. (3.4.8.10.1)</p> <p>In addition, there is an explicit requirement in the terms of reference for the committee to review and approve the internal audit charter, which defines the internal audit’s activity purpose, authority and responsibility. (3.4.8.10.2)</p> <p>The Global Internal Audit Standards in the UK Public Sector also provides for a periodic review of the Internal Audit Charter, with final approval of the Charter residing with the Governance and Audit Committee.</p>	

1. Introduction

1.1. The Governance and Audit Committee last reviewed and approved the Internal Audit Charter in [June 2025](#), following the introduction of a new framework for the practice of internal audit in the UK public sector, which became effective from 1 April 2025 consisting of:

- the [Global Internal Audit Standards](#) (GIAS) issued by the Institute of Internal Auditors (IIA).
- an [Application Note – Global Internal Audit Standards in the UK Public Sector](#), issued by the Relevant Internal Audit Standards Setters (RIASS) which provides the UK public sector-specific context, interpretations of GIAS requirements in the specific circumstances expected to apply across the UK public sector and some additional requirements which the RIASS consider essential for the practice of internal audit in the UK public sector.
- a [CIPFA Code on the Governance of Internal Audit](#), which provides specific requirements applicable to the local government sector.

- 1.2. Taken collectively, the new framework introduces a requirement for the chief audit executive to develop and maintain an internal audit charter that conforms with the Global Internal Audit Standards in the UK Public Sector (GIAS in UK PS).
- 1.3. The revised Charter approved in May 2025 ensured the requirements of the new standards were explicitly made.
- 1.4. Work on implementing the further requirements of GIAS in UK PS has identified that a methodology is required for confirming the 'implementation of recommendations or action plans' (Standard 15.2), which includes:
 - enquiring about progress on the implementation.
 - performing follow-up assessments using a risk-based approach.
 - updating the status of management's actions in a tracking system.
- 1.5. The new standards require the methodology to include criteria for determining when to perform follow-up assessments. The standards allow follow-up assessments to be performed for completed action plans selectively, depending on the risk's significance.
- 1.6. Although referred to in our bi-annual report to the committee on outstanding issues, risks and opportunities, for completeness and evidential purposes, our follow up protocol has been documented and is now included in the Charter at Appendix B.
- 1.7. The follow-up protocol has been strengthened following discussion with Members during the committee's private session on 14 May 2026. Under the revised arrangements, where an internal audit report is presented to the Governance and Audit Committee and the assurance level remains 'Limited' after the first follow-up review by Internal Audit, the relevant Portfolio Holder will now be formally requested to attend the committee meeting at which the report is considered.
- 1.8. This enhancement is intended to reinforce accountability, support timely progress on agreed actions, and ensure that the committee has direct oversight of the response from the service area concerned.
- 1.9. This is the only revision to the Charter approved in June 2025.

2. Recommendation

- 2.1. The Governance and Audit Committee is required to approve the Charter (as per the [Constitution](#) 3.4.8.10.3) and so it is recommend that:
 - the Governance and Audit Committee approves the revised Internal Audit Charter.

Internal Audit Charter

June 2026



Marion Pryor BA MA CMIIA CPFA ACFS

Head of Audit and Risk



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Introduction

1. A new framework for the practice of internal audit in the UK public sector is effective from 1 April 2025. It consists of:
 - the [Global Internal Audit Standards](#) (GIAS) issued by the Institute of Internal Auditors (IIA)
 - an [Application Note – Global Internal Audit Standards in the UK Public Sector](#), issued by the Relevant Internal Audit Standards Setters (RIASS¹) which provides the UK public sector-specific context, interpretations of GIAS requirements in the specific circumstances expected to apply across the UK public sector and some additional requirements which the RIASS consider essential for the practice of internal audit in the UK public sector
 - a [CIPFA Code on the Governance of Internal Audit](#), which provides specific requirements applicable to the local government sector.
2. Taken collectively, the new framework introduces a requirement for the chief audit executive to develop and maintain an internal audit charter.
3. The Isle of Anglesey County Council’s Internal Audit Charter has met the majority of the requirements of the new framework for some years and serves to ensure internal audit remains relevant, adaptive, and aligned with the council’s overarching objectives.
4. The Governance and Audit Committee is required to approve the Charter (as per the [Constitution](#) 3.4.8.10.2).

¹ The RIASS are HM Treasury for central government; Scottish Government, Department of Finance Northern Ireland and Welsh Government for central government and health sector in their administrations; the Department of Health and Social Care for health sector in England; and Chartered Institute of Public Finance and Accountancy for local government in the UK.

Internal audit's purpose

5. Internal auditing strengthens the Isle of Anglesey County Council's ability to create, protect, and sustain value by providing the Governance and Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.
6. The internal audit function's role includes:
 - supporting the delivery of the authority's strategic objectives by providing risk-based and objective assurance on the adequacy and effectiveness of governance, risk management and internal controls
 - championing good practice in governance through assurance, advice and contributing to the authority's annual governance review
 - advising on governance, risk management and internal control arrangements for major projects, programmes and system changes
 - access to the authority's interests in collaborative and arm's-length arrangements
7. The internal audit function is most effective when:
 - it is performed by competent professionals in conformance with the Global Internal Audit Standards in the UK Public Sector, which are set in the public interest.
 - the internal audit function is independently positioned with direct accountability to the Governance and Audit Committee.
 - internal auditors are free from undue influence and committed to making objective assessments.

Internal audit's mandate

8. While the Governance and Audit Committee has responsibility to approve the internal audit mandate, the internal audit function receives its primary mandate from legislation.
9. In local government in the UK, internal audit's authority has statutory backing through the regulations issued by national UK governments. The Accounts and Audit (Wales) Regulations 2014 are the basis for internal audit's mandate / authority in Wales:

Internal audit

7. (1) A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.

(2) Any officer or member of that body must, if the body requires—

(a) make available such documents of the body which relate to its accounting and other records as appear to that body to be necessary for the purpose of the audit; and

(b) supply the body with such information and explanation as that body considers necessary for that purpose.

(3) A larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit.

(4) The findings of the review referred to in paragraph (3) must be considered, as part of the consideration of the system of internal control referred to in regulation 5(3), by the committee or body referred to in that paragraph.

10. The council's [Financial Procedure Rules](#) also provide for the maintenance of a continuous internal audit under independent supervision, overseen by the council's Governance and Audit Committee, and subject to professional audit standards (4.8.5.3.1).

11. The internal audit function's authority is also supported by its direct reporting relationship to the Governance and Audit Committee. Such authority allows for unrestricted access to the Committee.
12. The Governance and Audit Committee authorises the internal audit function to:
 - Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
 - Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
 - Obtain assistance from the necessary personnel and other specialised services from within or the council to complete internal audit services.
13. The council's [Financial Procedure Rules](#) (4.8.5.3.2) further support internal audit's rights of access, providing the function with authority to:
 - enter at all reasonable times council premises, land or contract sites.
 - have access to all records, documents or correspondence relating to any financial and other transactions of the council.
 - require and receive such explanations as are necessary from employees of the council
 - require employees to produce cash, stores or any other property of the council under their control for examination.

Independence, Organisational Position, and Reporting Relationships

14. The Head of Audit and Risk is positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function.
15. The Head of Audit and Risk reports functionally to the Governance and Audit Committee and administratively (for example, day-to-day operations) to the Director of Function (Resources) and Section 151 Officer. These relationships are therefore of particular importance and are strong within the council.
16. The Head of Audit and Risk's positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Governance and Audit Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.
17. Although administratively reporting to the Director of Function (Resources) and Section 151 Officer, the Head of Audit and Risk also has direct access to the Chief Executive Officer and Monitoring Officer, which is provided for in the council's Financial Procedure Rules (4.8.5.3.5).
18. These extended reporting lines provide internal audit with sufficient independence of the activities that it reviews to enable its auditors to perform their duties objectively, allowing them to make impartial and effective professional judgements and raise issues for improvement.

19. The Director of Function (Resources) and Section 151 Officer annually appraises the Head of Audit and Risk's performance with input and feedback from the Chief Executive Officer and the Chair of the Governance and Audit Committee.
20. This ensures that the Head of Audit and Risk's opinion and scope of work cannot be limited or affected by her administrative line management position within the council.
21. The Head of Audit and Risk will confirm to the Governance and Audit Committee, at least annually, the organisational independence of the internal audit function.
22. Where the governance structure does not support organisational independence, the Head of Audit and Risk has documented the characteristics of the governance structure limiting independence and any [safeguards](#) employed to achieve the principle of independence.
23. The Head of Audit and Risk will disclose to the Governance and Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate.

Governance and Audit Committee oversight

24. GIAS in the UK Public Sector requires the Governance and Audit Committee to establish, maintain, and ensure that the Isle of Anglesey County Council's internal audit function has sufficient authority to fulfil its duties.
25. The Governance and Audit Committee's responsibilities with regards the internal audit function are set out in its Terms of Reference, which are part of the council's [Constitution](#) (3.4.8.10). An extract of the relevant section with regards the Committee's responsibilities for internal audit oversight is reproduced at [Appendix A](#).
26. The Governance and Audit Committee reviewed and approved changes to its Terms of Reference to ensure conformance with the requirements of GIAS in the UK Public Sector at its meeting of 8 May 2025 and 14 May 2026.

Responsibilities of senior management

27. To maximise the effectiveness and efficiency of the Internal Audit function, we ask that senior management:

- champions the role and work of internal audit to the staff within the authority and to partner organisations with whom internal audit will work
- facilitate access to senior management, the Governance and Audit Committee and the authority's external auditor
- assist, where possible, with access to external providers of assurance such as regulators, inspectors and consultants
- engage constructively with internal audit's findings, opinions and advice
- build awareness and understanding of the importance of good governance, risk management and internal control for the success of the authority, and of internal audit's contributions.
- engage fully and flexibly in the audit planning process and provide information and insight into high-risk areas or areas of strategic focus or concern.
- nominate and commit to lead officers for each internal audit assignment and a point of reference for the overall management of the internal audit process.
- engage in a timely manner with Internal Audit in the scoping of work and agree terms of reference, dealing with audit queries and discussing draft and final reports.
- provide evidence of the implementation of agreed management actions promptly.

Role and responsibilities of the Head of Audit and Risk

28. The Head of Audit and Risk is a suitably qualified and experienced senior manager with regular and open engagement across the council particularly with senior management and the Governance and Audit Committee.

Ethics and Professionalism

29. The Head of Audit and Risk will ensure that internal auditors:

- Conform with GIAS in the UK Public Sector, including the principles of ethics and professionalism (integrity, objectivity, competency, due professional care, and confidentiality) and, in particular, the Seven Principles of Public Life (also known as the 'Nolan Principles') that apply to all public servants (including contractors working in the public service).
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the council and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the council and report organisational behaviour that is inconsistent with the council's ethical expectations and work with others to promote and demonstrate the benefits of good governance throughout the council.
- Understand the council's policies and procedures for routine publication of certain information and where there are statutory obligations, to share or publish information.
- Hold an appropriate qualification, have an active programme for personal professional development and are committed to continuous improvement.

Objectivity

30. The Head of Audit and Risk will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication.
31. If the Head of Audit and Risk determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.
32. Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.
33. Internal auditors will have no direct operational responsibility or authority over the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:
 - Assessing specific operations for which they had responsibility within the previous year and performing operational duties for the council or its affiliates.
 - Directing the activities of any council employee that is not employed by the internal audit function, except to the extent that such employees have been assigned to internal audit teams or to assist internal auditors.
34. Internal auditors will:
 - Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties at least annually.

- Exhibit professional objectivity in gathering, evaluating, and communicating information and make balanced assessments of all available and relevant facts and circumstances and will report on what is found, without fear or favour.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

35. The Head of Audit and Risk has the responsibility to:

- Ensure the council's internal audit function adheres to the mandatory elements of relevant internal auditing standards.
- At least annually, develop a risk-based internal audit plan that considers the input of the Governance and Audit Committee and senior management. Discuss the plan with the Governance and Audit Committee and senior management and submit the plan to the Committee for review and approval.
- Produce an evidence-based annual internal audit conclusion to contribute to the assurances provided to 'those charged with governance' for the Annual Governance Statement, which will encompass an opinion on the effectiveness of governance, risk management and control. The conclusion will reflect the work done during the year and summarise the main outcomes and conclusions, highlighting any specific concerns.
- Communicate the impact of resource limitations on the internal audit plan to the Governance and Audit Committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in the council's business, risks, operations, programmes, systems, and controls.

- Communicate with the Governance and Audit Committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with GIAS in the UK Public Sector and laws and/or regulations.
- Ensure the function is fully committed to the council's Welsh Language policy, reporting bilingually, and ensure the team includes bilingual staff who can undertake reviews in the language of choice of those assisting with reviews.
- Follow up on engagement findings and confirm the implementation of action plans and communicate the results to the Governance and Audit Committee and senior management and for each engagement as appropriate. ([Appendix B](#) refers)
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of GIAS in the UK Public Sector and fulfil the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the council and communicate to the Governance and Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing, and establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to the council's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or GIAS in the UK Public Sector. Any such conflicts will be resolved or documented and communicated to the Governance and Audit Committee and senior management.

- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Head of Audit and Risk cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Governance and Audit Committee.
- To liaise closely with the council's external regulators to share knowledge and use audit resources most effectively.
- Support the statutory Section 151 Officer in discharging their duties.
- Support the requirement to seek efficiency including the arrangements for achieving value for money.
- Provide soundly based assurances to management on the adequacy and effectiveness of their internal control, risk and governance arrangements.
- Drive the council's [counter fraud initiatives](#) and evaluate the risk of fraud and the way it is managed by the council.
- Provide advice and an objective and supportive consulting service in respect of the development of new programmes and processes and / or significant changes to existing programmes and processes including the design of appropriate controls.
- To assist the Governance and Audit Committee to discharge its responsibilities; monitoring the implementation of agreed management actions; disseminating across the entity better practice and lessons learnt arising from its audit activities and having oversight of the audit function.

Communication with the Governance and Audit Committee and Senior Management

36. The Head of Audit and Risk will report periodically to the Governance and Audit Committee and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit's resource requirements and the impact of insufficient resources on the ability of the internal audit function to fulfil its mandate.
- Significant revisions to the internal audit plan and resources.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results of the quality assurance and improvement programme, which include the internal audit function's conformance with GIAS in the UK Public Sector and action plans to address deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Governance and Audit Committee that could interfere with the achievement of council's strategic objectives.
- Results of assurance and advisory services.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond council's risk appetite.

Quality Assurance and Improvement Programme

37. The Head of Audit and Risk will develop, implement, and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function.

38. The programme will include external and internal assessments of the internal audit function's conformance with GIAS in the UK Public Sector, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement.

39. The programme also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

40. Annually, the Head of Audit and Risk will communicate with the Governance and Audit Committee and senior management about the internal audit function's quality assurance and improvement programme, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments.

41. External assessments will be conducted at least once every five years by a qualified², independent assessor or assessment team from outside council.

² The RIASS have determined that at least one person of the assessment team must have the characteristics outlined for chief audit executive qualification

Scope and types of internal audit services

42. The scope of the internal audit function covers the entire breadth of the council's activities and includes unrestricted access to all assets and personnel of the council. Our work provides a risk-based approach that allows the Head of Audit and Risk to form and evidence her opinion on the control environment to support the council's Annual Governance Statement.
43. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance to the Governance and Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for the council.
44. We have a customer-focused approach to planning individual audits, from project scoping to delivery, involving members, senior management and staff.
45. Internal audit engagements may include evaluating whether:
 - Risks relating to the achievement of the council's strategic objectives are appropriately identified and managed.
 - The actions of the council's officers, directors, management, employees, and contractors or other relevant parties comply with the council's policies, procedures, and applicable laws, regulations, and governance standards.
 - The results of operations and programmes are consistent with established goals and objectives.
 - Operations and programmes are being carried out effectively, efficiently, ethically, and equitably.

- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the council.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

46. The overall approach is determined by the Head of Audit and Risk and will take into account the level of assurance required, the council's strategic objectives, the degree of change within the council, the prevailing risk appetite and culture, previous audits and implementation of agreed management actions.
47. Our strategy takes account of the strategic risk register, discussions with senior management and the Governance and Audit Committee and other assurances that the council may receive, internal or external, to prevent duplication and co-ordinate regulatory work. In particular, it takes account of the council's assurance framework ([Appendix C](#)).

Advisory services

48. Internal Audit may occasionally provide guidance and advice, e.g. on new systems or may help to develop new processes, provided the internal audit function does not assume management responsibility. Services may also occasionally ask us to carry out specific projects on a consultancy basis. On these occasions, we make it clear from the outset that we are working on a consultancy basis rather than internal audit basis and are not giving audit assurance on these occasions.
49. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements.

Internal audit's role in fraud-related work

50. The Accounts and Audit (Wales) Regulations 2014 state that the council's responsible financial officer (Section 151 Officer) must ensure that its accounting control systems include measures to enable the prevention and detection of inaccuracies and fraud.
51. Consequently, internal audit carries out activity to ensure the council does all that it can to minimise the risk of fraud, bribery and corruption occurring within and against the council.
52. However, internal audit is not responsible for managing the risk of fraud – this lies with the council's senior management.
53. Where fraud, bribery, corruption or impropriety is suspected or detected, the council's policy for the Prevention of Fraud and Corruption requires managers to inform the Head of Audit and Risk, to inform her opinion on the internal control environment and internal audit's work programme, as well as to allow her to ensure the council takes appropriate action.
54. Although internal audit carries out proactive projects to identify potential fraud, bribery and / or corruption and can carry out special investigations into alleged irregularities, the Head of Audit and Risk retains the right to decide on an appropriate course of action, which may mean a joint investigation or investigation by the service. However, management should send the outcome of all investigation activities to the Head of Audit and Risk for inclusion in the Internal Audit Annual Counter Fraud, Bribery and Corruption Report.
55. Where it is thought necessary, the external auditor may conduct investigations, either in liaison with internal audit or independently.

Safeguards to limit impairments of independence or objectivity

56. To be effective, internal audit must be independent and be seen to be independent. To ensure this, internal audit will operate within a framework that ensures segregation from operational activity. Should any conflict or impairment be known or arise, it will be reported to the Chair of the Governance and Audit Committee.
57. Every effort will be made to preserve objectivity by controlling the involvement of audit staff in non-audit duties in order to avoid potential conflicts of interest. Specific exceptions are however acceptable in respect of participation in service improvement projects, where a 'critical friend' role will be held.
58. Appropriate arrangements are in place to limit the impairment of independence and objectivity due to the Head of Audit and Risk's line management of the Insurance function, which involves leading on the council's insurance programme, and initiating and approving transactions external to the internal audit function.
59. The Head of Audit and Risk also has a role to lead on risk management policy and strategy within the council, ensuring that there is a process and system in place to identify, manage and review risks at both a corporate and service level.
60. The Head of Audit and Risk will not scope or review internal audit activity relating to these areas, and all assurance activity will be outsourced. The Director of Function (Resources) and Section 151 Officer will sign off reports.
61. Where new roles are proposed and could impact on internal audit independence, the impact will be discussed with the Head of Audit and Risk and the Governance and Audit Committee. Appropriate safeguards will be put in place to protect the independence of internal audit and support conformance with standards.

Changes to the Mandate and Charter

62. Circumstances may justify a follow-up discussion between the Head of Audit and Risk, the Governance and Audit Committee and senior management on the internal audit mandate or other aspects of the internal audit charter.
63. Such circumstances may include but are not limited to a significant change in/to:
- the relevant internal auditing standards.
 - organisational structures within the council.
 - the internal audit function, the Governance and Audit Committee and/or senior management.
 - the organisation's strategies, objectives, risk profile, or the environment in which the council operates.
 - new laws or regulations that may affect the nature and/or scope of internal audit services.

Appendix A – Governance and Audit Committee Terms of Reference extract

3.4.8.10 Internal audit

3.4.8.10.1 The Local Government (Wales) Measure 2011 has an explicit requirement for the Governance and Audit Committee to oversee the council's internal audit arrangements.

3.4.8.10.2 The Committee will regularly review and approve the Internal Audit Charter, which defines the internal audit's activity purpose, authority and responsibility. The Committee will satisfy itself that the Charter conforms to the relevant auditing standards.

3.4.8.10.3 If applicable, it will review proposals and make recommendations in relation to the appointment of external providers of internal audit services.

3.4.8.10.4 The Committee will approve (but not direct) the risk-based internal audit strategy, including internal audit's resource requirements and the use of other sources of assurance. It will have a good understanding of the level of assurance risk management provides when it reviews the risk-based internal audit strategy. The Committee will approve significant interim changes to the strategy.

3.4.8.10.5 The Committee will make appropriate enquiries of both management and the Head of Audit and Risk to determine if there are any inappropriate scope or resource limitations. Where there are concerns about internal audit's ability to fulfil its mandate or deliver an annual conclusion, concerns will be formally recorded and reported to those charged with governance and referred for inclusion in the Annual Governance Statement.

3.4.8.10.6 The Committee will consider an annual report from the Head of Audit and Risk on internal audit's performance, including the performance of external providers of internal audit services.

3.4.8.10.7 The Committee will consider the Head of Audit and Risk's annual report and the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion. These will assist the Committee in reviewing the Annual Governance Statement.

3.4.8.10.8 The Committee will consider the statement contained in the annual report of the level of conformance with the relevant internal auditing standards and the results of the Quality Assurance and Improvement Programme that support the statement – these will indicate the reliability of the conclusions of internal audit.

3.4.8.10.9 The Committee will consider updates on the work of internal audit including key findings, issues of concern, management responses and action in hand as a result of internal audit work. It will consider summaries of specific internal audit reports as requested, including the effectiveness of internal controls and will monitor the implementation of agreed actions.

3.4.8.10.10 The Committee will receive reports outlining the action taken where the Head of Audit and Risk has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

3.4.8.10.11 The Committee will consider reports on instances where the internal audit function does not conform to relevant internal auditing standards, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.

3.4.8.10.12 The Committee will consider, approve and annually review any safeguards put in place to limit impairments to independence and objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Audit and Risk.

3.4.8.10.13 The Committee will receive regular reports on and contribute to the Quality Assurance and Improvement Programme and, in particular, to the external quality assessment of internal audit that takes place at least once every five years. It will receive a report regarding options, timing, scope, method of assessment and qualifications and independence of the assessor, for approval.

3.4.8.10.14 The Committee will consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit (Wales) Regulations 2014.

3.4.8.10.15 The Committee will provide free and unfettered access to the Governance and Audit Committee Chair for the Head of Audit and Risk, including the opportunity for a private meeting with the committee, at least annually.

Appendix B – Confirming the Implementation of Actions

Internal Audit does not make recommendations; internal auditors report 'Issues', 'Risks' and 'Opportunities' which are aligned to the council's risk management strategy and are scored using the accompanying assessment matrix.

To encourage management to have ownership for these issues, risks and opportunities, it is their responsibility to develop actions to address them and Internal Audit monitors how these have been addressed.

To this end, we have a formal methodology for confirming that management has implemented their actions, which includes:

- enquiring about progress on the implementation.
- performing follow-up assessments using a risk-based approach.
- updating the status of management's actions in a tracking system.

The extent of these procedures will consider the significance of the issue, risk or opportunity raised, based on the risk assessment.

Internal Audit reports which have received 'Limited' or 'No' Assurance are subject to a formal follow up review by Internal Audit, with an audit report produced and an assurance rating given.

We monitor all other issues, risks and opportunities using the council's corporate action tracking system (4action) to track whether management's actions are implemented according to the agreed timelines.

The tracking system indicates whether actions remain open or are past due and we continuously monitor the overdue actions to enable us to promptly obtain progress updates from management.

We have developed and refined a user dashboard, which displays a real-time snapshot of current performance in addressing outstanding actions and enables effective tracking and reporting of this information.

If management has not implemented the actions according to the agreed completion dates, internal auditors will obtain an explanation from management and discuss the issue with the chief audit executive. The chief audit executive will determine whether senior management, by delay or inaction, has accepted a risk that exceeds the council's risk tolerance.

If management decides on an alternative action and internal auditors agree that the alternative action is satisfactory or better than the original action, then progress on the alternative action will be tracked until completion.

We will extend completion dates for some actions, but only if the service can demonstrate a legitimate reason for the extension, e.g., it becomes clear that the original target date is unachievable, as significantly more work is needed to address the issue, risk or opportunity.

The Governance and Audit Committee's terms of reference include a responsibility for it to monitor the implementation of actions taken by management to address the issues, risks and opportunities raised by Internal Audit during the course of our work.

To discharge this duty, the committee requested that it receives a detailed report showing the council's performance in addressing outstanding actions twice a year, at its meetings in April and September.

In addition, to ensure that management are successfully addressing their issues, risks and opportunities promptly, where rated as 'critical' or 'major' and still not resolved 12 months after the original completion date has passed, action owners are asked to provide an update to the committee, in person, on the reasons for the delay in it being addressed.

Where an internal audit report is presented to the Governance and Audit Committee and the assurance level remains 'Limited' after the first follow-up review by Internal Audit, the relevant Portfolio Holder will be formally requested to attend the committee meeting at which the report is considered.

Appendix C – Assurance Framework

The council uses the 'Three Lines Model' as demonstrated in the graphic below, where each line can be used to provide assurance. A range of assurance activities from across all lines of defence is used to provide a robust assurance picture to support the development of the council's Annual Governance Statement ([Local Code of Governance 2023-2028](#), December 2022). Internal audit contributes to the 'Third Line – Independent Assurance' but also takes account of the assurances provided across the first and second lines when developing the Internal Audit Strategy and Plan.

