

Minute

Monitoring and Audit Committee

Thursday, 6 June 2024, 09:30.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors P Lindsay Hall, Stephen G Clackson, W Leslie Manson, James R Moar, John A R Scott, Gillian Skuse and Mellissa-Louise Thomson.

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Karen Greaves, Corporate Director for Strategy, Performance and Business Solutions.
- Gavin Mitchell, Head of Legal and Governance.
- Peter Diamond, Head of Education.
- Andrew Groundwater, Head of Human Resources and Organisational Development.
- Alex Rodwell, Head of Improvement and Performance.
- Shonagh Merriman, Service Manager (Corporate Finance).
- Andrew Paterson, Chief Internal Auditor.
- Olwen Sinclair, Service Manager (Payments) (for Items 9 and 10).
- Anna Whelan, Service Manager (Strategy and Partnership) (for Items 1 and 2).
- Jem Brewer, Internal Auditor.

In Attendance via remote link (Microsoft Teams)

- Stephen Brown, Chief Officer, Orkney Health and Social Care Partnership (for Items 1 to 7).

Observing

- Kenny MacPherson, Head of Property, Asset Management and Facilities.
- William Moore, Service Manager (Improvement and Performance).
- Scott Pring, Service Manager (Corporate Catering) (for Items 1 to 10).
- Maya Tams-Gray, Committees Officer.

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor P Lindsay Hall.

1. Appointment of Vice Chair

The Chair called for nominations for the post of Vice Chair of the Monitoring and Audit Committee, and the Committee:

Resolved that Councillor Gillian Skuse be appointed Vice Chair of the Monitoring and Audit Committee.

2. Local Code of Corporate Governance

Self-Assessment for 2023/24 and Improvement Action Plan for 2024/25

After consideration of a report by the Corporate Director for Strategy, Performance and Business Solutions, copies of which had been circulated, and after hearing a report from the Service Manager (Strategy and Partnership), the Committee:

Noted:

2.1. That, for assurance purposes, the Council's self-assessment for 2023/24 against the Local Code of Corporate Governance had been completed.

The Committee resolved to **recommend to the Council:**

2.2. That the Local Code of Corporate Governance Improvement Action Plan for 2024/25, attached as Appendix 1 to this Minute, be approved.

3. Internal Audit Charter 2024/25

After consideration of a report by the Chief Internal Auditor, copies of which had been circulated, the Committee:

Resolved to **recommend to the Council** that the Internal Audit Charter for 2024/25, attached as Appendix 2 to this Minute, be approved.

4. National Fraud Initiative Data Matching Process

After consideration of a report by the Chief Internal Auditor, copies of which had been circulated, the Committee:

Scrutinised the report, attached as Appendix 1 to the report by the Chief Internal Auditor, and obtained assurance that the Council was participating in the National Fraud Initiative process and had identified potential frauds and errors.

5. Internal Audit Actions

After consideration of a report by the Chief Internal Auditor, copies of which had been circulated, the Committee:

Scrutinised progress made, to date, in completing Internal Audit actions, as detailed in Appendix 1 to the report by the Chief Internal Auditor, and obtained assurance that the issues found during internal audits were being actioned and followed up.

6. External Audit Actions

After consideration of a report by the Chief Internal Auditor, copies of which had been circulated, the Committee:

Scrutinised progress made to date in completing actions arising from External Audit annual audit reports, as detailed in Appendix 1 to the report by the Chief Internal Auditor, and obtained assurance that issues identified during external audits were being actioned and followed up.

7. Internal Audit – Childcare Resource Centres

After consideration of a report by the Chief Internal Auditor, copies of which had been circulated, the Committee:

Scrutinised the findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to the procedures followed within Childcare Resource Centres, including areas such as administration, financial management, security and human resource management, and obtained assurance that action had been taken or agreed where necessary.

8. School Establishment Audit – Dounby Community School and Nursery

After consideration of a report by the Chief Internal Auditor, copies of which had been circulated, the Committee:

Scrutinised the findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to administrative procedures and controls operating within Dounby Community School and Nursery, and obtained assurance that action had been taken or agreed where necessary.

9. Internal Audit – Cash and Income

After consideration of a report by the Chief Internal Auditor, copies of which had been circulated, the Committee:

Scrutinised the findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, reviewing the effectiveness of cash and income processes and the controls in place to ensure that transactions were secure, complete and accurately recorded, and obtained assurance that action had been taken or agreed where necessary.

10. Internal Audit – Creditors

After consideration of a report by the Chief Internal Auditor, copies of which had been circulated, the Committee:

Scrutinised the findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to the accuracy, completeness, authorisation and validity of transactions in respect of the acquisition of goods and services, and obtained assurance that action had been taken or agreed where necessary.

11. Summary of Small Annual Reviews

After consideration of a report by the Chief Internal Auditor, copies of which had been circulated, the Committee:

Scrutinised the findings contained in the internal audit report, attached as Appendix 1 to the report by the Chief Internal Auditor, relating to procedures and controls in place within the Council relating to Statutory Performance Indicators, Financial Performance Indicators, Stock Checks and UHI College Discretionary and Childcare Funds, and obtained assurance that action had been taken or agreed where necessary.

12. Conclusion of Meeting

At 10:32 the Chair declared the meeting concluded.

Signed: P Lindsay Hall.

Local Code of Corporate Governance: Improvement Action Plan 2024-25

Directorates

SPBS – Strategy, Performance and Business Solutions.

ESR – Enterprise and Sustainable Regeneration.

ELH – Education, Leisure and Housing.

NSI – Neighbourhood Services and Infrastructure.

OHAC – Orkney Health and Care.

RAGB status

RED – Stalled or cancelled.

AMBER – In train but behind schedule.

GREEN – In train and on schedule.

BLUE – Complete.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
A1. Behaving with integrity.	Review the Council's Scheme of Administration and Scheme of Delegation to Officers.	SPBS	2023-2024	BLUE	Planned review in June 2023. Complete – updated Scheme of Administration and Scheme of Delegation to Officers adopted at General Meeting on 4 July 2023
	Embed staff values within HR/OD processes.	SPBS	2023-2024	BLUE	Planned work completed in 2023–24. Not currently incorporated in all HR policies but values will be embedded and added to policies as part of the review schedule.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Embed staff values into recruitment and selection, as well as a range of hybrid working policies	SPBS	March 2025	GREEN	Values will be embedded and added into policies as part of the review schedule.
	Rework financial regulations.	ESR	2023-2025	GREEN	Work is underway and on track (slightly before schedule)
	Medium–Long Term financial strategy.	ESR	2023-2024	BLUE	Medium term (five year) financial strategy completed in June 2023 with an update planned for June 2024 as financial situations have developed.
	Review of Medium and Long Term financial strategies to reflect current financial environment	ESR	2024 - 2025	GREEN	Update planned for June 2024.
A2. Demonstrating strong commitment to ethical values.	None required.				

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
A3. Respecting the rule of law.	Review the Council's Contract Standing Orders.	SPBS	2023-2024	BLUE	Complete – Contract Standing Orders have been reviewed and updated. Report was presented to Policy and Resources Committee on 20 February 2024 and ratified at the General Meeting of the Council on 11 March 2024.
	Review the Council's RIPSA policies and procedures.	SPBS	2023-2024	BLUE	Complete – policies and procedures were updated and adopted at General Meeting on 3 October 2023.
B1. Openness.	Review how key documents such as Roads Maintenance Plan are publicised.	NSI	2022-2023 extended to 2024	BLUE	Planned review was completed and is ongoing. There is now clear links on the front page of the website to the roads section and a number of documents including maps can be found online.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Publish the Council's Procurement Annual Report in Autumn 2023.	SPBS	2023-2024	BLUE	Complete – 2022–23. Procurement Annual Report was presented to the Policy and Resources Committee on 28 November 2023 and ratified at the General Meeting on 12 December 2023. Report published here: https://www.orkney.gov.uk/Service-Directory/P/procurement-annual-report.htm
	Publish the Council's Annual Complaints Handling Report.	SPBS	2023-2024	BLUE	Complete – presented to the Monitoring and Audit Committee on 21 September 2023 and ratified at the General Meeting on 3 October 2023.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Ongoing work to publicise future roads works including tracking the gritters.	NSI	2023-2024	BLUE	<p>Updates on roadworks are now being publicised weekly, with lots of proactive communication taking place.</p> <p>The decision was made not to create a public live tracking system due to workers need for privacy. An internal tracking system is active with the system being used to answer the publics queries.</p>
B2. Engaging comprehensively with institutional stakeholders.	Prepare a local resilience plan for each island.	NSI/SPBS community council teams.	2023-2025	GREEN	<p>Scheduled to start early 2024.</p> <p>Work is underway with no end date yet.</p>

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
B3. Engaging with individual citizens and service users effectively.	Provide training for Elected Members and refresher training for staff in community consultation and engagement. Include case studies and wider thoughts to changing the culture towards community engagement.	SPBS	2022-2023 extended to 2024 - 25	AMBER	Training for Elected Members in Effective Scrutiny of Community Consultation and Engagement delivered 9 May 2024. Staff training being delivered via Community Engagement Project Team, still to be rolled out more widely.
	The Council has undertaken a review of its Tenant Participation Strategy, including electronic processes for tenant participation, and will consult during 2022-23.	ELH	2022-2023 extended to 2025	AMBER	Consultation deferred to 2024 – 2025 due to a lack of capacity and budgetary constraints.
	Review the Council's Communications and Engagement Strategy and publish an updated strategy in tandem with the Council Plan.	SPBS	2022-2023 extended to 2024-25	AMBER	Communications Strategy delayed but draft document now developed and expected to be presented to the Policy and Resources Committee in September 2024.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Explore the development of a modernised suite of community engagement and consultation tools including an online platform.	SPBS	2023-2024 Project extended to 2026	GREEN	This is being addressed by the multi-agency Community Engagement Project (CEP) which is under way in two phases. Phase 1 is now being implemented while Phase 2 is in its discovery stage. Orkney Matters 2 is the first output to date from the CEP Team.
	Continue the development of a community engagement platform	SPBS	2023 - 2024	GREEN	This is now part of the CEP as above.
	Budgetary savings consultations.	ESR	2023-2024	BLUE	Consulted with the public and gave feedback to public.
	The Scottish Approach to Service Design to be spread further across the Council.	SPBS	2023-2025	GREEN	Session delivered at the Leadership Forum and on an ongoing basis with teams as project plans are initiated. Work is underway to further imbed the Scottish Approach within the Council.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
C1. Defining outcomes.	Develop new Service Plans for 2023-2026 (now renamed Directorate Delivery Plans).	All Directorates	2022-2024	AMBER	Directorate Delivery Plans for SPBS, ESR and NSI were presented to Committee by March 2024. A plan for ELH is still in development.
	Develop new Orkney Local Development Plan.	NSI	2022-2027	GREEN	In progress. Expecting to publish the proposed plan in January 2026.
	Update Quarries Business Plan.	NSI	2024-2025	GREEN	In progress, completion deferred to 2024-2025. Members' seminar took place in April 2024, and plan to be considered by Development and Infrastructure Committee in June 2024. No major changes to the operation of the quarries, mainly clarification of policy.
	Develop a new Children's Services Plan for 2023–26.	OHAC	2022-2024	BLUE	Completed. An interim update of the plan will be submitted to the Policy and Resources Committee in 2024-25.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Develop a new Local Housing Strategy for 2023–28.	ELH	2022-2024	GREEN	To go to June committee following consultation.
	Review the Sustainable Procurement Policy on an annual basis to ensure that any emerging Council commitments on climate change are incorporated to reflect the potential for rapid change in this policy area.	SPBS	Annual	BLUE	No changes identified for year ending 31 March 2024. The Sustainable Procurement Policy will next be reviewed in Summer 2024. Once the updated Policy is approved later this year it will be incorporated within the Procurement Strategy and thereafter both will be reviewed at the same time.
	Develop Regional Marine Plan.	NSI	2021-2025	AMBER	Work underway. Draft sent to Scottish Government November 2022. Due to delay from Scottish Ministers, the plan has not been signed off. Public consultation has been delayed while we wait for SG responses.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Develop climate change strategy and action plan.	NSI	2023-2025	GREEN	Work underway and will be reported against the Council Delivery Plan.
	Develop Local Heat and Energy Efficiency Strategy.	NSI	2023-2025	GREEN	Work underway, will be reported against in the NSI Directorate Delivery Plan.
	Develop long term financial plan. As A1 – Medium-Long Term Financial Plan.	ESR	2023-2024	BLUE	Medium term (five year) financial strategy completed in June 2023 with an update planned for June 2024 as financial situations have developed.
C2. Sustainable economic, social and environmental benefits.	Consideration of the Empowering Communities Small Works plan.	SPBS	2023-2024 extended to 2025	AMBER	Work is underway to develop this initiative.
D1. Determining interventions.	Submit revised Capital Project Appraisal process and new long-term strategic priorities to Council for approval in 2022 – 23.	ESR/ NSI	2022-2023 extended to 2025	AMBER	In progress, completion deferred to 2024/2025.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Present options for future Locality Planning to the Orkney Partnership Board in June 2022 and develop a new Locality Plan(s) in tandem with the new LOIP for 2023 - 26.	SPBS	2022-2023 extended to 2024.	BLUE	The new Locality Plan for the Ferry-Linked Isles was approved by the Board in December 2023 and is now owned by the Local Equality Delivery Group.
	Review of Sports and Leisure Service/ service re-design	ELH	2022 to end of 2024	GREEN	Review is in progress.
	Review of Culture Service/ service re-design	ELH	2024-2025	GREEN	Work is underway, but this is a large piece of work requiring significant resources.
	Implement actions arising from review of senior phase offer.	ELH	2026-2027	GREEN	In progress, incorporated in the Education Service Improvement Plan 2022-23. No local review had been created yet.
	Implementation of the Public Sector Improvement Framework across the Council.	SPBS	2023-2024 extended to 2024-2025	Amber	Pilot completed within SPBS and preparation for rollout across all Directorates is underway. Needs another year to be fully embedded.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Review of Broad General Education.	ELH	2023-2024	BLUE	This review has been completed and reported.
	Review of Library and archives.	ELH	2024-2026	GREEN	Internal review to be scheduled due to funding position.
	Corporate asset management plan (CAMP).	NSI	2023-2024, extended to 2025	AMBER	To be progressed in Summer 2024, timescale for completion is 2024-25.
	Review of the Education Service key indicators with Education Scotland.	ELH	2022-2023 extended to 2024	BLUE	Completed in June 2023.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
D2. Planning interventions.	<p>Locality plans for OHAC are required by statute and will be developed in 2022 – 23.</p> <p>The Strategic Plan Delivery Plan identifies taking forward locality planning through the establishment of locality planning groups for the health and social care partnership, linking with key partners and our community.</p>	OHAC	2022-2023 extended to 2024	AMBER	<p>Through 2023-24 OHAC engaged on a six-weekly basis with the ferry-linked isles (one of our localities) through meetings with Chairs and Vice-Chairs of Community Councils. The challenge of delivering locality planning groups with limited officer resource and such a small population on the islands has made further progress limited. This is recognised nationally and work is underway to review locality planning through IJBs as part of the National Care Service work.</p>
	<p>All services are developing Service Plans for 2023-26 in tandem with the new Council Plan 2023–28.</p>	All relevant services	2022-2024	AMBER	<p>New Council Plan adopted for 2023-2028.</p> <p>Directorate Improvement Plans for SPBS, ESR and NSI were presented to Committee by March 2024. A plan for ELH is still in development.</p>

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Establish a sustainable framework for the future planning, monitoring and reporting of children's services, including child poverty work.	OHAC	2022-2024	BLUE	<p>Child Poverty partnership work is now embedded in the Child Poverty Strategy 2022-26 and is tracked and monitored by the Cost of Living Task Force.</p> <p>Children's Services Plan 2023-26 is complete and the framework will be overseen by the Orkney Children's Services Strategic Group.</p>
D3. Optimising achievement of intended outcomes.	Review and update Efficiency Strategy.	ESR	2022-2024	BLUE	<p>Efficiency Strategy has been subsumed within the budget process and savings process and is now redundant.</p> <p>Table within the Budget Report about saving targets for the next three years serves a similar role.</p>
E1.	Implement Planning and Environmental Health workforce plans.	NSI	2022 to end of 2024	GREEN	Both completed with only minor changes to be made.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
Developing the entity's capacity.	Orkney Ferries are planning a cadet training scheme akin to the Merchant Navy.	ESR	2023-2026	BLUE	This scheme is now in progress with a specialist training provider. The apprentice scheme currently has four apprenticeships and is now business as usual.
E2. Developing the capability of the entity's leadership and other individuals.	ERD scheme to be reviewed.	SPBS	2023-2024	BLUE	Complete – Good Conversations process was launched in Autumn 2023.
F1. Managing risk.	Present the 2021-22 Chief Officers' Group Annual Report to the IJB, the Council, the Board of NHS Orkney, the Scottish Police Authority and the Orkney Community Planning Partnership Board.	OHAC	2022-2023 extended to 2024	BLUE	Chief Officers' Report 2021-22 was reported to the Orkney Partnership Board in December 2022. All the other bodies listed in the COG terms of reference are members of the Orkney Partnership Board.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Present the 2022-23 Chief Officers' Group Annual Report to the IJB, the Council, the Board of NHS Orkney, the Scottish Police Authority and the Orkney Community Planning Partnership Board.	OHAC	2023-2024	AMBER	Chief Officers' Report 2022-23 is scheduled to be reported to the Orkney Partnership Board on 20 June 2024. All the other bodies listed in the COG terms of reference are members of the Orkney Partnership Board.
	Review the Terms of Reference of the Chief Officers' Group with regard to annual reporting and present the COG Annual Report for 2023-24 to the Orkney Partnership Board.	OHAC	2024-2025	GREEN	Action to be progressed.
	Refresher risk management training.	NSI	2023-2024 Extended to Q2 24	GREEN	High confidence that this will be done before the calendar year. Aiming for end of Q2.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Develop a financial services risk register.	ESR	2023-2024	BLUE	Creation of a Service Risk Register for Directorate Delivery Plan renders the creation of a financial services risk register redundant. Subsumed into other registers including the service risk registers, pensions and investments risk registers.
F2. Managing performance.	Review and update of performance framework, and pilot in SPBS.	SPBS	2023-2024 extended to 2024-25	AMBER	Plan is to be completed and to CLT by end of year 2024/25.
	Complete implementation of the new performance framework across the Council.	SPBS	2023-2024 extended to 2024-25	AMBER	Once Framework agreed implementation can be completed. Extend deadline to complete within 2024 - 2025.
F3. Robust internal control.	Complete the review of the New Horizon system, supported by the Improvement Support Team. NH is the internal costing system	NSI	2022-2023 extended to 2024	BLUE	Review of the New Horizon system has been completed but next steps are to be decided.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
	Implement the recommended changes of the New Horizon system review	NSI	2024–2026	GREEN	Work underway. Action plans are being developed for the identification of a fleet management system, a job costing system and time sheet system.
F4. Managing data.	A review of the Council's Records Retention Schedule is due to be completed in March 2024.	SPBS	2023-2024	BLUE	Completed. Updates to the Council's Records Retention Schedule were presented to CLT on 17 November 2023.
	Upgrade Integra accounting system to Centros.	ESR	2023-2024	BLUE	Centros has been adopted with increased functionality.
F5. Strong public financial management.	Medium–Long Term financial strategy.	ESR	2023-2024	BLUE	Medium Term Financial Strategy reported to Policy and Resources Committee in June 2023.
	Complete summarised Corporate Improvement Agenda including anticipated benefits and outcomes.	SPBS	2023-2024 extended to 2024 - 2025	AMBER	Extended to 2024-25.

Sub-principle.	Planned updates and identified improvements.	Directorate.	Timescale.	RAGB status.	Progress at 31 March 2024.
G1. Implementing good practice in transparency.	Council Plan – develop a summarised “plan on a page”.	SPBS	2023-2024	AMBER	Draft completed – will be finished by end of calendar year.
G2. Implementing good practices in reporting.	None required.				
G3. Assurance and effective accountability	None required.				



Internal Audit

Internal Audit Charter 2024 to 2025

Issue date: 1 May 2024

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Introduction

The Internal Audit Charter formally defines the purpose, authority and responsibility of the Orkney Islands Council Internal Audit Service.

The Charter acknowledges the mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Public Sector Internal Audit Standards (PSIAS) and the Definition of Internal Auditing.

In terms of the PSIAS, the “Board” means the Monitoring and Audit Committee and “Senior Management” will mean the Corporate Leadership Team.

The Charter is in accordance with the Council’s Financial Regulations 2019.

Purpose and Mission

The purpose of Orkney Islands Council Internal Audit Service is to provide independent, objective assurance and consulting services designed to add value and improve the Council’s operations.

The Internal Audit Mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. Internal Audit helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Standards for Professional Practice of Internal Auditing

The Internal Audit Service is governed by adherence to the mandatory elements of the PSIAS, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing. The Chief Internal Auditor (CIA) will report periodically to senior management and the Monitoring and Audit Committee regarding Internal Audit’s conformance to the Code of Ethics and the Standards.

Authority

The CIA will report functionally to the Monitoring and Audit Committee and administratively (i.e., line management and day-to-day operations) to the Head of Legal and Governance.

The Corporate Director for Enterprise and Sustainable Regeneration has responsibility under Section 95 of the Local Government (Scotland) Act 1973 for promoting an effective system of internal financial control and the proper financial administration of the Council’s affairs. The Internal Audit Section will support the Corporate Director for Enterprise and Sustainable Regeneration in this role, and the Chief Internal Auditor has direct access to the Corporate Director for Enterprise and Sustainable Regeneration.

To establish, maintain, and ensure that the Council’s Internal Audit Service has sufficient authority to fulfil its duties, the Monitoring and Audit Committee will:

- Approve the Internal Audit Charter.
- Approve the risk-based Internal Audit Strategy and Plan.

- Receive communications from the CIA on Internal Audit's performance relative to its plan and other matters.
- Make appropriate inquiries of management and the CIA to determine whether there is inappropriate scope or resource limitations.

The CIA will have unrestricted access to, and can communicate and interact directly with, the Monitoring and Audit Committee, including in private meetings without management present.

The CIA will also have unrestricted access and accountability to the Chief Executive as required.

The Financial Regulations set out the authority of Internal Audit at section 16.3, whereby the CIA or their authorised representative will have authority to:

- enter at all reasonable times on any Council premises or land,
- have access to, and remove, all records, documents and correspondence, including computer records, relating to any financial and other transactions of the Council,
- be provided with a separate log-in to any computer system within the Council and have full access to any system, personal computer or other device in the ownership of the Council,
- require and receive such explanations as are necessary concerning any matter under examination,
- require any employee or member of the Council to produce cash, stores or any other Council property under his/her control, and
- examine financial records of Council owned companies, trusts administered by the Council and other organisations funded by the Council.

Independence and Objectivity

The CIA will ensure that the Internal Audit Service remains free from all conditions that threaten the ability of Internal Auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the CIA determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal Auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal Auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, Internal Auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Initiating or approving transactions external to the Internal Audit Service.
- Directing the activities of any Council employee not employed by the Internal Audit Service, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist Internal Auditors.

Where the CIA has roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal Auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The CIA will confirm to the Monitoring and Audit Committee, at least annually, the organisational independence of the Internal Audit Service.

The CIA will disclose to the Monitoring and Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Monitoring and Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes.

Internal audit assessments 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 Corporate Directors, Officers, and contractors are in compliance with Council policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programmes are consistent with established goals and objectives.
- Operations or programmes are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Council.
- Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and adequately protected.
- There are adequate governance arrangements in place for programmes and projects.

The CIA will report periodically to senior management and the Monitoring and Audit Committee regarding:

- The Internal Audit Service's purpose, authority, and responsibility.
- The Internal Audit Service's plan and performance relative to its plan.
- The Internal Audit Service's conformance with The Public Sector Internal Audit Standards, and action plans to address any significant conformance issues.

- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Monitoring and Audit Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the Council.

The CIA also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed.

The Internal Audit Service may perform consultancy and advisory services, the nature and scope of which will be agreed with the client, and which are intended to add value and improve the organisation's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples of consultancy services include providing advice, facilitation and training as well as specific reviews tailored to meet client needs.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Responsibility

The Chief Internal Auditor has the responsibility to:

- Submit, at least annually, to senior management and the Monitoring and Audit Committee a risk-based internal audit plan for review and approval.
- Communicate to senior management and the Monitoring and Audit Committee the impact of resource limitations on the internal audit plan.
- 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 to senior management and the Monitoring and Audit Committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programmes and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the Monitoring and Audit Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the Internal Audit Service collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Internal Audit Charter.
- Ensure trends and emerging issues that could impact the Council are considered and communicated to senior management and the Monitoring and Audit Committee as appropriate.
- Ensure emerging trends, methods and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the Internal Audit Service.

- Ensure adherence to the Council's relevant policies and procedures, unless such policies and procedures conflict with the Internal Audit Charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Monitoring and Audit Committee.
- Ensure conformance of the Internal Audit Service with the Standards.

Fraud

All Officers and Elected Members of the Council have a duty to report any suspicion of fraud, bribery or irregularity to their Line Manager, Head of Service, Corporate Director or Chief Executive, who must inform the Corporate Director for Enterprise and Sustainable Regeneration and the Chief Internal Auditor. Matters can also be reported directly to the Corporate Director for Enterprise and Sustainable Regeneration or Chief Internal Auditor. The Chief Internal Auditor, in consultation with the Corporate Director for Enterprise and Sustainable Regeneration, will be responsible for the investigation of such matters. Action taken will be in accordance with the Council's Anti-Fraud policy.

Staffing and Training

Internal Audit will be staffed with persons of appropriate qualification and experience. In compliance with the PSIAS, the CIA must hold a professional qualification, CMIIA (Chartered Member of the Institute of Internal Auditors), CCAB (Consultative Committee of Accountancy Bodies qualified accountant) or equivalent.

The CIA will ensure that training takes place to enable all staff within Internal Audit to carry out their work in accordance with the required standards laid down in the PSIAS and in the internal audit manual.

The training needs of individual staff will be reviewed annually with them, and all training will be recorded and assessed in a personal training record.

All professionally qualified staff are required as per the relevant professional institute to maintain their Continuous Professional Development.

Upon request from the Chief Internal Auditor, appropriate specialists from other services should be made available to take part in any audit or review requiring such specialist knowledge, as per the Financial Regulation 16.4.

External Audit

The statutory role of External Audit is to provide assurance on the Council's financial statements, and also to review matters such as propriety, performance and the use of resources in accordance with the principles of Best Value and value for money.

The External Auditors review the Council's corporate governance arrangements including its systems of internal control. Internal audit forms an integral part of the Council's internal control framework, and therefore External Audit review the internal audit arrangements regularly to ensure that the work is of sufficient quality and complies with best practice.

The CIA and External Audit representatives liaise on audit planning to ensure that effective and efficient use is made of the combined audit resource and to avoid any duplication of work.

The CIA may raise concerns directly with the External Auditor.

The External Auditors are provided with copies of all internal audit reports, and the working papers are available to them for examination.

Other Internal Auditors and Review Bodies

Where Internal Audit work with the internal auditors of another organisation, the roles and responsibilities of each party will be defined and agreed. All work undertaken will be done in compliance with the current professional standards.

Internal Audit will share information and coordinate activities with other review bodies where possible, in order to ensure proper coverage and minimise duplication of effort. This will include mapping of assurances provided by others and determination of the extent of reliance which can be placed on their work.

Quality Assurance and Improvement

The Internal Audit Service will maintain a quality assurance and improvement programme that covers all aspects of internal audit activity. The programme will include an evaluation of the Internal Audit Service's conformance with the PSIAS and an evaluation of whether Internal Auditors apply the Code of Ethics. The programme will also assess the efficiency and effectiveness of the Internal Audit Service and identify opportunities for improvement.

The CIA will communicate to senior management and the Monitoring and Audit Committee on the quality assurance and improvement programme, including results of periodic internal assessments and the external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Council.