

# **SOUTH WEST WALES CORPORATE JOINT COMMITTEE**

## **Report of the Chief Finance Officer**

**Report Title: Internal Audit Charter**

<b>Purpose of Report</b>	To inform the Joint Committee of the Governance Arrangements the Internal Audit Service will conform to.
<b>Recommendation</b>	That the Joint Committee consider and approve the draft Internal Audit Charter for the South West Wales Corporate Joint Committee.
<b>Report Author</b>	Matthew Holder
<b>Finance Officer</b>	Chris Moore
<b>Legal Officer</b>	Craig Griffiths

### **Background:**

1. The Internal Audit Charter defines the purpose, role and scope of Internal Audit, along with the authority to access information and personnel, as well as accountability and reporting lines. The Charter has been written in accordance with Standard 1000 of the Public Sector Internal Audit Standards (PSIAS) which came into force from April 2013, (which were updated in 2017).
2. The PSIAS states the mission of Internal Audit is “to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”, and defines Internal Audit as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.
3. A professional, independent and objective Internal Audit Service is one of the key elements of good governance. Internal Audit has specific responsibilities and rights of access to people and documents, which have been adopted by the South West Wales Corporate Joint Committee, with Carmarthenshire County Council being the nominated lead for Finance, which are included within the Charter, along with its objectives, roles and responsibilities, the staff involved and how it demonstrates its organisational independence. The expectations and responsibilities of the Head of Internal Audit are also included within the Charter.
4. The Charter reinforces the point that Internal Audit provides assurance to Members and Senior Management and should not be involved with operational matters of service delivery. It includes an important reference to the Code of Ethics for those working

within the team in that they need to conform to the principles of Integrity, Objectivity, Confidentiality and Competency when undertaking their duties.

5. The expectations of how Internal Auditors will approach their work in terms of due professional care, integrity, independence and impartiality is written into the Charter. The reporting and quality assurance processes are also included. The Internal Audit Service plays an important part in helping to deter and identify fraud and corruption in order to safeguard public money, and this aspect is included within the Charter.
6. The Internal Audit Charter will be periodically reviewed by the Head of Internal Audit and will be presented back to the Governance and Audit Committee should any revisions be required.

### **Financial Impacts:**

7. None

### **Integrated Impact Assessment:**

8. The CJC is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:
  - Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
  - Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - Foster good relations between people who share a protected characteristic and those who do not.
  - Deliver better outcomes for those people who experience socio-economic disadvantage
  - Consider opportunities for people to use the Welsh language
  - Treat the Welsh language no less favourably than English.
  - Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.
9. The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.
10. There is no requirement for an Integrated Impact Assessment for this report as the setting up of the CJC is underpinned by legislation and that this report is to establish governance arrangements in accordance with legislation. This will be kept under review with any future reports considering whether impacts require consideration.

### **Workforce Impacts:**

11. There are no workforce impacts associated with this report.

**Legal Impacts:**

12. Part 5 of the Local Government and Elections (Wales) Act 2021 provides for the establishment, through regulations, of CJsCs and compliance will be had with this and other legislative obligations in the establishment of CJsCs. In particular the South West Wales Corporate Joint Committee Regulations came into force on 1st April 2021 and set out an initial framework for example, that the CJC should be established and the timeframes for the discharging of specific functions. However, a series of further Regulations are being drafted and consulted on by Welsh Government. The Welsh Government has concluded its consultation on the Corporate Joint Committees (General) (No.2) (Wales) Regulations 2021. The Welsh Government is also currently consulting on draft statutory guidance. A third stage of Regulations will put in place further legislation for the operation of the CJsCs and its functions, which Welsh Government are currently being consulted on. A fourth stage will put in place any remaining provisions that a CJC might need.

**Risk Management Impacts:**

13. None.

**Consultation:**

14. There is no requirement for formal consultation.

**Reasons for Proposed Decision:**

15. To inform the Joint Committee of the Governance Arrangements the Internal Audit Service will conform to.

**Implementation of Decision:**

16. This decision is proposed for immediate implementation.

**Appendices:**

17. Appendix A – Draft Internal Audit Charter

**List of Background Papers:**

18. None