

East Staffordshire Borough Council

Operational Internal Audit Plan – 2019/20

March 2019



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1. Introduction

General background

This document sets out a proposed operational plan of Internal Audit coverage for the period April 2019 to March 2020.

The proposed plan supports an opinion based on an assessment of the design and operation of the Council's internal control, governance and risk management arrangements noted from our risk-based audits carried out during the year. It follows therefore that the focus of the audit plan is critical to ensuring the right level of assurance to the Council.

The aim of the plan is to:

- **Deliver a risk focused audit programme** – through detailed risk assessment across the organisation and at component level.
- **Be proactive and forward looking** – by looking at what risks the Council faces and trying to minimise these through our work.
- **Add value** - through commercial recommendations and aiming to save resources/enhance controls where possible.
- **Engage with stakeholders** – thereby achieving greater impact across the organisation.
- **Support the Audit Committee** – as one of the key stakeholders and one of those who are charged with governance, we will work with the Scrutiny Committee (Audit & Value for Money Council Services) – hereafter called the Audit Committee - with regard to supporting its work plan for the year.

Internal Audit Charter

The standards for Internal Audit require us to explicitly detail our terms of reference/charter with you. These have been developed in accordance with relevant guidance and are attached at Appendix Two.

Public Sector Internal Audit Standards

In conducting our work as your Internal Auditors we are required to adhere to a set of standards for Public Sector Internal Auditors. We believe that we have in place suitable policies and procedures to ensure full compliance against these standards. We will, however, report any instances of non-compliance that do arise as soon as we are aware of them.

Quality Assurance

Quality assurance is driven by our own quality procedures and externally by consideration of your views. All assignments are subject to our quality control procedures; these are designed to meet the requirement of regulators, appropriate auditing standards and External Audit colleagues. Council managers are engaged throughout the assignment to allow any concerns to be raised (if necessary). It is important to us that we meet your expectations. As such it is essential we measure how satisfied you are with our services and find ways to improve our service to you.

2. Developing the plan

Our plan of work is designed to support the annual Head of Internal Audit Opinion. The required basis for forming this opinion is as follows:

- An assessment of the design and operation of the overall internal control environment, governance and risk management arrangements; and
- An assessment of the adequacy and effectiveness of controls, based upon the results of our risk based audit assignments that are reported during the course of the year.

It follows that an effective risk based audit plan, focusing the audit resources into areas of principal risk is essential.

Risk Assessment

The plan has been prepared in consultation with the Section 151 Officer and the Corporate Management Team generally. It has been informed by:

- A review of the risks contained within the Council's Risk Register and Annual Governance Statement.
- Discussions with Heads of Service to identify key auditable areas based on an assessment of current and future issues and risks.
- Our understanding of the challenges to the Council to deliver its objectives within the current economic environment and changes in local government legislation.

On the basis of this process we have identified a number of priority areas (see section 3) and the resulting Internal Audit Plan is detailed at Appendix One. We will, however, continue to review the audit plan on an ongoing basis

in response to developments and initiatives. If additional risks arise or change in priority during the year the audit plan will be reconsidered with management and, subject to Audit Committee approval, amended to ensure that audit resources remain focused on the key risk areas.

3. Linking your plan to your business

The following table sets out the proposed areas of work linked through to your business objectives/risk and showing the supporting rationale for that work and a summary outline of the work to be undertaken.

Area	Rationale - Links to Objectives/Risks	Work outline
CORPORATE ISSUES		
Budgetary Control and Medium Term Financial Planning	Financial strategy and management is key in managing through ongoing funding reductions. Various financial risks are reflected in the risk register, and the prudence, robustness and flexibility of the Council's MTFS and budget is vital in enabling the Council to respond to funding and other economic risks and pressures.	To consider the adequacy and robustness of the MTFS and managerial control processes regarding the medium term financial strategy, budget setting and management.
National Fraud Initiative	Mandatory national data matching exercise.	To provide key contact, project management and overview support to ensure progression of NFI process to meet Cabinet Office requirements.
Anti-fraud – Support, pro-active work and review	The Council is at risk of fraud in a range of areas; national guidance (Fighting Fraud Locally) set out expectations on the Council with regard to addressing these risks. Risk of fraud/embezzlement is recognised in the Councils' risk register.	To provide support with regard to anti-fraud reviews and arrangements to address fraud risks, specifically proposing a review to identify potential duplicate creditor payments.
Human Resources	The effective management of human resources is important in ensuring the Council is able to provide its services efficiently and effectively.	To provide assurance on the management of key HR processes such as absence management, recruitment and retention, training etc.
Capital Project assurance	The Council is planning on undertaking various important projects, such as the Regeneration of Public Realm at Station Street Burton, and Washlands.	To provide ongoing assurance over relevant agreed capital projects – exact input to be agreed dependent on project stages/progress.
Procurement and contract management	The Council procures services and goods across all of its service areas; in some cases contracts are financially material e.g. procurement of vehicle fleets, grounds maintenance services, insurances, etc but there are also a wide range of lower value contracts, all need to be soundly overseen by the Council to ensure expected outcomes and value are achieved.	Review to assure on the probity and value for money of procurement and contract management.
Registers of interests/gifts and hospitality/inventories	In an ongoing environment of financial challenge and resource constraints it remains important to ensure processes are in place regarding fundamental controls to ensure probity.	Brief review to assess and assure on the maintenance of adequate processes.
Councillor induction	It is important that induction arrangements for Councillors, including new member induction in 2019, are suitable and effective.	To evaluate arrangements for induction following the 2019 borough council election.
CHIEF EXECUTIVE		

Area	Rationale - Links to Objectives/Risks	Work outline
Capital disposals assurance – Dove Way/Pennycroft Lane; Bargates.	Council land/interests at these sites are potentially being disposed of in 2019/20 subject to the relevant approvals. The potential capital receipts are expected to be a material sum. Certain sites also contribute to achieving relevant corporate objectives.	Review to assess the disposal process and assure on its suitability in relation to each of these sites/interests.
Creditors	Key financial systems – essential that ordering/invoice processing are effectively controlled.	Review of controls over this important system.
Payroll – key controls	Key financial system – essential that payroll is effectively controlled.	Review of key controls.
Pensions Assurance	The County Council requires assurance from the Council in relation to the correct and compliant approach to pensions deductions.	To carry out necessary testing and provide a certification to support the Council's own certification to the County Council.
HEAD OF SERVICE – SAL KHAN (SECTION 151 OFFICER)		
Benefits / Council Tax Support	Key financial system of great importance to local population, requiring regular assurance. Universal Credit full service was introduced into East Staffordshire in November 2018 and affects certain new claims.	Review of fundamental financial and public-facing system.
Council Tax	Key financial system requiring regular assurance. Increased risk of non-collection given localisation of Council Tax and impact on certain types of benefit/claimants.	Review of fundamental financial and public-facing system.
Business Rates	Key financial system requiring regular assurance. Increased risks and opportunities arising from business rates changes nationally.	Review of fundamental financial and public-facing system.
Debtors & Debt Recovery	Key financial system requiring regular assurance. Continuing potential impact on income in discretionary areas in current economic climate.	Review of key controls, and to highlight potential areas for improvement.
Financial Systems – key controls	Fundamental financial systems requiring regular assurance.	Review of key controls over general ledger/main accounting system, treasury management and central income management arrangements.
Waste Management – Smarter Waste	The Council is reviewing its waste management arrangements to ensure these continue to provide best value for money.	Review to assure on the implementation of the Smarter Waste review.
Digital Strategy	The Council is pursuing a Digital Strategy which aims to increasingly communicate and provide access to services through online means.	Review to assure on the implementation of the Strategy.
IT Disaster Recovery planning	The Council is dependent on its IT infrastructure and systems to enable and support the delivery of all of its services and functions. The resilience of the infrastructure and systems through and following a 'disaster' event is vital to the resilience and continuity of Council services. This matter was also highlighted in the 2017/18 internal audit IT risk assessment as an important area of focus for review.	To assess and assure on the Council's arrangements to plan for and provide resilience and disaster recovery in relation to its IT infrastructure and systems.
Street Cleaning	The service is investing in new software to help maximise the efficiency of its operations.	Review to assure on the implementation of the new software.

Area	Rationale - Links to Objectives/Risks	Work outline
HEAD OF SERVICE – MARK RIZK		
Disabled Facilities Grants (including assurance to external funders)	The Council receives funding from the County Council through the Better Care Fund, to enable/support delivery of disabled facilities grants within the Borough.	Review to provide assurance on the processes to oversee disabled facilities grants, resulting in certifications to relevant funders (CLG if required, and the County Council).
Building Services Contract	The Council is re-procuring a building services contract to provide economies in relation to scoped works, including disabled facilities-grant aided works.	To assure on the procurement of the contractor.
Leisure contract monitoring	The Council's leisure centres are now operated by SLM under a contractual arrangement following a competitive process completed during 2018/19. The leisure service remains an important element in achieving Council objectives regarding health and wellbeing, and thus oversight of performance is similarly important.	Review to assure on the oversight of SLM's performance in relation to delivery of services at the leisure centres.
Brewhouse	The Centre provides an important arts and entertainment venue, and the Council needs to ensure it is operated effectively and efficiently.	Review of key controls eg income, bookings, health and safety.
Markets	The Market Hall was refurbished and re-opened in 2015; the facility is an important part of the Burton town centre economic and social fabric.	Assurance on financial controls eg agreements with traders, income collection etc.
Cemeteries	The staffing of the service has been amended to provide further support/resilience, and a process has been introduced regarding muslim burials. Work is also being undertaken to obtain more cemetery space.	Review to provide assurance on the effective running of the service, the new burial process and on arrangements to provide for more burial space.
Enforcement	Review of the enforcement functions is being carried out to seek to ensure best and most joined-up use of resources.	To assure on the expected outcomes of the reviewed service.

4. Reporting and relationships

4.1 Reporting Lines

The Internal Audit Charter attached at Appendix 2 outlines the reporting lines and relationships for this engagement, essentially setting out the accountability of the Head of Internal Audit to the Chief Executive, but noting that operationally in practice this accountability is delegated to the Section 151 Officer. The Head of Internal Audit also has direct right of access to the Audit Committee and the Chairman where required. This is also embodied in the Council's Financial Regulations.

Audit Reporting

Periodic and Assignment Reporting

Final reports relating to individual audit assignments will be reported to the relevant operational manager and Head of Service prior to submission to the Audit Committee (where relevant), which will also receive a progress update at each meeting detailing progress against the plan, a summary of assignment opinions issued to date and an update in relation to the implementation of audit recommendations.

Annual Head of Internal Audit Opinion

In line with the PSIAS and expected professional practice, we will issue a formal audit opinion taking account of:

- An assessment of the design and operation of the overall internal control environment, governance and risk management arrangements; and
- An assessment of the adequacy and effectiveness of controls, based upon the results of our risk based audit assignments that are reported during the course of year.

This opinion will be formally recorded in the Internal Audit Year End Report and presented to the Audit Committee. In addition to this formal opinion we will also bring to the attention of the Chief Executive, Section 151 Officer and the Audit Committee any Significant Internal Control Issues that we feel should be declared in your Annual Governance Statement.

4.2 Third Party Audit Arrangements

As your Internal Auditors we are required to agree with you the arrangements for forming an appropriate opinion where either you operate key systems on behalf of other organisations, or key systems are being operated by other organisations on your behalf. We recognise that the Council operates within a number of different partnership arrangements and procures and contracts various services, however we are not aware at this stage of any key systems operated by the Council on behalf of other organisations, or provided to the Council by other organisations.

If such arrangements do come into force, you must assure yourselves that the audit arrangements in place at the organisations that host these services are sufficient for your needs and for the appropriate level of reliance for your external auditors. We recommend that you review and where appropriate update the contracts/SLAs for these purchased services to explicitly detail your right to an annual audit opinion or reserve the right of your Internal Auditor to perform their own work as deemed necessary to derive an opinion. You should liaise with your external auditors to ensure that they are comfortable with the arrangements you agree. Our audit plan has been prepared on the basis that we will not be required to perform any detailed audit work on the transaction processes operated within any such service providers but that we would, on a risk basis, review the systems operated by the Council that feed into and flow from this purchased service.

4.3 Relationships with external bodies

External Audit

We will agree a protocol of joint working arrangements supported by a regular programme of update meetings with External Audit. We will use these meetings to report on progress against our plan and as an opportunity to discuss any significant issues arising from our work.

Other Review Bodies

Where we intend to place formal reliance on the work of any other review body e.g. external auditor, we will undertake an appropriate audit or quality assurance exercise to ascertain the level of assurance that we can derive from that work.

Counter Fraud

You are required to carry out counter fraud activities, to ensure sound stewardship of public funds. We will liaise as necessary with your counter fraud officers, sharing relevant audit findings and identifying joint programmes of work where appropriate.

4.4 Additional Services/Ad-hoc Work

The PSIAS requires us to define the potential role that we may have in providing ad hoc consultancy work. In providing such a service we would seek to apply the professional skills of Internal Audit through a systematic and disciplined evaluation of the policies, procedures and operations that you have put in place to ensure the achievement of your objectives. We believe that our status as Internal Auditors ensures that we can deliver such work in an independent and objective manner.

5. Delivery

5.1 The Core Audit Team

The Audit Plan will be delivered by the following team:

Team Role	Team Member	Qualification	Role
Contract Lead	Paul Dudfield	CCAB	Paul will monitor overall performance and quality of the service
Chief Internal Auditor	Tim Ridout	CCAB	Tim will oversee delivery of the audit plan, manage and deliver elements of the plan, and ensure quality assurance
Audit Manager	Ruby Deo	CCAB	Ruby will manage and deliver the core plan.

5.2 Profiling Delivery

We will agree a programme of delivery for the audit plan with the Heads of Service. We will report on compliance against this profiled delivery through our regular progress reports to each Audit Committee.

6. Recommendation

It is recommended that the Audit Committee considers and approves the Internal Audit Plan 2019/20 and Internal Audit Charter.

Tim Ridout
Chief Internal Auditor

Operational Internal Audit Plan

Area	Audit Assignment	2019/20 Proposed time
Corporate reviews and support	Budgetary Control and Medium Term Financial Planning	12
	National Fraud Initiative	8
	Anti-fraud – Support, pro-active work and review	6
	Human Resources	10
	Capital Project assurance	10
	Procurement and contract management	12
	Registers of interests/gifts and hospitality/inventories	8
	Councillor induction	8
Chief Executive	Capital disposals assurance – Dove Way/Pennycroft Lane; Bargates.	10
	Creditors	12
	Payroll – key controls	6
	Pensions Assurance	5
Head of Service – Sal Khan	Benefits / Council Tax Support	15
	Council Tax	15
	Business Rates	15
	Debtors & Debt Recovery	10
	Financial Systems – key controls	10
	Waste Management – Smarter Waste	8
	Digital Strategy	6
	IT Disaster Recovery planning	8

Area	Audit Assignment	2019/20 Proposed time
	Street Cleaning	6
Head of Service – Mark Rizk	Disabled Facilities Grants (including assurance to external funders)	10
	Building Services Contract	8
	Leisure contract monitoring	10
	Brewhouse	8
	Markets	8
	Cemeteries	10
	Enforcement	8
Audit Management	Recommendation Tracking	6
	Planning & Annual Report/contract closure	5
	Audit Committee/External Audit	5
	Contract Management	15
Total		293*

*Includes 26 days carried forward from 2018/19 internal audit plan. The agreed fee for 2019/20 will equate to 259 days, thus flexibility will be agreed during the year in relation to the number or scope of agreed audits, to ensure the overall days delivered equates to 285 to ensure the fee remains at this level.

INTERNAL AUDIT CHARTER

1. Definition

Internal Audit is an independent and objective appraisal service within the organisation:

- Internal Audit primarily provides an independent and objective opinion to the Accountable Officer (Chief Executive), the Council and the Audit Committee* on the degree to which risk management, internal control and governance arrangements support the achievement of the organisation's agreed objectives. In addition, Internal Audit's findings and recommendations are beneficial to senior management in the audited areas. Senior management is defined as any manager with responsibility for the system under review by Internal Audit. Risk management, internal control and governance comprise the policies, procedures and operations established to ensure the achievement of objectives, the appropriate assessment of risk, the reliability of internal and external reporting and accountability processes, compliance with applicable laws and regulations, and compliance with the behavioural and ethical standards set for the organisation.
- Internal Audit also provides an independent and objective consultancy service specifically to help senior management improve the organisation's risk management, control and governance arrangements. The service applies the professional skills of Internal Audit through a systematic and disciplined evaluation of the policies, procedures and operations that management have put in place to ensure the achievement of the organisation's objectives, and through recommendations for improvement. Such consultancy work contributes to the opinion, which Internal Audit provides on risk management, control and governance. Approval for any significant additional consulting services not already included in the audit plan will be sought from the Audit Committee prior to accepting the engagement.

***In this case the VFM and Audit Scrutiny Committee**

2. Standards and Ethics

Internal Audit acknowledges the mandatory nature of the Definition of Internal Audit, the Code of Ethics and the Standards contained in the Public Sector Internal Audit Standards. Internal Audit shall also work in accordance with any performance measures agreed with the Audit Committee.

3. Independence, Objectivity and Conflicts of Interest

All internal audit activities shall remain free of influence by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports. CW Audit does not accept any roles that involve executive or direct operational responsibility or authority over any of the activities it reviews. The internal audit activity may provide assurance services where it had previously performed consulting services, provided the nature of the consulting does not impair objectivity and provided individual objectivity is managed when assigning resources to the engagement.

Individual auditors will have an impartial, unbiased attitude, characterised by integrity and an objective approach to work, and should avoid conflicts of interest. Individual auditors must declare any conflict of interest to the Head of Internal Audit. Any conflicts of interest encountered by the Head of Internal Audit must be declared to the Section 151 Officer. Internal Auditors will have regard to the Committee on Standards of Public Life's Seven Principles of Public Life.

4. Authority & Accountability

Internal Audit derives its authority from the Council, the Accountable Officer and Audit Committee. The Head of Internal Audit reports on a functional basis to the Council via the Audit Committee. For administrative purposes, the Head of Internal Audit reports to the Section 151 Officer via the Chief Accountant. The Head of Internal Audit has a direct right of access to the Chair of the Audit Committee and the Leader of the Council if deemed necessary. The Audit Committee shall have regular private meetings with the Head of Internal Audit if required. The Audit Committee approves all Internal Audit plans and may review any aspect of its work.

5. Internal Audit Team

The Head of Internal Audit is responsible for ensuring the team is adequately staffed and that there is access to the full range of knowledge, skills, qualifications and experience to deliver the Internal Audit Plan in line with the PSIAS. The team will undertake regular assessments of professional competence through an on-going appraisal and development programme (i.e. Personal Development Plans and Continuing Professional Development) with training provided where necessary. Auditors also have responsibilities for applying due professional care when performing their duties. The Head of Internal Audit must hold a professional qualification.

If the Head of Internal Audit, Chief Executive, Section 151 Officer or the Audit Committee consider that the level of Internal Audit resources or the terms of reference in any way limit the scope of Internal Audit, or prejudice the ability of Internal Audit to deliver a service consistent with the definition of internal auditing, they should advise the Council accordingly.

6. Scope

The Head of Internal Audit is responsible for developing and maintaining an Internal Audit Strategy for providing the Chief Executive, economically and efficiently, with objective evaluation of, and opinions on, the effectiveness of the organisation's risk management, control and governance arrangements. The Head of Internal Audit's opinion is a key element of the framework of assurance the Chief Executive needs to inform the completion of the Annual Governance Statement. This strategy will be realised through the delivery of a considered and approved annual risk based plan. To develop the risk based plan, the Head of Internal Audit consults with senior management and the Council and obtains an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes. The Head of Internal Audit reviews and adjusts the plan as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems, and controls.

The audit plan will systematically review the policies, procedures and operations in place to:

- Establish, and monitor the achievement of, the organisations objectives.
- Identify, assess and manage the risks to achieving the organisations objectives.
- Ensure the economical, effective and efficient use of resources.
- Ensure compliance with established policies (including behavioural and ethical expectations), procedures, laws and regulations.
- Safeguard the organisation’s assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.
- Ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes.

7. Approach

To ensure delivery of its objectives, Internal Audit will develop and implement an Audit Strategy. This will be prepared each year and will describe arrangements for the delivery of the internal audit service based upon knowledge of the organisation’s objectives, risk assessment, and appropriate management consultation. The allocation of resources between assurance and consultative work will be set out. A detailed Annual Operational Plan will be prepared designed to implement the audit strategy. The audit strategy and annual plans shall be prepared to support the audit opinion to the Accountable Officer on the risk management, internal control and governance arrangements within the organisation. Both the strategy (where required) and annual plans will be approved by the Audit Committee and reported to the Council.

8. Reporting

Internal Audit will report formally to the Audit Committee through the following:

An annual report will be presented to confirm completion of the audit plan and will include the Head of Internal Audit opinion provided for the Accountable Officer that will support the Annual Governance Statement. The opinion must take into account the strategies, objectives and risks of the organisation and the expectations of senior management, the Council and other stakeholders. The Head of Internal Audit opinion will:

- a) State the overall adequacy and effectiveness of the Council’s risk management, control and governance processes;
- b) Disclose any qualification to that opinion, together with the reasons for the qualification;
- c) Present a summary of the audit work undertaken to formulate the opinion, including reliance placed on work by other assurance bodies;
- d) Draw attention to any issues internal audit judge as being particularly relevant to the preparation of the Annual Governance Statement;
- e) Compare work actually undertaken with the work which was planned and summarise performance of the internal audit function against its performance measures criteria; and
- f) Comment where necessary on compliance with the Public Sector Internal Audit Standards and internal quality assurance arrangements.

For each relevant Audit Committee meeting a progress report will be presented to summarise progress against the plan. The findings arising from individual audit reviews will be reported in accordance with Audit Committee requirements. The Audit Committee members will be provided with copies of individual audit reports for each assignment undertaken unless the Head of Internal Audit is advised otherwise. The reports will include an action plan with target dates for completion.

Following the closure of fieldwork, Internal Audit will discuss findings with operational/local managers. Operational/Local management will receive draft reports which will include the action plans they have agreed following the discussion of findings. A copy of the draft report will also be provided to the relevant Head of Service. The draft report will give an "assurance" opinion on the area reviewed. The draft report will also indicate action ratings for individual report findings and recommendations.

Operational management will be required to respond to the draft report, stating their agreement or otherwise to the content of the report, identifying action, staff with responsibility for implementation and the dates by which action will be taken. Final reports inclusive of management comments will be issued by Internal Audit to the relevant Head of Service within 5 working days of management responses being received. The final report will be placed on the agenda for the next available Audit Committee.

Internal Audit will make provision to review the implementation of agreed action within the agreed timescales. However, where there are issues of particular concern provision maybe made for follow up review within the same financial year. Issue and clearance of follow up reports shall be as for other assignments referred to above.

9. Irregularities, Fraud and Corruption

It is the responsibility of management to maintain systems that ensure organisation's resources are utilised in the manner and on activities intended. This includes the responsibility for the prevention and detection of fraud and other illegal acts.

Internal Audit shall not be relied upon to detect fraud or other irregularities. However, Internal Audit will give due regard to the possibility of fraud and other irregularities in work undertaken. Additionally, Internal Audit shall seek to identify weaknesses in control that could permit fraud or irregularity.

If Internal Audit discovers suspicion or evidence of fraud or irregularity, this will immediately be reported to the organisation's Counter Fraud Specialist in accordance with the organisation's Counter Fraud Policy & Fraud Response Plan.

10. Relationships

In order to maximise its contribution to the Council's overall framework of assurance, Internal Audit will work closely with the organisation's Section 151 Officer and Chief Accountant in planning its work programme. Co-operative relationships with senior and line management enhance the ability of internal audit to achieve its objectives effectively. Audit work will be planned in conjunction with management as far as possible, particularly in respect of the timing of audit work.

Internal Audit will meet regularly with the external auditor to consult on audit plans, discuss matters of mutual interest, discuss common understanding of audit techniques, method and terminology, and to see opportunities for co-operation in the conduct of audit work. In particular, internal audit make available their working files to the external auditor for them to place reliance upon the work of Internal Audit where appropriate

The Head of Internal Audit will establish a means to gain an overview of other assurance providers' approaches and output as part of the establishment of an integrated assurance framework. In addition the Head of Internal Audit shall make provision to form an opinion where key systems are being operated by organisation's outside of the remit of the Accountable Officer, or through a shared or joint arrangement.

11. Access

Internal Audit shall have the authority to access all the organisation's information, documents, records, assets, personnel and premises that it considers necessary to fulfil its role. This shall extend to the resources of the third parties that provide services on behalf of the organisation. All information obtained during the course of a review will be regarded as strictly confidential to the organisation and shall not be divulged to any third party without the prior permission of the Accountable Officer. However, open access shall be granted to the organisation's external auditors. In any instances of conflict this will be referred for resolution to the Section 151 Officer, Chief Accountant, Chief Executive or Chair of Audit Committee as appropriate.

12. Quality Assurance

The work of internal audit is controlled at each level of operation to ensure that a continuously effective level of performance, compliant with the Public Sector Internal Audit Standards is being achieved. The Head of Internal Audit will establish a quality assurance programme designed to give assurance through internal and external review that the work of internal audit is compliant with the PSIAS and to achieve its objectives. A commentary on compliance against the Standards will be provided in the annual audit report to Audit Committee.

13. Approval, Review and Interpretation of the Charter

This Internal Audit Charter shall be reviewed annually and approved by the Audit Committee*.

* The Public Sector Internal Audit Standards require the Charter to be approved by the Board, however, for the Public Sector the following definition of Board is provided: *Audit Committee – the governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting. In this case the 'Audit Committee' is the Scrutiny (VFM Council Services and Audit) Committee.*