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Meeting

NORTH WALES CJC GOVERNANCE AND AUDIT SUB-COMMITTEE

Date and Time

10:00am, TUESDAY 9th DECEMBER, 2025

Location

Virtual Meeting

(For public access to the meeting, please contact us)

Contact Point

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(DISTRIBUTED 01/12/2025)

NORTH WALES CJC GOVERNANCE & AUDIT SUB-COMMITTEE

Elected Members

Cllr. Gareth Jones
Cllr. Carol Holliday
Cllr. Andrew Parkhurst
Cllr. Paul Rogers
Cllr. Ioan Thomas
Cllr. Geraint Bebb

Conwy County Borough Council
Denbighshire County Council
Flintshire County Council
Wrexham County Borough Council
Cyngor Gwynedd
Isle of Anglesey County Council

Lay Members

Nigel Rudd
Carys Edwards
William Parry

Elected Members (Substitutions)

TBC
Cllr. Bobby Feeley
TBC
Cllr. Trevor Bates
Cllr. Richard Glyn Roberts
Cllr. Keith Roberts

Conwy County Borough Council
Denbighshire County Council
Flintshire County Council
Wrexham County Borough Council
Cyngor Gwynedd
Isle of Anglesey County Council

Officers in Attendance

Alwen Williams
Iwan Evans
Claire Incedon
Dewi Morgan
David Hole
Sian Pugh
Luned Fôn Jones

Chief Executive of the Corporate Joint Committee
Monitoring Officer
Deputy Monitoring Officer
Chief Finance Officer
CJC Implementation Programme Manager
Assistant Head of Finance - Cyngor Gwynedd
Audit Manager - Cyngor Gwynedd

AGENDA

- 1. ELECT CHAIR FOR 2025/26**
To elect a Chair for 2025/26.
- 2. ELECT VICE-CHAIR FOR 2025/26**
To elect a Vice-Chair for 2025/26.
- 3. APOLOGIES**
To receive any apologies for absence.
- 4. DECLARATION OF PERSONAL INTEREST**
To receive any declaration of Personal Interest.
- 5. URGENT BUSINESS**
To note any items that are a matter of urgency in the view of the Chair for consideration.
- 6. THE GOVERNANCE AND AUDIT SUB-COMMITTEE FORWARD WORK PLAN** 4 - 8
Claire Incledon, Deputy Monitoring Officer (interim) to present the report.
- 7. TERMS OF REFERENCE FOR THE GOVERNANCE AND AUDIT SUB-COMMITTEE** 9 - 13
Claire Incledon, Deputy Monitoring Officer (interim) to present the report.
- 8. CORPORATE JOINT COMMITTEE PROGRESS REPORT** 14 - 18
Dave Hole, CJC Implementation Programme Lead to present the report.
- 9. INTERNAL AUDIT MANDATE AND CHARTER** 19 - 45
Luned Fôn Jones, Cyngor Gwynedd Audit Manager to present the report.



REPORT TO THE GOVERNANCE AND AUDIT SUB-COMMITTEE

9th December, 2025

TITLE: The Governance and Audit Sub-Committee Forward Work Plan

AUTHOR: Claire Incedon, Deputy Monitoring Officer (interim)

1. PURPOSE OF THE REPORT

1.1. To consider the Forward Work Plan for the Governance and Audit sub-committee.

2. DECISION SOUGHT

2.1. To note the Forward Work Plan.

2.2. That the Chair may amend the Plan to take account of variations in work scheduling subject to the Plan being brought to the following meeting of the sub-committee for agreement.

3. REASON FOR THE DECISION

3.1. The Forward Work Plan sets out a calendar of meetings for the period up to March 2026, and aligns with the meeting dates of the CJC. The Forward Work Plan ensures that the sub-committee fulfils its role as set out in the North Wales Corporate Joint Committee Regulations 2021.

4. BACKGROUND AND RELEVANT CONSIDERATIONS

4.1. The Forward Work Plan sets out the calendar of meetings, and in addition outlines the work to be undertaken by the sub-committee further to its legislative functions. Now the sub-committee is convened it is a matter for Members through their Chair to identify what reports they would like to see before the sub-committee in the future. Members are asked to consider whether there are any additional reports which should be brought to their attention, along with any training requirements Members require. Any additional reports that are requested will be added to a detailed Forward Work Programme as agreed with the Chair.

5. FINANCIAL IMPLICATIONS

5.1. There are no financial implications arising out of this report.

6. LEGAL IMPLICATIONS

6.1. The legal and governance implications are addressed in the body of the report.

APPENDICES:

STATUTORY OFFICERS RESPONSE:

i. Monitoring Officer:

The democratic process of the sub-committee is properly addressed through an agreed work programme, which is set out in this Forward Work Plan.

ii. Statutory Finance Officer:

The forward work programme will be under continuous review and the Finance Service will work with others to ensure that the timing of the meetings of the Governance and Audit Sub-Committee and the contents of the Forward Work Plan will reflect the statutory timetable for financial matters.



NORTH WALES CORPORATE JOINT COMMITTEE GOVERNANCE AND AUDIT SUB COMMITTEE
FORWARD WORK PLAN 2025

The North Wales Corporate Joint Committee Governance and Audit Sub-Committee is responsible for the review and scrutiny of the CJC's financial affairs, risk management, performance management, complaints management, audit arrangements and corporate governance arrangements.

Meeting date	Report Title	Report Purpose	Report Author	Exempt
December 2025 10am	Elect Chair & Vice Chair			
	Terms of Reference	For the sub-committee to note	Claire	no
	Forward Work Plan	For the sub-committee to agree	Claire	no
	Corporate Joint Committee progress report	Overview on the CJC, context & progress	Dave	no
	Internal Audit Charter	For the sub-committee to agree	Luned Fôn Jones	

TBC - March 2026	Corporate Plan	Report on the draft corporate plan to recommend to CJC 20/03/26	Dave	no

Past Meetings 2025

Meeting date	Report Title	Report Purpose	Report Author	Report Decisions	Action Points

The Sub-Committee has the power to report or make recommendations to the CJC on any matter on which it exercises its functions.

General: Sub - Committee Responsibilities – Deliverables:

- Provide accountability and scrutiny of performance and financial controls
- Co-opted Members (voting) – to be kept under review

REPORT TO THE GOVERNANCE AND AUDIT SUB-COMMITTEE

9th December, 2025

TITLE: Terms of Reference for the Governance and Audit Sub-Committee

AUTHOR: Claire Incedon, Deputy Monitoring Officer (interim)

1. PURPOSE OF THE REPORT

- 1.1. To review the Terms of Reference for the Governance and Audit Sub-Committee (Appendix 1).

2. DECISION SOUGHT

- 2.1. To note the Terms of Reference

3. REASON FOR THE DECISION

- 3.1. The Terms of Reference reflect the role and function of the sub-committee as set out in the North Wales Corporate Joint Committee Regulations 2021 and the Corporate Joint Committee's Constitution. The sub-committee has specific statutory functions it must exercise as set out in the Terms of Reference.

4. BACKGROUND AND RELEVANT CONSIDERATIONS

- 4.1. The CJC must establish a Governance and Audit Sub-Committee. The Sub-Committee has the following functions as set out in the 2021 Regulations:

- review and scrutinise the CJC's financial affairs;
- make reports and recommendations in relation to the CJC's financial affairs;
- review and assess the risk management, internal control, performance management and corporate governance arrangements of the CJC;
- make reports and recommendations to the CJC on the adequacy and effectiveness of those arrangements;
- review and assess the CJC's ability to handle complaints effectively;
- make reports and recommendations in relation to the CJC's ability to handle complaints effectively;
- oversee the CJC's internal and external audit arrangements, and
- review the financial statements prepared by the CJC;
- exercise such other function as the CJC may specify.

- 4.2. Consolidated statutory (and non-statutory) Guidance intended to support principal councils applies equally to the CJC. This Guidance states that to meet requirements under the Local Government Act 2000, the Local Government (Wales) Measure 2011 and the Local Government and Elections (Wales) Act 2021 the Welsh Government's view is that well-functioning governance and audit committees are critical to the effective governance of councils (and CJsCs). The Governance and Audit Sub-Committee will be a key component of the CJC's corporate governance.

- 4.3. The Sub-Committee has specific powers set out in the 2021 Regulations and reflected in their Terms of Reference to review and scrutinise the CJC’s financial affairs, review and assess risk management, internal control, performance management and corporate governance arrangements.
- 4.4. The CJC has adopted Standing Orders and the Terms of Reference for this Sub-Committee. In accordance with the legislative requirements set out in the 2021 Regulations there will be nine members of the Governance and Audit Sub-Committee, with six members from Constituent Councils, and three independent (lay) members. Following a nomination exercise by the Councils the CJC formally appointed the members in January, who have all since been co-opted onto the Sub-Committee.
- 4.5. The attached Terms of Reference are shown with track changes to illustrate changes made since adoption by the CJC. Changes to the Constitution to remove any inconsistency, ambiguity or typographical error are delegated to the Monitoring Officer, and the Terms of Reference are being shared to inform the sub-committee as their role and function. The Constitution is being updated accordingly.

5. FINANCIAL IMPLICATIONS

- 5.1. On 6 September 2024 the CJC approved an hourly rate be adopted in relation to the IRPW Determination for lay co-optees. This means that lay members will be able to claim remuneration in relation to their preparation and attendance at formal meetings of £29.75 per hour, up to 4 hours at £119, and over 4 hours the rate is £238. The Chair can claim £33.50 per hours, up to 4 hours at £134, and over 4 hours the rate is £268. This remuneration is payable by the CJC.

6. LEGAL IMPLICATIONS

- 6.1. The legal and governance implications are addressed in the body of the report.

APPENDICES:

Appendix 1: Terms of Reference for the Governance and Audit Sub-Committee

STATUTORY OFFICERS RESPONSE:

i. **Monitoring Officer:**

I have no comments to add in relation to propriety

ii. **Statutory Finance Officer:**

I support the contents of the terms of reference, and I am of the opinion that they are appropriate for the CJC. Any claim by lay members creates a small additional financial commitment but this is expected to be within the budget for democratic support.

TERMS OF REFERENCE [showing required amendments as track changes]

The Governance and Audit Sub-Committee

The North Wales CJC is required to establish a sub-committee to be known as the Governance and Audit Sub-Committee in accordance with paragraph 16(1) CJC Establishment Regulations 2021.

(It is noted that in local government legislation this is referred to as a 'governance and audit committee', however as the North Wales CJC is itself a committee it is appropriate to refer to it as a sub-committee in relation to CJs.)

Functions

The sub-committee is responsible for fulfilling the following statutory functions under Section 81 of the Local Government Measure (Wales) 2011 as amended. The terms of reference of the sub-committee are set out in the CJC Establishment Regulations which state that the governance and audit sub-committee must:

:

- a) review and scrutinise the CJC's financial affairs,
- b) make reports and recommendations in relation to the CJC's financial affairs.
- c) review and assess the CJC's risk management, internal control, performance management and corporate governance arrangements,
- d) make reports and recommendations to the CJC regarding the adequacy and effectiveness of those arrangements,
- dareview and assessthe CJC's ability to handle complaints effectively,
- db) make reports and recommendations in relation to the CJC's ability to handle complaints effectively,".
- e) oversee the CJC's internal and external audit arrangements
- f) review any financial statements prepared by the CJC.
- g) exercise such other functions as the CJC may specify

The sub-committee will undertake further functions under Chapter 1 of Part 6 of the Local Government and Elections (Wales) Act 2021 (performance and governance of principal councils).

The committee will also be responsible for fulfilling the following functions:-

- (i) to promote internal audit, establishing a timetable to conduct review control, develop an anti-fraud culture and review financial operations;
- (ii) to consider observations and concerns on individual services at a county level, on the basis of reports by CJC officers or the Auditor General for Wales and monitor the response and actions on the recommendations and findings.

Membership

Members of a CJC Governance and Audit Sub-Committee cannot be a member of the CJC, a member of the executive of a constituent council or a co-opted member (co-opted member in this case means a person co-opted on to the CJC, or to participate in activities of the CJC, other than the Governance and Audit Sub-Committee).

Membership of the Governance and Audit Sub-Committee must be at least one third lay member and at least two thirds membership from the constituent councils. The appointment(s) will be made by the North Wales CJC.

The Chair of the Governance and Audit Sub-Committee must be a lay member. The Governance and Audit Sub-Committee should be established by the CJC comprising of lay members to be drawn from constituent councils governance and audit committees (or externally advertised if this is not possible) and members from each constituent council. The Governance and Audit Sub-Committee may not exercise it's functions if the membership contravenes these requirements.

Guidance of the Welsh Ministers

The Governance and Audit Sub-Committee must have regard to any guidance given by the Welsh Ministers under Section 85(1) Local Government (Wales) Measure 2011.

Quorum

The quorum for the governance and audit sub-committee shall be 7 members with at least one member present from each Constituent council and at least one Lay Member.

Standing Orders

2.22 Governance and Audit Sub-Committee

2.22.1 The CJC must establish a sub-committee (known as the Governance and Audit Sub-Committee)

2.22.2 The Terms of Reference of the Governance and Audit Sub-Committee are set out in Part 4 of this Section 5 and those terms of reference may be amended by the CJC from time to time within statutory requirements.

2.22.3 The membership of the Governance and Audit Sub-Committee shall consist of 9 Members 6 of whom shall be elected members drawn from and nominated by the Governance and Audit Committees of each of the 6 Constituent Councils and 3 of whom shall be Lay Members.

Meetings

2.23 The Governance and Audit Sub-Committee are required to meet once every calendar year as a minimum.

REPORT TO THE GOVERNANCE AND AUDIT SUB-COMMITTEE

9 December, 2025

TITLE: CJC Progress report

AUTHOR: Dave Hole, CJC Implementation Programme Lead

1. PURPOSE OF THE REPORT

- 1.1. To provide context to Members on the role and function of the North Wales Corporate Joint Committee (CJC). The report specifically looks at the corporate position post transfer, and programme implementation progress to support the continuing establishment of the CJC.

2. DECISION SOUGHT

- 2.1. That Members note the contextual position.

3. REASON FOR THE DECISION

- 3.1. To support good governance and corporate accountability the CJC is regularly updated of the project management and implementation delivery programme supporting the establishment of the CJC. This has involved the development of a multi-year programme to introduce new capability and capacity following the formal appointment process of the Chief Executive Officer, whilst maintaining momentum and continuing to deliver immediate programmes of change.
- 3.2. This report is to provide Members with information in relation to the context in which the CJC is operating, the current programme of implementation and challenges for the future. It is important for Members to understand the context in which the CJC operates to assist with their roles, and to support learning and development.

4. BACKGROUND AND RELEVANT CONSIDERATIONS

- 4.1. The CJC has full operating status, meaning that it can function as a corporate entity, and has the ability to employ people, and put in place the necessary governance arrangements. This provides the primary framework of governance which enables the CJC to function as a public authority across all its functions.
- 4.2. The CJC is required to comply with the same general duties as public sector organisations including compliance with Equalities and Human Rights, the Wellbeing of Future Generations principles and Welsh Language Measure Standards. It has a statutory duty to produce a:
- Strategic Development Plan
 - Regional Transport Plan

The development, monitoring and implementation of these Plans are managed through a transportation and planning sub-committee. In addition, the CJC has the power to do anything that will enhance or promote regional economic wellbeing.

- 4.2. The decision of the CJC on 21st March 2025 to enter into a Delivery and Funding Agreement meant that the role of Accountable body for the North Wales Growth Deal (responsibility for delivery and funding arrangements) were transferred to the North Wales Corporate Joint Committee, along with the transfer of the staff and assets on 1 April. The Economic Well-being Sub-Committee has been established to undertake this work.

5. PROGRESS TO SUPPORT THE CONTINUED ESTABLISHMENT OF THE CJC

- 5.1. Prior to 1 April 2025 the CJC Implementation Programme made significant progress up to and including the transfer taking place. Some of the key highlights delivered have included:

- i. CJC appointments (Chair, Vice, Lead CEO, Monitoring Officer, Section 151 Officer)
- ii. Transfer of the Growth Deal and its funding
- iii. Grants transfer
- iv. TUPE of Portfolio Management Office (PMO) staff into the CJC
- v. Establishing the Strategic Transport Sub-Committee, the Strategic Planning Sub-Committee, the Economic Well-being Sub-Committee and preparatory development of further sub committees
- vi. Constitution and Standing Orders adopted
- vii. Welsh Language Standards compliance published
- viii. Initial staff benefits
- ix. Staff policies
- x. CJC website
- xi. Procurement system changes to CJC
- xii. New banking arrangements
- xiii. CJC Insurance policy arrangements
- xiv. Payroll system arrangements
- xv. Treasury Management Strategy

- 5.2. Areas of complexity included partner agreement pathway approvals for signing of agreements to transfer the growth deal, novation of its funding, and TUPE transfer of the Portfolio Management Office (PMO) staff including enabling functions such as finance, HR, IT.

- 5.3. Following the transfer on 1st April, a programme of change was developed based on priorities and some constraining factors. This programme remains significant, complex and resource intensive. The new ANW Chief Executive was appointed in June 2025 and will act as the Senior Responsible Owner (SRO) accountable for the programme's ongoing transformation. A summary of the programme includes:

- i. CEO's office**
 - a. Corporate Plan development
 - b. CJC Prospectus development
 - c. Organisational Design (including development)
 - d. Resources recruitment
- ii. Legal and Governance**
 - a. Development of the governance around the Economic Well-being Sub-Committee

- b. Other committees in development include Joint Overview and Scrutiny and Standards
 - c. Formal Service Level Agreement (all functions) to be established with Cyngor Gwynedd
 - d. Constitution review and further development
 - e. Resource recruitment
- iii. **Information Technology & Digital**
- a. Implementation of a committee management system supported by Democratic Services
 - b. New webcasting solution for CJC supporting Democratic Services
 - c. Website further development
 - d. SharePoint Document Management established
- iv. **CJC Operations**
- a. A range of policies to be developed and published to meet legislative requirements and support corporate planning
 - b. Procurement contracts novated
 - c. New building renewals and leases agreed
 - d. Resources recruitment
- v. **Finance**
- a. Corporate Risk Management established
 - b. Financial contracts completed
 - c. Audit process
 - d. Insurance renewals
 - e. Pensions transferred
 - f. Resources recruitment
- vi. **HR (People)**
- a. CEO recruited and appointed
 - b. Further benefits launched
 - c. Pay Policy 2025/26 and 2026/27
 - d. CJC HR T&Cs created
 - e. Social partnerships/Trade Unions

5.4. Constraining risk factors in developing our new programme are:

- i. Market conditions to recruit in demand resources to support delivery of new systems, process, policies
- ii. CJC budget limitations
- iii. Grant funding certainty e.g. CJC prospectus development opportunity and/or threats
- iv. Service Level Agreement boundaries and limitations
- v. Partner engagement and support to key areas of development to enable improved CJC governance e.g. committees, co-option etc.

6. Despite challenges outlined the programme continues to make progress. Some of these highlights include:

- i. CEO Appointment
- ii. Corporate Plan development phase commenced

- iii. Corporate risk development phase commenced
- iv. 2025/26 Pay Policy published
- v. Pension implementation
- vi. ANW Recruitment process commenced in phases. Process ongoing.
- vii. Year 1 Welsh Government grant funding received to develop capacity and capability for ANW
- viii. ANW website launched
- ix. Staff benefits regional development commenced for out-of-scope SLA offer
- x. New ANW HR policy development commenced
- xi. Ongoing constitutional review
- xii. Building lease arrangements nearing completion
- xiii. Organisational Design independent review commissioned
- xiv. Draft Strategic Equality and Human Rights Plan developed
- xv. Governance and Audit Committee inaugural meeting scheduled for December 2025

6.1 Due to resource challenges and a requirement to prioritise delivery some of the programme lowlights include:

- i. Welsh Government CJC prospectus review delays
- ii. Policy development (currently recruiting)
- iii. SLA agreement completion to enable additional resource capacity to be recruited and support moving de-prioritised projects/ products forward
- iv. ANW recruitment to enable additional resource capacity to be recruited and support moving de-prioritised projects/ products forward
- v. Committee Management System procurement and implementation delayed subject to points iii and iv readiness
- vi. Webcasting procurement and implementation delayed subject to points iii, iv and v readiness
- vii. Remaining Committee's implemented aligned to resource capacity and wider stakeholder agreement. Standards and Joint Overview and Scrutiny delayed until 2026.
- viii. Unsuccessful initial recruitment campaigns currently delaying progress such as Senior Procurement Officer attraction.

6.2 The development of a new ANW programme for 2026/27 and roadmap for subsequent years is likely to carry forward several projects including:

- i. CJC Prospectus development
- ii. Several of policy area development and deployments
- iii. Remaining recruitment of ANW staff
- iv. Cyngor Gwynedd remaining recruitment to support ANW (subject to SLA approval)
- v. Committee Management System
- vi. Webcasting
- vii. Constitutional improvements
- viii. Transport and Planning functional change

7. FINANCIAL IMPLICATIONS

7.1. The CJC implementation programme is being supported by a few contract resources targeted at supporting programme management, legal and democratic services. This capacity will be required in the short to medium term during 2025/26 until the CJC has recruited resources, stabilised and can drive forward the work without this support.

8. LEGAL IMPLICATIONS

8.1. The report sets out the legal and governance implications of the decision sought.

APPENDICES:

None

STATUTORY OFFICERS RESPONSE:

i. Monitoring Officer:

Legal Services are supporting the development of the CJC and its governance.

ii. Statutory Finance Officer:

“Officers from the Finance Service will continue to provide support to facilitate the further development of the CJC. The budgets and expenditure of both the CJC and the Growth Deal are the subject of regular review, and I am confident that the financial arrangements are robust. I am satisfied that this report is a fair reflection of the current situation.”



REPORT TO THE GOVERNANCE AND AUDIT SUB-COMMITTEE

9th December, 2025

TITLE: Internal Audit Mandate and Charter

AUTHOR: Luned Fôn Jones, Audit Manager

1. PURPOSE OF THE REPORT

- 1.1. To present the Internal Audit Mandate and Charter to the Governance and Audit Sub-committee.

2. DECISION SOUGHT

- 2.1. To receive and approve the contents of the Internal Audit Mandate and Charter and support Internal Audit in its undertakings.

3. REASON FOR THE DECISION

- 3.1 The Internal Audit Mandate and Charter are key requirements of the Global Internal Audit Standards for the UK Public Sector and are vital in demonstrating the Internal Audit Service's compliance with these Standards.

4. BACKGROUND AND RELEVANT CONSIDERATIONS

- 4.1 The Relevant Internal Audit Standard Setters (RIASS) have determined that the Global Internal Audit Standards (GIAS) issued by the Institute of Internal Auditors (IIA) are a suitable basis for the practice of internal auditing in the UK public sector, subject to further requirements as set out in the Application Note – Global Internal Audit Standards in the UK Public Sector.
- 4.2 The Application Note provides UK public sector-specific context, interpretation 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.
- 4.3 CIPFA has developed the Code of Practice for the Governance of Internal Audit in UK Local Government (the Code) to support authorities in establishing their internal audit arrangements and providing oversight and support for internal audit. It is aimed at those responsible for ensuring effective governance arrangements for internal audit. In Ambition North Wales, that responsibility is that of the Governance and Audit Sub-Committee.



- 4.4 The Code states “the chief audit executive”¹ has a responsibility to prepare a charter that conforms with GIAS in the UK public sector. The audit committee² should be satisfied that it covers the governance arrangements for internal audit. It must include the mandate derived from the regulations³, plus any additional agreed mandate, and include internal audit’s reporting line to the committee.
- 4.5 The internal audit mandate provides details on the internal audit’s function’s authority, role and responsibilities.
- 4.6 The internal audit charter is a formal document that includes the internal audit function’s mandate, organisational position, reporting relationships, scope of work, types of services and other specifications.
- 4.7 The Charter sets out the arrangements the internal audit function needs to achieve its purpose. Internal audit’s role include:
- supporting the delivery of 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 annual governance review
 - advising on governance, risk management and internal control arrangements for major projects, programmes and system changes
- 4.8 The Global Internal Audit Standards stipulate several key elements that should be included in an internal audit charter. These elements ensure that the internal audit function is clearly defined and operates effectively within an organisation. The main components are:
- Mandate:** which clearly states the purpose and mission of the internal audit function.
- Definitions:** definition of the terms ‘board’ and ‘senior management’, for the purposes of the internal audit function.
- Organisational Position:** defines internal audit’s position within Ambition North Wales, ensuring it has sufficient authority and independence which includes unrestricted access to senior management and the board.
- Reporting Relationships:** specify to whom the internal audit function reports, and the Chief Audit Executive’s functional reporting relationship with the board.
- Scope of Work:** Outline the range of activities and services provided by the internal audit function, including assurance and consulting services.
- Types of Services:** Detail the specific types of audits and reviews the internal audit function will perform.
- Authority:** Grant the internal audit function access to all necessary records, personnel, and physical properties to perform its duties effectively.
- Professional Standards:** Commit to adhering to the IIA’s standards and code of ethics.
- Quality Assurance and Improvement:** Include provisions for ongoing quality assurance and improvement programs to maintain high standards of performance.

¹ Audit Manager

² Governance and Audit Sub-Committee

³ The Accounts and Audit Regulations (Wales) 2014

5. FINANCIAL IMPLICATIONS

5.1. There are no financial implications arising out of this report.

6. LEGAL IMPLICATIONS

6.1. The legal implications are addressed in the body of the report.

APPENDIX A:

Internal Audit Mandate and Charter

STATUTORY OFFICERS RESPONSE:

- i. **Monitoring Officer:**
- ii. **Statutory Finance Officer:**

An effective Internal Audit regime is key to enabling the Statutory Finance Officer to carry out his or her duties. I am satisfied that this Internal Audit Charter has been prepared in accordance with the relevant professional standards.

INTERNAL AUDIT CHARTER



Mission Statement

To give confidence to the Council Tax Payers of North Wales (citizens) and the Corporate Joint Committee on the control environment and governance arrangements through independent and objective reporting to the Chief Finance Officer (section 151) and the Governance and Audit Sub-Committee. Internal auditing strengthens the organisation's ability to create, protect and sustain value by providing the Governance and Audit Sub-Committee and Management with independent, risk-based, and objective assurance, advice, insight, and foresight.

INTERNAL AUDIT CHARTER

1. PURPOSE

1.1 The work of Internal Audit strengthens the body's ability to create, protect and sustain value by providing the Governance and Audit Sub-Committee and Management with independent, risk-based, and objective assurance, advice, insight, and foresight.

1.2 Internal Audit assists the North Wales Corporate Joint Committee (Ambition North Wales) to enhance:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

1.3 The Internal Audit Service is most effective when:

- It is performed by competent professionals in accordance with the Global Internal Audit Standards and the additional requirements as set out in the Application Note of the Standards in the UK Public Sector, and the Code of Practice for the Governance of Internal Audit in UK Local Government (the Code) produced by CIPFA.
- The internal audit function is independently positioned with direct accountability to the Governance and Audit Sub-Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Role and Responsibilities within the Public Sector

1.4 The Internal Audit function within the public sector will focus on:

- Ensuring compliance with laws and/or regulations.
- Identifying opportunities to improve the efficiency, effectiveness and economy of processes and programs.
- Determining whether public resources are adequately safeguarded and used appropriately to provide services in an equitable manner.
- Assessing whether performance aligns with its strategic objectives and goals.

2. INTERNAL AUDIT MANDATE

2.1 The Internal Audit Mandate refers to the internal audit function's authority, role and responsibilities, granted by the Governance and Audit Sub-Committee and applicable legislation.

Authority

2.2 There is a statutory requirement for an Internal Audit service for joint committees. This is implied in Section 151 of the Local Government Act 1972, which requires that authorities must "make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs".

2.3 The Accounts and Audit Regulations (Wales) 2014 state:

- (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 finding 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.

2.4 Furthermore, the Local Government (Wales) Measure 2011, as amended by the Local Government and Elections (Wales) Act 2021 requires the appointment of a Governance and Audit Committee to oversee the authority's internal and external audit arrangements. However, as the North Wales CJC is itself a corporate entity and is a local government body in its own right, it is appropriate to refer to the relevant committee within the CJC as the Governance and Audit Sub-Committee.

2.5 The internal audit function's authority is in the Ambition North Wales Constitution and the Internal Audit Charter. The Internal Audit Function has authority 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 communication to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of the CJC and other specialised services from within or outside the CJC to complete internal audit services.

2.6 The Ambition North Wales Financial Procedure Rules states:

9.12	INTERNAL AUDIT
9.12.1	The Internal Audit function is operated with the contents of the relevant Service Level Agreement.
9.12.2	The Internal Audit function shall be conducted, as far as is practicable, in accordance with the Global Internal Audit Standards.
9.12.3	The Internal Audit Strategy and remit will be included in the CJC's Internal Audit Charter which is reviewed and approved by the Governance and Audit Committee.
9.12.4	The Chief Executive shall ensure that the Internal Audit Manager, or their authorised representative shall have authority to :- (a) enter at all reasonable times on any CJC premises, land or contract sites; (b) have access to all records, documents and correspondence relating to any financial and other transaction of the CJC; (c) require and receive such explanations as are in their opinion necessary concerning any matter under examination; (d) require any employee of the CJC to produce cash, stores or any other CJC property under his control.
9.12.5	The Chief Finance Officer shall agree the medium-term and annual audit plans prepared by the Internal Audit Manager which takes account of the characteristics and relative risks of the activities

	involved. The plans shall be approved by the Governance and Audit Committee.
9.12.6	All relevant managers shall consider and respond promptly to agreed actions in audit reports. Senior Managers shall ensure that any agreed actions arising from audit findings are out in a timely and efficient fashion in accordance with the agreed action plan.
9.12.7	The Internal Audit Manager shall report regularly to the Governance and Audit Committee: <ul style="list-style-type: none"> (a) On the results of Internal Audit work in the preceding period. (b) On any substantial control weaknesses discovered or audited. (c) On any audit recommendations that were not implemented within the agreed timetable, where a failure to act on those recommendations would prolong a substantial control weakness. (d) Progress on completion of the Internal Audit Plan for the current year.

Independence, Position and Reporting Relationships

- 2.7 The Standards contain terminology that need to be defined clearly within the local Charter, namely the “Board”, the “Chief Audit Executive” and “Senior Management”.

“Board

The Standards define the Board as ***“the highest-level body charged with governance”***.

In accordance with the Ambition North Wales Constitution, consideration of and responding to reports by the Internal Audit Service is a function that has been delegated to the Governance and Audit Sub-Committee.

For the purpose of this Internal Audit Charter, therefore, the Governance and Audit Sub-Committee undertakes the role of the “Board” in order to fulfil the requirements of the Standards.

“Chief Audit Executive”

The Audit Manager is the “*Chief Audit Executive*” in accordance with the terminology in the Standards.

“Senior Management”

“Senior Management” is defined as “*the highest level of executive management of an organization that is ultimately accountable to the board for executing the organization’s strategic decisions, typically a group of persons that include the chief executive officer or head of the organization*”.

- 2.8 In Ambition North Wales, the Chief Finance Officer is the officer who has the responsibility for "the proper administration of the CJC’s financial affairs" in accordance with section 151 of the Local Government Act 1972.
- 2.9 In the context of communicating the results of internal audit work and discussing the work plan, the Audit Manager is accountable to the Chief Executive and Chief Finance Officer, but has the freedom to report directly to the Monitoring Officer or the Governance and Audit Sub-Committee if he/she is of the opinion that this is necessary, and in practical terms it is the Audit Manager who releases all reports to Internal Audit’s customers.
- 2.10 The Audit Manager will confirm to the Governance and Audit Sub-Committee, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the Audit Manager will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence.
- 2.11 The Audit Manager will disclose to the Governance and Audit Sub-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.
- 2.12 In line with CIPFA’s Code of Practice for the Governance of Internal Audit in UK Local Government (2025) (which also applies to CJC’s) on behalf of those charged with governance, senior management have established and made arrangements to safeguard internal audit’s independence. These arrangements include:
- Ensuring internal audit’s access to staff and records, as set out in regulations and the charter, operates freely and without any interference to its scope, performance of engagements or communication of results.

- Ensuring that the Audit Manager reports in their own right to the Governance and Audit Sub-Committee on the work of internal audit.
- Providing opportunities for the Audit Manager to meet with Governance and Audit Sub-Committee without senior management present. At least one such meeting must be held each year.
- Where there are actual or potential impairments to the independence of internal audit, senior management will work with the Audit Manager to remove or minimise them or ensure safeguards are operating effectively.
- Recognise that if the Audit Manager has additional roles and responsibilities beyond internal auditing or if new roles are proposed, that could impact on the independence and performance of internal audit, the impact will be discussed with the Audit Manager and the views of Governance and Audit Sub-Committee sought.
- Where needed, appropriate safeguards must be put in place by senior management to protect the independence of internal audit and support conformance with professional standards.

Changes to the Internal Audit Mandate and Charter

2.13 Circumstances may justify a follow-up discussion between the Audit Manager, Governance and Audit Sub-Committee, and senior management on the internal audit mandate or other aspects of the internal audit Charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganisation within the organisation.
- Significant changes in the Audit Manager, Governance and Audit Sub-Committee, and/or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

3. Governance and Audit Sub-Committee Oversight

- 3.1 The Governance and Audit Sub-Committee's duties as detailed in Financial Procedure rule 9.2.3 which states *"The Governance and Audit Committee will implement the statutory requirements placed upon it pursuant to the Local Government (Wales) Measure 2011. This includes monitoring and reviewing the propriety of budgets, financial strategy, accounting, and financial management of the CJC and all its services through reviewing financial procedures, promotion of risk management, internal control and good governance and development of a culture that militates against fraud."*
- 3.2 To establish, maintain, and ensure that the Audit function has sufficient authority to fulfil its duties, the Chief Finance Officer / Governance and Audit Sub-Committee will:
- Discuss with the Audit Manager and senior management, as appropriate, the authority, role, responsibilities, scope and services (assurance and/or advisory) of the Internal Audit function.
 - Ensure the Audit Manager has unrestricted access to and communicates, and interacts with the Governance and Audit Sub-Committee, including in private meeting without senior management present.
 - Discuss with the Audit Manager and senior management other topics that should be included in the Internal Audit Charter.
 - Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
 - Review the internal audit charter periodically with the Audit Manager to consider changes affecting the organisation, such as the employment of a new chief audit executive (audit manager) or changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter.
 - Approve the risk-based internal audit plan.
 - Receive communications from the Audit Manager about the internal audit function including its performance relative to its plan.
 - Ensure a quality assurance and improvement program has been established and reviewed annually.
 - Make appropriate inquiries of senior management and the Audit Manager to determine whether scope or resource limitations are inappropriate.
 - Discuss with the Audit Manager and senior management the "essential conditions" described in the Global Internal Audit Standards.
 - Periodically review the contents of the Service Level Agreement between Ambition North Wales and the Internal Audit Service.

4. Audit Manager Responsibilities

Ethics and Professionalism

4.1 The Audit Manager will ensure that internal auditors:

- Conform with the Global Standards, Application Note and Code of Practice including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality. (See Appendix A).
- Conform with the Seven Principles of Public Life (the Nolan Principles), (selflessness, integrity, objectivity, accountability, honesty and leadership).
- Every internal auditor shall be required to sign a Declaration of Auditor Independence annually which incorporates the duty to adhere to the Seven Principles of Public Life.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

Objectivity

4.2 The Audit Manager 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.

4.3 If the Audit Manager determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

4.4 Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

4.5 Internal auditors will have no direct operational responsibility or authority over any of 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.
- Performing operational duties for the CJC or its affiliates.

- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any CJC employee that is not employed by the internal audit function, except where such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

4.6 Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, to the Audit Manager, Governance and Audit Sub-Committee, management or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

4.7 The Audit Manager has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the Governance and Audit Sub-Committee and senior management. Discuss the plan with the Governance and Audit Sub-Committee and senior management and submit the plan to the Governance and Audit Sub-Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Governance and Audit Sub-Committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in the CJC's business, risks, operations, programs, systems, and controls.
- Communicate with the Governance and Audit Sub-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 the Global Internal Audit Standards and laws and/or regulations.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Governance and Audit Sub-Committee and senior management periodically and for each engagement as appropriate.

- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfil the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the CJC Wales and communicate to the Governance and Audit Sub-Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to the CJC's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Governance and Audit Sub-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 Audit Manager cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Governance and Audit Sub-Committee.

4.8 In order to facilitate the work of the Governance and Audit Sub-Committee, the Auditor Manager will:

- Attend committee meeting and contribute to the agenda
- Participate in the committee's review of its own remit and effectiveness
- Seek to ensure that the committee receives and understands documents that describe how internal audit will fulfil its objectives (e.g. the risk-based plan, annual work programmes, progress reports)

Communication

4.9 The Audit Manager will report regularly (at agreed intervals) to the Governance and Audit Sub-Committee and senior management regarding:

- The internal audit function's mandate and Internal Audit Charter.
- The internal audit plan and performance relative to its plan.
- Significant revisions to the internal audit plan.
- Potential impairments to independence, including relevant disclosures as applicable.

- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's 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 Sub-Committee that could interfere with the achievement of the CJC'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 the CJC's risk appetite
- Adherence to the Service Level Agreement.

4.10 A formal report will be written for most audit assignments, except for some small audits where significant weaknesses were not discovered and where a full audit report was not deemed necessary. In these cases, memoranda will be sent to the relevant officers.

4.11 Where appropriate, each report will be placed in one of four assurance levels based on an evaluation of the internal control environment and the number of risks identified together with their risk score.

The current risk score will be categorised in one of four risk categories:

RISK LEVEL	SCORE
VERY HIGH	20 – 25
HIGH	12 – 16
MODERATE	6 - 10
LOW	1 - 5

4.12 The general assurance levels of audits are as shown in the table below:

ASSURANCE LEVEL	DEFINITION
HIGH	Certainty of propriety can be stated as internal controls can be relied upon to achieve objectives.
SATISFACTORY	Controls are in place to achieve their objectives but there are aspects that need tightening to further mitigate the risks.
LIMITED	Although controls are in place, compliance with the controls needs to be improved and/or introduce new controls to reduce the risks to which the service is exposed.
NO ASSURANCE	Controls in place are considered to be inadequate, with objectives failing to be achieved.

The use of assurance levels is likely to be less appropriate for reports that have been prepared following a special investigation, or for work containing “consultancy” aspects.

- 4.13 Following completion of audit work, a draft report of the findings as well as any areas of risks identified is prepared for the relevant managers so that they have an opportunity to consider the findings and possible solutions to mitigate risks and correct any factual errors. A period of 2-3 weeks is given to managers to respond to the draft, but a longer period will be considered if a request for an extension is received. If a response is not received by the stipulated date, the report is assumed to be acceptable and a final report will be issued. If comments are received, these will be considered (and the draft report may or may not be modified) before the final report is issued. If there is no agreement to mitigate risk(s), that will be addressed in the final report.
- 4.14 After an appropriate period, Internal Audit will conduct follow-up testing to ensure that what was agreed is operational. The results of follow-up work will be reported to Chief Officers and the Governance and Audit Sub-Committee.

5. Quality Assurance and Improvement Programme

- 5.1 The Audit Manager will develop, implement, and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit function. The QAIP will include external and internal assessments of the internal audit function’s conformance with the Global Internal Audit Standards and Code of Practice, as well as performance measurement to assess the internal audit function’s progress toward the achievement of its objectives and promotion of continuous improvement.
- 5.2 The programme will also assess compliance with laws and/or regulations relevant to internal auditing such as the Relevant Internal Audit Standard Setters’ (RIASS) Application Note and CIPFA’s Code of Practice.
- 5.3 If applicable, the assessment will include plans to address the internal audit function’s deficiencies and opportunities for improvement.
- 5.4 Annually, the Audit Manager will communicate with the Governance and Audit Committee and senior management about the internal audit function’s QAIP, including the results of internal self-assessments (ongoing monitoring and periodic self-assessments) and external assessments.
- 5.5 External assessments will be conducted at least once every five years by a suitably qualified, independent assessor or assessment team from outside the Council.

6. Scope and Types of Internal Audit Services

- 6.1 The scope of internal audit covers the entire breadth of the organisation, including all the CJC's activities, assets and personnel.
- 6.2 The scope of internal audit activities also encompasses but is not limited to:
- Objective examinations of evidence to provide independent assurance and advice to management and the Governance and Sub-Audit committee on risk management, governance and internal controls.
 - Promote an anti-fraud, anti-bribery and anti-corruption culture within the CJC to aid the prevention and detection of fraud and to investigate allegations of fraud, bribery, corruption and other irregularities.

7. SUPPORT FOR INTERNAL AUDIT

- 7.1 In line with CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government (2025), internal audit's activities require access to and support from senior management, Governance and Audit Sub-Committee and those charged with governance. Support allows internal audit to apply their mandate and charter in practice and meet expectations.
- 7.2 Support means:
- Championing the role and work of internal audit to the staff within the authority and to partner organisations with whom internal audit will work.
 - Facilitating access to senior management, Governance and Audit Sub-Committee and the authority's external auditor.
 - Assisting, where possible, with access to an external provider's assurance such as regulators, inspectors and consultants.
 - Engaging constructively with internal audit's findings, opinions and advice.
 - Building 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.
- 7.3 The Governance and Audit Sub-Committee can demonstrate its support for internal audit by:
- enquiring of senior management and the Audit Manager about any restrictions on the internal audit's scope, access, authority or resources that limit its ability to carry out its responsibilities effectively.

- considering the audit plan or planning scope and formally approving or recommending approval as appropriate.
- meeting at least annually with the Audit Manager in sessions without senior management present.

ETHICS AND PROFESSIONALISM

All internal auditors are required to conform with the standards of ethics and professionalism. If internal auditors are expected to abide by other codes of ethics, behaviour, or conduct, such as those of an organization, conformance with the principles and standards of ethics and professionalism contained herein is still expected. The fact that a particular behaviour is not mentioned in these principles and standards does not preclude it from being considered unacceptable or discreditable.

While internal auditors are responsible for their own conformance, the chief audit executive is expected to support and promote conformance with the principles and standards in the Ethics and Professionalism domain by providing opportunities for training and guidance. The chief audit executive may choose to delegate certain responsibilities for managing conformance but retains accountability for the ethics and professionalism of the internal audit function.

Principle 1 Demonstrate Integrity

Internal auditors demonstrate integrity in their work and behaviour.

Integrity is behaviour characterized by adherence to moral and ethical principles, including demonstrating honesty and the courage to act based on relevant facts, even when facing pressure to do otherwise, or when doing so might create potential adverse personal or organizational consequences. In simple terms, internal auditors are expected to tell the truth and do the right thing, even when it is uncomfortable or difficult.

Integrity is the foundation of the other principles of ethics and professionalism, including objectivity, competency, due professional care, and confidentiality. The integrity of internal auditors is essential to establishing trust and earning respect.

Standard 1.1 Honesty and Professional Courage

Internal auditors must perform their work with honesty and professional courage.

Internal auditors must be truthful, accurate, clear, open, and respectful in all professional relationships and communications, even when expressing scepticism or offering an opposing viewpoint. Internal auditors must not make false, misleading, or deceptive statements, nor conceal or omit findings or other pertinent information from communications. Internal auditors must disclose all material facts known to them that, if not disclosed, could affect the organization's ability to make well-informed decisions.

Internal auditors must exhibit professional courage by communicating truthfully and taking appropriate action, even when confronted by dilemmas and difficult situations.

The chief audit executive must maintain a work environment where internal auditors feel supported when expressing legitimate, evidence-based engagement results, whether favourable or unfavourable.

Standard 1.2 Organisational Ethical Expectations

Internal auditors must understand, respect, meet and contribute to the legitimate and ethical expectations of the organisation and must be able to recognise conduct that is contrary to those expectations.

Internal auditors must encourage and promote an ethics-based culture in the organisation. If internal auditors identify behaviour within the organisation that is inconsistent with the organisations ethical expectations, they must report the concern according to applicable policies and procedures.

Standard 1.3 Legal and Ethical Behaviour

Internal auditors must not engage in or be party to any activity that is illegal or discreditable to the organisation or the profession of internal auditing or that may harm the organisation or its employees.

Internal auditors must understand and abide by the laws and/or regulations relevant to the CJC, local government and the jurisdictions in which the organisation operates, including making disclosures as required.

If internal auditors identify legal or regulatory violations, they must report such incidents to individuals or entities that have the authority to take appropriate action, as specified in laws, regulations, and applicable policies and procedures.

Principle 2 Maintain Objectivity

Internal auditors maintain an impartial and unbiased attitude when performing internal audit services and making decisions.

Objectivity is an unbiased mental attitude that allows internal auditors to make professional judgements, fulfil their responsibilities, and achieve the 'Purpose of Internal auditing' without compromise. An independently positioned internal audit function supports internal auditors' ability to maintain objectivity.

Standard 2.1 Individual Objectivity

Internal auditors must maintain professional objectivity when performing all aspects of internal audit services. Professional objectivity requires internal auditors to apply an impartial and unbiased mindset and make judgements based on balanced assessment of all relevant circumstances.

Internal auditors must be aware of and manage biases.

Standard 2.2 Safeguarding Objectivity

Internal auditors must recognise and avoid or mitigate actual, potential and perceived impairments to objectivity.

Internal auditors must not accept any tangible or intangible item, such as a gift, reward, favour, that may impair or be presumed to impair objectivity.

Internal auditors must avoid conflicts of interest and must not be unduly influenced by their own interests or interests of others, including senior management or others in a position of authority, or by the political environment or other aspects of their surroundings.

When performing internal audit services:

- Internal auditors must refrain from assessing specific activities for which they were previously responsible. Objectivity is presumed to be impaired if an auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous 12 months.
- If the internal audit function is to provide assurance services where it previously performed advisory services, the chief audit executive must confirm that the nature of the advisory services does not impair objectivity and must assign resources such as individual objectivity is managed. Assurance engagements for functions over which the chief audit executive has responsibility must be overseen by an independent party outside the internal audit function.
- If internal auditors are to provide advisory services relating to activities for which they had previous responsibilities, they must disclose potential impairments to the party requesting the services before accepting the engagement.

The chief audit executive must establish methodologies to address impairments to objectivity. Internal auditors must discuss impairments and take appropriate actions according to relevant methodologies.

Standard 2.3 Disclosing Impairments to Objectivity

If objectivity is impaired in fact or appearance, the details of the impairment must be disclosed promptly to the appropriate parties.

If internal auditors become aware of an impairment that may affect their objectivity, they must disclose the impairment to the chief audit executive or a designated supervisor. If the chief audit executive determines that an impairment is affecting an internal auditor's ability to perform duties objectively, the chief audit executive must discuss the impairment with the management of the activity under review, board, and/or senior management and determine the appropriate action to resolve the situation.

If an impairment that affects the reliability or perceived reliability of the engagement findings, recommendations, and/or conclusions is discovered after an engagement has been completed, the chief audit executive must discuss the concerns with the management of the activity under review, the board, senior management, and/or other affected stakeholders and determine the appropriate actions to resolve the situations. (See also Standard 11.4 Errors and Omissions.)

If the objectivity of the chief audit executive is impaired in fact or appearance, the chief audit executive must disclose the impairment to the board. (See also Standard 7.1 Organisational Independence.)

Principle 3 Demonstrate Competency

Internal auditors apply knowledge, skills and abilities to fulfil their roles and responsibilities successfully.

Demonstrating competency requires developing and applying the knowledge, skills and abilities to provide internal audit services. Because internal auditors provide a diverse array of services, the competencies needed by each internal auditor vary. In addition to possessing or obtaining the competencies needed to perform services, internal auditors improve the effectiveness and quality of services by pursuing professional development.

Standard 3.1 Competency

Internal auditors must possess or obtain the competencies to perform their responsibilities successfully. The required competencies include the knowledge, skills, and abilities suitable for one's job position and responsibilities commensurate with their level of experience. Internal auditors must possess or develop knowledge of The IIA's Global Internal Audit Standards.

Internal auditors must engage only in those services for which they have or can attain the necessary competencies.

Each internal auditor is responsible for continually developing and applying the competencies necessary to fulfil their professional responsibilities. Additionally, the chief audit executive must ensure that the internal audit function collectively possesses the competencies to perform the internal audit services described in the internal audit charter or must obtain the necessary competencies. (See also Standards 7.2 Chief Audit Executive Qualifications and 10.2 Human Resources Management.)

Standard 3.2 Continuing Professional Development

Internal auditors must maintain and continually develop their competencies to improve the effectiveness and quality of internal audit services. Internal auditors must pursue continuing professional development including education and training. Practicing internal auditors who have attained professional internal audit certification must follow the continuing professional education policies and fulfil the requirements applicable to their certifications.

Principle 4 Exercise Due Professional Care

Internal Auditors apply due professional care in planning and performing internal audit services.

The Standards that embody exercising due professional care require:

- Conformance with the Global Internal Audit Standards.
- Consideration of the nature, circumstances, and requirements of the work to be performed.
- Application of professional scepticism to critically assess and evaluate information.

Due professional care requires planning and performing internal audit services with the diligence, judgement, and scepticism possessed by prudent and competent internal auditors. When exercising due professional care, internal auditors perform in the best interests of those receiving internal audit services but are not expected to be infallible.

Standard 4.1 Conformance with the Global Internal Audit Standards

Internal Auditors must plan and perform internal audit services in accordance with the Global Internal Audit Standards.

The internal audit function's methodologies must be established, documented and maintained in alignment with the Standards. Internal auditors must follow the Standards and the internal audit function's methodologies when planning and performing internal audit services and communicating results.

If the Standards are used in conjunction with the requirements issued by other authoritative bodies, internal audit communication must also cite the use of the other requirements, as appropriate.

If laws or regulations prohibit internal auditors or internal audit functions from conforming with any part of the Standards, conformance with all other parts of the Standards is required and appropriate disclosures must be made.

When internal auditors are unable to conform with a requirement, the chief audit executive must document and communicate a description of the circumstance, alternative actions taken, the impact of the actions, and the rationale. Requirements related to disclosing non-conformance with the Standards are described in Standards 8.3 Quality, 12.1 Internal Quality Assessment, and 15.1 Final Engagement Communications.

Standard 4.2 Due Professional Care

Internal auditors must exercise due professional care by assessing the nature, circumstances, and requirements of the services to be provided, including:

- The organisation's strategy and objectives.
- The interests of those for whom internal audit services are provided and the interests of other stakeholders.
- Adequacy and effectiveness of governance, risk management and control processes.
- Cost relative to potential benefits of the internal audit services to be performed.
- Extent and timeliness of work needed to achieve the engagement's objectives.
- Relative complexity, materiality, or significance of risks to the activity under review.
- Probability of significant errors, fraud, non-compliance, and other risks that might affect objectives, operations and resources.
- Use of appropriate techniques, tools and technology.

Standard 4.3 Professional Scepticism

Internal auditors must exercise professional scepticism when planning and performing internal audit services.

To exercise professional scepticism, internal auditors must:

- Maintain an attitude that includes inquisitiveness.
- Critically assess the reliability of information.
- Be straightforward and honest when raising concerns and asking questions about inconsistent information.
- Seek additional evidence to make a judgement about information and statements that might be incomplete, inconsistent, false or misleading.

Principle 5 Maintain Confidentiality

Internal Auditors use and protect information appropriately.

Because internal auditors have unrestricted access to the data, records, and other information necessary to fulfil the internal audit mandate, they often receive information that is confidential, proprietary, and/or personally identifiable. (See also Principle 6 Authorised by the board and its standards.) This includes information in physical and digital form as well as information derived from oral communication, such as formal or informal meeting discussions. Internal auditors must respect the value and ownership of information they receive by using it only for professional purposes and protecting it from unauthorised access or disclosure, internally and externally.

Standard 5.1 Use of Information

Internal auditors must follow relevant policies, procedures, laws, and regulations when using information. The information must not be used for personal gain or in a manner contrary or detrimental to the organisation's legitimate and ethical objectives.

Standard 5.2 Protection of Information

Internal auditors must be aware of their responsibilities for protecting information and demonstrate respect for the confidentiality, privacy, and ownership of information acquired when performing internal audit services or as the result of professional relationships.

Internal auditors must understand and abide by the laws, regulations, policies, and procedures related to confidentiality, information privacy, and information security that apply to the organisation and internal audit function.

Considerations specifically relevant to the internal audit function include:

- Custody, retention, and disposal of engagement records.
- Release of engagement records to internal and external parties.
- Handling of, access to, or copies of confidential information when it is no longer needed.

Internal auditors must not disclose confidential information to unauthorized parties unless there is a legal or professional responsibility to do so.

Internal auditors must manage the risk of exposing or disclosing information inadvertently.

The chief audit executive must ensure that the internal audit function and individuals assisting the internal audit function adhere to the same protection requirements.

The Application Note: Global Internal Audit Standards in the UK Public Sector provides further general context for the UK public sector. The GIAS generally and GIAS 1.2 (Organisation's Ethical Expectations) specifically describe the importance of internal auditors encouraging and promoting an ethics-based culture alongside personal adherence to the ethical expectations of their organisation. This need for ethical behaviour is especially relevant in the UK public sector where those delivering public services are both servants of the public and stewards of public resources. The government has set out Seven Principles of Public Life (also known as the 'Nolan Principles') that apply to all public servants (including contractors working in the public service).

The Seven Principles of Public Life

- **Selflessness:** Holders of public office should act solely in terms of the public interest.
- **Integrity:** Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family or their friends. They must declare and resolve any interests and relationships.

- **Objectivity:** Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- **Accountability:** Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- **Openness:** Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- **Honesty:** Holders of public office should be truthful.
- **Leadership:** Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.

Internal auditors working in the UK public sector must apply these alongside all other relevant ethical frameworks.