

**Item 4**

**26th May 2026**

**Glasgow City Region Cabinet**

**Report by Head of Audit and Inspection, Glasgow City Council**

**Contact: William Hart, Chief Auditor**

**Extension: 74303**

**INTERNAL AUDIT PLAN 2026/27**

**Purpose of Report:**

To present to the Cabinet the internal audit plan for 2026/27 for the Glasgow City Region Cabinet.

**Recommendations:**

Members are asked to:

- 1) agree to the implementation of the Audit Plan for 2026/27.
- 2) agree to the implementation of the Internal Audit Mandate and Charter as detailed in Appendix 2.
- 3) note the responsibilities of Cabinet as detailed in the Audit Charter.

## **1. BACKGROUND**

- 1.1 Following agreement, the Glasgow and Clyde Valley Local Authorities entered into a City Deal with both the UK and Scottish Governments. The eight Local Authority Leaders agreed to establish a Joint Committee constituted under Section 57 of the Local Government (Scotland) Act 1973. The Joint Committee is known as “the Glasgow City Region Cabinet” (“the Cabinet”) and was constituted on the 19 January 2015.
- 1.2 Cabinet has agreed the appointment of Glasgow City Council’s Internal Audit department to provide the Internal Audit function. The Head of Audit and Inspection prepares an annual internal audit plan which is subject to consideration and approval by the Cabinet. Internal Audit complies with the Global Internal Audit Standards (GIAS). The audit plan has been prepared and will be undertaken in accordance with the Standards.
- 1.3 In developing the internal audit plan, we have:
- consulted relevant senior officers of the Glasgow City Region (“the City Region”) Project Management Office,
  - considered the risks affecting the Cabinet,
  - considered both internal and external factors affecting the City Region’s programme, and
  - considered previous audit findings.
- 1.4 The Global Internal Audit Standards (GIAS) require that the audit plan should be kept under review to reflect any changing priorities and emerging risks. We will therefore ensure the plan remains relevant and reflects any changes to the inherent risks which may impact on the Cabinet. The Cabinet will be asked to approve any material adjustments to the audit plan.

## **2. INTERNAL AUDIT PLAN 2026/27**

- 2.1 The areas included in the Internal Audit Plan for 2026/27 are:
- Community Benefits Hub
  - Governance – Critical Friend Advice & Guidance
  - Clyde Mission Heat Decarbonisation Governance Arrangements – Phase 2
  - Follow-up audit work to confirm any recommendations made have been implemented.
- Further details on each of the above proposed reviews is contained within Appendix 1.
- 2.2 Internal Audit will issue reports on audit findings, highlighting control weaknesses, together with recommendations for improvement. Any significant area of control weakness will be reported specifically in the Annual Governance Statement.
- 2.3 Audits which examine systems and processes operated by Glasgow City Council but which may be used or relied upon to deliver objectives of the City Region Cabinet will be reported to the Council’s Finance and Audit Scrutiny Committee. Audit findings which may impact on the Cabinet will be considered when developing the Cabinet Annual Governance Statement.

- 2.4 Where appropriate, we will place reliance on the work undertaken by the Internal Audit section of each member Local Authority. Any significant issue that could impact on the ability of an Authority to deliver a project under its control will be considered for inclusion in the Annual Governance Statement. Internal Audit will also continue to host an audit support group. This group will include representatives from each Local Authority Internal Audit section and will facilitate the sharing of audit knowledge, information and best practice.

### **3. DIRECT AUDIT OUTPUTS IN 2026/27**

- 3.1 The main output of Internal Audit in 2026/27 will be the Head of Audit and Inspection's annual audit opinion. This will be reported to the Cabinet and will provide assurance to Members of the Cabinet and senior officers on issues of control related to the delivery of the objectives of the City Region Cabinet.
- 3.2 The annual opinion will be based principally on the work undertaken by Internal Audit during the year. In 2026/27, 60 days will be available to carry out this work. Internal Audit will continually review the risks and operating environment of the Cabinet during the course of the year and may tailor this planned work accordingly.
- 3.3 The indicative fee for the cost of this audit work during 2026/27 is £28,200.

### **4. 2025/26 UPDATE**

- 4.1 There were three elements in the 2025/26 audit plan. The current status of each is:
- Fair Work First Compliance – report will be presented to Cabinet in May 2026;
  - Clyde Mission Heat Decarbonisation Fund Governance Arrangements Phase 1 – report will be presented to Cabinet in May 2026;
  - Investment Zones – work by Internal Audit was in a critical friend capacity and was undertaken throughout 2025/26. Further information will be included in the IA Annual Report 2025/26, which will be presented to Cabinet in August 2026.

### **5. RECOMMENDATIONS**

- 5.1 Members are asked to:
- 1) agree to the implementation of the Audit Plan for 2026/27.
  - 2) agree to the implementation of the Internal Audit Mandate and Charter as detailed in Appendix 2.
  - 3) note the responsibilities of Cabinet as detailed in the Audit Charter.

## Appendix 1

### Glasgow City Region Cabinet – Audit Plan 2026/27

Assurance Area	Planned Internal Audit Activity	Link to Risks (where applicable)
Governance	<p><b>Community Benefits Hub</b></p> <p>We will undertake a review of the arrangements in place for managing the Community Benefits Hub. This will include how eligible communities can make requests and how businesses respond to them. The audit will review the controls in place to ensure that information is captured and managed appropriately and that the processes in place are effective and are being followed correctly</p>	Risk 0042 – Achievement of Community Benefits.
Governance	<p><b>Governance – Critical Friend Advice &amp; Guidance</b></p> <p>We will provide advice and support to the PMO in relation to a number of governance areas throughout 2026/27. These include:</p> <ul style="list-style-type: none"> <li>• UK Government Local Growth Fund</li> <li>• Clyde Metro governance arrangements</li> <li>• Investment Zone</li> <li>• Any proposed changes to governance arrangements</li> </ul>	Risk 0005 – Governance procedures are not fit for purpose.
Governance	<p><b>Clyde Mission Heat Decarbonisation Governance Arrangements – Phase 2</b></p> <p>As the programme progresses and projects draw down funding, we will undertake assurance audit work to confirm that the governance arrangements are being complied with and that any issues are being addressed.</p>	Risk 0013 – Sustainability. Efficient use of Natural Resources. Climate Change.
Follow up	We will undertake an audit of the progress made against Internal Audit recommendations, undertaking additional testing as required. Summary progress updates will be reported to the Cabinet.	n/a

## Appendix 2

### INTERNAL AUDIT CHARTER

Presented to Glasgow City Region: May 2026

Next Review Date: March 2027

#### 1. Introduction

- 1.1 The Local Authority Accounts (Scotland) Regulations 2014 make it a statutory requirement for a local authority to operate a professional objective internal auditing service. Section 95 of the Local Government (Scotland) Act 1973 specifies that all Scottish Councils are required to have in place arrangements for ensuring propriety, regularity and best value in their stewardship of public funds.
- 1.2 The authority for setting professional standards for internal audit in the UK public sector rests with the Relevant Internal Audit Standard Setters (RIASS). The RIASS have determined that the [Global Internal Audit Standards](#) (GIAS), issued by the Institute for Internal Auditors (IIA), are a suitable basis for the practice of internal auditing in the UK public sector, subject to interpretations and requirements set out in the [Application Note](#) "Global Internal Audit Standards in the UK Public Sector". For UK Local Authorities, the [Code of Practice](#) on the Governance of Internal Audit should also be used to interpret some of the essential conditions in the new standards.
- 1.3 The GIAS require the Chief Audit Executive (CAE) to implement and maintain an Internal Audit Charter and sets out the purpose, position and scope of Internal Audit in the organisation. The Charter is reviewed annually by the Senior Management Team.

#### 2. Purpose

- 2.1 In line with the GIAS, the purpose of Internal Audit is to strengthen the City Region's ability to create, protect and sustain value by providing the Cabinet and management with independent, risk-based and objective assurance, advice, insight and foresight.
- 2.2 The GIAS also set out that Internal Audit is most effective when:
  - Internal Audit is performed by competent professionals in conformance with the GIAS (UK Public Sector);
  - The Internal Audit function is independently positioned with direct accountability to the Cabinet; and
  - Internal Auditors are free from undue influence and committed to making objective assessments.
- 2.3 Internal Audit assurance is provided by delivering an annual programme of audit work that independently and objectively assesses the design and effectiveness of the controls established to manage the most significant risks. The scope of Internal Audit covers all activities across the City Region which come under the remit of the Cabinet.

- 2.4 The CAE will report annually to the Cabinet and senior management on the function's conformance with the GIAS (UK Public Sector), which will be assessed through a quality assurance and improvement programme.
- 2.5 In addition to their primary role, the CAE will also support City Region senior management in undertaking their duties. The CAE will also advise on the control implications of system or process changes; assist management in their duties to prevent and detect fraud and corruption; and aim to add value to the City Region in all its undertakings.

**3. Internal Audit Mandate**

- 3.1 The authority for Internal Audit is derived from the Local Authority Accounts (Scotland) Regulations 2014. The mandate sets out the authority, roles and responsibilities, and empowers the Internal Audit function to provide the Cabinet and senior management with independent, risk-based, and objective assurance, advice, insight, and foresight.
- 3.2 The Internal Audit function's authority is created by its direct reporting relationship to the Cabinet. Such authority allows for unrestricted access to the Cabinet. This authorises the Internal Audit function to:
  - Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out Internal Audit responsibilities.
  - Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
  - Obtain assistance from the necessary personnel of the City Region, and services from within or outside the City Region to complete internal audit services.
- 3.3 The GIAS set out the duty on internal auditors to be faithful custodians of the information they gather, sharing only in limited, defined and controlled ways, and describes the need for awareness of responsibilities in protecting information and demonstrating respect for the confidentiality, privacy and ownership of information.
- 3.4 In line with the GIAS (UK Public Sector), internal auditors must also be aware of circumstances under which sharing or publication of information will be required. They must be aware of their organisation's policies and procedures for routine publication of certain information and where there are statutory obligations to share or publish information, for example Freedom of Information requirements.

**4. Definitions**

- 4.1 The following definitions have been adopted as set out in the GIAS 2024 Glossary:

<b>Internal Audit</b>	<i>An independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation establish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.</i>
-----------------------	---

<b>Assurance services</b>	<i>Services through which internal auditors perform objective assessments to provide assurance. The nature and scope of assurance services are determined by Internal Audit.</i>
<b>Advisory services</b>	<i>Services through which internal auditors provide advice to an organisation's stakeholders without providing assurance or taking on management responsibilities. The nature and scope of advisory services are subject to agreement with relevant stakeholders.</i>
<b>Independence</b>	<i>Freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.</i>

## **5. Independence, Position and Reporting Relationships**

- 5.1 The GIAS state that the CAE should be positioned at a level that enables Internal Audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the Internal Audit function.
- 5.2 The CAE reports functionally to the Cabinet and administratively (for example, day-to-day operations) to senior management. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Cabinet, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.
- 5.3 The CAE is required to confirm, at least annually, the organisational independence of the Internal Audit function. If the governance structure does not support organisational independence, the CAE must document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The CAE must disclose to the Cabinet 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.
- 5.4 To ensure that Internal Audit independence and objectivity is maintained for assurance services, Internal Audit will remain free from interference from anyone within the organisation in relation to audit selection, scope, procedures, frequency, timing, and report content.
- 5.5 Where Internal Audit also has responsibility for non-audit activities, the GIAS require that appropriate arrangements are established to avoid conflicts of interest. Additionally, Internal Audit will not be permitted to audit any activities for which they have previously been responsible within a period of one year and will not engage in any other activity that may impair judgment or independence.
- 5.6 For advisory / 'critical friend' services, the Internal Audit role will be specifically restricted to providing guidance, views, and opinions. To comply with independence requirements, Internal Audit will not be involved in any aspects of operational decisions subsequently taken by management.

## 6. Internal Audit Authority and Oversight

6.1 To establish, maintain, and ensure that City Region’s Internal Audit function has sufficient authority to fulfil its duties, the Cabinet (or appropriate support group) will give consideration to the following requirements for review and approval.

<b>GIAS requirement regarding authority and oversight</b>	<b>Review</b>	<b>Approve <sup>1</sup></b>
Consider, with the CAE and senior management, the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the Internal Audit function.	X	
Ensure the CAE has unrestricted access to and communicates and interacts directly with the Cabinet, including in private meetings without senior management present.	X	
Consider with the CAE and senior management any other topics that should be included in the Internal Audit charter.	X	
Participate in discussions with the CAE and senior management about the ‘essential conditions’ described in the GIAS which establish the foundation that enables an effective Internal Audit function.	X	
Approve the Internal Audit charter, which includes the internal audit mandate and the scope and types of Internal Audit services.		X
Review and approve the Internal Audit charter annually, specifically considering changes affecting the organisation, such as changes in the type, severity, and interdependencies of risks.	X	X
Approve the risk-based Internal Audit plan.	X	X
Review the Internal Audit function’s budget and other resources.	X	
Review and provide input to senior management on the CAE’s performance.	X	
Receive communications from the CAE about the Internal Audit function including its performance relative to its plan.	X	

<sup>1</sup> (or recommend approval to the appropriate decision making corporate body)

<b>GIAS requirement regarding authority and oversight</b>	<b>Review</b>	<b>Approve <sup>1</sup></b>
Ensure a Quality Assurance and Improvement Programme (QAIP) has been established and review the results annually.	X	
Make appropriate inquiries of senior management and the CAE to determine whether scope or resource limitations are inappropriate.	X	

6.2 The Cabinet, CAE and Senior Management will ensure that Internal Audit at all times:

- Has unrestricted access to all relevant records, cash, property, assets and people, where necessary on demand and without prior notice;
- Can obtain explanations as is required to satisfy the probity of any matter under consideration;
- Can require the production of any records and other such property as is deemed necessary.

6.3 All senior officers must report to the CAE at the earliest opportunity all actual or perceived losses (cash, stock, equipment or data), all suspected or actual instances of theft, embezzlement, fraud, corruption or any other impropriety.

## **7. Internal Audit Objectives and Responsibilities**

### 7.1 Ethics and Professionalism

The CAE will ensure that internal auditors:

- conform with the GIAS (UK Public Sector) including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, confidentiality and the Nolan Seven Principles of Public Life;
- understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and can recognise conduct that is contrary to those expectations;
- encourage and promote an ethics-based culture; and
- report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

### 7.2 Objectivity

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

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.

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 organisation or its affiliates;
- initiating or approving transactions external to the Internal Audit function;
- directing the activities of any employee that is not employed by the Internal Audit function, except to the extent that such employees have been appropriately assigned to Internal Audit teams or to assist internal auditors.

Internal auditors will:

- disclose impairments of independence or objectivity, in fact or appearance, to the CAE as soon as possible;
- exhibit professional objectivity in gathering, evaluating, and communicating information;
- make balanced assessments of all available and relevant facts and circumstances; and
- take necessary precautions to avoid conflicts of interest, bias, and undue influence.

The CAE will disclose impairments of independence or objectivity at least annually.

### 7.3 Managing the Internal Audit Function

The CAE has the responsibility to:

- at least annually, develop a risk-based Internal Audit plan that considers the input of the Cabinet (or support group), and senior management;
- discuss the plan with senior management and submit the plan to the Cabinet for review and approval;
- communicate the impact of resource limitations on the Internal Audit plan to the Cabinet and senior management;
- review and adjust the Internal Audit plan, as necessary, in response to changes in the City Region's business, risks, operations, programmes, systems, and controls;
- communicate with the Cabinet and senior management if there are significant interim changes to the plan;
- ensure Internal Audit engagements are performed, documented, and communicated in accordance with the GIAS;
- follow up on audit findings and confirm the implementation of significant recommendations or action plans and communicate the results of Internal Audit services to the Cabinet and senior management, and for each audit 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 GIAS and fulfil the Internal Audit mandate;

- 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 City Region's relevant policies and procedures unless such policies and procedures conflict with the Internal Audit Charter or GIAS. Any such conflicts will be resolved or documented and communicated to the Cabinet and senior management; and
- coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the CAE cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Cabinet.

#### 7.4 Communication with the Cabinet and Senior Management

The CAE will report to the Cabinet (or relevant support group) and senior management on:

- the Internal Audit function's mandate;
- the Internal Audit plan and performance;
- Internal Audit resources;
- significant revisions to the Internal Audit plan and resources;
- potential impairments to independence, including relevant disclosures as applicable;
- results from the QAIP, which include the Internal Audit function's conformance with the GIAS (UK Public Sector) 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 Cabinet that could interfere with the achievement of the Region's strategic objectives;
- outcomes 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 City Region's risk appetite.

### 8. Management Responsibilities

- 8.1 Management will cooperate with Internal Audit on audits and provide access to records, systems and personnel as required within a reasonable timeframe following the request.
- 8.2 Assurance engagements will be subject to a written terms of reference and report. Advisory and agile engagements will be agreed in writing (for example via email or written terms of reference) and a relevant output agreed (for example full report/summary findings, focused feedback or an action plan). Management will nominate a senior point of contact for each engagement.
- 8.3 All fieldwork will conclude with a clearance meeting where Internal Audit will brief the key contact(s) on the emerging findings. Draft reports will be shared with management for agreement as to the factual accuracy of draft findings raised, and understanding of Internal Audit recommendations designed to address the control weaknesses identified.
- 8.4 It is management's responsibility to agree to either:

- accept and fully implement all Internal Audit recommendations;
  - agree to address the risks identified by adopting an alternative approach to that recommended by Internal Audit; or
  - accept the risk associated with not implementing Internal Audit recommendations with supporting rationale.
- 8.5 When a draft audit report is delivered, management are required to agree to the recommendations in the action plan, including specifying officer responsibility and anticipated dates for the implementation. Internal Audit will consider the timeliness of implementation dates according to the associated risk level identified.
- 8.6 Management is responsible for ensuring that agreed management actions are implemented in full and effectively sustained.
- 8.7 The GIAS require the CAE to report to both senior management and the Cabinet, details of management's response to risk that (based on the CAE's judgement) may be unacceptable to the City Region. Consequently, any Internal Audit findings where management has accepted the risk will be highlighted in Internal Audit reports.

## **9. Scope and Types of Internal Audit Services**

- 9.1 The scope of Internal Audit services covers areas under the remit of the Cabinet.
- 9.2 The scope of Internal Audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Cabinet and management on the adequacy and effectiveness of governance, risk management, and control processes for the City Region.
- 9.3 The nature and scope of any advisory services will be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.
- 9.4 Internal Audit engagements may include evaluating whether:
- risks relating to the achievement of the City Region's strategic objectives are appropriately identified and managed;
  - the actions of officers, directors, management, employees, and contractors or other relevant parties comply with the City Region's policies, procedures, and applicable laws, regulations, and governance standards;
  - the results of operations and projects/programmes are consistent with established goals and objectives;
  - operations and projects/programmes are being carried out effectively, efficiently, ethically, and equitably;
  - established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the City Region;
  - fraud risks are being managed effectively;
  - the integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable; and

- resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

## 10. Internal Audit Plan

- 10.1 The CAE will submit an annual Internal Audit Plan to the Cabinet for review and approval which is designed to support provision of an evidence-based annual opinion. This Plan will be developed, based on a risk-based prioritisation of the audit universe. The CAE will seek input from a range of key stakeholders including senior management.
- 10.2 The nature of evolving risks makes it possible that the audit assignments included in the work programme may be subject to change. Consequently, the Internal Audit Plan will be subject to regular review by the CAE and any material proposed changes to the agreed plan (due to emerging risks and issues) will be approved by senior management and agreed by the Cabinet (or support group).
- 10.3 The GIAS (UK Public Sector) requires the CAE to coordinate with internal and external assurance providers to consider relying on their work and minimise duplication of effort.
- 10.4 The GIAS (UK Public sector) recognises that there are various relevant outside assurance providers whose authority flows from separate legal or regulatory sources beyond the control or influence of the CAE, and they may not have any ability to access the work of those assurance providers or gain insight into the scope and timing of their work. Under these circumstances the CAE must consider whether it is possible or practical to co-ordinate. Where they do not co-ordinate, they must set out to the Cabinet the barriers which prevent effective co-ordination.
- 10.5 Where adopted, a consistent process for the basis of reliance should be established as, where reliance is placed on the work of others, the CAE remains accountable and responsible for ensuring that there is adequate support for conclusions and opinions reached where reliance has been placed on work performed by other assurance providers.
- 10.6 Therefore, when dealing with an external party, Internal Audit will clearly define the respective roles, responsibilities, and other expectations (including restrictions on distribution of results of the engagement and access to engagement records).
- 10.7 Internal Audit also reserves the right to raise findings on areas that have not been specifically included in the Plan where significant or systemic control gaps are evident.

## 11. Resourcing

- 11.1 The GIAS (UK Public Sector) requires the CAE to effectively deploy and manage financial, human and technological resources to implement the Internal Audit strategy and achieve its plan and mandate. The [Application Note: Global Internal Audit Standards in the UK Public Sector](#) notes that funding processes for Internal Audit functions in the public sector vary and may prevent the CAE from being able to seek or obtain additional funding due to other funding priorities within the organisation. This may impact the way in which the

CAE uses resources. In line with the GIAS (UK Public Sector) the basis for conformance is as follows:

- where there are constraints on resources, the CAE must develop a resource strategy which suggests practical approaches for consideration by the Cabinet;
- the CAE must inform the Cabinet of the impact of insufficient resources and any options available to mitigate that impact; and
- where there are constraints, the CAE must set out what alternative approaches apply to the Internal Audit service, and then seek to manage financial, human and IT resources within those constraints.

11.2 The CAE must inform the Cabinet of any resource management arrangements at the organisation that may put at risk the ability of the internal audit function to fulfil its mandate.

11.3 The City Region's Internal Audit Plan will include the budgeted resource requirements needed to deliver proposed audit engagements. Should circumstances arise during the year that suggests that available resource levels will fall or appear to be falling below the level required to deliver the Plan, the CAE will communicate the impact of resource limitations to senior management and the Cabinet.

## **12. Prevention and Detection of Fraud and Corruption**

12.1 City Region Management is responsible for the prevention and detection of fraud or corruption. Internal Audit will assist management in the discharge of this responsibility. Audit procedures alone cannot guarantee that all fraud or corruption will be detected. Internal Audit will, however, exercise an appropriate level of professional scepticism during audit work and be alert to risks and exposures that could allow the opportunity for fraud or corruption to occur.

12.2 Discovery of any suspected or actual fraud or irregularity that affects the City Region should be reported immediately to the CAE and information on suspected or actual fraud may inform the annual audit opinion and the risk-based Internal Audit work programme. The CAE may then direct Internal Audit resources to investigate, or assist management investigations, into suspected and actual cases.

## **13. Follow-Up of Agreed Audit Actions**

13.1 It is Management's responsibility to implement agreed audit actions. Internal Audit will follow up and report progress with implementation of agreed management actions to support closure of findings raised on a regular basis and seek to confirm that they have been undertaken within agreed timescales.

13.2 The follow up process involves review of evidence provided by management to support implementation of agreed management actions, and proportionate re-performance testing to confirm that they have been effectively implemented and sustained.

13.3 If, following initial agreement to implement an agreed management action, management subsequently decide to risk accept either the full or partial risks associated with a recommendation, a risk acceptance proforma should be completed by management which details the mitigating actions and residual risks. Internal Audit will then process the closure as 'Closed – Management Accepts Risk' and all risk acceptances will be reported to the Cabinet within the Follow Up report.

## 14. Quality Assurance and Improvement Programme (QAIP)

- 14.1 The CAE is responsible for ensuring the quality of audit work and that the Internal Audit function is continuously seeking improvement. The GIAS (UK Public Sector) defines quality as a combined measure of conformance with the GIAS and achievement of the Internal Audit function's performance objectives.
- 14.2 The CAE will develop, implement, and maintain a Quality Assurance & Improvement Programme (QAIP) that covers all aspects of the Internal Audit function. The QAIP will include external and internal assessments of the function's conformance with the GIAS (UK Public Sector), as well as performance measurement to assess the Internal Audit function's progress towards achievement of its objectives and promotion of continuous improvement. If applicable, the assessment must include plans to address the function's deficiencies and opportunities for improvement.
- 14.3 The CAE will report annually on progress with the QAIP, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments.
- 14.4 External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation, whose qualifications must meet the requirements set out in the GIAS (UK Public Sector).

## 15. Annual Reporting and Overall Conclusion

- 15.1 In line with the GIAS (UK Public Sector) the CAE must, at least annually:
- conclude on the overall adequacy and effectiveness of the City Region's framework of governance, risk management and control (annual opinion); and
  - include a statement on conformance with the GIAS (UK Public Sector) and the results of the QAIP.
- 15.2 The annual opinion for the Cabinet is based on the outcomes of the audits included in the Internal Audit Plan, progress in addressing any prior year significant issues, progress with implementation of agreed management actions, the result of any other Internal Audit activities that have identified control gaps exposing the Cabinet to risk, and the professional judgement of the CAE.

## 16. Communication and Reporting

- 16.1 The CAE will report regularly to the Cabinet (or appropriate support group) on the progress with, and results of its work enabling review and scrutiny as summarised below.

Report	Frequency
Internal Audit Charter	Annually (April/May)

<b>Report</b>	<b>Frequency</b>
Internal Audit Annual Plan	Annually (April/May)
Internal Audit Assurance reports, other Internal Audit activity reports and Follow-Up reports	As required
Proposed material changes to the Internal Audit Plan	As required
Internal Audit Annual Report and Opinion, including: <ul style="list-style-type: none"> <li>• effectiveness of the governance, risk management and control framework;</li> <li>• Internal Audit independence; and</li> <li>• conformance with the GIAS (UK Public Sector) including ethics and professionalism requirements.</li> </ul>	Annually (August)
Internal Audit Quality reporting, including: <ul style="list-style-type: none"> <li>• results of internal assessments;</li> <li>• progress of corrective action plans; and</li> <li>• compliance with CIPFA Code of Practice for the Governance of Internal Audit in Local Government.</li> </ul>	Annually
External Quality Assessments	5-yearly

## **17. Approval and Changes to the Internal Audit Mandate and Charter**

17.1 The Internal Audit Charter is subject to approval on an annual basis. Approval is evidenced through meeting papers and minutes.

17.2 Circumstances may justify changes to the Charter. Such circumstances may include but are not limited to:

- a significant change in the GIAS (UK Public Sector);
- a significant reorganisation within Glasgow City Region;
- significant changes in the CAE, the Cabinet, and/or senior management;
- significant changes to the City Region's strategies, objectives, risk profile, or the environment in which it operates;
- changes to laws or regulations that may affect the nature and/or scope of Internal Audit Services.