

REPORT TO: AUDIT & STANDARDS COMMITTEE

DATE: 29 NOVEMBER 2017

TITLE: INTERNAL AUDIT CHARTER

LEAD OFFICER: SARAH MARSH, INTERNAL AUDIT MANAGER
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RECOMMENDED that:

A The revised Internal Audit Charter be approved.

PURPOSE

1. This report provides the Committee an opportunity to review the Internal Audit Charter which it last approved at its meeting on 25 November 2015. The Charter has been revised and is aligned with The Chartered Institute of Public Finance and Accountancy (CIPFA) publication "Audit Committees: Practical Guidance for Local Authorities and Police (2013 edition)". The updated document is attached at Appendix A. New guidance is expected to be issued in late 2017 and this will be incorporated in to any further revisions during 2018/19 and reported to the Audit and Standards Committee.

INTRODUCTION

2. The Internal Audit Charter is a formal document that defines Internal Audit's purpose authority and responsibility. The Charter establishes Internal Audit's position in the Council, including the nature of the Internal Audit Manager's reporting relationships, access to records, personnel and physical properties relevant to the performance of the engagement; and defines the scope of Internal Audit activities. Final approval of the Charter resides with the Audit and Standards Committee.
3. The Public Sector Internal Auditing Standards (PSIAS), which became effective from 1 April 2013, require that the purpose, authority and responsibility of Internal Audit must be formally defined in an internal audit charter, which the Internal Audit Manager must periodically review and present to senior management and the Audit and Standards Committee for approval.
4. Following a consultation period the PSIAS were updated in April 2017 and the Internal Audit Charter has now been updated to reflect the new mandatory standards. In particular the Charter is now more explicit on the mission and principles of the Internal Audit function, ensuring the role of Internal Audit includes risk management and governance, as well as internal controls, and safeguards required should the Head of Internal Audit have to take on additional responsibilities.

5. The Charter was due for its annual review in November 2016 but was postponed until the outcomes from the independent External Quality Assessment (EQA) of the Internal Audit function were known. The EQA determined that the Internal Audit function was compliant with the Public Sector Internal Audit Standards. Part of the EQA process included a review of the Internal Audit Charter and no deficiencies or enhancements required were noted by the assessor.

CONCLUSION

6. The Internal Audit Charter sets out the purpose, authority and responsibility of the internal audit function. This has been revised and minor amendments made to ensure it remains current, fit for purpose and aligned to the PSIAS

IMPLICATIONS

Place (includes Sustainability)

None specific.

Author: **Graeme Bloomer, Head of Place**

Finance (includes ICT)

There are no financial implications and no direct risk management implications arising from the recommendation.

Author: **Simon Freeman, Head of Finance**

Housing

None specific.

Author: **Andrew Murray, Head of Housing**

Community Wellbeing (includes Regeneration, Equalities and Social Inclusion)

None specific.

Author: **Jane Greer, Head of Community Wellbeing**

Governance (includes HR)

Audit Committees in local authorities are necessary to satisfy the wider requirements for sound financial management, internal controls and risk as set out in the Accounts and Audit (England) Regulations 2015.

The Public Sector Internal Auditing Standards are mandatory for all principal local authorities and other relevant bodies subject to the Accounts and Audit (England) Regulations 2015.

Author: **Brian Keane, Acting Managing Director**

BACKGROUND PAPERS

Audit Committees: Practical Guidance for Local Authorities and Police (2013 Edition)