

Non-Executive Report of the:  <b>Audit Committee</b>  Wednesday, 7 April 2021	
<b>Report of:</b> Kevin Bartle, Interim Corporate Director, Resources (S.151 Officer)	<b>Classification:</b> Open (Unrestricted)
<b>Internal Audit Charter</b>	

<b>Originating Officer(s)</b>	Paul Rock
<b>Wards affected</b>	(All Wards);

## Executive Summary

The Public Sector Internal Audit Standards requires the purpose, authority and responsibility of the internal audit activity to be formally defined in an internal audit charter which must be approved by the Audit Committee.

This report and appendix provides the Audit Committee with the opportunity to review and approve the updated internal audit charter.

## Recommendations:

The Audit Committee is recommended to:

1. Review and approve the Internal Audit Charter.

### 1. REASONS FOR THE DECISIONS

- 1.1 The Public Sector Internal Audit Standards requires the purpose, authority and responsibility of the internal audit activity to be formally defined in an internal audit charter which must be approved by the Audit Committee.

### 2. ALTERNATIVE OPTIONS

- 2.1 None.

### 3. DETAILS OF THE REPORT

- 3.1 The Public Sector Internal Audit Standards requires the purpose, authority and responsibility of the internal audit activity to be formally defined in an internal audit charter which must be approved by the Audit Committee.

- 3.2 The charter must be consistent with the Mission of Internal Audit and the mandatory elements of the Public Sector Internal Audit Standards (including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards and the Definition of Internal Auditing). The Head of Internal Audit must periodically review the internal audit charter and present it to the Audit Committee for approval.
- 3.3 The internal audit charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation, including the nature of the Head of Internal Audits functional reporting relationship with the Audit Committee; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.
- 3.4 The internal audit charter must also:
- Define the terms 'board' and 'senior management' for the purposes of internal audit activity.
  - Cover the arrangements for appropriate resourcing.
  - Define the role of internal audit in any fraud-related work, and
  - Describe safeguards to limit independence or objectivity if internal audit or the Head of Internal Audit undertakes non-audit activities.
- 3.5 The charter has been reviewed and remains aligned with best practice as recommended by the Chartered Institute of Internal Auditors and is presented to the Audit Committee for review and approval.

#### **4. EQUALITIES IMPLICATIONS**

- 4.1 There are no equalities implications to consider.

#### **5. OTHER STATUTORY IMPLICATIONS**

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.

- Data Protection / Privacy Impact Assessment.

5.2 There are no other statutory implications to consider.

## **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

6.1 There are no specific financial implications to consider.

## **7. COMMENTS OF LEGAL SERVICES**

7.1 The Recommendation of the report requests that the Committee review and approve the Internal Audit Charter. The requirement for an Internal Audit Charter is a statutory requirement as specified in the Accounts and Audit Regulations 2015. This provides that the Council must have an effective internal audit that evaluates the effectiveness of the Council's risk management, control and governance processes, taking into account the Public Sector Internal Audit Standards and associated guidance.

7.2 In accordance with the Public Sector Internal Audit Standards, this Internal Audit Charter sets out the purpose, authority and responsibility of the Council's internal audit service. As advised at paragraph 3.2 of the report, the Charter will be reviewed periodically and presented to the Audit Committee for approval.

7.3 The recommendation falls within the scope of the terms of reference for the Audit Committee as set out in Section 4, Part B – Responsibility for Functions and Decision Making Procedures of the Constitution.

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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- None.

### **Appendices**

- Appendix A – Internal Audit Charter.

### **Local Government Act, 1972 Section 100D (As amended)**

#### **List of “Background Papers” used in the preparation of this report**

List any background documents not already in the public domain including officer contact information.

- None.

**Officer contact details for documents:**

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