

**16 December 2021****Agenda Item: 7****REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE &  
IMPROVEMENT****INTERNAL AUDIT CHARTER REFRESH****Purpose of the Report**

1. To review and approve an updated version of the Internal Audit Charter.

**Information**

2. The charter is a formal document defining the Internal Audit Section's purpose, authority and responsibility. It establishes the Section's position within the Council, including the nature of the Group Manager – Assurance's functional reporting relationship with the Governance & Ethics Committee. It authorises access to records, personnel and physical properties relevant to the performance of audit engagements, and it defines the scope of Internal Audit's activities. Final approval of the charter rests with the Governance & Ethics Committee.
3. The charter should be reviewed periodically, to ensure it remains relevant and up-to-date; it was last updated in September 2019. Mostly minor changes are proposed in this update, to reflect changes in job titles and team names. The more substantial changes to highlight are the following:
  - a) The addition of corporate risk management to the non-audit responsibilities of the Group Manager – Assurance. This leads to an impairment of independence for the Group Manager and means that future audits of the corporate risk management function will need to be conducted by an external assurance provider. This circumstance is provided for in the Public Sector Internal Audit Standards (PSIAS).
  - b) Moderate revision of the protocol for chasing management responses to draft internal audit reports. The proposal is to remove a layer of reminder, from three reminders to two, within the expected six-week timeframe over which internal audit reports should be finalised and issued.
4. The revised charter is attached as Appendix 1. It may also provide further assistance to the new members of the Governance & Ethics Committee in understanding the role of Internal Audit in the Council.

**Other Options Considered**

5. The establishment and maintenance of a formal internal audit charter is a requirement of the PSIAS.

### **Reason/s for Recommendation/s**

6. To ensure that this Council's Internal Audit Charter remains up-to-date and relevant to the developing needs of the authority from its internal audit service.

### **Statutory and Policy Implications**

7. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

#### **Financial Implications**

8. The activities of the Internal Audit service are a key element in the governance framework within the Council. The formal Internal Audit Charter is a key document in ensuring the Council receives an effective service from the resources it deploys on this area of activity.

### **RECOMMENDATION**

- 1) That the revised Internal Audit Charter be approved.

**Nigel Stevenson**

**Service Director for Finance, Infrastructure & Improvement**

**For any enquiries about this report please contact: Rob Disney, Group Manager - Assurance**

#### **Constitutional Comments (KK 15/11/2021)**

9. The proposal in this report is within the remit of the Governance and Ethics Committee.

#### **Financial Comments (RWK 15/11/2021)**

10. There are no specific financial implications arising directly from this report.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

### **Electoral Division(s) and Member(s) Affected**

- All