

11 September 2019**Agenda Item: 9****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. A refreshed version is presented at this time to implement recommended changes identified by the Group Manager – Assurance's annual review of conformance with the Public Sector Internal Audit Standards (PSIAS).
4. The proposed changes were brought to the Committee's attention as part of the Group manager - Assurance's Annual Report, presented at the July 2019 meeting. The Annual Report incorporates an improvement programme for the forthcoming year, and this included the following actions in relation to the charter. Also indicated below are follow-up actions to be taken by the Group Manager - Assurance to ensure that these changes are followed through by the Internal Audit team:
 - a) Charter to explicitly reflect the wide remit of Internal Audit's scope of activity. Paragraph 4.2(a) has been updated to make clear that the remit of Internal Audit extends beyond the Council's arrangements for financial control.

No additional actions are necessary, as the team's Audit Need Assessments already span the whole control environment of the Council, and are not restricted to financial controls.

- b) Updating the arrangements for avoiding potential conflicts of interest relating to the performance of non-audit activities. The Group Manager – Assurance is now responsible for the delivery of services by the Risk & Insurance Team and the Performance, Intelligence & Policy Team. To ensure the independence of Internal Audit is maintained, the Group Manager – Assurance has put in place arrangements for the periodic review of these services by external providers of internal audit services. A new paragraph 4.7 has been included to set out these arrangements.

The Group Manager – Assurance takes no part in assessing the priority of audit coverage in these areas of service. An internal audit of Performance Management is due to be carried out in Term 2 of 2019/20 by the team's collaboration partners, Assurance Lincolnshire.

- c) Other, minor amendments have been made to reflect changes in job titles and the change from annual to termly audit plans.

5. Appendix 1 presents a refreshed version of the charter, incorporating the above changes.

Other Options Considered

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

Reason/s for Recommendation/s

- 7. 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

- 8. 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

- 9. 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/S

- 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 19/8/2019)

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

Financial Comments (SES 27/08/2019)

11. 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