

**REPORT OF SERVICE DIRECTOR, FINANCE, PROCUREMENT &  
IMPROVEMENT****INTERNAL AUDIT CHARTER****Purpose of the Report**

1. To review and approve an updated version of the Internal Audit Charter, as proposed in Appendix 1.

**Information and Advice**

2. The Council's Internal Audit Section works in compliance with its Internal Audit Charter, which is compiled in accordance with the guidance set out in the Public Sector Internal Audit Standards (PSIAS).
3. 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 Head of Internal Audit's functional reporting relationship with the Audit 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 Audit Committee.
4. The Internal Audit Charter should be reviewed periodically, to ensure it remains relevant and up-to-date. An updated version is presented at this time, principally to take account of the following developments:
  - a) The PSIAS were recently revised to include a mission for internal audit sections, along with core principles for the professional practice of internal auditing
  - b) At its meeting in June 2016, the Audit Committee approved a change in procedure at this Council for following up the implementation of management actions to address Internal Audit recommendations.
5. The updated version of the charter also removes reference to an established link with the Police to enable potential irregularities to be discussed on both a formal and informal basis. This link is not now sufficiently well established to warrant its inclusion in the charter. However, the Annual Fraud Report presented to the Audit Committee in June 2016 identified an intention to re-establish such a link at a more corporate level through the Human Resources function.

## **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, finance, human resources, human rights, the public sector equality duty, safeguarding of children and adults at risk, service users, sustainability and the environment and ways of working 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**

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**

**Services Director – Finance, Procurement and Improvement**

**For any enquiries about this report please contact: Rob Disney, Head of Internal Audit**

## **Constitutional Comments [KK 11/8/2016]**

9. The proposal in this report is within the remit of the Audit Committee.

## **Financial Comments [RWK 08/08/2016]**

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