

AUDIT COMMITTEE

20 March 2024

Annual Review of the Internal Audit Charter

Report of Head of Internal Audit

PURPOSE OF REPORT

Annual Review of the Internal Audit Charter

This report is public

RECOMMENDATIONS

(1) That the Audit Committee agree the Internal Audit Charter at Appendix A

1.0 Background

- 1.1 Specific requirements detailed in the Accounts and Audit Regulations 2015 require a relevant body to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Audit Standards (PSIAS) or guidance'. From 1 April 2013 the standards and guidance were defined in the PSIAS and CIPFA's Application Note which provides guidance on the specific requirements for local government internal audit services.
- 1.2 The Application Note documents a number of specific local government requirements, including the requirement to complete an extensive checklist for assessing compliance with PSIAS. One of the mandatory requirements within the checklist is to have an Internal Audit Charter in place which is reviewed periodically.
- 1.3 In addition to annual reviews by the Audit Committee, the PSIAS external peer review process also provides for an independent assessment of this document.

2.0 Audit Charter

- 2.1 The Internal Audit Charter was last re-approved at the Audit Committee meeting in March 2023. The Charter has been reviewed and no changes are deemed necessary for 2024/25.

3.0 Details of Consultation

- 3.1 No consultations have taken place when reviewing the Audit Charter other than with the Section 151 Officer.

4.0 Options and Options Analysis (including risk assessment)

- 3.1 The options available are to either accept the Audit Charter which will provide the council and its Internal Audit function with the basis for continued compliance with established Internal Audit Standards or recommend alternative wording if necessary. Any deviation from best practice or changes to this Charter should be agreed by the Section 151 Officer, the Audit Committee and reported to the Council's External Auditors.

5.0 Conclusion

5.1 It is timely and appropriate to update the council's Internal Audit Charter; this is a key component in establishing compliance with professional standards for Internal Audit.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Not applicable

FINANCIAL IMPLICATIONS

None directly arising from this report

SECTION 151 OFFICER'S COMMENTS

The Internal Audit Charter is a key part of the framework in which Internal Audit operates, it formally defines the Service's purpose, authority, responsibility and reinforces the emphasis on core principles around objectivity and independence. The proposed Charter reflects current best practice as defined by PSIAS and CIPFA and so the benefits of any departure, or deviation would need to be clearly defined and articulated and subject to formal agreement by s151 Officer and the Audit Committee.

LEGAL IMPLICATIONS

None directly arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

Public Sector Internal Audit Standards

Local Government Application Note for the UK PSIAS - (CIPFA, in collaboration with the Chartered Institute of Internal Auditors)

CIPFA - The Role of the Head of Internal Audit

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