

AUDIT COMMITTEE



28 February 2014

Internal Audit Charter

Report of the Chief Internal Auditor and Corporate Fraud Manager

Purpose of the Report

1. The purpose of this report is to seek approval to a revised Internal Audit Charter.

Background

2. The purpose of an Internal Charter is to define the role, authority and responsibility of the Internal Audit Service.
3. The Charter was last reviewed by the Audit Committee in 2011.
4. The Charter has been updated to reflect the requirements of Public Sector Internal Audit Standards (PSIAS) that came into effect 1 April 2013, and CIPFA's accompanying Local Government Application Note, which are now the proper practices that underpin the requirements of the Accounts and Audit Regulations (England) 2011, which require relevant public bodies to undertake an adequate and effective internal audit of its accounting records and its system of internal control.
5. The organisations to which CIPFA's Application Note applies are identified in the PSIAS as local authorities, the offices of the police and crime commissioners, constabularies, fire authorities, national park authorities, joint committees and joint boards in the UK.
6. All principal local authorities and other relevant bodies subject to the Accounts and Audit Regulations (England) 2011 must make provision for internal audit in accordance with the Public Sector Internal Audit Standards as well as CIPFA's Local Government Application Note.
7. Within the PSIAS, the terms 'board' and 'senior management' must be interpreted in the context of the governance arrangements within each individual organisation, as these arrangements vary in structure and terminology between sectors and from one organisation to the next within the same sector.

8. It is expected that the audit committee, where one exists, will fulfil the role of the board in the majority of instances, but it is still the responsibility of each individual organisation and their Chief Audit Executive (Head of Internal Audit) to consider every occurrence of the term 'board' and 'senior management' within the PSIAS and decide which committee or other such group best fits the role in that situation, bearing in mind the need to preserve the independence and objectivity of the internal audit function.
9. A mapping exercise has therefore been carried out to determine who the most appropriate body is to fulfil these roles in relation to the provision of audit services to the County Council.
10. The PSIAS and the Local Government Application Note require that decisions relating to who is to fulfil the role of the board and senior management for the purpose of internal audit activities be documented in the Internal Audit Charter. The proposed Internal Audit Charter therefore reflects the outcomes of the mapping exercise (Appendix C of Charter).

Recommendation

11. Audit Committee approve the Internal Audit Charter attached at Appendix 2.

Appendix 1: Implications

Finance

No direct implications as a result of this report.

Staffing

None

Risk

None

Equality and Diversity/Public Sector Equality Duty

None

Accommodation

None

Crime and disorder

None.

Human rights

None

Consultation

None

Procurement

None

Disability Discrimination Act

None

Legal Implications

None