Mountsett Crematorium Joint Committee

24 April 2015

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 agreement on the revised Internal Audit Charter to take immediate effect and to be applied to reviews undertaken as part of the Internal Audit plan for 2014/15.

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 updated in January 2014 to reflect the requirements of Public Sector Internal Audit Standards 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.

4. The Charter included for the Committee to consider as Appendix 2 has been further amended to reflect revised working practices that were introduced for work to be undertaken as part of the 2014/15 Internal Audit Plan.

5. A summary of the key amendments is shown in the paragraphs and tables below.

6. An amendment to the overall ratings and definitions for assurance reviews undertaken. The changes removed the previous Full and No assurance categories that were rarely if ever used. Furthermore where a Limited assurance opinion is given, controls are overall considered to be ineffective and require improvement to maintain an acceptable level of control. These will be followed up within 6 months of the date of the Final Audit report issue.

Assurance Rating	Definition
Substantial	Whilst there is a sound system of control, any weaknesses identified may put some of the system objectives at minor risk.
Moderate	Whilst there is basically a sound system of control, there are some weaknesses, which may put some of the system objectives at major risk.
Limited	There are weaknesses in key areas in the system of control, which put the system objectives at significant risk.

7. An amendment to the priority ratings and definitions for recommendations raised. The changes replaced the previous Low and Advisory Priority recommendations with a new Best Practice category.

Priority	Definition
High	Action that is considered imperative to ensure that the service/system/process objectives are not exposed to **significant risk** from weaknesses in critical or key controls.
Medium	Action is required to ensure that the service/system/process objectives are not exposed to **major risk** from weaknesses in controls.
Best Practice	The issue merits attention and its implementation will enhance the control environment or promote value for money.

Recommendation

8. It is recommended that in considering the content of the report, the Joint Committee approve the revised Internal Audit Charter attached at Appendix 2.

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Finance

There are no direct financial implications arising for the Joint Committee as a result of this report, although we aim through our audit planning arrangements to review core systems in operation and ensure through our work that the Joint Committee has made safe and efficient arrangements for the proper administration of its financial affairs.

Staffing

None

Risk

There are no direct risk implications arising for the Joint Committee as a result of this report, although we aim through our planning arrangements to review the adequacy and effectiveness of the risk management arrangements in place.

Equality and Diversity / Public Sector Equality Duty

None

Accommodation

None

Crime and disorder

None

Human rights

None

Consultation

None

Procurement

None

Disability issues

None

Legal Implications

Compliance with CiPFA Guidance re Public Sector Internal Audit Standards