

Meeting:	Audit & Governance Committee	Date:	21 November 2016
Subject:	Internal Audit Charter		
Report Of:	Head of Audit Risk Assurance		
Wards Affected:	N/A		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	1. Internal Audit Charter		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 The purpose of this report is to inform Members of revisions to the Public Sector Internal Audit Standards (PSIAS) which were effective from 1st April 2016 and therefore the Internal Audit Charter has been updated accordingly.

2.0 Recommendations

- 2.1 Audit and Governance Committee is asked to **RESOLVE** to review and consider the IA Charter and to formally approve its adoption. (Please note all changes to the Internal Audit Charter have been noted in **red** and *italics*).

3.0 Background and Key Issues

- 3.1 The Accounts and Audit Regulations 2015 state “...*a relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management control and governance processes, taking into account public sector internal auditing standards or guidance*”.
- 3.2 The purpose of this report is to inform members of revisions to the Public Sector Internal Audit Standards (PSIAS) which were effective from 1st April 2016.
- 3.3 The PSIAS (attribute standard 1000) require that all internal audit activities maintain an internal audit charter.
- 3.4 The current Internal Audit Charter was approved at the Audit and Governance Committee at its meeting on 14th March 2016. However there have been a small number of revisions which require approval. The key changes required relate to the following areas:-

- The introduction of a mission statement for Internal Audit “To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.
- The adoption of ten core principles for the professional practice of internal auditing which is one of the key changes within the revised PSIAS. These are:-
 1. Demonstrates integrity.
 2. Demonstrates competence and due professional care
 3. Is objective and free from undue influence (independent)
 4. Aligns with the strategies, objectives and risks of the organisation.
 5. Is appropriately positioned and adequately resourced.
 6. Demonstrates quality and continuous improvement.
 7. Communicates effectively.
 8. Provides risk-based assurance.
 9. Is insightful, proactive, and future-focused.
 10. Promotes organisational improvement.

3.5 The Internal Audit Charter is attached at Appendix 1 and has been updated to reflect these changes.

4.0 Asset Based Community Development (ABCD) Considerations

4.1 There are no ABCD implications as a result of the recommendation made in this report.

5.0 Alternative Options Considered

5.1 None.

6.0 Reasons for Recommendations

6.1 Since the approval of the IA Charter in March 2016 there have been some revisions to the Public Sector Internal Audit Standards which were effective from 1st April 2016 which need to be reflected within the Internal Audit Charter.

7.0 Future Work and Conclusions

7.1 The Internal Audit Charter sets out the role, responsibility, status and authority of internal audit. Following approval of the Charter, the Head of Audit Risk Assurance will ensure compliance approach across all the internal audit shared service partner organisations.

8.0 Financial Implications

8.1 There are no additional financial implications as a result of this report

(Financial Services have been consulted in the preparation this report.)

9.0 Legal Implications

- 9.1 None specific arising from the report recommendations. The adoption of the Charter is intended to meet the statutory requirements and will aid clarity as to how internal audit is delivered within the City Council.

(One Legal have been consulted in the preparation this report.)

10.0 Risk & Opportunity Management Implications

- 10.1 Non-compliance with legislation/mandatory professional standards. Failure to deliver an effective Internal Audit Service will prevent an independent, objective assurance opinion to be provided to those charged with governance, that the key risks associated with the achievement of the Council's objectives are being adequately controlled.

11.0 People Impact Assessment (PIA):

- 11.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

12.0 Other Corporate Implications

Community Safety

- 12.1 There are no 'Community Safety' implications arising out of the recommendations made in this report.

Sustainability

- 12.2 There are no 'Sustainability' implications arising out of the recommendations made in this report.

Staffing & Trade Union

- 12.3 There are no 'Staffing & Trade Union' implications arising out of the recommendations made in this report.

Background Documents: PSIAS 2016 and the CIPFA Local Government Application Note for the UK PSIAS.