



REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 04 DECEMBER 2018

SUBJECT: INTERNAL AUDIT CHARTER (TERMS OF REFERENCE)

BY: CORPORATE DIRECTOR (CORPORATE SERVICES)

1. REASON FOR REPORT

- 1.1 To seek Committee approval of an updated Internal Audit Charter (terms of reference) that defines the purpose, authority, and responsibility of the internal audit activity within the Council.
- 1.2 This report is submitted to Committee in terms of Section III (I) (2) of the Council's Scheme of Administration relating to consideration of reports from the Internal Auditor.

2. RECOMMENDATION

- 2.1 **That Committee considers and approves the updated internal audit charter.**

3. BACKGROUND

- 3.1 The Public Sector Internal Audit Standards requires the purpose, authority and responsibility of the internal audit activity to be formally defined in an internal audit charter. There is also a requirement for the Internal Audit Manager to review the charter regularly and present it to senior management and the board for approval.
- 3.2 In a council context 'senior management' is the Corporate Director (Corporate Services) and the Board is the Audit and Scrutiny Committee.
- 3.3 The last formal review of the charter took place in early 2017 and the updated document was considered and approved at the meeting of this Committee on 22 March 2017 (paragraph 6 of the minute refers). There have been no significant changes to the document in the interim.
- 3.4 However the charter defines succinctly the role and purpose of internal audit, and its responsibilities and status within the organisation. This includes its authority to undertake its work in an independent manner, and its accountabilities both operationally to a Corporate Director and functionally to this Committee.

- 3.5 It is expected the Charter will be a useful reference point for elected members who have recently joined the Committee. The Charter is provided as **Appendix 1**.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes improvement Plan (LOIP))

No implications.

(b) Policy and Legal

An up-to-date charter meets the requirements of the Internal Audit Standards which public sector bodies must apply.

(c) Financial implications

None.

(d) Risk Implications

The availability of an up to date Charter provides clarity around the purpose, authority and responsibility of the internal audit function.

(e) Staffing Implications

None.

(f) Property

None.

(g) Equalities/Socio Economic Impact

None.

(h) Consultations

The Internal Audit Manager has agreed the content of this report and the Charter with the Corporate Director (Corporate Services).

5. CONCLUSION

- 5.1 The Audit and Scrutiny Committee is invited to consider and approve the updated audit charter.**

Author of Report: Atholl Scott, Internal Audit Manager
Background Papers: Public Sector Internal Audit Standards
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