



REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 23 NOVEMBER 2022

SUBJECT: INTERNAL AUDIT CHARTER

BY: DEPUTE CHIEF EXECUTIVE (EDUCATION, COMMUNITIES AND ORGANISATIONAL DEVELOPMENT)

1. REASON FOR REPORT

- 1.1 To seek Committee approval for a revised Internal Audit Charter 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) and (7) of the Council's Scheme of Administration relating to consideration of reports from the Council's Internal Auditor and monitoring delivery of the audit service carried out by Internal Audit.

2. RECOMMENDATION

- 2.1 **The Committee is asked to consider and approve the revised Internal Audit Charter.**

3. BACKGROUND

- 3.1 The Public Sector Internal Audit Standards (PSIAS) require the purpose, authority and responsibility of the internal audit activity to be formally defined in an Internal Audit Charter. The Internal Audit Charter establishes Internal Audit's position within the Council; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of Internal Audit activities.
- 3.2 The PSIAS was developed by the Chartered Institute of Public Finance and Accountancy and the Chartered Institute of Internal Auditors (CIIA) and is mandatory for all providers of internal audit services in the public sector. The standards are based on the compulsory elements of the global CIIA's International Professional Performance Framework.

- 3.3 The definition of Internal Auditing within PSIAS is “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.
- 3.4 The Internal Audit Charter defines the role and purpose of internal audit and its responsibilities and status within the Council. The Audit and Risk Manager must periodically review the Internal Audit Charter and present it to senior management and the Audit and Scrutiny Committee for approval.
- 3.5 It is expected the Charter will also be a helpful reference point for elected members who have recently joined the Committee. The Charter is provided in Appendix 1.

4 SUMMARY OF IMPLICATIONS

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

Internal audit work supports good governance and the delivery of efficient services.

(b) Policy and Legal

Public sector bodies are required to adopt mandatory standards for internal audit and these call for the regular review and updating of an internal audit terms of reference document.

(c) Financial Implications

No implications directly arising from this report.

(d) Risk Implications

Not having a formally agreed charter could mean the role of internal audit within the council is not clearly defined and understood, and technically is a non-compliance with the required standards.

(e) Staffing Implications

No implications directly arising from this report.

(f) Property

No implications directly arising from this report.

(g) Equalities/Socio Economic Impact

No implications directly arising from this report

(h) Climate Change and Biodiversity Impacts

No implications.

(i) Consultations

The Standards require the draft Charter to be discussed with senior management and such discussions have taken place with the Corporate and Senior Management Team. Separately, the Chief Financial Officer and Monitoring Officer have been consulted and any comments incorporated into this report.

5. CONCLUSION

5.1 The Committee is asked to consider and approve the revised Charter document for internal audit to ensure ongoing compliance with recognised auditing standards.

Author of Report:	Dafydd Lewis	Audit and Risk Manager
Background Papers:	Internal Audit files	
Ref:	DL/ASC/231122	SPMAN-1042990102-127