

To: All Members and Officers of the Audit and Standards Committee.

Please ask for: Carol Bloxham
Telephone: (01785) 276135
e-mail: carol.bloxham@staffordshire.gov.uk

Dear Sir/Madam,

Audit and Standards Committee - Monday, 27th June, 2016

I have recently forwarded to you a copy of the agenda for the next meeting of the Audit and Standards Committee.

I am now able to enclose, for consideration at next Monday, 27th June, 2016 meeting of the Audit and Standards Committee, the following report.

6. **Internal Audit (Pages 1 - 2)**

- Charter

Report of the Director of Finance and Resources

John Tradewell
Director of Law and Governance

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Local Members Interest
N/A

Audit and Standards Committee – 27th June 2016

Internal Audit Charter 2016/17

Recommendation

1. To approve the revisions to the Internal Audit Charter originally approved in June 2014.

Report of the Director of Finance and Resources

Background

2. The Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN) Standard 1000 require that the purpose, authority and responsibility of the internal audit activity must be formally defined in an Audit Charter. The Internal Audit Charter is a formal document setting out:
 - internal audit's position within the organisation
 - its reporting lines
 - access to personnel, information and records
 - the scope of internal audit activities
 - what the term Board means (e.g. the Audit & Standards Committee)
3. The need for an Audit Charter was a new requirement of PSIAS and the Audit & Standards Committee approved the detailed document at its meeting in June 2014. Since this date there have been a small number of revisions which require approval. The key changes made in 2016 are highlighted within the attached document in yellow and relate to the following areas:
 - Defines the mission of internal audit – incorporating the new element included within the revised PSIAS which became effective from 1st April 2016. *(page 3)*
 - Updated to include the core principles for the professional practice of internal auditing which is one of the key changes within the revised PSIAS. *(page 3)*

Equalities Implications and Climate Change Implications

4. There are no direct implications arising from this report.

Legal Implications

5. Whilst there are no direct legal implications arising from this report, the Accounts and Audit (England) Regulations 2015 specifically require that 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’.

Resource and Value for Money Implications

6. The net budget of the Internal Audit Section is estimated at £575,200 of which £64,400 relates to payments to external providers.

Risk Implications

7. Internal Audit objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources

Report Author

Author's name: Lisa Andrews
Ext. No.: 276402
Email: Lisa.andrews@staffordshire.gov.uk

List of Background Papers

1. Public Sector Internal Audit Standards – revised with effect from 1st April 2016.
2. Local Government Application Note – with effect from 1st April 2013
3. Accounts and Audit (England) Regulations 2015.
4. CIPFA Statement on the Role of the Head of Internal Audit in Local Government 2010