

Local Members Interest
N/A

Audit and Standards Committee – 12th June 2019

Internal Audit Charter 2019

Recommendation

- a. To approve the revisions to the Internal Audit Charter originally approved by the Audit and Standards Committee in June 2014.

Report of the County Treasurer

Background

1. 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 defined formally in an Audit Charter. The Internal Audit Charter is a formal document setting out:
 - a. internal audit's position within the organisation
 - b. its reporting lines
 - c. access to personnel, information and records
 - d. the scope of internal audit activities
 - e. what the term Board means (e.g. the Audit and Standards Committee).
2. 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 some revisions which require approval. The key changes made in 2019 are highlighted in yellow within the attached document (**Appendix 1**) and relate to the following areas:
 - a. Amendments following the merging of the Finance and Resources Directorate and the Strategy, Governance and Change Directorate into the newly formed Corporate Services Directorate;
 - b. The development of the Continuous Controls Monitoring Programme within the counter fraud plan;
 - c. Reference to the Internal Audit Digital Utilisation Strategy and use of data analytics and techniques within our audit work;
 - d. Reference to the Head of Internal Audit's contribution to the review of the Audit & Standards Committee's effectiveness advising the Chair of any suggested improvement;
 - e. Expansion of the responsibilities of the Audit & Standards Committee following revisions made to its terms of reference in December 2018 including the publication of an annual report of its work; and
 - f. Use of and the processing of data including signposting to the Council's overarching privacy notice as well as the privacy notice relating to fraud referrals.

3. The Audit Charter 2019 continues to cover all requirements of the latest Public Sector Internal Audit Standards (last issued 2017); the latest Local Government Application Note (last issued March 2019) and the latest CIPFA statement regarding the Role of the Head of Internal Audit in Public Service Organisations (2019 Edition).

Equalities 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 require specifically 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 in 2019/20 is £758,430 of which £65,900 relates to payments to external providers.

Risk Implications

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

Climate Change Implications

9. There are no direct implications arising from this report

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List of Appendices

Appendix A – Internal Audit Charter 2019

List of Reference Material

1. Public Sector Internal Audit Standards – revised with effect from 1st April 2017.
2. Local Government Application Note – with effect from 1st March 2019
3. Accounts and Audit (England) Regulations 2015.
4. CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations (2019 Edition).