

Central Bedfordshire Council

AUDIT COMMITTEE

9 January 2017

Revisions to the Internal Audit Charter

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Purpose of this report:

This report proposes the adoption of revisions to the Internal Audit Charter in compliance with the Public Sector Internal Audit Standards applied in the UK, based upon international standards which were adopted on 1st April 2013 and revised in April 2016.

RECOMMENDATIONS

The Committee is asked to:

1. Consider and endorse the revisions to the Internal Audit Charter.

Overview and Scrutiny Comments/Recommendations

1. This report is not scheduled to be considered by Overview and Scrutiny, as this is the responsibility of the Audit Committee.

Background

2. The Audit Committee has a key role in ensuring and maintaining effective corporate governance arrangements are in place within the Council. The Internal Audit Charter provides evidence of such arrangements in respect of the Internal Audit function.
3. Public Sector Internal Audit Standard 1000 requires the Purpose, Authority and Responsibility to be defined in an Audit Charter. In addition, the Internal Audit Charter establishes Internal Audit's position within the organisation, including the nature of the Head of Internal Audit and Risk's functional reporting relationship with the Audit Committee; authorises access to records, personnel and physical properties relevant to the performance of audit work and defines the scope of internal audit activities. Final approval of the Internal Audit Charter resides with the Audit Committee.

4. The Audit Committee approved the Internal Audit Charter at its meeting in January 2014, following the introduction of the Public Sector Internal Auditing Standards.
5. The Public Sector Internal Audit Standards were revised in April 2016. Although there were no significant changes that would impact on the way in which Internal Audit deliver the service, there is now a requirement for the Internal Audit Charter to reflect the Mission of Internal Audit (as defined by the Standards) and 10 supporting core principles that should be present and operating effectively in order that the Mission is achieved.
6. The Mission of Internal Audit is defined as follows: “To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.
7. The Core Principles, taken as whole, articulate internal audit effectiveness. For an internal audit function to be considered effective, all Principles should be present and operating effectively. They are set out below:
 - Demonstrates integrity.
 - Demonstrates competence and due professional care.
 - Is objective and free from undue influence (independent).
 - Aligns with the strategies, objectives, and risks of the organisation.
 - Is appropriately positioned and adequately resourced.
 - Demonstrates quality and continuous improvement.
 - Communicates effectively.
 - Provides risk-based assurance.
 - Is insightful, proactive, and future-focused
 - Promotes organisational improvement
8. The Internal Audit Charter has, therefore been updated to reflect both the Mission and the 10 Core principles. These principles support the Nolan Principles and also the Code of Ethics, which were already documented within the Charter. A workshop was recently held within the Internal Audit Team to consider the impact of the revisions to the Standards on Internal Audit working practices. No significant changes are required; however the workshop provided a useful opportunity to focus on the standards and the need to comply with them.

Council Priorities

9. An effective internal audit function will indirectly contribute to all of the Council’s priorities.

Corporate Implications

Legal Implications

10. None directly from this report.

Financial Implications

11. None directly from this report.

Equalities Implications

12. None directly from this report.

Conclusion and next Steps

13. The approval of the revisions to the Internal Audit Charter by the Audit Committee will help ensure that Internal Audit can progress its work in line with the updated Public Sector Internal Audit requirements.

Appendices

Appendix A - Internal Audit Charter December 2016

Background Papers

None