

Audit and Governance Committee

6 November 2013

Report of the Head of Internal Audit

Internal Audit Charter

Summary

- 1 The committee is asked to review the proposed internal audit charter and approve its adoption.

Background

- 2 Standards for internal audit services in local government are set by the Chartered Institute of Public Finance and Accountancy (Cipfa). From 1 April 2013 Cipfa introduced a new set of standards, jointly with other standard setters across the public sector. These new Public Sector Internal Audit Standards (PSIAS) require the council to adopt an audit charter setting out the purpose, authority and responsibility of internal audit.

Consultation

- 3 Not relevant for the purposes of the report.

Options

- 4 Prior to April 2013 the council had set out its requirements for internal audit in terms of reference. These were in line with the former standards set by Cipfa in the Code of Practice for Internal Audit in Local Government in England and Wales (2006).
- 5 The new PSIAS require that the council adopts an internal audit charter instead. The purpose of the charter is broadly similar to the terms of reference although some of the detail required is different. For example, the new standards are more explicit about how the Head of Internal Audit reports to

the “board” (represented by the Audit and Governance Committee in York).

- 6 The proposed audit charter is attached at Annex 1. This has been prepared in accordance with the PSIAS and additional guidance from Cipfa.

Analysis

- 7 Not relevant for the purpose of the report.

Council Plan

- 8 The work of internal audit supports the council’s overall aims and priorities by promoting probity, integrity and honesty and by helping to make the council a more effective organisation.

Implications

- 9 There are no implications to this report in relation to:

- **Finance**
- **Human Resources (HR)**
- **Equalities**
- **Legal**
- **Crime and Disorder**
- **Information Technology (IT)**
- **Property**

Risk Management Assessment

- 10 The council will not comply with the requirements of the Accounts and Audit (England) Regulations (2011) if it does not adopt an audit charter in accordance with proper practice for internal audit (the PSIAS).

Recommendation

- 11 Members are asked to;
 - consider the proposed internal audit charter at annex 1 and approve its adoption on behalf of the council.

Reason

In accordance with the responsibility of the committee to consider reports dealing with the management of the internal audit function, and to comply with proper practice for internal audit.

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Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All



For further information please contact the author of the report

Background Papers

- The Public Sector Internal Audit Standards
<http://www.cipfa.org/-/media/Files/Publications/Standards/Public%20Sector%20Internal%20Audit%20Standards.pdf>
- Cipfa local government application note for the United Kingdom Public Sector Internal Audit Standards (contact the report author to view this document)

Annexes

- Annex 1 – proposed internal audit charter