

# **WAVERLEY BOROUGH COUNCIL**

## **AUDIT COMMITTEE**

**26 SEPTEMBER 2017**

---

### **Title:**

## **INTERNAL AUDIT CHARTER**

**[Wards Affected: ALL]**

---

### **Summary and purpose:**

The report provides an update to the Committee on the revised Internal Audit Charter that has been developed in accordance with the updated Public Sector Internal Auditing Standards (March 2016). The standards apply to all internal audit service providers, whether in-house, shared services or outsourced. The PSIAS (Attribute Standard 1000) requires organisations to have an Internal Audit Charter that formally defines the purpose, authority and responsibility of the internal audit activity, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards. The Charter is required to be approved by senior management and the board (Audit Committee).

---

### **How this report relates to the Council's Corporate Priorities:**

### **Financial Implications:**

There is a requirement for the procurement of an external assessment to be conducted at least once every five years on the Internal Audit Service by an external, qualified, independent assessor or assessment team. However as the majority of the Internal Audit Assurance work is completed by the contractor RSM this assessment will be procured by them to meet the standards of the Public Sector Internal Auditing Standards as stated in their Annual Internal Audit Report present to Audit Committee annually.

### **Legal Implications:**

There are no legal implications.

---

### **Introduction**

1. Public Sector Internal Audit Standards (PSIAS) came into effect from 1 April 2013, now update in March 2016 all internal audit services across the public sector will be governed by these.
2. CIPFA has also produced an Application Note as the sector-specific requirements for local government organisations. The PSIAS and the Local Government Application Note together supersede the 2006 CIPFA Code of Practice for Internal Audit in Local Government in the UK.

3. The objectives of PSIAS are to:
  - Define the nature of internal auditing within the UK Public Sector
  - Set basic principles for carrying out internal audit in the UK public sector
  - Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations;
  - Establish the basis for the evaluation of internal audit performance and to drive improvement planning.

## **Findings**

1. The foundations of PSIAS are not fundamentally different to those adhered to under the CIPFA Code of practice and require an internal audit charter (similar to the previous internal audit strategy) that defines the purpose, authority and responsibility of the internal audit activity, with clear definitions of those fulfilling responsibilities of the 'board' (The Audit Committee) and 'senior management' (Management Board). The proposed Internal Audit Charter, which meets the requirements set out in PSIAS, is attached at Annexe 1 for consideration.
2. The Internal Audit Charter must be reviewed periodically (as a minimum annually) by the 'Chief Audit Executive' (Internal Audit Client Manager) and presented to the Audit Committee.
3. In line with the Standards, external assessment will also be conducted at least once every five years by an external, qualified, independent assessor or assessment team, in our case this would be an assessment on our contractors position in relation to this assessment criteria.

## **Conclusion**

4. Therefore this report provides the Audit Committee with an overview of the Internal Audit Charter in accordance with the Public Sector Internal Auditing Standards.
- 

## **Recommendation**

It is recommended that the Audit Committee approves the Internal Audit Charter.

---

## **Background Papers**

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

---

**CONTACT OFFICER: Gail Beaton**

**Telephone:** 01483 523260

**Internal Audit Contract Manager**

**E-mail:** [gail.beaton@waverley.gov.uk](mailto:gail.beaton@waverley.gov.uk)