

WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

28 MARCH 2022

Title:

INTERNAL AUDIT CHARTER

Lead Councillor: Councillor Peter Marriott, Chairman of the Audit Committee

Strategic Director: Graeme Clark

Key decision: Yes

Access: Public

1. Purpose and summary

- 1.1 This report provides the Audit Committee with an overview of Waverley's Internal Audit Charter that has been developed in accordance with the requirements of the Public Sector Internal Auditing Standards.
- 1.2 These standards apply to all internal audit service providers, whether in-house, shared services or outsourced. The Public Sector Internal Audit Standards (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.

2. Recommendation

- 2.1 It is recommended that the Audit Committee notes the amendments and approves the Internal Audit Charter as attached in **Annexe 1**.

3. Reason for the recommendation

- 3.1 To enable the Audit Committee to have an overview and endorse the Internal Audit Charter.

4. Background

- 4.1 All internal audit services across the public sector are governed by the PSIAS. 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.

4.2 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.

4.3 The foundations of PSIAS are not fundamentally different to those adhered to under the CIPFA Code of practice and require an internal audit charter 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.

4.4 The Internal Audit Charter must be reviewed periodically (as a minimum annually) by the 'Chief Audit Executive' (Internal Audit Manager) and presented to the Audit Committee.

5. Relationship to the Corporate Strategy and Service Plan

5.1 A financially sound Waverley, with infrastructure and services fit for the future.

6. Implications of decision

6.1 Resource (Finance, procurement, staffing, IT)

There are no specific current financial implications from this report, however, any changes in the Public Sector Internal Auditing Standards could result in the revision of the charter and the revision of the service delivery provision.

6.2 Risk management

Defining the purpose, authority and responsibility of the internal activity with clear definitions minimises the risk of misunderstandings as to the role of internal audit.

6.3 Legal

The Council must have arrangements in place to adhere to the public sector internal auditing standards and any guidance provided by CIPFA, Chartered Institute Public Sector Financial Accountants

6.4 Equality, diversity and inclusion

There are no direct equality, diversity or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council

to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

6.5 **Climate emergency declaration**

There are no direct implications in this report

7. **Consultation and engagement**

7.1 Strategic Director (S151 Officer) and Chairman and Vice-Chairman of the Audit Committee were consulted on the content of the Internal Audit Charter.

8. **Other options considered**

8.1 N/A

9. **Governance journey**

9.1 The minutes of the meeting will be included on the next Council agenda.

Annexe(s):

Annexe 1 – Internal Audit Charter

Background Papers

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

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Agreed and signed off by:
Legal Services: 04/03/2022
Head of Finance: 03/03/2022
Strategic Director:
Portfolio Holder: N/A