

Waverley Borough Council

Report to: Audit Committee

Date: 20th June 2023

Ward(s) affected: All

Report of Director: Ian Doyle, Transformation & Governance

Author: Gail Beaton, Internal Audit Manager

Tel: 01483 523260

Email: gail.beaton@waverley.gov.uk

Audit Committee Chairman: Cllr J Spence

Email: Julian.Spence@waverley.gov.uk

Report Status: Open

Internal Audit Charter

1. Executive 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 to Audit Committee

- 2.1 That the Audit Committee notes the amendments and approves the Internal Audit Charter as attached in **Appendix 1**.

3. Reason(s) for Recommendation:

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

4. Exemption from publication

- 4.1 N/A

5. Purpose of Report

- 5.1 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.

6. Strategic Priorities

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

7. Background

- 7.1 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.

7.2 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

7.3 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' (Corporate Management Board). The proposed Internal Audit Charter, which meets the requirements set out in PSIAS, is attached at Appendix 1 for consideration.

7.4 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.

8. Consultations

8.1 Executive Head of Finance (S151 Officer) and Chairman and Vice-Chairman of the Audit Committee were consulted on the content of the Internal Audit Charter

9. Key Risks

- 9.1 Executive Head of Finance (S151 Officer) and Chairman and Vice-Chairman of the Audit Committee were consulted on the content of the Internal Audit Charter
- 9.2 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.

10. Financial Implications

- 10.1 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.

11. Legal Implications

- 11.1 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.

12. Human Resource Implications

- 12.1 N/A

13. Equality and Diversity Implications

- 13.1 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.

14. Climate Change/Sustainability Implications

14.1 There are no direct implications in the report.

15. Conclusion

15.1 The contents of the Appendix will inform the reader of the role and expectations of the Internal Audit Service

16. Background Papers

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

17. Appendices

17.1 Appendix 1 – Internal Audit Charter

18. Governance Journey

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

Please ensure the following service areas have signed off your report. Please complete this box, and do not delete.

Service	Sign off date
Finance / S.151 Officer (Rosie Plaistowe Melham)	25/05/2023 (RP)
Legal / Governance (Ian Hunt)	23/05/2023
HR (Jon Formby)	26/05/2023
Equalities (Louise Norie)	18/05/2023
Lead Councillor	N/A

CMB	N/A
Executive Briefing/Liaison	N/A
Committee Services	25/05/2023