
NON-EXEMPT

HAVANT BOROUGH COUNCIL

AUDIT AND FINANCE COMMITTEE

10 July 2023

INTERNAL AUDIT CHARTER 2023-24

FOR DECISION

Portfolio Holder: Cllr Bowdell

Key Decision: No

Report Number: HBC/016/2023

1. Purpose

- 1.1. The purpose of this paper is to provide the Audit and Finance Committee with the Internal Audit Charter for 2023-24. The Internal Audit Charter formally defines the internal audit activity's purpose, authority and responsibility in line with the Public Sector Internal Auditing Standards [the Standards].

2. Recommendation

- 2.1. That the Audit and Finance Committee approve the Internal Audit Charter for 2023-24, attached as Appendix 1.

3. Executive Summary

- 3.1. Within the Public Sector Internal Audit Standards (the Standards) there is a requirement for an Internal Audit Charter - a formal document that defines the purpose, authority and responsibility of the internal audit activity. The proposed Charter is attached at Appendix 1.
- 3.2. The Internal Audit Charter must be reviewed periodically (as a minimum annually) by the Chief Internal Auditor and presented to 'Senior Management' and 'the Board'. The Board is defined as

'the governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting. At the Council this shall mean the Audit and Finance Committee'.

4. Additional Budgetary Implications

4.1. None directly from this report.

5. Background and relationship to Corporate Strategy, Climate & Environment Strategy and/or Business Plans

5.1. Internal audit plays a vital role in helping the Council accomplish its strategic objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Section 151 Officer comments

Date: 19/06/2023

The Internal Audit Charter sets out the key purpose, scope, responsibilities and definitions of the Internal audit and of those responsible for and to it. As part of my statutory responsibility to ensure an effective system of internal financial control, it is vital that the Council has an internal audit function.

Havant Borough Council does not have the resources to efficiently operate a stand-alone internal audit function and there we purchase this facility from the Southern Internal Audit Partnership, hosted by Hampshire County Council.

After the separation from East Hampshire District Council, there was a need for significant internal audit work to ensure the new practices and processes were reasonable and operating effectively. However, as we move into financial year 2023/24 the scale of internal audit can move towards a more "business as usual" approach, and the number of audit days will likely reduce from 300 to 250 days per year (with an associated reduction in costs) pending the approval of the audit plan.

It is therefore, also my recommendation that the committee approves this Audit Charter

Steven Pink – Chief Finance Officer (S151)

6. Options considered

6.1. Not applicable.

7. Resource Implications

7.1. Financial Implications: No direct financial implications from this report.

7.2. Internal Audit is provided through the Southern Internal Audit Partnership. Subject to approval, the audit plan consists of 250 audit days and will remain fluid throughout the year to meet the changing needs of the Council.

7.3. Human Resources Implications

None directly from this report.

7.4. Information Governance Implications

None directly from this report.

7.5. Other resource implications

None directly from this report

8. Legal Implications

Legislation dictates the objectives and purpose of the internal audit service and the requirement for an internal audit function is either explicit or implied in the relevant local government legislation.

Section 151 of the Local Government act 1972 requires every local authority to “make arrangements for the proper administration of its financial affairs” and to ensure that one of the officers has responsibility for the administration of those affairs.

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that authorities must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices.

Monitoring Officer comments

The internal audit charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. Final approval of the internal audit charter resides with the Audit and Finance Committee.

9. Risks

- 9.1. The audit needs assessment follows a risk-based audit approach taking cognisance of the Council's risk register.

10. Climate & Environment Implications

- 10.1. None directly from this report.

11. Consultation

- 11.1. This report has been discussed with the Council's Section 151 Officer who has regular update meetings with the Deputy Head of Southern Internal Audit partnership.

12. Communication

- 12.1. None directly from this report.

13. Appendices

- 13.1. Appendix 1 - Internal Audit Charter 2023-24.

14. Background papers

- 14.1. None.

Agreed and signed off by:

Portfolio Holder: Councillor Bowdell

Director: Steven Pink – Chief Finance Officer

Monitoring Officer: Jo McIntosh

Section 151 Officer: Steven Pink

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