

HAVANT BOROUGH COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

INTERNAL AUDIT CHARTER

Head of Southern Internal Audit Partnership

Portfolio: Governance and Logistics – Cllr Jackie Branson

Key Decision: No

1.0 Purpose of Report

- 1.1 The purpose of this paper is to provide the Governance and Audit Committee with the Internal Audit Charter for 2014/15.
- 1.2 With effect from 1 April 2013 all public sector bodies were required to adopt the Public Sector Internal Auditing Standards [the Standards]. The objectives of the Standards 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; and
 - Establish the basis for the evaluation of internal audit performance and to drive improvement planning.
- 1.3 The Internal Audit Charter formally defines the internal audit activity's purpose, authority and responsibility in line with the Standards.

2.0 Recommendation

- 2.1 That the Governance and Audit Committee approve the Internal Audit Charter for 2014/15.

3.0 Summary

- 3.1 Organisations in the UK public sector were previously covered by a variety of internal audit standards. Within Local Government (up until the 1 April 2013) the Standards were those prescribed in the Chartered Institute of Public Finance & Accountancy's (CIPFA) Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.
- 3.2 Collaboration between Chartered Institute of Public Finance & Accountancy and the Institute of Internal Auditors (IIA) has led to an

agreement between the relevant internal audit standard setters to develop a set of internal audit standards applicable to all areas of UK public sector.

- 3.3** With effect from 1 April 2013 internal audit services across the public sector have been governed by the Public Sector Internal Audit Standards (the Standards).
- 3.4** Within 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.
- 3.5** 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 Governance and Audit Committee'.

4.0 Implications

4.1 Resources:

Internal Audit is provided through the Southern Internal Audit Partnership. The audit plan consists of 380 audit days and remains fluid throughout the year to meet the changing needs of the Council.

4.2 Legal:

Compliance with the Accounts and Audit (England) Regulations 2011.

4.3 Strategy:

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

4.4 Risks:

The audit needs assessment follows a risk based audit approach taking cognisance of the Council's risk register. Havant's Corporate Risk Register as of 31 January 2014 can be accessed using the following link: <http://havant.moderngov.co.uk/documents/s6245/Havant%20Corporate%20Risk%20Register%20as%20at%2031%20January%202014.pdf>

4.5 Communications:

None directly from this report.

4.6 Customers & Community:

None directly from this report although improvements to controls and governance arrangements will ensure more efficient and effective service delivery.

4.7 Integrated Impact Assessment (IIA):
n/a.

5.0 Consultation

5.1 The report has been discussed and approved by the Management Team who met at the Executive Board on 04 February 2014.

Appendices:

Appendix 1 – Internal Audit Charter

Agreed and signed off by:

Legal Services: 04 February 2014

Finance: 03 February 2014

Executive Head of Governance & Logistics: 03 February 2014

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