

**Title of Report:      Review of Internal Audit Charter**

**Report of:             Darren Collins, Strategic Director, Corporate Resources**

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### **Purpose of the Report**

- 1 This report informs the Committee of the review of the Internal Audit Charter.

### **Background**

- 2 The purpose, authority and responsibility of Internal Audit must be formally defined in an Internal Audit Charter, consistent with the definition of Internal Auditing outlined in Public Sector Internal Audit Standards (PSIAS). The Chief Internal Auditor must periodically review the Internal Audit Charter and present it for approval.

- 3 The Public Sector Internal Audit Standards (PSIAS), that came into effect from April 2013 and were further revised in April 2017, define internal audit as:

‘an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.’

- 4 These standards are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.
- 5 The Internal Audit Charter is attached at Appendix 1. It was last presented to Committee in October 2017 and the report seeks comments on and approval of the Internal Audit Charter in line with best practice.

### **Internal Audit Charter**

- 6 A key element of compliance with PSIAS is the periodic review and approval by the Audit and Standards Committee of an Internal Audit Charter. The Charter is a formal document that defines Internal Audit’s purpose, authority and responsibility setting out the Chief Internal Auditor’s functional reporting relationships, authorises rights of access for internal audit staff and defines

the scope of internal audit activity. Final approval of the Internal Audit Charter resides with the Audit and Standards Committee.

- 7 The Chief Internal Auditor has carried out an annual review of the Internal Audit Charter and confirmed that it continues to reflect best practice and no amendments are required.
- 8 It is proposed that in future years the timing of the review of the Internal Audit Charter will be revised to April, to be reported with the Internal Audit Strategy Statement and Annual Plan.

### **Recommendation**

- 9 The Committee is asked to note the report and the opinion that the Internal Audit Charter continues to comply with Public Sector Internal Audit Standards.

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