

Audit and Standards Committee - Tuesday 20 February 2024

Internal Audit Charter 2024

Recommendation(s)

I recommend that:

- a. Members approve the Internal Audit Charter 2024.

Local Member Interest: N/A

Report of the Director of Finance & Section 151 Officer

Report

Background

1. The Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN) Standard 1000 require that the purpose, authority and responsibility of the internal audit activity must be defined formally in an Audit Charter. The Internal Audit Charter is a formal document setting out:

- internal audit's position within the organisation
- its reporting lines
- access to personnel, information and records
- the scope of internal audit activities
- what the term Board means (e.g. the Audit and Standards Committee).

2. The need for an Audit Charter was a new requirement of PSIAS and the Audit & Standards Committee approved the detailed document at its meeting in June 2014. Since this date, any revisions to the document have been presented to this Committee for approval. In 2024, there is only one minor change to be made to the Audit Charter which is highlighted in yellow within the attached document for ease of reference (**Appendix 1**). This change relate to:

- the need to reflect the current WLT structure with reference made to the Assistant Director for Internal Audit & Financial Services (replacing the Head of Internal Audit & Adults and Childrens Financial Services role).

No other changes are required to be made in 2024.

3. The Audit Charter 2024 continues to cover all requirements of the latest Public Sector Internal Audit Standards (last issued 2017); the latest Local Government Application Note (last issued March 2019) and the latest CIPFA statement regarding the Role of the Head of Internal Audit in Public Service Organisations (2019 Edition) and the document also reflects current best practice.
4. It should be noted, however, that on 9th January 2024, the International Internal Auditing Standards Board (IIASB) issued the new Global Internal Audit Standards. These standards guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the internal audit function. At the heart of the standards are 15 guiding principles which are supported by standards that contain (i) requirements; (ii) considerations for implementation; and (iii) examples of evidence of conformance. Together these elements are intended to help internal auditors achieve the principles and ultimately fulfil the purpose of internal auditing i.e. to strengthen the organisation's ability to create, protect and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight and foresight.
5. The standards apply to any individual or function that provides internal audit services, whether an organisation employs internal auditors directly, contracts them through an external service provider or both.
6. Following the publication of the new Global Internal Audit Standards, the UK Public Sector Internal Audit Standards Advisory Board (IASAB) begun its review of them. The IASAB will determine the implications for the PSIAS and will develop proposals for revised material which will be suitable for the UK public sector context. Any subsequent changes to the UK's PSIAS, and their implementation, will be subject to consultation and appropriate transitional arrangements. Also, the CIPFA Internal Audit Special Interest Group is meeting to review the standards and to consider the need for an updated LGAN and/or other guidance to support them on 4th March 2024. Application of the new Global Internal Audit Standards is required by 9th January 2025 and early adoption is being encouraged.
7. Any subsequent changes to the Audit Charter will be made once further guidance has been issued by the IASAB and CIPFA.

Equalities Implications

8. There are no direct implications arising from this report.

Legal Implications

9. Whilst there are no direct legal implications arising from this report, the Accounts and Audit (England) Regulations 2015 require specifically that a relevant body must 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

Resource and Value for Money Implications

10. The net budget of the Internal Audit Section in 2024/25 is £1,178,880.

Risk Implications

11. Internal Audit examines objectively, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

Climate Change Implications

12. There are no direct implications arising from this report.

List of Background Documents/Appendices

Public Sector Internal Audit Standards – revised with effect from 1st April 2017.

Local Government Application Note – with effect from 1st March 2019
Accounts and Audit (England) Regulations 2015.

CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations (2019 Edition).

New Global Internal Audit Standards 9th January 2024

Appendix 1 – Internal Audit Charter 2024

Contact Details

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