

# Internal Audit Charter

<b>Report No:</b>	<b>PAS/WS/19/004</b>	
<b>Report to and date/s:</b>	<b>Performance and Audit Scrutiny Committee</b>	30 May 2019
<b>Cabinet Member:</b>	Appointment of the Cabinet Member to be confirmed at Annual Council on 22 May 2019.	
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**Decisions Plan:** This item is not included in the Decisions Plan.

**Wards impacted:** N/A

**Recommendation:** It is **RECOMMENDED** that the Performance and Audit Scrutiny Committee:

**Approves the Internal Audit Charter attached at Appendix A to Report No: PAS/WS/19/004.**

## **1. Background / Context**

- 1.1 The Public Sector Internal Audit Standards (the 'PSIAS') came into effect in April 2013 and apply to all public sector internal audit service providers. The PSIAS require organisations to have an Internal Audit Charter that formally defines the purpose, mission, authority, and responsibility of the internal audit activity, and that this is consistent with the mandatory elements of the Institute of Internal Auditors International Professional Practices Framework. These elements are the Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing.
- 1.2 The Internal Audit Charter should be periodically reviewed, to ensure it remains relevant and up to date. The existing Charter (approved in 2017) has been revised to take into account minor recommendations arising from the 2018 mandatory external assessment (undertaken every 5 years) of internal audit against the PSIAS.
- 1.3 Final approval of the Internal Audit Charter is the responsibility of the Performance and Audit Scrutiny Committee.

## **2. Proposals**

- 2.1 The Internal Audit Charter at **Appendix A** defines how the internal audit team operates including:
  - the purpose of, and requirement for, internal audit
  - the type of work of the team carries out
  - how the team interacts with others
  - planning of internal audit work
  - internal audit independence
  - the principles and code of ethics that internal auditors must conform to.
- 2.2 Internal audit is defined 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'.
- 2.3 It is proposed that the Internal Audit Charter at **Appendix A** is approved.

## **3. Alternative Options**

- 3.1 The Public Sector Internal Audit Standards require all internal audit activities to implement and retain an approved Internal Audit Charter. There are no alternative options.

## **4. Consultation and engagement**

- 4.1 The Internal Audit Charter was produced in consultation with the Leadership Team.

**5. Risks**

- 5.1 An approved Internal Audit Charter ensures that the purpose, mission, authority, and responsibility of internal audit is clearly and formally defined.

**6. Implications arising from the proposal**

- 6.1 Any implications arising from the proposal are covered **in Appendix A.**

**7. Appendices**

- 7.1 **Appendix A** – Internal Audit Charter

**8. Background documents**

- 8.1 N/A