

**COMMITTEE REPORT**

**CORPORATE AFFAIRS AND AUDIT**

**24 September 2015**

**Internal Audit – Internal Audit Charter**

**Helen Fowler – Audit and Assurance Manager**

**PURPOSE OF REPORT**

1. In accordance with the new Public Sector Internal Audit Standards (PSIAS), to present the updated Internal Audit Charter to Members of the Corporate Affairs and Audit Committee for their comment and approval.

**BACKGROUND**

2. Internal Auditing is 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.
3. The Council's internal audit service is provided by a shared service arrangement with Redcar and Cleveland Council. A shared service agreement has been documented between the two councils and includes a number of performance measures.
4. To comply with the Public Sector Internal Audit Standards (PSIAS) the Audit and Governance Committee approved the Internal Audit Charter at its meeting on 5<sup>th</sup> December 2013. The Charter includes various statements relating to the scope of internal audit activity, its responsibilities, objectives, independence and reporting lines. Responsibility for and ownership of the Internal Audit Charter remains with the organisation but should be reviewed by the Audit and Assurance Manager and approved by the Corporate Affairs and Audit Committee. The Charter has now been reviewed and updated with the revised version included for Members' comment and consideration at **Appendix 1**.
5. Internal Audit and Assurance is governed by the Accounts and Audit Regulations 2015, relevant professional standards (since April 2013, the Public Sector Internal Audit Standards - PSIAS) and the Internal Audit Charter.

**FINANCIAL CONSIDERATIONS**

6. Redcar & Cleveland Council charges Middlesbrough Council for the provision of an internal audit service. Charges are based on a daily charge rate linked to the grade of staff involved in the audit work.

## **FINANCIAL, LEGAL AND WARD IMPLICATIONS**

7. There are no specific financial or ward implications arising from the Internal Audit Charter.

## **RECOMMENDATIONS**

8. That Members are asked to comment on and approve the revised Internal Audit Charter.

## **REASONS**

9. Public Sector Internal Audit Standard 1000 states that the Internal Audit Charter should include a formal definition of the purpose, authority and responsibility of the internal audit activity. It should set out the internal audit activity's position within the organisation, establish reporting relationships and define the role and scope of its activities in relation to assurance, fraud and consulting work. It should establish the organisational independence of internal audit and identify its contribution to the review of the effectiveness of the organisation's control environment.

## **BACKGROUND PAPERS**

- Public Sector Internal Audit Standards

## **AUTHOR**

**Helen Fowler – Audit and Assurance Manager**  
**Telephone: 01642 771165 or 01642 729821**

---

*Address: PO Box 99A, Town Hall, Middlesbrough. TS1 2QQ*  
*Website: <http://www.middlesbrough.gov.uk>*