

MIDDLESBROUGH COUNCIL

COMMITTEE REPORT

CORPORATE AFFAIRS AND AUDIT

29 September 2016

Internal Audit – Internal Audit Charter

Helen Fowler – Audit and Assurance Manager

PURPOSE OF REPORT

1. In accordance with the revised 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 5th 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 PSIAS were revised in April 2016 and therefore this year's review of the Charter has resulted in a number of minor amendments to reflect the revised Standards. The Charter has now been reviewed and updated with the revised version included at **Appendix 1**, including tracked changes.
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

10. No background papers other than published works were used in writing this report.

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