

# Regulation, Audit & Accounts Committee

25 March 2019

## Internal Audit Charter 2019/20

### Report by Head of Southern Internal Audit Partnership

#### Executive Summary

The purpose of this paper is to present the Internal Audit Charter 2019-20 to the Regulation Audit & Accounts Committee in accordance with the requirements of the Public Sector Internal Audit Standards. The charter is a formal document that defines the internal audit activity's purpose, authority and responsibility.

#### Recommendation

The Committee is asked to approve the Internal Audit Charter 2019-20.

#### 1. Introduction

- 1.1 The purpose of this paper is to present the Internal Audit Charter 2019-20 to the Regulation Audit & Accounts Committee in accordance with the requirements of the Public Sector Internal Audit Standards, as the governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.

#### 2 Contextual Information

- 2.1 The Accounts and Audit (England) Regulations 2015 state:  
*'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'*
- 2.2 The Public Sector Internal Audit Standards (attribute standard 1000) requires that all internal audit activities maintain an 'internal audit charter'.
- 2.3 The charter is a formal document that defines the internal audit activity's purpose, authority and responsibility consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards.
- 2.4 The internal audit charter establishes internal audits position within the organisation including:
  - Recognising the mandatory nature of the Public Sector Internal Audit Standards;
  - Defining the scope of internal audit responsibilities;
  - Establishing the responsibilities and objectives of internal audit;
  - Establishing the organisational independence of internal audit;

- Establishing accountability and reporting lines (functional and administrative);
- Setting out the responsibilities of the board and the role of statutory officers with regard to internal audit;
- Arrangements that exist with regard anti fraud and anti corruption;
- Establishing internal audit rights of access;
- Defining the terms 'board' and 'senior management' for the purpose of internal audit; and
- Arrangements in place for avoiding conflicts of interest.

2.5 In accordance with the Standards the internal audit charter should be reviewed annually (minimum) and approved by senior management and the Regulation Audit & Accounts Committee.

### **3. Resource Implications and Value for Money**

3.1 None arising directly from this report

### **4. Equality Duty.**

4.1 An Equality Impact Report is not required for this decision as report dealing with internal or procedural matters only.

### **5. Risk Management Implications**

5.1 There are risks associated with non compliance with the statutory requirements of the Accounts & Audit [England] Regulations 2015 and conformance to the Public Sector Internal Audit Standards 2017. Non-compliance would result in the internal audit activity not being able to report that it functions in accordance with industry standards and may impact on the level of assurance attained from internal conclusions by Members, Senior Management and External Audit.

#### **Katharine Eberhart**

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#### **Appendices**

Appendix A - Internal Audit Charter 2019-20

#### **Background Papers**

None