

Audit and Governance Committee 24th April 2023

Report Title	Internal Audit Charter and Strategy
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List of Appendices

Appendix 1: Internal Audit Charter and Strategy

1. Purpose of Report

- 1.1. To seek the Committee's annual approval of the Internal Audit Charter and Strategy.

2. Executive Summary

- 2.1 The Internal Audit Charter and Strategy should be subject to annual review and approval by the Audit and Governance Committee. This is brought for the Committee's approval to set out how the Internal Audit team will deliver the 2023/24 plan and ensure that Internal Audit has the unfettered access to systems, documentation and personnel it requires to deliver this work.

3. Recommendations

- 3.1 It is recommended that the Committee:

- a) Approves the Internal Audit Charter and Strategy as provided in Appendix 1.

- 3.2 Reason for Recommendations –

- For the Committee to exercise its duties and responsibilities within its Terms of Reference for overseeing the work of Internal Audit and the requirements of the Public Sector Internal Audit Standards.

4. Report Background

- 4.1 The role of Internal Audit is to provide the Audit and Governance Committee, and management, with independent assurance on the effectiveness of the Council's governance, risk management and internal control environment.

- 4.2 The purpose of this Internal Audit Charter is to define Internal Audit's purpose, authority and responsibility. It establishes the position of Internal Audit's activity within the Council and reporting lines; authorises access to records, personnel and physical property relevant to the performance of audit work; and defines the scope of Internal Audit activities.
- 4.3 The Internal Audit Charter and Strategy is subject to annual approval by the Audit Committee. Since the Committee last approved a Charter in June 2022, the content and format has been fully reviewed and the content remains consistently aligned with the Public Sector Internal Audit Standards (PSIAS) and the elements agreed at the last annual review.
- 4.4 As part of the review, the Chief Internal Auditor has also reviewed and refreshed the Assurance Opinion definitions. These have been amended to clarify the basis for the opinion and associate these with high, medium and low risk. The assurance category of 'Satisfactory Assurance' has been removed and replaced with 'Moderate Assurance'. It is the view of the Chief Internal Auditor that this better reflects the level of findings associated with this category and avoids potential interpretation that the control environment in these cases is acceptable without further action.
- 4.5 The organisational risk categories have also been amended from 'Major', 'Moderate' and 'Minor' to 'High', 'Medium' and 'Low', to better align with standard risk management frameworks and terminology.

5. Issues and Choices

- 5.1 The report provides the Committee with the Internal Audit Charter and Strategy for formal review and approval.

6. Implications (including financial implications)

6.1 Resources and Financial

- 6.1.1 None specific to this report.

6.2 Legal

- 6.2.1 None specific to this report.

6.3 Risk

- 6.3.1 None specific to this report.

6.4 Consultation

- 6.4.1 None specific to this report.

6.5 Consideration by Scrutiny

6.5.1 Not required on this occasion.

6.6 Climate Impact

6.6.1 None specific to this report.

6.7 Community Impact

6.7.1 None specific to this report.

7. Background Papers

7.1 None.