



## AUDIT & GOVERNANCE COMMITTEE

Monday, 23 January 2023

<b>Subject</b>	INTERNAL AUDIT CHARTER
<b>Report by</b>	Councillor Maurice Cook Cabinet Member with responsibility for Resources Councillor Edward Back Assistant Cabinet Member for Resources
<b>Supporting Officer</b>	Siobhan Martin Head of Internal Audit <a href="mailto:siobhan.martin@eastsoffolk.gov.uk">siobhan.martin@eastsoffolk.gov.uk</a> 01394 444254

Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	Not applicable.
<b>Wards Affected:</b>	All Wards

## Purpose and high-level overview

**Purpose of Report:**

This report is presented to the Audit and Governance Committee to enable the Committee to fulfil its Terms of Reference: 'To review and approve the Internal Audit Charter to ensure that it is appropriate to the needs of the organisation'.

**Options:**

There are no options to be considered in relation to this report.

**Recommendation:**

That having reviewed the refreshed Internal Audit Charter, it be approved by the Audit and Governance Committee.

## Corporate Impact Assessment

**Governance:**

The governance implications relate to the statutory necessity to maintain an adequate and effective Internal Audit Service. In order to achieve effectiveness, the Service must be compliant with the latest best practice. Regular review of the Internal Audit Charter enables adherence to best practice.

**ESC policies and strategies that directly apply to the proposal:**

The Internal Audit Charter facilitates the good governance arrangements and practices which underpin the Council's strategic and operational workings, including the East Suffolk Business Plan.

**Environmental:**

There are no environmental implications.

**Equalities and Diversity:**

There are no equalities and diversity implications.

**Financial:**

There are no financial implications.

**Human Resources:**

There are no human resources implications.

**ICT:**

There are no ICT implications.

**Legal:**

The Local Government Act 1972 and the Accounts and Audit Regulations 2015 require a relevant authority to '...undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, considering public sector internal auditing standards or guidance.'

**Risk:**

1. Failure to review and update the Internal Audit Charter would result in:
  - a. The Audit and Governance Committee not fulfilling its obligations of its Terms of Reference.
  - b. Best Practice not being adhered to.

**External Consultees:**

The Chief Executive, Section 151 Officer and External Auditor (Ernst & Young) will be apprised of the refreshed Internal Audit Charter.

## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T02</b>	<b>Enabling our Communities</b>		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being, and safety in our District	<input type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input type="checkbox"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T05</b>	<b>Caring for our Environment</b>		
P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education, and influence	<input type="checkbox"/>	<input type="checkbox"/>
<b>XXX</b>	<b>Governance</b>		

XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>How does this proposal support the priorities selected?</b>			
1 Internal Audit support a robust corporate governance framework. The work of Internal Audit Services represents a fundamental function in delivering the Council's Corporate Governance responsibilities.			
2 The Internal Audit Charter facilitates good governance arrangements and practices which underpin the Council's strategic and operational workings.			

## Background and Justification for Recommendation

<b>1 Background facts</b>	
1.1	This report presents the Audit and Governance Committee with the refreshed Internal Audit Charter. The Internal Audit Charter defines Internal Audit's purpose, authority, responsibility and position within the Council, and is regularly reviewed to take account of any practical of best practice changes.
1.2	The Internal Audit Charter was last reviewed in March 2022.
<b>2 Current position</b>	
2.1	The existing Internal Audit Charter has been reviewed to ensure it remains compliant with the Public Sector Internal Audit Standards (PSIAS) 2017 and local requirements.
<b>3 How to address current situation</b>	
3.1	The approval of the Internal Audit Charter by Audit & Governance Committee will ensure that it is in line with best practice.
<b>4 Reasons for recommendation</b>	
4.1	By approving the refreshed Internal Audit Charter, which is in accordance with best practice, the Committee will fulfil its responsibility within its Terms of Reference: <i>'To review and approve the Internal Audit Charter to ensure that it is appropriate to the needs of the organisation'</i> .

## Appendices

<b>Appendices:</b>	
<b>Appendix A</b>	Internal Audit Charter – January 2023

<b>Background reference papers:</b>		
<b>Date</b>	<b>Type</b>	<b>Available From</b>

2017	Public Sector Internal Audit Standards	Chartered Institute of Public Finance and Accountancy
2019	IIA Position Paper: The Internal Audit Charter	The Institute of Internal Auditors
2022	Audit Committees – Practical Guidance for Local Authorities and Police	Chartered Institute of Public Finance and Accountancy