



AUDIT & GOVERNANCE COMMITTEE

Monday, 14 March 2022

Subject	INTERNAL AUDIT CHARTER
Report by	Councillor Maurice Cook, Cabinet Member with responsibility for Resources Councillor Edward Back, Assistant Cabinet Member for Resources
Supporting Officer	Mrs Siobhan Martin Head of Internal Audit 01394 444254 siobhan.martin@eastsoffolk.gov.uk

Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is NOT in the public interest to disclose the exempt information.	Not applicable
Wards Affected:	None

Purpose and high-level overview

Purpose of Report:

The existing Internal Audit Charter last reviewed in December 2020 has been reviewed to ensure it remains compliant with the Public Sector Internal Auditor Standards (PSIAS) 2017 and local requirements.

This report is presented to the Audit and Governance Committee to enable it 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/s:

That the refreshed Internal Audit Charter, attached at Appendix A, is approved.

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:

The fundamental purpose, nature and scope of internal auditing is to bring a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Internal Audit is considered the “third line of defence” in risk management, providing independent assurance on its effectiveness in every area included in the annual Internal Audit Plan.

The failure to have an up-to-date effective Internal Audit Charter could result in the Charter not being appropriate to the needs of the organisation.

External Consultees:	No external parties were consulted in the preparation of this report.
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Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
T01	Growing our Economy		
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"/>
T02	Enabling our Communities		
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"/>
T03	Maintaining Financial Sustainability		
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"/>
T04	Delivering Digital Transformation		
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"/>
T05	Caring for our Environment		
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"/>
XXX	Governance		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>How does this proposal support the priorities selected?</p> <p>The Internal Audit function is a requirement of Regulation 5 of the Accounts and Audit (England) Regulations 2015, which requires local authorities to undertake “effective internal audit to evaluate the effectiveness of its risk management, control and governance processes”. This supplements Section 151 of the Local Government Act 1972, which requires that authorities make arrangements for the proper administration of their financial affairs.</p>			

Background and Justification for Recommendation

1 Background facts	
1.1	<p>The work of the Internal Audit Service is to provide independent assurance and report upon the effective and efficient application of internal controls, governance arrangements and value for money at the Council.</p> <p>This Internal Audit Charter defines the purpose, authority and responsibility of the Internal Audit Service across East Suffolk Council.</p>
2 Current position	
2.1	<p>The Internal Audit Charter was last reviewed and presented to Audit & Governance Committee in December 2020. The Internal Audit Charter has been reviewed to ensure it remains compliant with the Public Sector Internal Auditor Standards (PSIAS) 2017 and local requirements.</p>
3 How to address current situation	
3.1	<p>The Head of Internal Audit will periodically review this Charter and present it to the Audit and Governance Committee and senior management at least every two years.</p>
4 Reason/s for recommendation	
4.1	<p>The existing Internal Audit Charter has been reviewed to ensure it remains compliant with the Public Sector Internal Auditor Standards (PSIAS) 2017 and local requirements.</p> <p>This report is presented to the Audit and Governance Committee to enable it 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’.</p>

Appendices

Appendices:

Appendix A	Internal Audit Charter
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Background reference papers:

Date	Type	Available From
2017	Public Sector Internal Auditor Standards	Head of Internal Audit Siobhan.martin@eastsoffolk.gov.uk