

**Committee: Performance & Audit Committee**

**Agenda Item**

**Date: 21 November 2013**

**6**

**Title: The Internal Audit Charter (November 2013)**

**Author: Sheila Bronson, Internal Audit Manager  
01799 510610**

Item for approval

---

## Summary

This report informs Members of the review and updating of the Internal Audit Charter.

## Recommendations

1. That members approve the revised The Internal Audit Charter (November 2013) to ensure compliance with PSIAS.

## Financial Implications

2. None. There are no costs associated with the recommendations in this report.

## Background Papers

3. None.

## Impact

- 4.

Communication/Consultation	The Internal Audit Charter (November 2013) has been presented to the Council's Corporate Management Team
Community Safety	none
Equalities	none
Health and Safety	none
Human Rights/Legal Implications	none
Sustainability	none
Ward-specific impacts	none
Workforce/Workplace	none

## Situation

5. With effect from 1 April 2013, the work of Uttlesford District Council's (UDC) Internal Audit is governed by the UK Public Sector Internal Audit Standards (PSIAS) which have replaced the CIPFA Code of Practice for Internal Audit in the UK. The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:
  - Definition of Internal Auditing;
  - Code of Ethics, and
  - International Standards for the Professional Practice of Internal Auditing (including interpretations and glossary).
6. Additional requirements and interpretations for the UK public sector have been inserted in such a way as to preserve the integrity of the text of the mandatory elements of the IPPF. The PSIAS are mandatory for all internal auditors working in the UK public sector.
7. The PSIAS comprise a revised definition of internal auditing, a Code of Ethics for internal auditors working in the public sector and the Standards themselves. The PSIAS are mandatory for all internal auditors working in the UK public sector.
8. The PSIAS require an Internal Audit Charter to be periodically reviewed and presented to senior management and the board for approval. They also require that, for the purposes of Internal Audit activity, this Charter must define the terms 'senior management' and 'board'.
9. At the Full Council meeting on 08 October 2013, members designated the Performance and Audit Committee as "the Board" for the purposes of UK Public Sector Internal Audit Standards (PSIAS) and delegated the all functions of the Board under those Standards to the Committee.
10. The Internal Audit Charter (November 2013) has replaced the Internal Audit Charter & Terms of Reference 2012/13 and has been revised to ensure compliance with PSIAS. The main revisions are:
  - acknowledgement of the PSIAS as the guidance for the Council's Internal Audit Service replacing the CIPFA Code of Practice for Internal Audit;
  - adoption of the IIA definition of Internal Audit; definitions for the Board, Senior Management, Chief Audit Executive;
  - identification of Internal Audit customers;
  - linking the Internal Audit aims and objectives to the Corporate Objective of setting a high example by exemplary corporate governance and standards;
  - summary of the Internal Audit planning process (explained in detail in the Internal Audit Strategy);
  - explanation of the basis of forming and evidencing the annual Audit Opinion;

- incorporating within the Charter the areas of responsibilities of the Audit Manager, Audit Team, Management & staff and Members;
- the methods of assessment of the effectiveness of Internal Audit with annual self-assessment against the PSIAS and an independent External Review every five years.

11. The Internal Audit Charter (November 2013) is presented to this Committee for approval.

## Risk Analysis

12.

Risk	Likelihood	Impact	Mitigating actions
Adverse External comment if the Internal Audit Charter does not comply with the PSIAS.	1 Internal Audit function is an integral part of the Council	2 Statutory requirement, adverse External Auditor Report	Regular review of Charter

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.