

STROUD DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE

**AGENDA
ITEM NO**

22 NOVEMBER 2016

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Report Title	INTERNAL AUDIT CHARTER
Purpose of Report	To inform Members of revisions to the Public Sector Internal Audit Standards (PSIAS) which were effective from 1 st April 2016 and therefore the Internal Audit Charter has been updated accordingly.
Decision(s)	The Committee RESOLVES to review and consider the IA Charter and to formally approve its adoption. (Please note all changes to the Internal Audit Charter have been noted in red and <i>italics</i>)
Consultation and Feedback	Corporate Team
Financial Implications and Risk Assessment	There are no further financial implications arising from this report. David Stanley Accountancy Manager Tel: 01453 754100 Email: david.stanley@stroud.gov.uk Risk Assessment: Non compliance with legislation / mandatory professional standards. Failure to deliver an effective Internal Audit service will prevent an independent, objective assurance opinion to be provided to those charged with governance that key risks associated with the achievement of the Council's objectives are being adequately controlled.
Legal Implications	There are no legal implications arising from the adoption of the updated IA Charter recommended in this report. Karen Trickey, Legal Services Manager and Monitoring Officer Tel: 01453 754369 Email: karen.trickey@stroud.gov.uk
Report Author	Theresa Mortimer, Head of Audit Risk Assurance Tel: 01452 328883 Email: theresa.mortimer@gloucestershire.gov.uk
Options	None

Performance Management Follow Up	The IA Charter sets out the role, responsibility, status and authority of Internal Audit. Following approval of the IA Charter the Head of Audit Risk Assurance will ensure compliance across all the internal audit shared service partner organisations.
Background Papers/ Appendices	Appendix A – Internal Audit Charter 2016 - 2018 Background papers: <ul style="list-style-type: none"> ➤ PSIAS 2016; and the ➤ CIPFA Local Government Application Note for the UK PSIAS.

1.0 Background

- The Accounts and Audit 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”.
- The purpose of this report is to inform members of revisions to the Public Sector Internal Audit Standards (PSIAS) which were effective from 1st April 2016.
- The PSIAS (attribute standard 1000) require that all internal audit activities maintain an internal audit charter.
- The current Internal Audit Charter was approved at the Audit and Standards Committee at its meeting on 5th April 2016. However there have been a small number of revisions which require approval. The key changes required relate to the following areas:-
 - The introduction of a mission statement for Internal Audit “To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight”.
 - The adoption of ten core principles for the professional practice of internal auditing which is one of the key changes within the revised PSIAS. These are:-
 1. Demonstrates integrity.
 2. Demonstrates competence and due professional care
 3. Is objective and free from undue influence (independent)
 4. Aligns with the strategies, objectives and risks of the organisation.
 5. Is appropriately positioned and adequately resourced.
 6. Demonstrates quality and continuous improvement.
 7. Communicates effectively.
 8. Provides risk-based assurance.
 9. Is insightful, proactive, and future-focused.
 10. Promotes organisational improvement.
- The Internal Audit Charter is attached at Appendix A and has been updated to reflect these changes.
- Internal Audit request members to review and consider the Internal Audit Charter and to formally approve its adoption.