

# DECISION ITEM



REPORT OF	MEETING	DATE	ITEM NO
INTERNAL AUDIT	AUDIT AND STANDARDS COMMITTEE	22 SEPTEMBER 2016	5
<b>INTERNAL AUDIT CHARTER UPDATE</b>			

## PUBLIC ITEM

This item is for consideration in the public part of the meeting.

## SUMMARY

The introduction of the Public Sector Internal Audit Standards in April 2013 required the adoption of an Internal Audit Charter to establish the framework in which Fylde Council's Internal Audit Service could operate. The first Internal Audit Charter under the Standards was approved by the former Audit Committee on 14th November 2013. This report presents the updated version for 2016 for the approval of the Committee.

## RECOMMENDATION

The Committee approves the updated Internal Audit Charter.

## SUMMARY OF PREVIOUS DECISIONS

The former Audit Committee approved the first Internal Audit Charter under the Public Sector Internal Audit Standards on 14th November 2013. The first update was approved on 26 March 2015.

## CORPORATE PRIORITIES

Spending your money in the most efficient way to achieve excellent services ( <b>Value for Money</b> )	✓
Delivering the services that customers expect of an excellent council ( <b>Clean and Green</b> )	✓
Working with all partners ( <b>Vibrant Economy</b> )	
To make sure Fylde continues to be one of the most desirable places to live ( <b>A Great Place to Live</b> )	
Promoting Fylde as a great destination to visit ( <b>A Great Place to Visit</b> )	

## REPORT

1. The work of Internal Audit is governed by the UK Public Sector Internal Audit Standards, which came into force on 1 April 2013. The original Standards comprised a definition of Internal Auditing, a Code of Ethics for Internal Auditors working in the Public Sector and the Standards themselves. The 2016 version added a Mission of Internal Audit and Core Principles for the Professional Practice of Internal Auditing. The Standards are mandatory for all internal auditors working in the UK public sector.
2. One of the requirements of the Standards was the need for the Council to adopt an Internal Audit Charter to establish the framework in which the Internal Audit Service could operate to best serve the Council and to meet its professional obligations. On 14 November 2013 the former Audit Committee adopted such a document.
3. In accordance with the Standards, the Charter must be reviewed periodically and approved by the Audit Committee. This is the second update of the Internal Audit Charter to accord with current corporate arrangements and to reflect the Standards more specifically.
4. The following additions to the Charter have been made:
  - Paragraph 3.1 - sets out the mission of internal audit as expressed in the Standards 2016
  - Paragraph 3.2 - describes the core principles for the professional practice of internal auditing now included in the Standards
  - Paragraph 3.6 - states the responsibility of the Head of Internal Audit to provide an annual opinion
  - Paragraph 8.1 - explains the means of delivering the internal audit service
  - Paragraph 8.7 - explains that responsibility for internal control and risk rests with managers
  - Paragraphs 9.1/2 - refers to and defines conflict of interest
  - Paragraphs 10.3/4 - refers to the maintenance of independence and objectivity by internal auditors
  - Section 11 - sets out the arrangements for development of a risk-based annual plan
  - Paragraph 14.6 - refers to the independent corporate fraud resource
  - Section 15 - defines the arrangements for appropriate resourcing of internal audit
  - Paragraphs 17.5/6 - explains how the results of the external assessment of internal audit will be reported
5. Other minor amendments to the Internal Audit Charter have been made but these make no significant difference to the meaning or substance.
6. The Internal Audit Charter 2016 is attached as an Appendix to this report.

IMPLICATIONS	
Finance	<p>The Accounts and Audit Regulations 2015 require the Council to ensure that it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives, ensures the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.</p> <p>The adoption of the revised Internal Audit Charter will ensure that the Council's Internal Audit service continues to be delivered in accordance with mandatory guidance and best professional practice.</p>
Legal	No specific implications
Community Safety	No specific implications
Human Rights and Equalities	No specific implications
Sustainability and Environmental Impact	No specific implications
Health & Safety and Risk Management	No specific implications

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LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Internal Audit Charter 2013	14/11/2013	All background papers or copies can be obtained from Savile Sykes, Head of Internal Audit on 658413 or email <a href="mailto:saviles@fylde.gov.uk">saviles@fylde.gov.uk</a>
Internal Audit Charter 2015	26/05/2015	

Attached documents

1. Appendix: Internal Audit Charter 2016