

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

meeting date: 8 FEBRUARY 2023
title: REVISED INTERNAL AUDIT CHARTER – 2022/23
submitted by: DIRECTOR OF RESOURCES
principal author: INTERNAL AUDIT MANAGER

1 PURPOSE

1.1 To seek approval of the revised Internal Audit Charter for 2022/23.

1.2 Relevance to the Council's ambitions and priorities:

Corporate priorities – the Council seeks to maintain critical financial management and controls and provide efficient and effective services.

Other considerations – the Council has a statutory duty to maintain an adequate and effective system of internal control.

2 BACKGROUND

2.1 The Internal Audit team works to a Charter which complies with the Public Sector Internal Audit Standards (PSIAS). The Internal Audit Charter has been updated to specifically define the nature of assurance services and to reference the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing; as raised as part of the recent external assessment. The Internal Audit Charter attached in Annex 1 is for review and consideration by Accounts and Audit Committee.

2.2 The document has been further enhanced to:

- Bring the structure of the Internal Audit Charter in line with the PSIAS requirements.
- Reflect the meaning of the 'Board' in different contexts (e.g. service committees).
- Strengthen the wording in the Internal Audit Charter with regards to the internal audit response where senior management are deemed to have taken an unacceptable level of risk.
- Reflect that auditors will not review areas for at least 12 months following having responsibility for that area.

2.3 The Accounts and Audit Committee has a key function in ensuring that effective corporate governance arrangements are maintained in the Council. The Internal Audit Charter provides evidence of such arrangements in respect of the Internal Audit service and complies with the PSIAS.

3 PUBLIC SECTOR INTERNAL AUDIT STANDARDS

3.1 The Public Sector Internal Audit Standards (PSIAS) are mandatory for internal audit in public services, including local government, and defines the scope of internal audit activities. The Internal Audit Charter refers to:

- Purpose, Authority and Responsibility

- Independence and Objectivity
- Proficiency and Due Professional Care
- Quality Assurance and Improvement Programme
- Managing the Internal Audit Activity
- Nature of Work
- Engagement Planning
- Performing the Engagement
- Communicating Results
- Monitoring Progress
- Communication of the Acceptance of Risks and Code of Ethics

4 CONCLUSION

- 4.1 The Internal Audit Charter establishes Internal Audit's position within the Council, including the nature of the Internal Audit Manager's reporting relationship with the Accounts and Audit Committee; authorises access to personnel, records, and physical properties relevant to audit work; and defines the scope of internal audit activities.
- 4.2 Approval of the Internal Audit Charter sits with the Council's Accounts and Audit Committee.

5 RECOMMENDED THAT COMMITTEE

- 5.1 Approve the Internal Audit Charter as attached at Annex 1.

INTERNAL AUDIT MANAGER

DIRECTOR OF RESOURCES

AA4-23/RP/AC
8 FEBRUARY 2023