

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Audit Committee
Date:	26 June 2014
Title:	Internal Audit Charter
Reference:	5901
Report From:	Director of Corporate Resources – Corporate Services

Contact name: Neil Pitman

Tel: 01962 845139

Tel: 01962 845139

1. Executive Summary

1.1. The purpose of this paper is to present the Internal Audit Charter to the Audit Committee in accordance with the requirements of the Public Sector Internal Audit Standards, as the governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.

2. Contextual information

2.1. The Accounts and Audit (England) Regulations 2011 - S6 states:

‘(1) A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control’.

2.2. With affect from 1 April 2013 the ‘Public Sector Internal Audit Standards’ and the ‘Local Government Application Note’ together are regarded as *‘proper practices’*.

2.3. The Standards (attribute standard 1000) require that all internal audit activities maintain an ‘internal audit charter’. The charter is a formal document that defines the internal audit activity’s purpose, authority and responsibility consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards.

2.4. The internal audit charter establishes internal audits position within the organisation including:

- Recognising the mandatory nature of the Public Sector Internal Audit Standards;
- Defining the scope of internal audit responsibilities;
- Establishing the responsibilities and objectives of internal audit;
- Establishing the organisational independence of internal audit;
- Establishing accountability and reporting lines (functional and administrative);
- Setting out the responsibilities of the board and the role of statutory officers with regard to internal audit;
- Arrangements that exist with regard anti fraud and anti corruption;
- Establishing internal audit rights of access;
- Defining the terms 'board' and 'senior management' for the purpose of internal audit; and
- Arrangements in place for avoiding conflicts of interest.

2.5. In accordance with the Standards the internal audit charter should be reviewed annually (minimum) and approved by senior management and the board.

3. Conclusion

3.1. The Public Sector Internal Audit Standards provide a framework for the internal audit activity to provide sound corporate governance, transparency and accountability.

3.2. The engagement of Senior Management and the Board is imperative in maximising the effectiveness of the internal audit activity and compliance with the Public Sector Internal Audit Standards.

3.3. The Internal Audit Charter provides a compliant framework defining the purpose, authority and responsibility of the internal audit activity.

4. Recommendation(s)

4.1. That the Audit Committee approve the Internal Audit Charter.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	yes/no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes/no
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes/no
Corporate Improvement plan link number (if appropriate):	
OR	
This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because:	
Compliance with the Accounts and Audit (England) Regulations 2011 and the Public Sector Internal Audit Standards	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u> Public Sector Internal Audit Standards	<u>Reference</u> 4944	<u>Date</u> 27 June 2013
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. Equality objectives are not considered to be adversely affected by the proposals within this report

2. Impact on Crime and Disorder:

- 2.1. The proposals in this report are not considered to have any direct impact on the prevention of crime., however internal audit work has provided to ensure that controls are in place to minimise the risk of fraud and corruption against the County Council.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

No specific changes

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

No specific proposals affecting adaptation to climate change