

AUDIT COMMITTEE

DATE OF MEETING: 28 MARCH 2023

TITLE OF REPORT: INTERNAL AUDIT CHARTER 2023/24

Report of: Executive Director - Corporate and Section 151 Officer

Cabinet Portfolio: Finance

Key Decision No

1 PURPOSE OF REPORT

1.1 The purpose of this paper is to present the Internal Audit Charter for 2023-24 in accordance with the requirements of the Public Sector Internal Audit Standards (Appendix A).

2 OFFICER RECOMMENDATION

2.1 To approve the Internal Audit Charter 2023-24

3 BACKGROUND

3.1 The Internal Audit 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. The Public Sector Internal Audit Standards require the charter to be reviewed and approved annually.

3.2 The Accounts and Audit (England) 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'

3.3 The Public Sector Internal Audit Standards (attribute 1000) requires that all internal audit activities maintain an 'internal audit charter'. The internal audit charter establishes internal audit's 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 organisational independence of internal audit
- Establishing accountability and reporting lines (functional and administrative)
- 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 purposes of internal audit.

3.4 In accordance with the Standards, the internal audit charter should be reviewed annually (minimum) and approved by senior management and this Committee.

3.5 Appendix 1 provides a draft copy of the Internal Audit Charter 2023-24 for review and comment.

6 CORPORATE GOVERNANCE CONSIDERATIONS

Relevance to the Corporate Plan and/or The Hart Vision 2040

Adopting the internal audit charter contributes towards the Corporate Plan priority of ‘Building a Resilient Council’.

Service Plan

Is the proposal identified in the Service Plan?	No
Is the proposal being funded from current budgets?	Yes
Have staffing resources already been identified and set aside for this proposal?	Yes

Legal and Constitutional Issues

The Accounts and Audit Regulations 2015 require the Council to ‘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 public sector internal audit standards require that the internal audit charter is reviewed annually and approved by ‘senior management’ and the ‘Board’. For the purposes of Hart District Council within the internal audit charter the ‘Board’ is defined as the Audit Committee.

Financial and Resource Implications

There are no financial implications arising from this report.

Risk Management

The internal audit service is not compliant with the public sector internal audit standards and there is a lack of clarity and transparency over the role, independence, accountability and reporting lines of the internal audit function.

7 EQUALITIES

7.1 There are no equalities issues arising from this report.

8 CLIMATE CHANGE IMPLICATIONS

8.1 No direct carbon/environmental impacts arising from the recommendations'

9 ACTION

9.1 The Internal Audit Charter 2023-24 is approved.

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Appendices

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Internal Audit Charter 2023-24							

Background papers: None