

# TEWKESBURY BOROUGH COUNCIL

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| <b>Report to:</b>            | Audit Committee                               |
| <b>Date of Meeting:</b>      | 22 March 2017                                 |
| <b>Subject:</b>              | Internal Audit Charter                        |
| <b>Report of:</b>            | Graeme Simpson, Head of Corporate Services    |
| <b>Corporate Lead:</b>       | Mike Dawson, Chief Executive                  |
| <b>Lead Member:</b>          | Councillor R J E Vines, Leader of the Council |
| <b>Number of Appendices:</b> | 1   |

## **Executive Summary:**

Public Sector Internal Audit Standards (PSIAS) require the purpose, authority and responsibility of internal audit activity to be formally defined in an Internal Audit Charter. The charter must be periodically reviewed by the Chief Audit Executive and presented to senior management and the board for approval. For the purpose of Tewkesbury Borough Council, the charter defines the 'board' as the Audit Committee and the 'Chief Audit Executive' as the Head of Corporate Services.

## **Recommendation:**

**To APPROVE the Internal Audit Charter.**

## **Reasons for Recommendation:**

To ensure compliance with PSIAS it is a requirement that the 'board' i.e. Audit Committee approve the Internal Audit Charter.

## **Resource Implications:**

None directly arising from this report.

## **Legal Implications:**

None directly arising from this report.

## **Risk Management Implications:**

If a formal Internal Audit Charter is not approved then compliance with PSIAS cannot be demonstrated and Internal Audit's role within the organisation may not be clearly defined.

## **Performance Management Follow-up:**

The charter will be periodically reviewed by the Head of Corporate Services with any significant changes reported to Audit Committee. The charter will be presented at Audit Committee every three years.

## **Environmental Implications:**

None.

## **1.0 INTRODUCTION/BACKGROUND**

**1.1** Standard 1000 of the Public Sector Internal Audit Standards requires the purpose, authority and responsibility of the internal audit activity to be formally defined in an Internal Audit Charter. The charter must be periodically reviewed by the Chief Audit Executive and presented to senior management and the board for approval. For the purpose of Tewkesbury Borough Council, the charter defines the 'board' as the Audit Committee and the 'Chief Audit Executive' as the Head of Corporate Services.

## **2.0 INTERNAL AUDIT CHARTER**

**2.1** The Internal Audit Charter is a formal document that defines the internal audit purpose, authority and responsibility. The Internal Audit Charter establishes the internal audit position within the organisation, including the nature of the Chief Audit Executive's functional reporting relationship with the board, authorises access to records and defines the scope of Internal Audit activities. Final approval of the Internal Audit Charter resides with the board (Audit Committee).

**2.2** The Internal Audit Charter must also define the terms 'board' and 'senior management' for the purposes of internal audit activity; cover the arrangements for appropriate resourcing; define the role of Internal Audit in any fraud-related work; and include arrangements for avoiding conflicts of interest if Internal Audit undertakes non-audit activities.

**2.3** The charter was last approved at Audit Committee on 23 March 2016. Amendments have been made to the charter, though these are not deemed to be significant, to:

- reflect the new Head of Service job titles;
- specify the ethical nature of the work (para 3.1.);
- clearly highlight the operational responsibilities of the Head of Corporate Services (para 4.2.2.); and
- define assurance and consultancy work (para 6.3.).

**2.4** The charter has been endorsed by the Management Team and can be found at Appendix 1.

## **3.0 OTHER OPTIONS CONSIDERED**

**3.1** None.

## **4.0 CONSULTATION**

**4.1** Management Team

## **5.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

**5.1** None.

## **6.0 RELEVANT GOVERNMENT POLICIES**

**6.1** Public Sector Internal Audit Standards.

## **7.0 RESOURCE IMPLICATIONS (Human/Property)**

- 7.1 None directly linked to the Internal Audit Charter. Resources are aligned to the annual Internal Audit Plan.
- 8.0 **SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**
- 8.1 None.
- 9.0 **IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**
- 9.1 None directly linked to the charter.
- 10.0 **RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**
- 10.1 Audit Committee - 23 March 2016.

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**Background Papers:** None

**Contact Officer:** Graeme Simpson, Head of Corporate Services  
01684 272002 [Graeme.simpson@teWKesbury.gov.uk](mailto:Graeme.simpson@teWKesbury.gov.uk)

**Appendices:** Appendix 1 – Internal Audit Charter