

Meeting:	Audit and governance committee
Meeting date:	Wednesday 21 March 2018
Title of report:	Internal audit charter
Report by:	Internal audit – South West Audit Partnership

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To approve the internal audit charter for the period 1 April 2018 to 31 March 2019.

To ensure compliance with good practice as set out in the International Professional Practices Framework of the Institute of Internal Auditors and the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Recommendation(s)

That:

- (a) the internal audit charter be approved.**

Alternative options

1. The alternative option is to not approve the internal audit charter. As this is a requirement of the arrangements between Herefordshire Council and the South West Audit Partnership (SWAP) it would put us in breach of our agreement.

Key considerations

2. The internal audit charter is set out in appendix A.
3. The charter sets out the nature, role, responsibility, status and authority of internal auditing within Herefordshire Council, and to outline the scope of internal audit work.
4. An addition to the charter is the role of the SWAP Assistant Director on page 4.

Community impact

5. The council's corporate values and code of corporate governance include commitments to being open, transparent and accountable about its performance. The Internal Audit charter sets out the reporting arrangements to the Audit and Governance Committee demonstrating the council's openness and transparency in providing reports that are published in the public domain.

Equality duty

6. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
7. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

8. The current annual net budget for SWAP to carry out internal audit services is £201,150. This budget includes £30,600 of income meaning the gross budget is £231,750. SWAP have to employ their own staff and purchase their own IT equipment within this budget.

Legal implications

9. The Council is under a duty to make adequate arrangements for its internal audit functions and has chosen to appoint an external partner to assist with the discharge of this function.

10. The charter forms part of the legal agreement which the Council has entered into with SWAP. Both parties have committed to refreshing the charter on an annual basis to establish a clear expectation of the annual priorities and processes by which the audit service will be provided.
11. There are no other legal implications arising from this report.

Risk management

12. Without an approved charter there is a risk that SWAP will not have:
 - the support of management and the council
 - direct access and freedom to support to senior management including the chief executive and the audit and governance committee
 - access to any records, personnel or physical property of the council for audit work

Consultees

13. The chief finance officer (section 151 officer) was consulted in the drafting of this report.

Appendices

Appendix A – Internal audit charter

Background papers

None identified.