

Harborough District Council

Report to Audit & Standards Committee Meeting of 15th March 2023



Title:	Internal Audit Charter and Strategy
Status:	Public
Key Decision:	N/A
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Portfolio Holder:	Cllr James Hallam
Appendices:	Appendix 1

Executive Summary

The report provides the Committee with the Internal Audit Charter and Strategy and seeks the Committee's approval, in line with the Public Sector Internal Audit Standards.

Recommendations

That the Audit and Standards Committee:

- 1.1 Approve the Internal Audit Charter and Strategy.

Reasons for Recommendations

To comply with the Public Sector Internal Audit Standards and the terms of reference of the Audit & Standards Committee.

1. Purpose of Report

To provide the Internal Audit Charter and Strategy for the Committee's review and approval, in line with the Public Sector Internal Audit Standards.

2. Background

The role of Internal Audit is to provide the Audit and Standards Committee, and management, with independent assurance on the effectiveness of the Council's governance, risk management and internal control environment.

The purpose of this Internal Audit Charter is to define Internal Audit's purpose, authority and responsibility. It establishes the position of Internal Audit's activity within the Council and reporting lines; authorises access to records, personnel and physical property relevant to the performance of audit work; and defines the scope of Internal Audit activities.

As the Audit & Standards Committee is approving the Internal Audit Plan for 2023/24 at the March 2023 meeting, it was considered appropriate to also review the Charter which defines how those assignments will be delivered.

3. Details

The Internal Audit Charter and Strategy is subject to annual approval by the Audit and Standards Committee. Since the Committee last approved a Charter in September 2022, the content and format has been reviewed and whilst the content remains consistently aligned with the Public Sector Internal Audit Standards (PSIAS), some amendments have been proposed to the assurance ratings and their definitions, to achieve greater clarification.

The assurance category of 'Satisfactory Assurance' has been removed and replaced with 'Moderate Assurance'. It is the view of the Chief Internal Auditor that this better reflects the level of findings associated with this category and avoids potential interpretation that the control environment in these cases is acceptable without further action. The definitions have also been amended to reflect the risk management terminology and to provide greater clarity on the meaning of the opinion.

The organisational risk categories have also been amended from 'Major', 'Moderate' and 'Minor' to 'High', 'Medium' and 'Low', to better align with standard risk management frameworks and terminology.

4. Implications of Decisions

4.1 Corporate Priorities

The Internal Audit Plan will be linked to the Council's Corporate Priorities and these will inform the planning process.

4.2 Financial

Not applicable.

4.3 Legal

No legal issues directly arising from this report.

4.4 Policy

No policy issues directly arising from this report.

4.5 Environmental Implications including contributions to achieving a net zero carbon Council by 2030

No implications directly arising from this report.

4.6 Risk Management

The work of internal audit is informed by the Council's risk management framework and will seek to provide assurance over management of key risks.

4.7 Equalities Impact

No implications directly arising from this report.

4.8 Data Protection

No implications directly arising from this report.

5. Summary of Consultation and Outcome

No applicable.

6. Alternative Options Considered

Not applicable.

7. Background papers

None.

