

26 June 2013		ITEM: 6
Standards & Audit Committee		
Draft Internal Audit Charter		
Report of: Cllr Philip Smith – Portfolio Holder Central Services		
Wards and communities affected: All	Key Decision: Non-key	
Accountable Head of Service: Chris Harris – Head of Internal Audit		
Accountable Director: Martin Hone – Director of Finance & Corporate Governance		
This report is Public		
Purpose of Report: For the Standards & Audit Committee to approve the Draft Internal Audit Charter.		

EXECUTIVE SUMMARY

The Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The Internal Audit Charter establishes the internal audit activity's position within the Council, including the nature of the Head of Internal Audit's functional reporting relationship with the Standards & Audit Committee; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the Internal Audit Charter resides with the Standards & Audit Committee.

1. RECOMMENDATIONS:

1.1 That the Standards & Audit Committee:

Approve the Draft Internal Audit Charter and the Chair of the Standards & Audit Committee signs the Charter on behalf of the Committee.

2. INTRODUCTION AND BACKGROUND:

2.1 The foundation of an effective internal audit service is compliance with standards and proper practices.

2.2 A professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.

2.3 An effective internal audit service should:

- understand the whole organisation, its needs and objectives

- understand its position with respect to the organisation's other sources of assurance and plan its work accordingly
- be seen as a catalyst for improvement at the heart of the organisation
- add value and assist the organisation in achieving its objectives, and
- be forward looking – knowing where the organisation wishes to be and aware of the national agenda and its impact.

2.4 This Charter establishes the purpose, authority and responsibilities for the internal audit service for Thurrock Council, which is provided by RSM Tenon.

3. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS:

3.1 The Charter has been prepared in order to support an effective internal audit service and to meet the requirements of the Public Sector Internal Auditing Standards and RSM Tenon's Internal Audit Manual.

4. REASONS FOR RECOMMENDATION:

4.1 To provide the Council with assurance that the internal audit service is complying with the requirements of the Public Sector Internal Auditing Standards.

5. CONSULTATION (including Overview and Scrutiny, if applicable)

5.1 The Draft Internal Audit Charter has been discussed and agreed with the Director of Finance & Corporate Governance as the responsible accounting officer.

6. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

6.1 There is no direct impact on the policies, priorities, performance or on the Community although an effective internal audit service may impact indirectly on all areas of the Council's business.

7. IMPLICATIONS

7.1 Financial

Implications verified by: **Sean Clark**
Telephone and email: **01375 652010**
sclark@thurrock.gov.uk

There are no direct financial implications arising from this report.

7.2 **Legal**

Implications verified by: **David Lawson**
Telephone and email: **01375 652087**
david.lawson@bdtlegal.org.uk

The Council has a legal obligation under the Accounts and Audit (England) Regulations 2011 to 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. The Council has delegated responsibility for ensuring this is taking place to the Standards & Audit Committee. There are no adverse legal implications relating to the reporting progress.

7.3 **Diversity and Equality**

Implications verified by: **Samson DeAlyn**
Telephone and email: **01375 652472**
sdealyn@thurrock.gov.uk

There are no direct diversity implications arising from this report.

7.4 **Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental**

There are no other implications arising from this report.

BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):

- Public Sector Internal Audit Standards (PSIAS)
- CIPFA – PSIAS Local Government Application Note
- RSM Tenon Internal Audit Manual

APPENDICES TO THIS REPORT:

- Draft Internal Audit Charter

Report Author Contact Details:

Name: Gary Clifford
Telephone: 01375 652702
E-mail: gclifford@thurrock.gov.uk