

Report title: Internal Audit Charter	
Report to: Audit, Governance and Standards Committee	
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Date: 4 June 2018	For: Approval
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County Divisions affected: All Essex	

1. Purpose of Report

- 1.1 To ask the Committee to approve a revised Internal Audit Charter. The Charter is reviewed annually, but on this occasion changes are made to implement the recommendations made by the External Quality Assessment conducted in February 2018.

2. Recommendations

- 2.1 That the Committee approve the revised Essex County Council Internal Audit Charter

3. Background

- 3.1 Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS). The PSIAS requires internal audit to have a formal Charter that is approved by the relevant body that acts, in the terminology of the PSIAS, as the board (in ECC's case this is the Audit, Standards and Governance Committee).
- 3.2 The PSIAS require internal audit services to periodically self-assess whether they are complying with the standards and every five years commission an external person to independently assess the extent of compliance or validate a self-assessment.
- 3.3 In February 2018, CIPFA validated Internal Audit's self-assessment and made a small number of minor recommendations regarding the content of the Charter. The Charter presented at Appendix 1 takes account of these recommendations.

3.4 The recommendations made were to:

- Include the wording of, and adopt, the Internal Professional Practice Framework's mandatory mission statement for internal audit in the Charter (now in paragraph 1.2)
- Include a definition of consultancy work in the Charter (now in paragraph 5.7)
- Include details of the Internal Professional Practice Framework's Core Principles (which articulate the characteristics of an effective internal audit service) in the Charter (now in paragraphs 7.2 and 7.3).

4. Policy Context and Outcomes Framework

- 4.1 The Internal Audit Charter sets out the purpose, authority and responsibility of the Council's Internal Audit function, in accordance with the UK Public Sector Internal Audit Standards (PSIAS).
- 4.2 The Charter will be reviewed annually and presented to the Audit, Governance and Standards Committee.

5. Financial Implications

- 5.1 There are no financial implications.

6. Legal Implications

- 6.1 The Council's compliance with the PSIAS is a matter upon which the external auditor may express an opinion. It is also a key way of demonstrating compliance with good governance.

7. Staffing and Other Resource Implications

- 7.1 There are no staffing or resource implications.

8. Equality and Diversity Implications

- 8.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when ECC makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 8.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.

- 8.3 Equality and diversity matters have been considered in the production of the charter.

9. List of Appendices

Appendix 1 – Internal Audit Charter

10. List of background papers None