

## POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	4 <sup>th</sup> September 2017		
TITLE:	Internal Audit Terms of Reference update		
TYPE OF REPORT:	Scrutiny		
PORTFOLIO(S):	Performance		
REPORT AUTHOR:	Kathy Woodward, Shared Internal Audit Manager		
OPEN		WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

### **REPORT SUMMARY/COVER PAGE**

PURPOSE OF REPORT/SUMMARY:
The Internal Audit Terms of Reference were last reviewed in 2013/14 and are therefore overdue a review as part of the three year review process. The documents have been reviewed and the results are presented to the Committee to consider and comment on before they are adopted by the team.
The Changes mainly relate to: <ul style="list-style-type: none"> <li>• Development of a Quality Assurance Improvement Programme (QAIP).</li> <li>• Deletion of the Deputy Chief Executive role and transfer of responsibilities to Executive Director (S151 Officer)</li> <li>• Change in title from 'Audit and Risk Committee' to 'Audit Committee'</li> <li>• Updates in relation to the Accounts and Audit Regulations 2015</li> <li>• Minor corrections to grammar and spelling</li> </ul>
OPTIONS CONSIDERED:
1. Adopt the revised Internal Audit Terms of Reference to ensure the Council has relevant and up-to-date procedures and policies.
2. Remain with the existing Internal Audit Terms of Reference, which are no longer fully relevant or fit for purpose.
RECOMMENDATIONS:
To consider the changes made to the Internal Audit Terms of Reference and recommend approval for adoption of these revised documents.
REASONS FOR RECOMMENDATIONS:
To bring the documents up-to-date with the Council's current requirements and to comply with the requirements of the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS).

## **1.0 Introduction and Background**

- 1.1 The internal audit terms of reference describe the purpose, authority and principal responsibility of the Council's Internal Audit section.
- 1.2 The Accounts and Audit Regulations 2015 require that a council must *'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'*.
- 1.3 Internal Audit are required to comply with the Public Sector Internal Audit Standards (PSIAS) in undertaking its work. The Internal Audit Section will follow the guidance in this document as 'proper practice' in the provision of the Internal Audit Service to the Council.

## **2.0 Details**

- 2.1 The proposed revisions are shown on the attached Terms of Reference (**Appendix 1**).
- 2.2 The main changes relate to the development of a Quality Assurance and Improvement Programme (QAIP) to provide assurance of Internal Audit's continuing compliance with the requirements of the PSIAS (**Appendix 2**).
- 2.3 Other minor changes have been made to update relevant legislation dates and changes in job and committee titles. Section 1 has also been updated to display more clarity around the location of Internal Audit within the authority and its reporting responsibilities.
- 2.4 A new review date of May 2020 has been set.

## **3.0 Outcomes**

- 3.1 To complete the review and approve the updated Terms of Reference to ensure the continued relevance of the Internal Audit section and compliance with relevant legislation.

## **Policy Implications**

There are no policy implications.

## **Financial Implications**

There are no financial implications.

## **Staffing Implications**

There are no staffing implications.

## **Statutory Considerations**

There are two principal pieces of legislation that impact upon local authority internal audit provision:

- S 151 of the Local Government Act 1972 – requires the Council to ensure that one of the officers has responsibility for the proper administration of its financial affairs.
- Section 5 of the Accounts and Audit Regulations 2015 (as amended) – states that a relevant body must '*undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance*'.

## **Equalities Considerations**

There are no equalities implications.

## **Risk Management**

There are no risk implications.

## **Background Papers**

Public Sector Internal Audit Standards (PSIAS)

Accounts and Audit (England) Regulations 2015.