

Audit and Governance Committee

Meeting to be held on Monday, 9 May 2016

Electoral Division affected: (All Divisions);

Internal Audit governance document: Internal Audit Charter

(Appendix A refers)

Contact for further information:

Ruth Lowry, Head of Service – Internal Audit,

ruth.lowry@lancashire.gov.uk

Executive Summary

The Internal Audit Service is a key element of the council's governance arrangements, and is a statutory service in the context of the Accounts and Audit Regulations 2015.

The relevant standard setters, responsible for defining proper practices in terms of the Accounts and Audit Regulations have issued Public Sector Internal Audit Standards (PSIAS) with effect from 1 April 2013, that require the Internal Audit Service to establish and periodically review a charter. The current Internal Audit Charter was approved in June 2013: a revised document is attached at Appendix A and is submitted for the committee's consideration and approval.

Recommendation

The committee should consider and approve the revised Internal Audit Charter.

Background and Advice

Over the period since the current Internal Audit Charter was approved the council has experienced a number of significant changes, including the implementation of a new management structure. It is therefore appropriate that the document is reviewed and amended to reflect the revised management arrangements and the Internal Audit Service's new location within the organisational structure.

The professional guidance supporting this document is also subject to ongoing amendment and it is likely that small changes will be required again for 2017/18, but the revised charter will remain applicable throughout 2016/17.

It should be noted that both PSIAS and the Internal Audit Service's charter require the head of service – internal audit to provide an annual opinion on the council's framework of governance, risk management and control. As previously explained to the Committee, this is not possible in respect of 2015/16. The decision to refocus the

resources of the Internal Audit Service during the year was taken in the context of the significant challenges facing the council, the need for resources to respond to these challenges, and in light of the council's recognition that improvements were required to its risk management, control and governance framework.

Consultations

The director of governance, finance and public services has reviewed this revised Internal Audit Charter and has consulted the Management Team.

The audit director and manager of Grant Thornton LLP, the council's external auditor, have also been consulted.

Implications:

This item has the following implications, as indicated:

Risk management

There is a risk that, if this document is not periodically reviewed and revised to ensure its conformity with PSIAS, the council's Internal Audit Service will not comply with the professional standards that underpin its statutory operation.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
Public Sector Internal Audit Standards	2013	Ruth Lowry, 01772 5 34898

Reason for inclusion in Part II, if appropriate
Not applicable