

Report of the Head of Internal Audit and Corporate Anti-Fraud

AUDIT COMMITTEE – 20th March 2019

INTERNAL AUDIT CHARTER 2018 - 2020 – Review

1. Purpose of Report

- 1.1 This brief covering report highlights the minor changes in the Internal Audit Charter 2018 – 2020 and serves as a reminder to the Committee of the key aspects of the internal audit function. Such a Charter is required by the Public Sector Internal Audit Standards.
- 1.2 The Charter, prepared by the Head of Internal Audit (HoIA) and complemented by regular reports and an annual report, are intended to give the Audit Committee assurances regarding how the Internal Audit function is resourced, managed, organised and delivers its responsibilities.

2. Recommendation

- 2.1 **It is recommended that the Audit Committee consider the Internal Audit Charter, as reviewed and amended, be satisfied that it adequately represents and describes the function, and will consequently provide assurances to the Committee regarding the effectiveness of the function.**

3. Introduction / Background

- 3.1 The Audit Committee periodically considers the Charter as required by the Public Sector Internal Audit Standards (PSIAS).
- 3.2 This latest review has ensured that the Charter reflects the current working arrangements of the function but also the aspirations and developments necessary to ensure continuous improvement. The Charter will be made available to all employees through the Service's Intranet site.
- 3.3 The document reflects the changes arising from a change in the client base and the new structure of the Service following a fundamental review through the Council's Future Council programme. The amendments are **highlighted** in the Charter.
- 3.4 The Internal Audit Team provides services to Barnsley MBC, Berneslai Homes, the South Yorkshire Police Crime Commissioner, South Yorkshire Police Chief Constable, South Yorkshire Fire and Rescue Authority, South Yorkshire Pensions Authority and Northern College. Internal Audit coverage is now a 60:40 split between the Council and non-Council clients. From April 2019, the Internal Audit Team will no longer serve the Sheffield City Region Mayoral Combined Authority and South Yorkshire Passenger Transport Executive.

3.5 The key aspects of the Charter are to ensure clarity and understanding about what Internal Audit is, what it is intended to do and its position in the organisation and to reinforce the objective of the Internal Audit Service as a valuable asset to the each client by supporting senior management in meeting their responsibilities and the delivery of corporate objectives.

4. Local Area Implications

4.1 There are no Local Area Implications arising from this report.

5. Consultations

5.1 No specific consultations have been necessary in the preparation of this Charter. However, all client organisations are consulted throughout the year on all aspects of the delivery and planning of Internal Audit work.

6. Compatibility with European Convention on Human Rights

6.1 In the conduct of investigations, Internal Audit operates under the provisions of the Data Protection Act 1998, the Human Rights Act 1998, the Regulation of Investigatory Powers Act 2000 and the Police and Criminal Evidence Act.

7. Reduction of Crime and Disorder

7.1 An inherent aspect of audit work is to prevent, detect and investigate incidents of fraud, theft and corruption. The control issues arising from audit investigations are considered to ensure improvements in overall controls. Additionally, Internal Audit ensures that, in specific instances, management takes appropriate action to minimise the risks of fraud and corruption re-occurring.

8. Risk Management Considerations

8.1 Whilst there are no specific risks emanating as a result of this report there are a range of risk issues worthy of consideration and note.

8.2 During the year, the Division reviews its operational risk register to ensure all risks to the delivery of the function's objectives are identified and can therefore be managed. This risk register is the subject of regular review in accordance with the corporate process.

8.3 The Audit Committee will also consider a detailed report on the audit plan including the basis of the plan and the utilisation of risk information. This is a critical aspect of the audit function and seeks to ensure audit resources are targeted at the areas of the Council's business where the most significant risks have been identified.

8.4 There is a risk to the Authority as a whole should the Internal Audit function not be effective. This would undermine the internal control, risk and governance arrangements of the Authority and fail to provide the Audit Committee with sufficient independent information upon which to base their assurance views.

The provision of detailed quarterly reports during the year, plus the annual report and the Charter should act as mitigation in ensuring the Audit Committee is in a position to constantly keep the audit function under review.

- 8.5 There is a risk to the control and governance of the Authority if management fail to implement the agreed actions. In mitigation Internal Audit has introduced a more rigorous 'follow-up' process to ensure the most significant issues are implemented. This is reported to the Audit Committee within the quarterly and annual reports.

9. Employee Implications

- 9.1 There are no employee implications arising from this report.

10. Financial Implications

- 10.1 There are no financial implications arising directly from this report. The costs of the Internal Audit function and the income received from the external clients is included within the Authority's base budget.

11. Appendices

- 11.1 Appendix A – Internal Audit Charter 2018-2020 (Updated February 2019)

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Background papers are available for inspection at the Barnsley MBC Westgate Plaza One office, Barnsley.

Other sources and references: Public Sector Internal Audit Standards 2017.