



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

3 December 2024

Report of the Assistant Director of Finance (Audit)

Internal Audit Charter

1. Purpose

- 1.1 To inform Members of the review and update to the Internal Audit Charter.

2. Information and Analysis

- 2.1 Internal Audit 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 Public Sector Internal Audit Standards (PSIAS) which define the proper practices and standards under these Regulations, require that Internal Audit establish a Charter that is subject to periodic review.
- 2.2 The Internal Audit Charter draws together existing practice and formalises procedures which are already embedded in the Council's governance framework (e.g. the provisions of Financial Regulations and Standing Orders relating to Contracts and the Anti-Fraud and Anti-Corruption Strategy) into a single reference document which embodies those requirements specified in the PSIAS.
- 2.3 The existing Internal Audit Charter was considered at a meeting of this Committee held on 20 September 2022 before being presented to Cabinet on 23 February 2023 for approval as Council policy. As a result of the feedback from the External Quality Assessment (EQA) review, which was reported to Audit Committee on 30 January 2024 and the

need to adapt a more agile and data driven service, a significant rewrite of the Charter has been undertaken to:

- eliminate unnecessary complexity and make the Charter more accessible and easier to understand.
- provide clear accountability on the responsibilities of key officers including the Chief Audit Executive and Senior Management, together with the role of the Audit Committee.
- outline the new Internal Audit quality assurance framework that will deliver the agile and data driven service, which will ensure the Unit consistently aligns to current best practice.
- implement a new 'Audit Working Protocol' to assist in the delivery of a high-quality Internal Audit service that maintains the confidence of Executive Management and the Council's Audit Committee.

2.2 The PSIAS requires that the Internal Audit Charter is approved by Cabinet and the purpose of this Report is to allow the Audit Committee, acting in its role as "those charged with governance", to review and endorse the revised Charter prior to its formal recommendation for approval as Council policy.

3. Consultation

3.1 The Internal Audit Charter is produced in consultation with the Head of Paid Service, Executive Directors, Section 151 Officer, and Monitoring Officer, together with other appropriate officers and the Audit Committee.

4. Alternative Options Considered

4.1 As the Audit Charter is a specific requirement of the Public Sector Internal Audit Standards (PSIAS), there are no alternative options.

5. Implications

5.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

6. Background Papers

6.1 Electronic files and Audit working papers held by Internal Audit, Corporate Finance Section, County Hall.

7. Appendices

7.1 Appendix 1 – Implications.

7.2 Appendix 2 – Internal Audit Charter - December 2024

8. Recommendation(s)

That Committee:

- a) consider and endorses the revised Internal Audit Charter.
- b) recommends to Cabinet the approval of the Charter as Council policy.

9. Reasons for Recommendation(s)

9.1 To comply with the requirements of the Accounts and Audit Regulations 2015 and PSIAS.

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Implications

Financial

- 1.1 There are no direct financial costs associated with the review and approval of the Internal Audit Charter.

Legal

- 2.1 The Audit Services Unit discharges the Council's statutory responsibilities under Regulation 5 of the Accounts & Audit Regulations 2015 and aspects of the Director of Finance's statutory duties under Section 151, Local Government Act 1972.
- 2.2 Internal audit within the public sector in the United Kingdom is governed by the PSIAS, which states that *"the purpose, authority and responsibility of the internal audit activity must be formally defined in an Internal Audit Charter, consistent with the Definition of Internal Auditing, Code of Ethics and Standards."*

Human Resources

- 3.1 None.

Information Technology

- 4.1 None.

Equalities Impact

- 5.1 None.

Corporate objectives and priorities for change

- 6.1 The work of Internal Audit supports the Council's commitment to ensuring good governance and compliance with applicable laws and regulations.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

- 7.1 None.

