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| Report to: | AUDIT COMMITTEE |
| Relevant Officer: | Tracy Greenhalgh, Chief Internal Auditor |
| Date of Meeting | 2 March 2017 |

INTERNAL AUDIT CHARTER

1.0 Purpose of the report:

1.1 To consider approval of the updated Internal Audit Charter.

2.0 Recommendation(s):

2.1 The Audit Committee is asked to approve the Internal Audit Charter.

3.0 Reasons for recommendation(s):

3.1 To ensure that the Internal Audit continues to adhere to the Public Sector Internal Audit Standards.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

N/a.

4.0 Council Priority:

4.1 The relevant Council Priorities are

- "The economy: Maximising growth and opportunity across Blackpool"
- "Communities: Creating stronger communities and increasing resilience"

5.0 Background Information

5.1 The Chief Internal Auditor must provide an annual opinion on the overall adequacy and effectiveness of the Council's governance and risk management arrangements and system of internal control. The Internal Audit Charter defines internal audit's

mission, purpose, authority and responsibility. It establishes internal audit's position within the Council and defines the scope of internal audit activities and reporting lines. The Charter was previously included as an appendix in the Internal Audit Plan however, following recommendations from a recent external assessment of internal audit, will now be a standalone document.

5.2 Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) set the internal audit standards in respect of local government across the UK and adopted a common set of Public Sector Internal Audit Standards (PSIAS) from the 1 April 2013. The standards were updated in March 2016 and the Internal Audit Charter has been updated accordingly. Further changes to the Charter include the actions identified in the services Quality Assurance Improvement Programme and the recommendations made in the recent external assessment of the internal audit service.

5.3 The revised Charter follows the model charter document provided by the Chartered Institute of Internal Auditors and includes extra detail in line with the Public Sector Internal Audit Standards as follows:

- Definition of the Mission of Internal Audit
- Core Principles for the Professional Practice of Internal Auditing

Does the information submitted include any exempt information?

No

List of Appendices:

Appendix 7(a): Internal Audit Charter

6.0 Legal considerations:

6.1 All local authorities are subject to the Accounts and Audit (England) Regulations (2015) which requires them to make provision for internal audit in accordance with the Public Sector Internal Audit Standards (PSIAS) as well as the CIPFA Local Government Application Note.

7.0 Human Resources considerations:

7.1 The Internal Audit Charter will be delivered using existing resources within the internal audit service.

8.0 Equalities considerations:

8.1 The work required to deliver the internal audit plan is identified through a regular risk assessment process. This is carried out using an established methodology that is designed to show that all potential audit areas are considered fairly.

9.0 Financial considerations:

9.1 Effective internal controls and an effective internal audit service can have a positive impact on the Council's financial position through identification of areas where controls can be strengthened, losses can be prevented and value for money improved.

10.0 Risk management considerations:

10.1 The work of internal audit forms a key element of the Council's overall system of internal control. An effective internal audit service also helps to promote and implement best practice and process improvements in the management of risks.

11.0 Ethical considerations:

11.1 Internal audit work will be carried out with integrity and impartiality.

12.0 Internal/ External Consultation undertaken:

12.1 All members of the internal audit team have had the opportunity to comment on the Charter prior to it being taken to the Corporate Leadership and Audit Committee for approval.

13.0 Background papers:

13.1 Public Sector Internal Audit Standards.