

## AUDIT AND RISK COMMITTEE

11 July 2017

### INTERNAL AUDIT CHARTER 2017/18

#### Report of the Head of Internal Audit

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Councillor Oliver Hemsley – Deputy Leader and Portfolio Holder for Growth, Trading Services and Resources (excluding Finance)	
Contact Officer(s):	Rachel Ashley-Caunt, Head of Internal Audit	07824 537900 rashley-caunt@rutland.gcsx.gov.uk
Ward Councillors	Not Applicable	

#### DECISION RECOMMENDATIONS

1. That Members review and approve the Internal Audit Charter and Strategy.

## 1 PURPOSE OF THE REPORT

- 1.1 To provide the Committee with the revised Internal Audit Charter and Strategy for annual review and approval.

## 2 BACKGROUND AND MAIN CONSIDERATIONS

### Internal Audit Charter

- 2.1 The Public Sector Internal Audit Standards define the internal audit charter as 'a formal document that defines the internal audit activity's purpose, authority and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation, including the nature of the chief audit executive's functional reporting relationship with the board; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities'.
- 2.2 Since 1<sup>st</sup> April 2017, the Council's Internal Audit service has been formally delegated to LGSS. As such, at this point the Head of Internal Audit has undertaken a review of the Internal Audit Charter and Strategy, and has updated this to reflect best practice and the standard approach adopted across the LGSS

client base.

2.3 The Committee should note that the key changes the updated Charter introduces are in relation to the assurance ratings for each audit assignment. The updated Charter introduces five assurance ratings for the design and compliance with controls, as follows:

- Substantial Assurance
- Good Assurance
- Satisfactory Assurance
- Limited Assurance
- No Assurance

2.3 Furthermore, under the proposed approach, an assurance rating will be given in relation to each of the following:

- **Control Environment** – whether controls are robustly designed and whether there are any control weaknesses that impact upon the control environment;
- **Compliance** – whether the controls are being consistently and effectively exercised in practice; and
- **Organisational Impact** – the level of risk the Council is exposed to and the impact of the findings on the organisation as a whole. The ratings will be ‘Major’, ‘Moderate’ or ‘Minor’ impact.

### **3 CONSULTATION**

3.1 The Council’s s151 officer, Monitoring Officer and Chair of Audit and Risk Committee have been consulted on the amendments to the Internal Audit Charter. No public consultation is required.

### **4 ALTERNATIVE OPTIONS**

4.1 The Committee could request amendments to the Charter before approval.

### **5 FINANCIAL IMPLICATIONS**

5.1 There are no financial implications arising from this report.

### **6 LEGAL AND GOVERNANCE CONSIDERATIONS**

6.1 The Audit and Risk Committee is responsible for oversight of the work of Internal Audit including approving the Internal Audit Charter and satisfying itself that internal audit is complying with internal audit standards.

6.2 There are no legal implications arising from this report

### **7 EQUALITY IMPACT ASSESSMENT**

7.1 There are no equality implications

### **8 COMMUNITY SAFETY IMPLICATIONS**

8.1 There are no community safety implications

## **9 HEALTH AND WELLBEING IMPLICATIONS**

9.1 There are no health and wellbeing implications.

## **10 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

10.1 The Internal Audit Charter and Strategy sets out the way in which the Internal Audit service will be delivered for Rutland County Council. This is presented to the Committee for annual review and approval.

## **11 BACKGROUND PAPERS**

11.1 There are no additional background papers to the report

## **12 APPENDICES**

12.1 Appendix A: Internal Audit Charter & Strategy

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