

TITLE: INTERNAL AUDIT CHARTER AND STRATEGY

Committee: Audit Committee

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Author: Chief Internal Auditor

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Contact Officer:

Rachel Ashley-Caunt, Chief Internal Auditor

Rachel.ashley-caunt@northnorthants.gov.uk

1.0 ISSUE

- 1.1. To seek the Committee's annual approval of the Internal Audit Charter and Strategy.

2.0 RECOMMENDATION(S)

- 2.1. That the Committee approves the Internal Audit Charter and Strategy.

3.0 BACKGROUND/OPTIONS

- 3.1. The role of Internal Audit is to provide the Audit Committee, and management, with independent assurance on the effectiveness of the Council's governance, risk management and internal control environment.
- 3.2. The purpose of this Internal Audit Charter is to define Internal Audit's purpose, authority and responsibility. It establishes the position of Internal Audit's activity within the Council and reporting lines; authorises access to records, personnel and physical property relevant to the performance of audit work; and defines the scope of Internal Audit activities.
- 3.3. The Internal Audit Charter and Strategy is subject to annual approval by the Audit Committee. Since the Committee last approved a Charter in March 2022, the content and format has been fully reviewed and whilst the content remains consistently aligned with the Public Sector Internal Audit Standards (PSIAS), some updates have been made, primarily to seek to further clarify the work of Internal Audit. This includes the addition of an Executive Summary – to make the document more user friendly and ensure the key messages are clearly stated.
- 3.4. As part of the review, the Chief Internal Auditor has also reviewed and refreshed the Assurance Opinion definitions. These have been amended to clarify the basis for the opinion and associate these with high, medium and low risk. The assurance category of 'Satisfactory Assurance' has been removed and replaced with 'Moderate Assurance'. It is the view of the Chief Internal Auditor that this better reflects the level of findings associated with this category and avoids potential interpretation that the control environment in these cases is acceptable without further action.

- 3.5. The organisational risk categories have also been amended from 'Major', 'Moderate' and 'Minor' to 'High', 'Medium' and 'Low', to better align with standard risk management frameworks and terminology.

4.0 ARGUMENTS/CONCLUSION(S)

- 4.1. The attached report (Appendix 1) provides the Committee with the Internal Audit Charter and Strategy for formal review and approval.

5.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT STATEMENT / CARBON IMPACT ASSESSMENT

- 5.1. There are no additional financial implications arising from this report. Equality and Carbon Impact Assessments are not required.

6.0 APPENDICES

Appendix 1 – Internal Audit Charter and Strategy

Background Documents:

None