

Audit Committee

25th November 2019



Report of:	Chief Internal Auditor
Title:	Internal Audit Charter and Strategy
Ward:	N/A
Officer Presenting Report:	Simba Muzarurwi – Chief Internal Auditor
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Recommendation

The Audit Committee to approve:

- i. the revised Internal Audit Charter (Appendix 1) and
- ii. the Internal Audit Strategy 2020-23 (Appendix 2).

Summary

In accordance with the Public Sector Internal Audit Standards (PSIAS), Internal Audit is required to document the purpose, authority and responsibilities of the activity in the form of a Charter. The Charter sets out how the Service will comply with the PSIAS, and its place within the organisation. In addition the PSIAS require the development of an Internal Audit Strategic Plan that relates the role of Internal Audit to the requirements of the organisation by outlining the broad direction of Internal Audit in the context of Bristol City Council assurance activities. Consistent with this an Internal Audit Strategy has been developed that sets out the framework for internal audit activities at the Council.

The revised Internal Audit Charter and the Internal Audit Strategy are presented to the Audit Committee for consideration and approval, as required by the PSIAS.

Significant Matters Arising:

- There are no significant changes in the Charter that was approved by the Audit Committee in November 2018. However, there are some changes to the process for reporting internal audit outcomes and the criteria for reporting to the Audit Committee.
- The Internal Audit Strategic Statement is now a standalone document that has been broadened to provide sufficient detail on how internal audit activities will be undertaken as well as defining key principles and approach in the provision of the internal audit service.

1. Policy

The PSIAS require the Internal Audit service within the organisation to define its role, responsibilities and authority in the form of a Charter, which includes an explanation of the way in which the internal audit function will comply with the PSIAS. Compliance with the PSIAS must be assessed and reported to the Audit Committee on an annual basis.

2. Consultation

Internal – CLB including S151 Officer, Cabinet Member for Governance, Resources and Finance.

External – N/A

3. Context

3.1 The Internal Audit Charter defines the purpose, authority, scope and responsibility of the Internal Audit service and is consistent with the mandatory requirements of the Public Sector Internal Audit Standards (PSIAS) and the supporting Local Authority Guidance Note (LGAN) produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (IIA). It also meets the PSIAS requirement for Internal Audit's risk-based plan to incorporate or link to a strategic or high-level statement.

It is the responsibility of the Chief Internal Auditor to ensure that the Charter is reviewed each year in order to confirm the Service's compliance with the requirement as detailed in the Charter, as well as to maintain the Charter's relevance to both the Internal Audit Service and the organisation as a whole.

3.2 Key Changes to the Charter:

- 7.8.1 revision to the process for reporting internal audit outcomes and engagement with the relevant Senior Responsible Officer.
- 7.8.2 confirmation that any audit with a no or limited assurance opinion will be reported to the Audit Committee and subject to re-performance within six months from the date the final report was issued.

3.3 The Internal Audit Strategy outlines how internal audit activities will be undertaken within the Council and defines the key principles and approach to be used. It further enhances the processes that form the basis for the annual opinion which informs the Council's Annual Governance Statement and seeks to maximise collaborative working opportunities with other assurance providers such as external auditors, external assessment teams and regulatory compliance teams.

3.4 Overall the Internal Audit Strategy will be delivered through the adoption of the following principles;

- Risk based auditing
- Knowledgeable, skilled and experienced workforce
- Effective collaboration with assurance providers
- Automated internal audit process

- Increased use of data analytics
- Robust client engagement
- Compliance with PSIAS
- Effective quality assurance and improvement programme
- Impactful reporting of audit outcomes
- Effective performance and risk management

4. Proposal

- 4.1 The Audit Committee considers and approves the annual update of the Internal Audit Charter and the Internal Audit Strategy 2020-23.

5. Other Options Considered – N/A

6. Risk Assessment

The work of Internal Audit minimises the risk of failures in the Council's internal control, risk management and governance arrangements, reduces fraud and other losses and increases the potential for prevention and detection of such issues. The PSIAS provide for an effective independent and objective Internal Audit Service, ensuring a good standard of service to the organisation, whilst at the same time providing the Internal Audit Service with wider support in terms of maintaining its independence and freedom from influence. The risks currently faced by the Internal Audit Service are documented in the Internal Audit Strategy.

Public Sector Equality Duties

- 7a) No Equality Impact anticipated from this report.

Legal and Resource Implications

Legal – N/A

Financial – N/A

Land – N/A

Personnel – N/A

Appendices:

Appendix A – Internal Audit Charter

Appendix 2 – Internal Audit Strategy 2020-23

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Public Sector Internal Audit Standards