

# North Tyneside Council Report to Audit Committee Date: 29 July 2020

**ITEM 12**  
Title: Internal Audit  
Charter

---

Report from Service Area: Resources

Report Author: Kevin McDonald, Acting Chief Internal Auditor (Tel: 643 5738)

Wards affected: All

---

## PART 1

### 1.1 Purpose:

The purpose of this report is to present Audit Committee with an updated Internal Audit Charter, in accordance with the requirements of the Public Sector Internal Audit Standards (April 2017) and the related Local Government Application Note.

### 1.2 Recommendation:

Audit Committee is asked to agree the updated Internal Audit Charter which is attached as **Appendix A** to this report, and which is a requirement of the Public Sector Internal Audit Standards.

### 1.3 Council plan and policy framework

The work of Internal Audit and the Audit Committee covers all service responsibilities as identified within the Council Plan.

### 1.4 Information

- 1.4.1 It is a statutory requirement for all relevant authorities (including North Tyneside Council) to “undertake an effective internal audit to evaluate the effectiveness of...risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”
- 1.4.2 The Institute of Internal Auditors (IIA) has published an International Professional Practices Framework (IPPF) which includes certain mandatory elements with which every Internal Audit service provider must comply. For the Public Sector in the UK, ‘Relevant Internal Audit Standard Setters’ have been designated for central government, the NHS and local government. The role of these standard setters is to adopt a common set of Public Sector Internal Audit Standards (PSIAS) which encompass the mandatory elements issued by the IIA and any additional requirements and interpretations for the UK public sector, whilst maintaining the integrity of the text of the mandatory elements of the IPPF.

- 1.4.3 In April 2017, the 'Relevant Internal Audit Standard Setters' published updated specific Public Sector Internal Audit Standards, applying the IIA International Standards to the UK Public Sector. These standards apply to all parts of the public sector (local government, central government and the NHS). For local government, the Chartered Institute of Public Finance and Accountancy (CIPFA) has been designated as 'the relevant standard setter'. To support the PSIAS in local government, CIPFA, as relevant local government standard setter, have published a Local Government Application Note which accompanies and underpins the mandatory requirements of the full PSIAS. The PSIAS and Local Government Application Note together comprise the 'public sector internal auditing standards' which are necessary to undertake the effective internal audit required by the Accounts and Audit Regulations 2015.
- 1.4.4 All local government Internal Audit providers in the UK are expected to comply fully with the PSIAS. It is also a requirement that the degree of conformance to the standards is assessed and reported to 'senior management' and the 'board' of the organisation. The Audit Committee fulfils the role of the 'board' in North Tyneside Council. The PSIAS include a requirement that a specific Internal Audit Charter is adopted by every relevant authority, which is approved by the 'board' on a periodic basis.
- 1.4.5 The Internal Audit Charter was approved by Audit Committee in November 2017. The Internal Audit Charter has been reviewed to ensure that the exact requirements of the PSIAS continue to be met and the proposed Internal Audit Charter is attached as **Appendix A**.

## **1.5 Decision Options:**

Audit Committee is asked to approve the updated Internal Audit Charter which is attached as **Appendix A** to this report, and which is a requirement of the Public Sector Internal Audit Standards.

There are no other options available in relation to this report.

## **1.6 Reasons for recommended option:**

This recommendation will allow the Authority to operate in line with legislation, good practice and professional guidance.

## **1.7 Appendices:**

**Appendix A:** Internal Audit Charter (July 2020)

## **1.8 Contact officers:**

Kevin McDonald (Acting Chief Internal Auditor) Tel: 643 5738

## **1.9 Background information:**

The following background papers and research reports have been used in the compilation of this report and are available for inspection at the offices of the author.

- (a) Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, April 2017 (P) [Public Sector Internal Audit Standards](#)
- (b) Local Government Application Note for the UK Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, February 2019 (P)
- (c) Internal Audit Charter, November 2017 (P)
- (d) The Accounts and Audit Regulations 2015, April 2015 (P) [Accounts and Audit Regulations 2015](#)

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

Effective internal audit is an essential part of the Authority's governance arrangements. Internal Audit examines the Authority's systems of internal control, and the economy, efficiency and effectiveness with which resources are deployed. The audit of the Authority's activities promotes good financial and non-financial governance and the importance of value for money. Effective control in these areas reduces the potential for financial loss through fraud, waste and inefficiency.

There are no financial implications arising from the recommendations set out in this report.

### **2.2 Legal**

The Accounts and Audit Regulations 2015 require the Authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The Public Sector Internal Audit Standards and related Local Government Application Note require that the Chief Internal Auditor should prepare and periodically review an Audit Charter for approval by the Board, which is Audit Committee.

### **2.3 Consultation/community engagement**

This report advises Audit Committee, as the recognised 'board' under the Public Sector Internal Audit Standards, of the Internal Audit Charter, in conformance with those standards. The views of Audit Committee will be considered during presentation of this item at the Audit Committee meeting.

### **2.4 Human rights**

There are no human rights issues arising from this report.

### **2.5 Equalities and diversity**

There are no equality and diversity issues arising from this report.

### **2.6 Risk management**

There are no risks identified with this Report.

## **2.7 Crime and disorder**

There are no specific crime and disorder issues arising from this report. The work of Internal Audit is a key strand in the Authority's counter-fraud arrangements, as set out in the Strategic Audit Plan.

## **2.8 Environment and sustainability**

There are no environment and sustainability issues arising from this report.

**Report author**      Kevin McDonald