

**Internal Audit Charter**

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| <b>Final Decision-Maker</b>               | Audit, Governance & Standards Committee  |
| <b>Lead Head of Service/Lead Director</b> | Mark Green – Director of Finance & Business Improvement<br>Steve McGinnes – Mid Kent Services Director |
| <b>Lead Officer and Report Author</b>     | Rich Clarke – Head of Audit Partnership  |
| <b>Classification</b>                     | Public   |
| <b>Wards affected</b>                     | All  |

**Executive Summary**

The Internal Audit Charter is the formal document that defines internal audit's purpose, authority and responsibility at Maidstone Borough Council. The appendix presents a refreshed Charter for 2019 onwards, updating the present version from 2016.

**This report makes the following recommendations to the Audit, Governance & Standards Committee**

1. That the Internal Audit Charter be approved.

**Timetable**

| <b>Meeting</b>                          | <b>Date</b>     |
|---|-----------------|
| Audit, Governance & Standards Committee | 14 January 2019 |

# Internal Audit Charter

## 1. INTRODUCTION AND BACKGROUND

- 1.1 We provide this report to allow the Committee to consider and approve the revised Internal Audit Charter.
  - 1.2 An Audit Charter is a requirement of Public Sector Internal Audit Standards (Standard 1000) and is a foundational document setting out the purpose, authority and responsibility of the service. This Committee last considered and approved our Charter in March 2016.
  - 1.3 In the main, the updates to the Charter in 2019 are simply taking the opportunity to refresh the document. This includes some simplification of wording and removal of audit jargon, as well as re-ordering some sections to make the document more readable.
  - 1.4 Substantive changes are limited but noted below:
    - Addition of a glossary of terms to clarify how particular terms in the Standards apply in a Maidstone BC context.
    - Following further guidance published by the Institute of Internal Audit (IIA) in 2016, the Charter now has more detail on the international standards and principles that apply to internal audit.
    - Clarifying the role of the Audit, Governance & Standards Committee as a key consultee before commissioning external quality assessment.
    - Specifying the need for annual review.
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## 2. AVAILABLE OPTIONS

- 2.1 The Committee could decline to approve the Charter in the appendix. In this event the 2016 Charter would continue effect. The service would remain materially conformant with Public Sector Internal Audit Standards as we produced the 2016 Charter in anticipation of the further IIA guidance.
  - 2.2 Alternatively the Committee could approve the Charter. We are happy to consider comments to refine its specifics.
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## 3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.1 We propose the Audit, Governance and Standards Committee approve the Internal Audit Charter. We do not propose any alternative action as a Charter is a Standards requirement.
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#### 4. RISK

- 4.1 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework. We are satisfied that the risks associated are within the Council's risk appetite and will be managed as per the Policy.

#### 5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 The Charter shows limited change from earlier approved versions, as detailed above. We have revised its format taking into account Committee feedback on other internal audit reports.

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#### 6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 If approved, the Charter will come into effect immediately and be used to shape preparation of our 2019/20 audit plan for March 2019.

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#### 7. CROSS-CUTTING ISSUES AND IMPLICATIONS

| Issue                                 | Implications   | Sign-off   |
|---------------------------------------|--|--|
| <b>Impact on Corporate Priorities</b> | We do not expect the recommendation will by itself materially affect achievement of corporate priorities. However, it will support the Council's overall governance. | Rich Clarke,<br>Head of Audit Partnership<br>January 2019        |
| <b>Financial</b>                      | The proposal set out in the recommendation are all within already approved budgets and so needs no new funding for implementation.                                   | Rich Clarke,<br>Head of Audit Partnership<br>January 2019        |
| <b>Staffing</b>                       | We will deliver the recommendation with our current staffing.  | Rich Clarke,<br>Head of Audit Partnership<br>January 2019        |
| <b>Legal</b>                          | Accepting the recommendation will help fulfil the Council's duties under the Accounts and Audit Regulations to maintain an effective internal audit service.         | Keith Trowell,<br>Team Leader<br>(Corporate Governance),<br>MKLS |
| <b>Privacy and Data Protection</b>    | There are no specific privacy or data protection issues to address.  | Keith Trowell,<br>Team Leader<br>(Corporate Governance),<br>MKLS |

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|---------------------------|-----------------------|--|
| <b>Equalities</b>         | No impact identified. | Equalities and Corporate Policy Officer                |
| <b>Public Health</b>      | No new impact.        | Rich Clarke, Head of Audit Partnership<br>January 2019 |
| <b>Crime and Disorder</b> | No new impact.        | Rich Clarke, Head of Audit Partnership<br>January 2019 |
| <b>Procurement</b>        | No new impact.        | Rich Clarke, Head of Audit Partnership<br>January 2019 |

## **8. REPORT APPENDICES**

The following documents are to be published with this report and form part of the report:

- Appendix 1: Internal Audit Charter

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## **9. BACKGROUND PAPERS**

Public Sector Internal Audit Standards (published at <https://www.gov.uk/government/publications/public-sector-internal-audit-standards>)