



Leicester  
City Council

**WARDS AFFECTED**  
**All**

## **FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**Audit and Risk Committee**

**21 March 2018**

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### **Internal Audit Charter**

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#### **Report of the Director of Finance**

##### **1. Purpose of Report**

- 1.1. To seek the Committee's approval of a new Internal Audit Charter following the regular annual review and updates.

##### **2. Recommendation**

- 2.1. The Committee is recommended to approve the Internal Audit Charter (Appendix 1) and agree that it accurately reflects the terms of reference of the internal audit function provided by Leicestershire County Council Internal Audit Service (LCCIAS).

##### **3. Summary**

- 3.1.1. Professional internal auditing standards<sup>1</sup> require the preparation of, and set out the essential requirements of, an Internal Audit Charter (the Charter).
- 3.1.2. The previous version of the Internal Audit Charter was approved by the Committee on 8 February 2017. New and revised standards were introduced from 1 April 2017. The Committee is aware that Leicester City Council delegated its internal audit function to Leicestershire County Council in November 2017. The Head of Internal Audit and Assurance Service at the County Council has created a new Charter to reflect all changes. The Charter now needs the approval of the Audit and Risk Committee.

##### **4. Report**

###### **4.1. Revision of Internal Audit Charter**

- 4.1.1. The purpose of the Charter is to specify the responsibilities and objectives of the internal audit function, its position within the organisation, its scope, rights of access and reporting requirements and the prioritisation of audit work based on risk. In this way, the Council seeks to demonstrate its compliance with the requirement under

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<sup>1</sup> The Public Sector Internal Audit Standards

Regulation 5(1) of the Accounts and Audit Regulations 2015, which requires that the Council:

*'...undertakes 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.'*

4.1.2. The new Charter is set out in full in Appendix 1. Changes reflect the delegation of the City Council's internal audit function to Leicestershire County Council to be managed by the Head of Internal Audit and Assurance, updates and additions to standards and a more complete explanation of definitions and terminology.

4.1.3. The Committee is asked to approve this updated Charter.

## **5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS**

### **5.1. Financial Implications**

An adequate and effective system of internal audit is a central component in the processes intended to help ensure that the Council operates efficiently, cost effectively and with integrity. An effective internal audit function is a key means by which the Director of Finance discharges her responsibilities under s151 of the Local Government Finance Act 1972 (see below). Such arrangements are intended to help the Council as it faces the financially challenging times ahead.

*Colin Sharpe, Head of Finance, x37 4081*

### **5.2. Legal Implications**

Internal Audit's work promotes sound financial management and legal compliance in all areas subject to review. It is a significant component of the requirements placed upon the Council for 'the proper administration of its financial affairs' by s151 of the Local Government Act 1972 as well as the specific requirements for internal audit under the Accounts and Audit Regulations 2015.

*Kamal Adatia, City Barrister and Head of Standards, x37 1401*

**6. Other Implications**

<b>OTHER IMPLICATIONS</b>	<b>YES/NO</b>	<b>Paragraph/References Within the Report</b>
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	No	
Climate Change	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	
Corporate Parenting	No	
Health Inequalities Impact	No	
Risk Management	Yes	The whole report concerns the Council's governance and assurance processes, a main purpose of which is to give assurance to Directors, the Council and this Committee that risks are being managed appropriately by the business. This includes the risks of fraud and financial irregularity.

**7. Background Papers – Local Government Act 1972**

7.1. Files held by Internal Audit.

**8. Consultations**

8.1. None.

**9. Report Author**

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