

Bolton Council

Report to: Audit Committee

Date: 8th March 2013

Report of: Head of Internal Audit & Risk

Report No:

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Report Title: Internal Audit Charter

**Confidential /
Non Confidential:**

(***Non-Confidential***) This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

Purpose:

To allow committee to consider the draft Internal Audit Charter

Recommendations:

Audit Committee is asked to approve the:

- (i) Internal Audit Charter
- (ii) Amended Terms of Reference for Internal Audit
- (iii) Amended Relationships Document for Internal Audit

Background Doc(s):

PSIAS
Bolton Council Internal Audit Roles and Responsibilities

1. INTRODUCTION:

- 1.1. As discussed in an earlier item of this agenda from 1st April 2013 the internal audit service will be required to meet the new Public Service Internal Audit Standards (PSIAS). One of the requirements of the new PSIAS is the production and approval of an Internal Audit Charter.
- 1.2. The internal audit function in Bolton Council is provided internally through a team within the Chief Executive's Department. This activity has been governed by Terms of Reference and a separate document defining relationships, these have been approved periodically by Audit Committee.

2. INTERNAL AUDIT CHARTER:

- 2.1. As mentioned above the PSIAS requires each internal audit function to have an Internal Audit Charter which is approved by the Board (in this case the Audit Committee).
- 2.2. The PSIAS requires that an Audit Charter includes the following features:
 - Define the terms "Board" and "Senior Management"
 - Cover arrangements for appropriate resourcing
 - Define the role of internal audit in fraud-related work
 - Include arrangements for avoiding conflict of interest if internal audit undertakes non-audit activities.
- 2.3. Most of the above appear in the existing Terms of Reference document but, in order to meet the new code, a draft Internal Audit Charter has been produced and is attached at Appendix A to this report.
- 2.4. In order to give a complete picture of the internal audit service the existing Terms of Reference and Relationships document have been amended and are attached as appendices to this report. The three documents together now provide a comprehensive description of the service.

3. RECOMMENDATIONS:

- 3.1. Audit Committee is asked to approve the:
 - (i) Internal Audit Charter
 - (ii) Amended Terms of Reference for Internal Audit
 - (iii) Amended Relationships Document for Internal Audit

