

**Classification:** Public

**Key Decision:** No

### Gravesham Borough Council

**Report to:** Finance & Audit Committee

**Date:** 14 February 2022

**Reporting officer:** James Larkin, Head of Audit & Counter Fraud Shared Service  
(Chief Audit Executive)

**Subject:** Internal Audit & Counter Fraud Charter Review

#### **Purpose and summary of report:**

To present for approval the Internal Audit Charter.

#### **Recommendations:**

Members approve the Charter presented at Appendix 2.

<b>Key Implications:</b>	
<b>Item</b>	<b>Implications</b>
<b>Legal</b>	The Accounts & Audit Regulations 2015 require local authorities 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. These Standards are also supported by CIPFA's Local Government Application Note to the Public Sector Internal Audit Standards. The Public Sector Internal Audit Standards require internal audit to have a charter to define their purpose, authority and responsibility and is periodically reviewed and approved. The Section 151 Officer of a local authority is responsible for establishing the internal audit service. Gravesham Borough Council has delegated this responsibility to the Section 151 Officer of Medway Council to deliver internal audit services through the Shared Service to both authorities.
<b>Finance and Value for Money</b>	An adequate and effective Internal Audit function provides the council with assurance on the proper, economic, efficient and effective use of council resources in delivery of services.
<b>Corporate Plan</b>	The work of the Internal Audit & Counter Fraud supports the council in achieving all of its objectives set out in the Corporate Plan but is particularly relevant to Objective #3 Progress.
<b>Climate Change</b>	There are no climate change implications to this report.

## **1. Introduction**

- 1.1 The Public Sector Internal Audit Standards (PSIAS) state that: The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics and The Standards. The Chief Audit Executive must periodically review the internal audit charter and present it to senior management and the board for approval.
- 1.2 The Audit & Counter Fraud Charter in place was approved by the Finance & Audit Committee on 15 February 2021.

## **2. Review of the Charter**

- 2.1 As mentioned in the background to this report, it is a requirement of the PSIAS to have a charter in place covering aspects of internal audit activity. The existing charter meets all the requirements of PSIAS, however, as officers were previously undertaking multi-disciplinary roles, it had been designed to also cover counter fraud activity.
- 2.2 Officers within Internal Audit and Counter Fraud have now moved to designated roles and there is no formal requirement for the activity of the counter fraud team to be included in the Charter. It was therefore necessary for changes to be made and it was also identified that there may be opportunity to make the links to the individual standards much clearer.
- 2.3 Accordingly, a complete refresh of the Charter has been undertaken. The sections within the Charter now align with the headings of the relevant standards, which are also noted with the headings, and the document has been updated to focus on internal audit activity in line with those requirements
- 2.4 A copy of the charter is provided at Appendix 2 for Members' approval for 2022-23.

## **3. Appendices**

- 3.1 The following documents are to be published with the report:
- 3.2 Appendix 2: Internal Audit Charter

## **4. Background Documents**

- 4.1 There are no background documents.

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<b>Secondary Implications</b>	
<b>Risk Assessment</b>	The Public Sector Internal Audit Standards require that: The Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. The Internal Audit Charter is intended to ensure that the service continues to develop in line with the aspirations of those charged with governance at Gravesham Borough Council and Medway Council.
<b>Data Protection Impact Assessment</b>	<i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i>
	a. Does the project/change being recommended through this paper involve the processing of <a href="#">personal data</a> or <a href="#">special category data</a> or <a href="#">criminal offence data</a> ?  A definition of each type of data can be found on the Information Commissioner's Office website via the above links.  No
	b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice?  N/A
	c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at <a href="mailto:gdpr@medway.gov.uk">gdpr@medway.gov.uk</a> .  N/A
<b>Equality Impact Assessment</b>	a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer.  No
	b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer.  No
	<i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i>
<b>Crime and Disorder</b>	The Internal Audit Team provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisations' objectives. The work of the team combined with a sound internal control environment has a positive contribution to community safety in its broadest sense.
<b>Digital and website implications</b>	There are no digital/website implications to this report.
<b>Safeguarding children and vulnerable adults</b>	There are no direct safeguarding implications to this report.