Audit, Governance and Standards Committee
20 April 2016

INTERNAL AUDIT CHARTER AND STRATEGY

Report by the Head of the South West London Audit Partnership (SWLAP)

Purpose

To set out the proposed Internal Audit Charter and Strategy for the Internal Audit and Investigations Shared Service (IAIS) as required by the Public Sector Internal Audit Standards (PSIAS)

Recommendation

To Resolve that the Audit, Governance and Standards Committee approve the IA Charter and Strategy for 2016/17.

BACKGROUND

1. The shared Audit and Investigations Service between LB Richmond and RB Kingston started on 1st June 2012. From the 1st April 2014, this included Achieving for Children (AfC), the community interest company set up by Richmond and Kingston to deliver their children’s services. Following the transfer of benefit investigations work to the DWP in November 2014, the South West London Fraud Partnership was established, a 5 Borough shared Investigations service led by LB Wandsworth. On the 1st October 2015, LB Merton joined the residual shared internal audit service led by LB Richmond, with LB Sutton joining on the 1st April 2016 to form the South West London Audit Partnership (SWLAP).

2. Internal audit work is undertaken by the SWLAP across the 4 Boroughs and as such, any references to Internal Audit in the Audit Charter and Strategy relates to the SWLAP.
3. Internal Audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

4. The Accounts and Audit (England) Regulations 2015 require that “A relevant body must undertake an effective internal audit to evaluation the effectiveness of its risk management, control and governance processes taking into account public sector Internal audit standards and guidance”. Proper practice is defined as being the Public Sector Internal Audit Standards (PSIAS) together with an Application Note published by the Chartered Institute of Public Finance & Accountancy (CIPFA). The PSIA standards came into effect from 1st April 2013 and apply to local and central government, and the NHS.

5. One of the key requirements of the new standards is that the purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter. The charter is a formal document which establishes the internal audit activity’s position within the organisation, authorises access to records, personnel and physical properties and defines the scope of activities.

6. The strategy covers how the service will be developed and delivered, together with the appropriate resourcing; an assessment of the risks which the audit service itself faces; how internal audit will rely on the assurance provided by other providers, and how the service will measure its performance and quality assurance its services.

7. The IA Charter and Strategy for 2016/17 is at Annex 1 to this report.

Resource Implications

8. None arising directly from this report’s recommendations. All costs of the service will be met from within existing budget resources for the shared service.

Background papers – held by the Author of this report:

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