

**AUDIT COMMITTEE: 14<sup>th</sup> MARCH 2017**

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**INTERNAL AUDIT CHARTER 2017-18**

**REPORT OF CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 9.4**

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**Reason**

1. To approve the Internal Audit Charter 2017/18 on an annual basis.

**Background**

2. At its meeting on the 24<sup>th</sup> January 2017, the Head of Finance provided Audit Committee members with the Draft Internal Audit Charter 2017-18, in order for Audit Committee to consider and feed in comments, to enable a final document to be approved at the 14<sup>th</sup> March meeting.
3. At the January meeting, members were also asked to consider and provide comments on the direction of the draft 2017/18 Internal Audit Plan, and a revised draft Audit Committee's Terms of Reference, both of which will be discussed under separate agenda items at this meeting.

**Issues**

4. The attached Internal Audit Charter has considered Committee members' comments raised at the last meeting. The two main amendments relate to paragraphs 8 and 15 respectively which have been revised as such:
  - The Audit Committee will approve the internal audit charter, the risk based internal audit plan and receive communications from the Audit Manager on the internal audit activity's performance relative to its plan and other matters. The Audit Manager is delegated the authority to make in-year changes to the internal audit plan and approve audit engagements.
  - Internal Audit is responsible for evaluating all processes of the entity including governance processes and risk management processes. It also assists the Audit Committee in evaluating and maintaining an appropriate degree of coordination between external and internal audit.
5. The first amendment emphasises the relationship between the Audit Manager and the Audit Committee in respect of the Audit Plan. The 2017/18 Internal Audit Plan is considered elsewhere on the agenda and the performance against the plan will be reported to Audit Committee on a regular basis including any proposed changes to it as the year progresses in order to ensure that the use of audit resources continues to remain appropriate and relevant.

6. The Internal Audit Charter is to be used as a clear statement of intent in terms of the authority and reach of internal audit. The Charter also clearly sets out the code and ethics by which the Internal Audit section conducts itself. The other accompanying appendices highlight the key strategic objectives of the Internal Audit section, audit resources, reporting lines and the approach taken against the Quality Assurance & Improvement Plan.

### **Legal Implications**

7. There are no legal implications arising from this proposal.

### **Financial Implications**

8. There are no financial implications arising from this proposal.

### **Recommendations**

9. To approve the Internal Audit Charter 2017-18.

**CHRISTINE SALTER  
CORPORATE DIRECTOR RESOURCES**

**Annex 1:** Internal Audit Charter 2017-18