

HAMPSHIRE COUNTY COUNCIL

Decision Report

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| Decision Maker | Audit Committee |
| Date: | 23 July 2020 |
| Title: | Internal Audit Charter 2020-21 |
| Report From: | Deputy Chief Executive and Director of Corporate Resources |

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Purpose of this Report

1. The purpose of this report is to present the Internal Audit Charter 2020-21 to the Audit Committee in accordance with the requirements of the Public Sector Internal Audit Standards, as the governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.

Recommendation(s)

2. That the Audit Committee approves the Internal Audit Charter 2020-21 as attached.

Contextual Information

3. The Accounts and Audit (England) Regulations 2015 state:

‘a relevant body must 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’

4. The Public Sector Internal Audit Standards (attribute standard 1000) require that all internal audit activities maintain an ‘internal audit charter’
5. The charter is a formal document that defines the internal audit activity’s purpose, authority and responsibility consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards.

6. The internal audit charter establishes internal audits position within the organisation including:
 - Recognising the mandatory nature of the Public Sector Internal Audit Standards
 - Defining the scope of internal audit responsibilities
 - Establishing the responsibilities and objectives of internal audit
 - Establishing the organisational independence of internal audit
 - Establishing accountability and reporting lines (functional and administrative)
 - Setting out the responsibilities of the board and the role of statutory officers with regard to internal audit
 - Arrangements that exist with regard anti-fraud and anti-corruption
 - Establishing internal audit rights of access
 - Defining the terms 'board' and 'senior management' for the purpose of internal audit
 - Arrangements in place for avoiding conflicts of interest.

7. In accordance with the Standards the internal audit charter should be reviewed annually (minimum) and approved by senior management and the board.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

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| Hampshire maintains strong and sustainable economic growth and prosperity: | no |
| People in Hampshire live safe, healthy and independent lives: | no |
| People in Hampshire enjoy a rich and diverse environment: | no |
| People in Hampshire enjoy being part of strong, inclusive communities: | no |
| OR | |
| This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because: 'Board' approval of the Internal Audit Charter, in accordance with the Accounts and Audit (England) Regulations 2015 and the Public Sector Internal Audit Standards | |

Other Significant Links

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| Links to previous Member decisions: | |
| <u>Title</u> Internal Audit Charter | <u>Date</u> 23 July 2019 |
| Direct links to specific legislation or Government Directives | |
| <u>Title</u> | <u>Date</u> |

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| Section 100 D - Local Government Act 1972 - background documents | |
| <p>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</p> | |
| <u>Document</u> | <u>Location</u> |
| None | |

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

Equality objectives are not considered to be adversely affected by the proposals within this report