

**Surrey Heath Borough Council**  
**Audit Standards and Risk**  
**December 2023**

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**Internal Audit Charter and Manual**

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<b>Wards Affected:</b>	n/a

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**Summary and purpose**

To present an updated Audit Charter and Audit Manual to Members

**Recommendation**

The Committee is advised to RESOLVE that

- (i) Members are asked to review and agree the updated Audit Charter and Audit Manual.

**1. Background and Supporting Information**

- 1.1 Internal Audit in undertaking its day-to-day duties is governed by a set of principles both at a local level as well as a national level such as government regulations and industry Standards. The set of standards adopted by Surrey Heath Internal Audit are known as the Public Sector Internal Audit Standards or PSIAS.
- 1.2 The PSIAS require a formal mandate or Terms of Reference to be agreed and adopted by senior management and Members. This document is commonly referred to as the Audit Charter.
- 1.3 The Council already has an established an Internal Audit Charter. The Standards require the Charter to be reviewed periodically and presented to Members for approval. The existing Charter is now considered out of date as it is dated August 2021. The Audit Charter has been reviewed and refreshed and has been discussed with the senior management team.
- 1.4 The key changes include:
  - using the corporate template

- reinforcing that the PSIAS are mandatory, rather than a nice to have
- a clearer focus on the work of audit to assist combatting fraud
- changes to job titles, and committee names
- making the reporting lines section clearer with greater emphasis on a dotted line to the Chief Executive and S151 officer
- defining the terms 'board' and 'senior management'
- strengthening the data sharing section
- new section added on Quality Assurance

1.5 The Audit Manual is a document that supports the Internal Audit activity and complements the Audit Charter. Again it is a requirement of the PSIAS and should be periodically reviewed and updated. There is no explicit requirement for it to be agreed by Members but it makes sense for both the Charter and Manual to be presented to committee for approval at the same time. The Manual is dated the same time.

1.6 The main changes to the Audit Manual include:

- Adding an integrated assurance section
- Revising the staff training section
- Updating the audit approach flowchart to reflect current processes
- Strengthening the document retention section
- Revising the Quality assurance section

## **2. Reasons for Recommendation**

2.1 The Audit Charter and Audit Manual are required to be updated and refreshed periodically in line with the PSIAS.

2.2 Members are being asked to review and approve both documents so they can be adopted into the day to day work programme of the Internal Audit service at the Council, and thus meet the requirements of the PSIAS.

## **3. Proposal and Alternative Options**

3.1 The Council will not be able to comply with the PSIAS without the approval of the Audit Charter as its mandate and terms of reference.

## **4. Contribution to the Council's Five Year Strategy**

4.1 Internal audit contributes to the Council Five Year Strategy by helping to identify weaknesses in control and governance, and by recommending continuous improvements in service delivery. Both the Audit Charter and Audit Manual help to support this activity. In particular the Charter outlines the scope of the audit work, its reporting lines, and rights of access.

## **5. Resource Implications**

5.1 None, for noting only

## **6. Section 151 Officer Comments:**

6.1

## **7. Legal and Governance Issues**

7.1

## **8. Monitoring Officer Comments:**

8.1

## **9. Other Considerations and Impacts**

### **Environment and Climate Change**

9.1 Nil

### **Equalities and Human Rights**

9.2 Nil

9.3 Nil

### **Risk Management**

9.4 Internal Audit work supports the Council's risk management framework by identifying weaknesses in control and governance, and suggesting mitigating actions to reduce or alleviate those risks. The Audit Charter and Manual help to support this process.

### **Community Engagement**

9.5 Nil

9.6 Nil

### **Annexes**

Update Audit Charter November 2023

Updated Audit Manual November 2023

## **Background Papers**

Nil