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**INTERNAL AUDIT CHARTER AND INTERNAL AUDIT MANUAL**

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**1. SUMMARY**

- 1.1 This report outlines the proposed changes to the Internal Audit Charter and Internal Audit Manual. Both have been updated to reflect changes in the working practices within Internal Audit and to better align them with the requirements of the Public Sector Internal Audit Standards (PSIAS) (see Appendix 3).

**2. RECOMMENDATIONS**

- 2.1 To approve the amended Internal Audit Charter (Appendix 1).
- 2.2 To approve the amended Internal Audit Manual (Appendix 2).

**3.0 DETAIL**

- 3.1 Under the PSIAS, Internal Audit is required to prepare an Internal Audit Charter, consistent with the Mission of Internal Audit that defines internal audit's purpose, authority and responsibility.
- 3.2 However just having a Charter is not sufficient to comply with the requirements of PSIAS. The requirement for a Charter is just one element of PSIAS. Full compliance requires the adoption of a range of principles and working practices which are closely aligned to the requirements as set out in PSIAS.
- 3.3 Whilst there is no written requirement, within PSIAS, for an Internal Audit Manual to be created, in general, it is considered good practice to develop a manual to help guide the overall management and administration of the department and the audit approach adopted. Given the mandatory nature of PSIAS it also makes sense for that manual to be consistent with the requirements of PSIAS.
- 3.4 The annual review of the Internal Audit Charter and Internal Audit Manual has been carried out and only minimal changes were required as the Charter and manual were both fully revised last year by the CIA. The table below provides a summary of changes to both documents:

Document	Page / Paragraph	Summary of change
IA Charter	Front Page	Updated to include Council logo and new strapline.
IA Charter	Page 4 – Paragraph	Updated to include reference to LiveArgyll

	10	Internal Audit arrangements.
IA Charter	Page 7 – Paragraph 35	Updated to reflect LiveArgyll audit reporting arrangements.
IA Charter	Page 8 – Paragraph 39	Updated to state that external assessments will be conducted every five years. Previously stated four years in error.
IA Manual	Front Page	Updated to include Council logo and new strapline.
IA Manual	Page 5 – Paragraph 9	Inserted reference to the Chartered Institute of Management Accountants.
IA Manual	Page 11 – Paragraph 46	Changed date from 2018/19 to 2019/20.
IA Manual	Page 12 – Paragraph 59	Updated to include reference to associated risks of the review.

## **4.0 CONCLUSION**

- 4.1 The Internal Audit Team has updated the Internal Audit Charter and Internal Audit Manual to better reflect the requirements of the Public Sector Internal Audit Standards.

## **5.0 IMPLICATIONS**

- 5.1 Policy – None
- 5.2 Financial - None
- 5.3 Legal - None
- 5.4 HR - None
- 5.5 Equalities - None
- 5.6 Risk - None
- 5.7 Customer Service - None

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### **Appendices:**

- 1. Internal Audit Charter**
- 2. Internal Audit Manual**
- 3. PSIAS**