

INTERNAL AUDIT CHARTER

Introduction

To be effective, Internal Audit must be and be seen to be independent. To ensure this, Internal Audit will operate within a framework that allows:

- unrestricted access to senior management and executive
- reporting in its own name
- segregation from line operations.

Every effort will be made to preserve objectivity by ensuring that all audit members of staff are free from any conflicts of interest and do not undertake any non-audit duties.

However, at the Chief Internal Auditor's discretion Internal Audit may undertake :

- ad-hoc fraud investigations
- Anti-Fraud Initiatives
- consultancy services
- participation in service improvement projects.

All internal audit activity will be carried out in accordance with:

- this charter
- proper internal audit practices
- the council's constitution
- relevant statutes and regulations.

The existence of Internal Audit does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner.

Objectives of Internal Audit

As an independent assurance function within the authority, the primary objective of Internal Audit is to review, appraise and report upon the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of resources. A secondary objective is to advise management on improvements in internal control systems.

Scope of Internal Audit

The scope of Internal Audit allows for unrestricted coverage of the authority's activities and unrestricted access to all records and assets deemed necessary by auditors in the course of an audit. In addition, Internal Audit, will have unrestricted access to:-

- The Audit Committee
- the Chief Executive
- members of Council

- individual chief officers
- all authority employees.

Status of Internal Audit

Internal Audit is located within the Resources Directorate reporting directly to the Executive Director - Resources.

Internal Audit Responsibility

The main areas of Internal Audit responsibility within the authority are to:

1. Review, appraise and report on:
 - the soundness, adequacy and application of internal controls
 - the suitability and reliability of financial and other management data, including aspects of performance measurement
 - the extent to which the assets and interests are accounted for and safeguarded from loss.
2. Support and encourage improvements in the efficiency, economy and effectiveness of services.
3. Investigate frauds and irregularities where appropriate.
4. Advise on internal control and risk implications of enhancements to existing or new systems.

Audit Style and Content

The primary task of Internal Audit is to review the systems of internal control operating throughout the authority.

The Chief Internal Auditor will be required to manage the provision of a complete audit service to the authority which will include systems, regularity, computer and contract audit. In discharge of this duty, the Chief Internal Auditor will:

- prepare an internal audit strategy and annual operational plan
- ensure a system of close supervision of audit work, and maintain a review of audit files
- prepare an annual report on audit activities for presentation to the Audit Committee.

Audit Resources

Internal audit budgets will be determined in line with the overall business planning and budgeting processes of the council.

The staffing structure of Internal Audit will comprise a mix of qualified, technician and trainee posts with a mix of professional specialisms to reflect the varied functions of the section.

As far as is practicable, Internal Audit will not participate in the day-to-day operation of any systems of internal control. However, in strict emergency situations only, audit personnel may be called upon to carry out non-audit work on a short-term basis.

Members of the internal audit section will be expected to contribute to the general management and conduct of business through membership of working groups and participation in ad hoc exercises.

Audit Training

The Chief Internal Auditor will carry out a continuous review of the development and training needs of all audit personnel and will arrange in-service training covering both internal and external courses.

Audit Reporting

All audit assignments will be the subject of formal reports. Where appropriate draft reports will be sent to the managers responsible for the area under review for agreement to the factual accuracy of findings. After agreement, the reports will be issued to the relevant director.

In addition, the Chief Internal Auditor will present to Audit Committee a report setting out his annual audit opinion on the Council's overall system of internal control.

Related Documents

This document is one of a series that, together, constitute the policies of the authority in relation to anti-fraud and corruption. The other documents are:-

- Anti-Fraud and Corruption Policy
- Anti-Fraud Strategy – Housing Benefits and Council Tax Benefit Policy Statement
- Housing and Council Tax Benefit Sanctions Policy
- Whistle-Blowing Policy
- Code of Conduct for Members and Co-opted Members
- Officers Codes of Conduct.