
Report To:	Audit Committee	Date:	29.05.12
Report By:	Corporate Director Environment, Regeneration and Resources	Report No:	AC/43/12/AF/APr
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Subject:	INTERNAL AUDIT CHARTER		

1.0 PURPOSE

- 1.1 The purpose of this report is to present the revised Internal Audit Charter which sets out the purpose, authority and principal responsibilities of the Council's Internal Audit function.

2.0 SUMMARY

- 2.1 The existing terms of reference under which Internal Audit operate require to be reviewed and revised to take account of current best practice and the requirements contained within the most recent edition of the CIPFA Code of Practice for Internal Audit in Local Government and associated CIPFA guidance on the role of the Head of Internal Audit.

- 2.2 The proposed Internal Audit Charter has been prepared by the Chief Internal Auditor and is based on recognised best practice identified by CIPFA and CIIA. **Appendix 1**

- 2.3 The Charter clarifies the purpose of the Internal Audit function and details its principal roles and responsibilities. The document largely codifies existing practice and does not alter the existing role of Internal Audit or signify any change in how Internal Audit will discharge its role. Accordingly, there are no significant new developments or issues arising from the revised Internal Audit Charter which require to be highlighted.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Members approve the updated Internal Audit Charter.

Aubrey Fawcett
Corporate Director
Environment, Regeneration and Resources

Internal Audit Charter

Mission Statement

To fulfil our commitment to members and senior management by providing professional, independent audit and advisory services and excellent risk management policy and best practice development which support the Council in the discharge of its responsibilities.

Statement of Values

The Council's corporate vision is supported by a number of core values, which are central to how it operates, behaves and interacts with the public:

- We will be ambitious and confident.
- We will be respectful, caring and trustworthy.
- We will be open, honest and accountable.
- We will listen, engage and respond.
- We will be a supportive and caring employer.
- We will strive for excellence in everything we do.

Internal Audit will embed these values through:

- **Planning and Organising**
Managing our time, setting our priorities and keeping to commitments.
- **Teamwork**
Working together to deliver the annual audit plan.
- **Change Orientation**
Ensuring that our focus and working practices are aligned with it.
- **Achievement, Drive and Ownership**
Believing in ourselves, overcoming obstacles and getting results.
- **Judgement and Decision-Making**
Understanding what decisions need taking, taking them at the right time and seeing them through.
- **Value Creation**
Making a difference by continually improving what we do and doing it now.
- **Customer Service**
Understanding our customers' problems and delivering a constructive service to them.
- **Leadership**
Inspiring people to commit to the vision, coaching performance and building two-way communication.
- **Communication**
Making ourselves understood, handling people and persuading other to commit to actions.

Authority and Independence

The Chief Internal Auditor reports functionally to the Council's Monitoring Officer. The Chief Internal Auditor has a right of access and freedom to report in her own name to all officers and members and particularly those charged with governance. This reporting structure protects the independence of the Chief Internal Auditor and promotes an appropriate profile for the Internal Audit team throughout the organisation.

Internal Audit Charter

Internal Audit staff have no operational responsibilities and in their role do not relieve management of their responsibilities to manage risk and maintain the adequacy of the control environment.

The Chief Internal Auditor or an authorised representative shall have authority to:

- Enter at all reasonable times any of the Council's premises or land.
- Have access to all records, documents and correspondence relating to the Council, wherever they are held.
- Require and receive such explanations as are necessary concerning any matter under examination.
- Require any employee of the Council to produce any of the Council's property, including property held by the Council as security or on the behalf of others, under that employee's control.

In carrying out their duties, Internal Auditors will have full and unrestricted access to all Council functions, records, property and personnel necessary for their work.

Ethical Standards

Internal Audit is committed to creating a work environment which promotes organisational excellence. As such, the team functions in accordance with the CIPFA Code of Practice for Internal Audit. In addition, Internal Audit staff are members of various professional organisations, adhere to the standards, statements and ethics of those professional organisations.

Role and Responsibilities of Internal Audit

Internal Audit

- Strategic development of the Internal Audit function to best meet the Council's needs.
- The continuous professional examination and evaluation of the overall adequacy and effectiveness of the Council's systems of internal control ensuring risk inherent in the business is adequately identified, evaluated and managed and providing advice on control implementation.
- Agreeing with management improvements to the control environment where considered desirable or necessary and monitoring and reporting on the implementation of these remedial actions by management.
- Reviewing the reliability, integrity and timeliness of financial and operational information supplied to management and to the members, and the means used to identify, measure, classify and report such information.
- Reviewing the systems and controls established to ensure compliance with those policies, plans, procedures, laws and regulations which have specific impact on the Council.
- Reviewing the means used to safeguard assets and, as appropriate the existence of such assets.
- Assisting the s95 Officer in the discharge of statutory responsibilities as "proper officer" for ensuring the proper administration of the Council's financial affairs.
- Undertaking investigations of suspected frauds and irregularities and contributing to the promotion of an anti-fraud culture within the Council.
- Supporting management in respect of disseminating control best practice and promoting risk awareness throughout the Council, including during key business change initiatives.
- Working closely with the external auditors to ensure the maximum benefit is achieved for the business from their respective roles and that any duplication of effort is eliminated.

Risk Management

- Support the business in the delivery of effective risk assessment by the provision of training and support to management and provision of an effective risk management system which meets business requirements.
- Provide professional assistance and advice to the organisation in the identification of risk exposures and in developing strategies to manage risk better, to reduce risk exposure and to minimise the consequences of those risks.
- Provision of information on the results of risk management activities throughout the organisation identifying key risk issues and business-owned mitigation plans.