

# TONBRIDGE & MALLING BOROUGH COUNCIL

## AUDIT COMMITTEE

18 June 2012

### Report of the Chief Internal Auditor

#### Part 1- Public

#### Delegated

### 1 REVIEW OF AUDIT CHARTER 2012

#### Summary

**This report presents the latest annual review and revision of the Audit Charter. This charter contains the Internal Audit Terms of Reference and Members are asked to review the revision and endorse it.**

#### 1.1 Introduction

- 1.1.1 All bodies subject to the Accounts & Audit Regulations 2011 must make provision for internal audit in accordance with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.
- 1.1.2 This Code requires Internal Audit Sections to have terms of reference that are approved and regularly reviewed by the organisation.
- 1.1.3 The Audit Charter summarises the roles and responsibilities of Internal Audit and contained within it are the terms of reference for Internal Audit. These terms of reference ensure that the section is compliant with the Code of Practice.

#### 1.2 Revision

- 1.2.1 The Charter has been amended to show the revised reporting procedures introduced following the audit partnership with Gravesham.
- 1.2.2 It also reflects that the section will be undertaking some consultancy work under the guidance of Management Team. A copy of the revised draft is attached.  
**[Annex 1]**

#### 1.3 Legal Implications

- 1.3.1 As stated in paragraph 1.1.1 the Council is legally required to ensure that a satisfactory procedure of internal control exists. The Charter sets out the section terms of reference and how the Code will be complied with. Failure to meet this requirement could lead to an adverse report by external inspectors or, in the worst case scenario, Government intervention.

## 1.4 Financial and Value for Money Considerations

1.4.1 Without an adequate internal control environment the Council could be exposed to fraud and error that could have an adverse effect on the accounts. The Internal Audit terms of reference provide the tools necessary to carry out effective reviews.

## 1.5 Risk Assessment

1.5.1 A sound risk based plan assists in the prevention of fraud and error. The Internal Audit function provides an independent review of internal controls and this is used to assist Members in their assessment of the control environment of the organisation.

## 1.6 Equality Impact Assessment

1.6.1 The Charter sets out how Internal Audit will provide an assurance function that provides an independent and objective opinion to the organisation on the control environment. However, equality issues are considered when individual audits are undertaken.

## 1.7 Recommendations

1.7.1 Members are asked to review the Internal Audit Charter and **recommend** its endorsement.

Background papers:

contact: David Buckley

Accounts & Audit Regulations 2011  
CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006

David Buckley  
Chief Internal Auditor

Screening for equality impacts:		
Question	Answer	Explanation of impacts
a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	The Audit Charter sets out terms of reference and any equality issues will be dealt with during the course of an individual audit.

<b>Screening for equality impacts:</b>		
<b>Question</b>	<b>Answer</b>	<b>Explanation of impacts</b>
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	No	The audit process is intended to treat all contacts fairly and overtly. Regard to equality issues will be dealt with during the course of an individual audit.
c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		

*In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.*