

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

07 October 2013

Report of the Chief Internal Auditor

Part 1- Public

Delegated

1 INTERNAL AUDIT CHARTER

Summary

To notify Members of proposed updates to the Internal Audit Charter in order to ensure that it reflects the requirements of the new Public Sector Internal Audit Standards. Members are asked to recommend approval of the revised Charter.

1.1 Background

- 1.1.1 The Internal Audit Charter is a key document in the delivery of Internal Audit, setting out the purpose, authority and responsibilities of the service. It is subject to regular review and approval by the Audit Committee.
- 1.1.2 Prior to the 2013-14 financial year, proper practice for Internal Audit was defined by the Code of Practice for Internal Audit in Local Government, published by the Chartered Institute of Public Finance & Accountancy (CIPFA). As such the current Internal Audit Charter for Tonbridge & Malling Borough Council was prepared in line with the guidance in the CIPFA Code.
- 1.1.3 Members of the Audit Committee were advised in June 2013 of the introduction of the Public Sector Internal Audit Standards (PSIAS) which along with the CIPFA Application Note form the mandatory proper practice for Internal Audit in Local Government.

1.2 Revised Internal Audit Charter

- 1.2.1 Elsewhere on this agenda the Committee has been presented with the results of a self-assessment against the new PSIAS and the report noted that the Internal Audit Charter would need to be reviewed to better reflect the new requirements. The proposed Internal Audit Charter presented at **[Annex 1]** is considered to meet the requirements of the PSIAS.

1.3 Legal Implications

- 1.3.1 Section 151 of the Local Government Act 1972 requires the council to “make arrangements for the proper administration of their financial affairs”. Further to this, the Accounts & Audit Regulations 2011 require a relevant body to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.”
- 1.3.2 The Internal Audit Charter is based upon the requirements set out in the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note which is identified as “proper practice” for internal audit.

1.4 Financial and Value for Money Considerations

- 1.4.1 An adequate and effective internal audit function provides the Council with assurance on the proper, economic, efficient and effective use of Council resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the financial statements of the Council.

1.5 Risk Assessment

- 1.5.1 The Internal Audit Charter establishes the purpose, authority and responsibility of the Council’s internal audit function. It is therefore vital that the Council periodically reviews the Charter to ensure that the internal audit function is effective in delivering its responsibilities to the Council and that the Charter itself is compliant with proper practice.
- 1.5.2 The Internal Audit Charter has been prepared with due consideration to proper practice, as set out in the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards. It is therefore considered that adequate action has been taken to minimise the risk that external assessment could consider the Charter to not meet proper practice.

1.6 Equality Impact Assessment

- 1.6.1 See 'Screening for equality impacts' table at end of report

1.7 Recommendations

- 1.7.1 Members are **RECOMMENDED** to approve the updated Internal Audit Charter provided at **[Annex 1]** to this report.

Background papers:

contact: Katey Durkin
Audit Manager

Background papers are held within Internal Audit.

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 | No impact |
| b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? | No | No impact |
| 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.