

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

04 April 2022

Report of the Chief Audit Executive

Part 1- Public

Delegated

1 INTERNAL AUDIT CHARTER

The purpose of the report is to seek approval of the Internal Audit Charter.

1.1 Introduction

1.1.1 The Public Sector Internal Audit Standards (PSIAS) are mandatory for internal audit practice in the public sector. Under the PSIAS, the purpose, authority and responsibility of Internal Audit must be formally defined in a Charter.

1.1.2 The Charter is reviewed periodically and is then presented to Management Team and the Audit Committee for approval. The Charter was last approved in April 2021.

1.2 Internal Audit Charter

1.2.1 The Charter defines the purpose, authority and responsibility of Internal Audit within the organisation and affirms Internal Audit's ability to operate in accordance with mandatory elements of the Professional Practices Framework. It also confirms our independence, defines reporting arrangements and authorises our access to all systems, records, personnel and assets that we deem necessary in order to undertake our work.

1.2.2 A review of the Charter has been completed against the professional standards and the following amendments have been made regarding:

- Independence and Objectivity – Reflecting the need to provide an alternative source of assurance for Counter Fraud services as this sits under the remit of the Chief Audit Executive.
- Partnership Working – Amended to state that the whole Internal Audit and Counter Fraud function is now delivered under an Inter Authority Agreement with Kent County Council.

1.2.3 The Charter is attached at **[Annex 1]**.

- 1.2.4 The Charter was approved by Management Team on 8 March 2022: final approval rests with the Audit Committee.

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 require a relevant body to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”
- 1.3.2 The Internal Audit Charter is therefore an integral part of ensuring compliance with these requirements.

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 finances 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 and that the Charter itself is compliant with mandatory and associated guidance.
- 1.5.2 The Internal Audit Charter has been prepared with due consideration to proper practice, as set out in the PSIAS. 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 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.7 Recommendations

- 1.7.1 Members are asked to **note** and **approve** the attached Internal Audit Charter.

Background papers: Nil

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