

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

26 January 2015

Report of the Chief Internal Auditor

Part 1- Public

Delegated

1 INTERNAL AUDIT CHARTER

The purpose of the report is to inform Members of the outcome of the review of the Internal Audit Charter. Members are asked to note and endorse 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 responsibility of the internal audit function. It is subject to regular review and approval by the Audit Committee.

1.1.2 Proper practice for Internal Audit is defined by the Public Sector Internal Audit Standards (PSIAS) and CIPFA's Local Government Application Note to the Standards. The PSIAS require that "The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards."

1.2 Review of the Internal Audit Charter

1.2.1 The current Internal Audit Charter was approved by the Audit Committee in October 2013 and has been reviewed in December 2014. The Charter is considered to meet the requirements of the PSIAS and no amendments to the content have been identified. The document has been updated to reflect the change of title of the Audit Manager to Audit & Assurance Manager, reflecting her additional responsibility for the Council's Investigations Team. A copy of the Charter is attached at **[Annex 1]**.

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 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 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 to the 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 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 **endorse** the attached Internal Audit Charter.

Background papers:

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Nil

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