
Meeting: Audit Committee
Date: 4th April 2011
Subject: 2011/12 Internal Audit Charter
Report of: Director of Customer and Shared Services
Summary: This report presents the Internal Audit Charter 2011/12.

Contact Officer: Kathy Riches, Head of Audit
Public/Exempt: Public
Wards Affected: All
Function of: Audit Committee

CORPORATE IMPLICATIONS

Council Priorities:

An effective internal audit function will indirectly contribute to all of the Council's priorities.

Financial:

Although there are no financial risks from the issues identified in the report, the outcome of implementing the Audit Charter and Audit Plan is for the Council to better manage its risks, thereby increasing protection from adverse events.

Legal:

None arising directly from the report.

Risk Management:

None specifically. The Audit Plan was produced using a risk based approach, following the completion of a detailed Audit Needs Assessment which took into account strategic and service area risks.

Staffing (including Trades Unions):

None directly from this report.

Equalities/Human Rights:

None directly from this report.

Community Safety:

None directly from this report.

Sustainability:

None directly from this report.

RECOMMENDATION:**That the Audit Committee:****1. Note and endorse the 2011/12 Internal Audit Charter****Background**

1. Under the Accounts and Audit Regulations 1996 (revised in 2006), the Council is required to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control.
2. Clearly the responsibility for internal control rests with the management of CBC and that role includes ensuring that key risks are identified and mitigating controls are in place to remove the impact or probability of these risks occurring.
3. The role of the internal audit function is to determine how effective the controls systems are and to measure the degree of reliance that can be placed upon these controls.

Internal Audit Charter

4. To help management, employees, Members and contractors understand how Internal audit will interact with the organisation when carrying out its work an Internal Audit Charter has been produced and is attached at Appendix A.
5. This document contains no significant changes from the 2010/11 Charter presented to the committee in September 2010, following the Senior Management review. Paragraph 2.2 of the Charter has been expanded to emphasise the role of Internal Audit in recommending process improvement and highlighting areas where bureaucracy can be reduced in order to improve value for money.
6. Prior to refreshing the Charter, an exercise was undertaken to review the performance indicators included to ensure that they remained appropriate. This involved comparing indicators with those used by a number of other authorities and reference was also made to the document "The Review of the Effectiveness of Internal Audit" published by the Financial Advisory Network. It was concluded that the indicators remain appropriate.

7. The charter describes:
 - (i) how the brief of each of these audits will be completed,
 - (ii) how the audits will be carried out,
 - (iii) the mechanism for communicating feedback from the audits
 - (iv) an assurance rating and any recommendations arising from the audit.
 - (v) follow-up arrangements of the audits and
 - (vi) the escalation procedures where recommendations or reporting processes are not completed.

8. Also contained within the document are details of the responsibilities around fraud and investigations, the use of internal audit for consultancy purposes and the performance management framework that internal audit will work under setting out the key performance indicators for the function.

9. The final sections of the charter include the relationships that Internal Audit has with the Audit Committee, contractors and External Audit.

Conclusion and Next Steps

10. Adherence to the Internal Audit Charter by Managers, Officers and Auditors will help ensure that Internal Audit can successfully deliver the audit plan.

Appendices:

Appendix A Internal Audit Charter 2011/12.

Background Papers:

None

Location of papers: Priory House, Chicksands, Bedfordshire