

CHARTER FOR INTERNAL AUDIT

ROCHFORD DISTRICT COUNCIL

AIMS

The Internal Audit service at Rochford District Council is an assurance function to primarily provide an independent and objective opinion to the Authority on the degree to which the internal control environment supports and promotes the achievement of the Authority's objectives.

It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

AUTHORITY

Internal Audit derives authority from the Chief Executive, the Director of Finance and External Services, as the Section 151 Officer, and from the Members. Internal Audit have been given, for the purpose of audit work, unrestricted access at any time to all the records, personnel, property and operations of the Council with strict responsibility for safekeeping and confidentiality.

The Council requires internal auditors to function professionally, adhering to the code of ethics, standards and guidelines of their relevant professional institutes and the Auditing Practices Board (APB). In particular, the function is required to adhere to the CIPFA Code of Practice for Internal Audit in Local Government.

Internal Audit is managed by the Audit & Process Review Manager (APRM). The APRM is responsible for the preparation of the Annual Audit Plan and for agreeing it with Corporate Management Board (CMB), Operation Management Team (OMT) and the Finance & Procedures Overview & Scrutiny Committee (F&P O&S). Prior to drawing up the Audit Plan the APRM will consult with Heads of Service with regard to audit areas and will take account of any requests put forward by them.

The APRM is responsible for the effective implementation of the Audit Plan.

ROLE & RESPONSIBILITIES

The key roles of Internal Audit are to identify and understand the key risks of the Council, to examine and evaluate the adequacy and effectiveness of systems and controls employed and to report on:

- the adequacy and reliability of systems (including the relevant technology) and procedures
- compliance with management, operational and financial controls including financial regulations and contract standing orders
- compliance with corporate objectives, strategies and policies including the Council's Constitution

- compliance with laws and regulations
- the reliability and integrity of management information
- arrangements for the acquisition, custody and disposal of assets, and for verifying their existence.

Where weaknesses in controls or procedures are identified appropriate recommendations will be issued. These will be monitored for implementation and reported to the F&P O&S Committee at least six-monthly.

Internal Audit is responsible for ensuring the confidentiality and safekeeping of all records and information accessed in the course of its work.

INDEPENDENCE

In order to preserve its objectivity and independence Internal Audit will not assume operating responsibilities for, and will remain independent of, the activities it audits.

Line Management retains primary responsibility for establishing and maintaining a proper and effective control environment and for managing risk. Management also bears primary responsibility for the prevention and detection of fraud.

However, if the APRM and/or the Committee request or if requested by management, Internal Audit may review systems under development and advise on appropriate controls without prejudicing its right to subsequently audit such systems.

REPORTING ARRANGEMENTS

The Audit & Process Review Manager reports directly to CMB every audit completed and to the Finance & Procedures Overview & Scrutiny Committee within a three month period from completion of the audit.

The APRM, in consultation with the Monitoring Officer, may report independently to the Finance & Procedures Overview & Scrutiny Committee or Council if the APRM should consider this necessary.

In the course of each audit the auditor will discuss findings with the manager concerned. Draft audit reports will subsequently be issued to the Head of Service for response. Where Internal Audit and management fail to reach agreement on issues/recommendations considered to be of material importance by Internal Audit the final audit report will reflect the position of both. CMB and Committee's attention will be drawn specifically to these issues/recommendations, so that they can take appropriate action. Final reports incorporating management's response and agreement to the action plan will be "signed-off" by the Head of Service.

Management is responsible for the implementation of the agreed recommendations within the allocated time and for the prompt signing-off of the audit reports. Members of the F&P O&S Committee monitor the implementation of these recommendations and where the time scale is exceeded Members may ask the HOS to attend the Committee to provide an explanation.

AUDIT METHODOLOGY

In carrying out its duties Internal Audit will work constructively with management and staff. During the course of an audit, management and staff will be required to co-operate fully with the auditor's requirements. All findings will be discussed with the HOS, a report will be produced which can be used as evidence towards the Corporate Governance compliance with the Internal Control Statement.

Internal Audit will review the procedures in place for determining the areas of risk for each Head of Service to ensure those of high risk are incorporated in the annual Audit Plan. HOS & CMB will agree the Audit Plan prior to it being sent to Committee to ensure audit coverage of the key issues affecting their service areas.

Signed