

Internal Audit Charter

1 Introduction

- 1.1. The Internal Audit Charter is intended to describe the purpose, authority and principal responsibilities of the Internal Audit Section of Harlow Council. Internal Audit is an independent review function set up within the organisation as a service to the Council and all levels of management.
- 1.2. The Audit Manager is responsible for effective review of all aspects of risk management and control throughout the Council's activities. The post-holder will ensure that Internal Audit complies with the Code of Ethics and Standards of Audit implemented by the Chartered Institute of Public Finance and Accountancy (CIPFA) and other relevant professional bodies. The post-holder will also liaise with and co-ordinate with the external auditors on a regular basis.
- 1.3. Nothing in this Charter reduces or removes the responsibilities of the Council's Section 151 Officer. The Section 151 Officer is responsible for making arrangements for the proper administration of the Council's financial affairs including the need to ensure compliance with the statutory requirements for internal audit. The reporting line of the Audit Manager is, via the Chief Executive, to the Council.

2 Purpose

- 2.1. To assist Councillors and Officers in carrying out their responsibilities and achieving the Council's aims and objectives. This includes the independent examination and evaluation of the activities of the whole Council.
- 2.2. Internal Audit will provide Councillors and senior Officers with analysis, appraisals, recommendations, advice and information to enable effective control over the Council's systems and procedures at a reasonable cost.
- 2.3. The role of Internal Audit is to understand the key risks of the organisation and to examine and evaluate the adequacy and effectiveness of the systems of risk management and internal control as operated by the Council.

3 Authority

- 3.1. Internal Audit is governed by the policies, procedures, rules and regulations of the Council. These include Financial Regulations, conditions of service and codes of conduct.

- 3.2. Internal Audit will take into account specific guidance from external bodies, including CIPFA, and all relevant legislation.
- 3.3. The Audit Manager will report via the Chief Executive to the Audit and Standards Committee. They will also have direct access to the Chair of the Audit and Standards Committee and the Chief Executive, whenever the post-holder believes that it is necessary, for the purpose of carrying out the role of the Internal Audit section.
- 3.4. Internal Audit is independent of the activities which it audits. This is to ensure that judgements are unbiased and that it gives impartial advice to management.
- 3.5. The Audit Plan will be presented for approval to the Audit and Standards Committee. The plan is a dynamic document which will be flexible and reactive to the situations arising during the course of the period covered.
- 3.6. Internal Audit staff have unrestricted access to all Council records (manual and computerised), personnel, cash, stores and other property to assist them in the execution of their duties. Such access will be granted on demand and need not be subject to prior notice. However, Internal Audit will endeavour to give adequate and reasonable notice, where possible, when working on routine audit reviews.
- 3.7. Internal Audit staff will not own any systems under audit. They will also not be given responsibility for any aspect of any work which is, or could be, subject to audit.

4 Responsibilities

- 4.1. Internal Audit is not a substitute for effective internal controls. Effective controls are the direct and sole responsibility of local and senior management. Internal Audit's specific commitments include, but are not limited, to reviewing, appraising and reporting on:
 - a) the adequacy and effectiveness of the systems of financial, operational and management control and their actual operation in relation to the business risks to be addressed
 - b) the extent of compliance with, relevance of and financial effect of policies, procedures, standards and plans established by the Council and the extent of compliance with external laws and regulations. This includes the reporting requirements of regulatory bodies
 - c) the extent to which the assets and interests are acquired economically, used efficiently, accounted for and safeguarded from losses of all kinds arising from waste, extravagance, inefficiency, poor value for money, fraud or other cause

- d) the suitability, accuracy, reliability and integrity of financial and other management information and the means used to identify, measure, classify and report such information
- e) the integrity of processes and systems (including those under development) to ensure that controls offer adequate protection against error, fraud and loss of all kinds. This process needs to align with the Council's strategic aims
- f) the suitability of the functional organisation of the services and that the provision of services is economical, efficient and effective
- g) the follow-up actions taken to implement recommendations made and remedy weaknesses identified by Internal Audit. Good practice should be identified and communicated across the Council
- h) the operation of the Council's corporate governance and risk management arrangements.