

REPORT FOR DECISION

Agenda Item	
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MEETING: **AUDIT COMMITTEE, 20 SEPTEMBER 2006**
COUNCIL, 1 NOVEMBER 2006

SUBJECT: **INTERNAL AUDIT CHARTER**

REPORT FROM: **HEAD OF AUDIT AND RISK MANAGEMENT**

CONTACT OFFICER: **JIM BUTTERWORTH**

TYPE OF DECISION: Council.

REPORT STATUS: For publication.

PURPOSE/SUMMARY: This report introduces a revised and updated Internal Audit Charter, which is now submitted for comment and approval by Members.

OPTIONS AND RECOMMENDED OPTION:

Members can accept or reject the attached charter, or can ask for it to be revised.

Members are recommended to accept the report, which will formalise the operation of Internal Audit, and then ask Council to incorporate the revised Charter into the Constitution.

IMPLICATIONS -

Financial Implications and Risk Considerations	See Statement by Director of Finance and E-Government.
Corporate Aims/Policy Framework: Do the proposals accord with the Policy Framework?	Yes
Are there any legal implications?	No, a Charter is not a legal requirement, but a formal statement which may, in the future, be incorporated into the Council's Constitution.
Considered by Monitoring Officer:	Yes (see comments above).

**Statement by Director of Finance
And E-Government:**

There are no direct financial implications arising from the report.

The work of the Internal Audit section is an essential element of the framework by which I discharge my obligations under s151 of the Local Government Act 1972.

The Internal Audit Charter is not a legal requirement, but I consider that it represents best practice and will formalise the approach adopted by the Section.

Staffing/ICT/Property:

There are no direct resource implications arising from the report.

Wards Affected:

The work of Internal Audit impacts on all of the Council's wards and Area Boards.

Scrutiny Interest:

None.

TRACKING/PROCESS

DIRECTOR:

Chief Executive/ Management Board	Executive Member/ Chair	Ward Members	Partners
Scrutiny Panel	Executive	Committee	Council
		Audit	

1.0 BACKGROUND

- 1.1 Internal Audit have for some time been developing a Charter which specifies formally how the Section will fulfil its duties and responsibilities. The Internal Audit Charter has recently been refined, following a review of the Section by the Council's external auditors (KPMG), and is now submitted for consideration by Members, and if thought fit, for adoption.
- 1.2 KPMG made a series of recommendations, following their review, which have been addressed, or are being addressed, under the Action Plan approved by this Committee. I will update Members on progress with the Action Plan at the December meeting.

2.0 ISSUES

- 2.1 The KPMG Review of Internal Audit, under "Good practice at Bury MBC" concluded:
"Internal Audit has developed a Charter, which forms the terms of reference, and has discussed this with management. The Internal Audit Charter sets out the definition of Internal Audit, the section's objectives, including the approach to audits, Internal Audit's access rights, what standards will be followed and the section's responsibilities. This helps to establish the section within the authority."
- 2.2 The Review also concluded that there were some areas in the Charter where greater detail could be provided, as illustrated in some examples from other authorities. It went on to recommend that the revised Charter should be approved by Audit Committee, and then included in the Council's constitution.
- 2.3 The revised Charter includes greater detail, and was drawn up after researching examples of best practice supplied by the Chartered Institute of Public Finance and Accountancy (CIPFA).

3.0 CONCLUSION

- 3.1 The attached Charter sets out the practices adopted at Bury, and is considered to comply with accepted best practice. Members comments are sought, and Members are ask to consider adopting the Charter.

List of Background Papers:-

CIPFA Local Government Internal Audit Manual

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