

BURY MBC AUDIT AND RISK MANAGEMENT

INTERNAL AUDIT CHARTER

PURPOSE

Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment, comprising risk management, control and governance, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

OBJECTIVES

The Head of Audit and Risk Management will be required to manage the provision of a complete audit service to the Authority which will include systems, regularity, computer and contract audit. In discharging this duty the Head of Audit and Risk Management will prepare a rolling strategic plan and an annual plan.

The primary task of Audit and Risk Management is to review the systems of internal control operating throughout the Authority, and will predominantly operate a systems-based approach to audit, incorporating the various recognised elements of audit work, including:-

- **Systems Audit –**  
examining and recording the Council's main systems, both financial and non-financial, and comparing the various controls with those which would normally be expected.
- **Regularity Audit –**  
which involves carrying out checks, usually by testing transactions, to ensure that statutory regulations and any rules or decisions of the Council have been complied with. In doing so, auditors are required to respond to any signs of fraud or irregularity.
- **Consultancy/Value for Money –**  
aims to utilise the wide experience acquired by auditors in examining all of the Council's systems and in visiting all of its Establishments. In carrying out this work auditors will expect to work with you and your staff and be responsive to your needs as our clients. The overriding consideration will be to ensure that the Council secures Economy, Efficiency and Effectiveness, in the employment of its resources.
- **Special Investigations –**  
will be conducted when any kind of irregularity is discovered, suspected, or reported.

- **Establishment Audits** – this will involve visiting all your Establishments, using a combination of the auditing techniques described.
- **Specialist Audits** – involving both contracts and computer audits.
- **Control Self Assessment** – the involvement of line managers and staff in reviewing existing controls for adequacy.

### RESPONSIBILITIES

The main areas of Audit and Risk Management responsibility within the Authority are to:-

- Review, appraise and report on:-
  - the soundness, adequacy and application of internal controls;
  - the suitability and reliability of financial and other management data, including aspects of performance measurement;
  - the extent to which the assets and interests are accounted for and safeguarded from loss.
- Support and encourage improvements in the efficiency, economy and effectiveness of services.
- Investigate frauds and irregularities where appropriate.
- Advise on internal control and risk implications of enhancements to existing or new systems.

### SCOPE

The Audit and Risk Management Section maintains an independent, objective approach to its work.

The scope of Audit and Risk Management allows for unrestricted coverage of the Authority's activities, and unrestricted access to records and assets deemed necessary by auditors in the course of an audit. In addition, the Head of Audit and Risk Management will have direct access to:-

- The Audit Committee;
- The Chief Executive;
- Members of the Council;
- Individual Chief Officers;
- Employees of the Council;
- The Council's External Auditors

## STATUS

Audit and Risk Management is situated within the Finance and E-Government Division of the Chief Executive's Department. The Head of Audit and Risk Management reports directly to the Director of Finance and E-Government.

## STANDARDS

Internal Audit work will be carried out in accordance with the CIPFA Code of Practice for Internal Audit in Local Government in the UK, which has been adopted by the Council. Audit and Risk Management will endeavour to comply with perceived "best practice" at all times.

## PLANNING

Audit planning will be based upon a risk evaluation of all the Council's functions and services (the audit universe) to obtain a comprehensive record of its activities. A three year rolling plan will be produced, and will form the basis of an Annual Plan.

Plans will be produced after consultation with senior management, and will be presented to the Audit Committee.

Close working with the Council's external auditors is essential, and regular joint planning and consultation meetings will be held.

## REPORTING

On completion of an audit, discussions will take place with the appropriate officer and a draft report prepared. There will then be an opportunity for further discussion on the draft report. A final report will then be issued inviting a response, which will include an action plan to address the recommendations. A copy of the report, together with the response will be sent to :-

Chief Executive  
Leader of the Council  
Leader of the largest minority party  
Chair of the relevant Scrutiny Committee  
The relevant Executive Member  
Members of the Audit Committee

The activities of Audit and Risk Management, and the issue and progress of audit reports, will be reported quarterly to the Audit Committee.

**STAFFING**

The Section must be appropriately staffed in terms of numbers, grades, qualification and experience, having regard to its objectives and standards.

Leadership will be provided by qualified accountants experienced in the field of audit, and support will be provided by qualified accounting technicians or trainees preparing to become accountants or technicians.

Auditors need to be properly trained to fulfil their responsibilities, and should maintain their professional competence through an appropriate ongoing development programme.

The Head of Audit and Risk Management is responsible for appointing Internal Audit staff and will ensure that appointments are made to achieve the correct mix of qualifications, experience and audit skills.

So far as is practicable, Audit staff will not participate in the day to day operation of any system of internal control. However, members of Audit and Risk Management will be expected to contribute to the general management and conduct of business through membership of working groups.