

**WEST LANCASHIRE BOROUGH COUNCIL
INTERNAL AUDIT CHARTER**

INTRODUCTION

Internal Audit is an independent review function set up within the organisation to provide a service to the Council and all levels of management. The Audit Manager is responsible for the review of all aspects of risk management and control throughout the Council's activities.

The existence of Internal Audit does not diminish the responsibility of management to establish adequate systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner in accordance with the Scheme of Delegation and Financial Regulations.

INDEPENDENCE

Internal Audit is independent of the activities which it audits to enable it to provide the objective and unbiased judgements essential to the impartial advice and assurance it provides to management.

To ensure this Internal Audit operates in a framework that allows:

- segregation from line operations
- unrestricted access to senior management
- reporting in its own name

Every effort will be made to preserve its objectivity by ensuring that all auditors are free from any conflicts of interest and do not undertake non-audit duties, unless they have been specifically considered and agreed by the Audit Manager.

ROLE AND SCOPE OF INTERNAL AUDIT

The role of Internal Audit is to assess the Council's key risks, evaluate the adequacy and effectiveness of the system of risk management and internal control, and to recommend where and how improvements can be made.

The main functions of Internal Audit are to review, appraise and report on:

- (a) the adequacy and effectiveness of the systems of financial, operational and management control and their operation in practice in relation to the business risks to be addressed;
- (b) the extent of compliance with, relevance of and financial effect of policies, standards, plans and procedures established by the Council and the extent of compliance with external laws and regulations, including reporting requirements of regulatory bodies;
- (c) the extent to which assets and interests are acquired economically, used efficiently, accounted for and safeguarded from losses of all kinds arising from waste, extravagance, inefficient administration, poor value for money, fraud or other cause and that adequate business continuity plans exist;

- (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; and that the process aligns with the organisation's strategic goals;
- (f) the suitability of the organisation of the units audited for carrying out their functions, and to ensure that services are provided in a way which is economical, efficient and effective;
- (g) the follow-up action taken to remedy weaknesses identified by Internal Audit review, ensuring that good practice is identified and communicated widely;
- (h) the operation of the organisation's corporate governance arrangements;

Internal Audit, therefore, has unrestricted access to all of the authority's activities and unrestricted access to all records and assets it requires.

Internal Audit, through the Audit Manager, where he deems necessary, will have unrestricted access to: The Managing Directors, Members, Heads of Services and all Authority employees and contractors.

INTERNAL AUDIT RESPONSIBILITY

The Audit Manager will be required to manage the provision of a complete Audit Service to the Authority in addition to the investigation of fraud where required. In discharge of this duty, the Audit Manager will:

- prepare a rolling five-year strategic risk-based audit plan in consultation with Heads of Service. This strategic plan will be regarded as flexible rather than as an immutable expression of audit policy
- translate the strategic plan into annual plans based on the significant risks to which the Council is exposed for presentation to the Audit and Governance Committee for agreement
- ensure a system of close supervision of audit work, and maintain a review of audit files through the supervisory structure
- carry out a continuous review of the development and training needs of all Audit Personnel and arrange, where appropriate, training to maintain a professional audit staff.
- ensure that all work is carried out in accordance with the relevant professional standards.
- prepare, for agreement with the Managing Directors and Borough Treasurer, annual reports on audit activity for presentation to the Audit and Governance Committee.

Internal Audit will liaise with the Council's External Auditors in order to optimise audit coverage from available resources.

Internal Audit investigate fraud and irregularities in accordance with Council policies and procedures.

Internal Audit may also carry out exercises in conjunction with other bodies such as other Local Authorities, the Police and the HM Revenue and Customs etc.

AUDIT REPORTING

Internal audit reports regularly to management on the results of audit work which provides them with regular assessments of the adequacy and effectiveness of their systems of risk management and internal control.

In addition to this the Audit Manager has access to and may report directly to any officers and members, particularly those charged with governance.

Internal audit regularly reports the results of its work to the Audit and Governance Committee in relation to:

- regular assessments of the adequacy and effectiveness of the Council's systems of risk management and internal control based on the work of internal audit
- progress against the annual Internal Audit Plan
- the adequacy of its resources for maintaining adequate audit coverage in accordance with statute.

RELATED DOCUMENTS

This document is one of a series that, together, constitute the policies of the Authority in relation to anti-fraud, bribery and corruption. The other documents include:

Anti-Fraud, Bribery and Corruption Policy

Whistleblowing Code

Anti-Money Laundering Policy

Officers Code of Conduct

Disciplinary Procedures