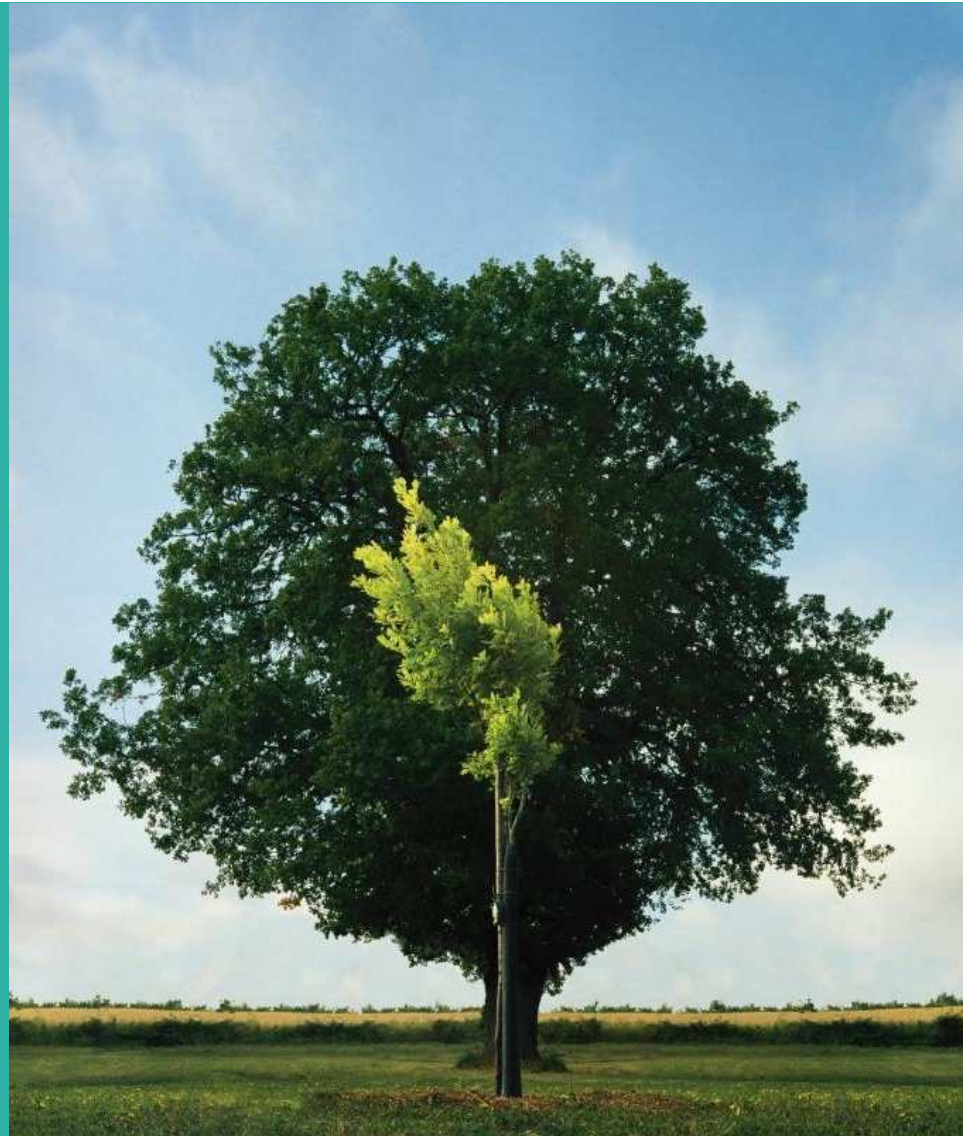


# BRENTWOOD BOROUGH COUNCIL

Internal Audit Charter  
February 2015



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# Internal Audit Charter- Role and Scope of Internal Audit

## Purpose of this Charter

This Charter is a requirement of Public Sector Internal Audit Standards (PSIAS). It formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position within Brentwood Borough Council ('the Council') and defines the scope of internal audit activities. This charter shall be reviewed and approved annually by management and by the Audit and Scrutiny Committee on behalf of the Council.

## Internal audit's purpose

Internal audit provides an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal audit acts primarily to provide support to the s151 officer of the Council and to provide the Audit and Scrutiny Committee with information necessary for it to fulfil its own responsibilities and duties. Implicit in Internal Audit's role is that it supports the Council's management to fulfil its own risk, control and compliance responsibilities. The range of work performed by internal audit is set out in PSIAS and not repeated here.

## Standards of internal audit practice

Internal audit will perform its work in accordance with PSIAS and the International Professional Practices Framework of the Chartered Institute of Internal Auditors. As required by PSIAS an external assessment of the service will be performed at least every five years.

## Internal audit's scope

The scope of internal audit activities includes all activities conducted by the Council. The Internal Audit Plan identifies those activities that have been identified as the subject of specific internal audit engagements.

Assurance engagements involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are determined by internal audit.

Consulting engagements are advisory in nature and are generally performed at the specific request of management. The nature and scope of consulting engagement are subject to agreement with management. When performing consulting services, internal audit should maintain objectivity and not assume management responsibility.

## Independence and internal audit's position within the Council

To provide for internal audit's independence, its personnel and external partners report to the Head of Internal Audit, who reports functionally to the Audit and Scrutiny Committee. The Head of Internal Audit has free and full access to the Chair of the Audit and Scrutiny Committee. The Head of Internal Audit reports administratively to the s151 officer who provides day-to-day oversight.

The appointment or removal of the Head of Internal Audit will be performed in accordance with established procedures.

The internal audit service will have an impartial, unbiased attitude and will avoid conflicts of interest. The internal audit service is not authorised to perform any operational duties for the Council.

# Internal audit charter - internal audit commitments

## Internal audit's commitments to the Council

Internal audit commits to the following:

- Working with management to improve risk management, controls and governance within the organisation
- Performing work in accordance with PSIAS
- Complying with the ethical requirements of PSIAS
- Dealing in a professional manner with Council staff, recognising their other commitments and pressures
- Raising issues as they are identified, so there are no surprises and providing practical recommendations
- Liaising with external audit and other regulators to maximise the assurance provided to the Council
- Reporting honestly on performance against targets to the Audit Committee.

## Internal audit performance measures and indicators

The tables below contain performance measures and indicators that are considered to have the most value in assessing the efficiency and effectiveness of internal audit. The Audit and Scrutiny Committee should approve the measures which will be reported to each meeting and / or annually as appropriate.

Table One: Performance measures for internal audit

Measure / Indicator
<p><b><i>Audit Coverage</i></b></p> <p>Annual Audit Plan delivered in line with timetable</p> <p>Actual days are in accordance with Annual Audit Plan</p>
<p><b><i>Relationships and customer satisfaction</i></b></p> <p>Customer satisfaction reports - overall score at least 70% for surveys issued at the end of each audit</p> <p>Annual survey to Audit and Scrutiny Committee to achieve score of at least 70%</p>
<p><b><i>Staffing and Training</i></b></p> <p>At least 60% input from qualified staff</p>
<p><b><i>Audit Reporting</i></b></p> <p>Issuance of draft report within 3 weeks of fieldwork `closing` meeting</p> <p>Finalise internal audit report 1 week after management responses to report are received.</p>
<p><b><i>Audit Quality</i></b></p> <p>Reliance on work by EY where appropriate</p> <p>Positive result from any external review</p>

# Internal audit charter - management and staff commitments

## Management and staff commitments to Internal Audit

The Council's management and staff commit to the following:


- Providing unrestricted access to all of the Council's records, property, and personnel relevant to the performance of engagements
- Responding to internal audit requests and reports within the agreed timeframe and in a professional manner
- Implementing agreed recommendations within the agreed timeframe
- Being open to internal audit about risks and issues within the organisation
- Not requesting any service from internal audit that would impair its independence or objectivity
- Providing honest and constructive feedback on the performance of internal audit

## Management and staff performance measures and indicators

The following three indicators are proposed, subject to agreement by the Audit and Scrutiny Committee:

Table Two: Performance measures for management and staff

Measure / Indicator
<b><i>Response to Reports</i></b> Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt
<b><i>Implementation of recommendations</i></b> Audit sponsor to implement all audit recommendations within the agreed timeframe
<b><i>Co-operation with internal audit</i></b> Internal audit to confirm to each meeting of the Audit and Scrutiny Committee whether appropriate co-operation has been provided by management and staff



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