



INTERNAL AUDIT CHARTER

This Charter describes the purpose, authority and principal responsibilities of the Council's Internal Audit Section.

INTRODUCTION

Milton Keynes Council is required by the Accounts and Audit (amendment) Regulations 2006 to maintain an adequate and effective internal audit function. The service is currently within the Strategy, Governance & Performance Directorate.

The Council fully supports the definitions of Internal Audit as stated below, and through this charter (and other formal policies of the Council) formally recognises that Internal Audit represents an essential service to help deliver the principles of good corporate governance as defined within the CIPFA/SOLACE Keystone in Community Governance standards.

DEFINITION OF INTERNAL AUDIT

The CIPFA Code of Practice for Internal Audit in Local Government (2006) defines Internal Audit as

“an assurance function that provides an independent and objective opinion to the organisation on the control environment by evaluating its effectiveness in achieving the organisations 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.”

The Institute of Internal Auditors defines Internal Audit as:

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

These definitions are not mutually exclusive and jointly describe a modern and effective Internal Audit service.

PURPOSE

Internal Audit will provide the public, Councillors and Council officers with confidence that Council operations are properly governed and controlled, risks are effectively managed and service delivery meets customer need. Where confidence is not possible the service will ensure that the implications and risks are understood to ensure proportionate action is taken. Internal Audit will be responsive to Department's needs and the risks to which the Council is exposed.

Internal Audit is not responsible for control systems. Responsibility for effective internal control rests with the management of the Council.

AUTHORITY

The Head of Internal Audit & Risk Management (HARM) reports to the Corporate Director (Strategy, Governance and Performance). Additionally the HARM is entitled to report on specific matters directly to the Chief Executive, Corporate Directors, Audit and / or Scrutiny Committees etc at his discretion.

Internal Audit's authority is defined within the Council's Constitution via Financial Regulations – Strategic. These also include Financial Regulations, Conditions of Service, Delegation Scheme and Code of Conduct etc.

The authority for the production and execution of the audit plan and subsequent audit activities rests with the Head of Audit and Risk Management. The annual audit plan will be agreed in consultation with the Chief Executive, the Finance Director and the Council's Senior Management Team. Cabinet Members, the Audit Committee and Service Managers will also be consulted.

ACCESS

Internal Audit shall have unrestricted access to all Council records (whether manual or computerised systems), officers, cash, stores and other property, to obtain explanations and to enter Council property or land. Such access shall be granted on demand and not subject to prior notice if necessary.

All Council contracts and partnerships shall contain similar provision for Internal Audit to access records pertaining to the Councils business held by contractors or partners.

RESPONSIBILITIES

Corporate Directors and Heads of Service are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their Services.

Internal Audit responsibilities include but are not limited to:

1. Examining, evaluating, reporting and advising on the adequacy of the Council's system of internal control and risk management;
2. Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
3. Reviewing the systems established to ensure compliance with those policies, plans, procedures and regulations which could have a significant impact on operations;
4. Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
5. Appraising the economy, efficiency and effectiveness with which resources are employed to meet Council and Service objectives, and the quality of performance management.
6. Co-ordinating with the work of the external auditors for audit planning and assisting the external auditors as required;
7. Working in partnership with other bodies to secure robust internal control that protect the Council's interests.
8. Investigating frauds and irregularities where appropriate.

In meeting its responsibilities, Internal Audit activities will be conducted in accordance with Council strategic objectives and established policies and procedures. Internal Audit staff shall also abide by the professional standards and Code of Ethics required by their respective professional body.