

# STRONGER together



Lewes District Council



Working in partnership with **Eastbourne Homes**

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<b>Accountable (Operational Lead):</b>	Chief Internal Auditor
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## **1. Powers**

- 1.1 The Audit and Standards Committee, Lewes District Council, and the Audit and Governance Committee, Eastbourne Borough Council, (the committees) have established Internal Audit with the authority, purpose, responsibilities and duties as are set out in this Charter.
- 1.2 The committees empower Internal Audit to be able to conduct its work in accordance with the agreed plan, with free and unfettered access to people and information, consistent with the purpose, responsibilities and duties as set out in this Charter and any other matters that may be delegated by the Audit Committee to Internal Audit from time to time.

## **2. Role and Mandate**

- 2.1 Internal Audit is an independent and objective, assurance and consulting activity forming part of the system of governance and internal control.
- 2.2 The primary role of Internal Audit is to help the Corporate Management Team (CMT) and the committees to protect the assets, reputation and sustainability of the councils. Internal Audit will achieve this through assessing whether all significant risks are identified and appropriately reported to CMT and the committees, assessing whether they are adequately controlled and by assisting senior management to improve the effectiveness of governance, risk management and internal controls.
- 2.3 It assists the councils in accomplishing their objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of their risk management, control and governance processes.

## **3. Authority**

- 3.1 Internal Audit, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free and unrestricted access to any of the business records, physical properties and personnel pertinent to carrying out any engagement.
- 3.2 All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities.

## **4. Organisation**

- 4.1 The Chief Internal Auditor (CIA) will communicate with, and report quarterly, to the audit committees.
- 4.2 The CIA reports functionally to the Chief Finance Officer.
- 4.3 The CIA also has right of access directly to the Chief Executive, the Chairs of the Audit Committees and the Head of Legal Services should this be deemed necessary.
- 4.4 All work undertaken by the audit team is carried out in accordance with the Public Sector Internal Audit Standards.

## **5. Independence and Objectivity**

- 5.1 The internal audit activity will remain free from interference by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessarily independent and objective service.
- 5.2 Internal auditors will have no direct operational responsibility or authority over any of the activities audited. They will therefore not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair an internal auditor's judgement.
- 5.3 Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors must not allow themselves to be unduly influenced, by their own interests or by others, in forming judgements.
- 5.4 The CIA will confirm to the audit committees, at least annually, the organisational independence of the internal audit activity.

## **6. Responsibilities**

- 6.1 The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the councils' governance, risk management and internal control processes in relation to the defined goals and objectives.
- 6.2 Internal Audit is responsible for evaluating all processes (Audit Universe) including governance processes and risk management processes with its approach set out in 7 and 8.
- 6.3 Internal Audit may perform consulting and advisory services related to governance, risk management and control as appropriate. Other areas of consultancy may be considered.
- 6.4 Internal Audit is responsible for reporting significant risk exposures and control issues, identified through its work, to the committees.

## **7. Internal Audit Plan**

- 7.1 At least annually the CIA will submit an internal audit plan to the committee to review and approve.
- 7.2 Internal Audit's plan will be risk based and aligned to the councils' objectives where appropriate.
- 7.3 The CIA will report any resourcing limitations within the team, and their impact, to the committees.
- 7.4 The internal audit plan will be developed using the Audit Universe and by identifying areas of risk or current concern. The suggested plan will be considered by CMT before submission to the committees for approval.
- 7.5 Progress against the plan will be reported quarterly to the committees.
- 7.6 The scope of internal audit will include:

- completeness, reliability and integrity of financial, management and performance information
  - design and effectiveness of controls
  - means of safeguarding assets, employees and interests
  - processes for identifying, reporting and managing risks
  - systems established to ensure compliance with policies, plans, contracts, legislation and regulations including those set by the councils and those established externally
  - economy, efficiency and effectiveness in the use of resources
- 7.7 Internal Audit will continually seek to maintain independence and objectivity and will use professional judgement when considering rotation of staff on audit assignments.

## **8. Reporting and Monitoring**

- 8.1 Findings may be prepared and issued by Internal Audit following the conclusion of internal audit engagements and will be distributed as appropriate. Internal Audit results will be communicated to the committees where appropriate.
- 8.2 The internal audit report may include management's response and corrective action to be taken in regard to the specific finding and recommendations. Management's response, whether included within the original audit report or provided thereafter by management of the audited area, should include an action plan and timescales for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.
- 8.3 The internal audit activity will be responsible for appropriate follow up on audit recommendations. All significant observations/recommendations will remain open until the responsible manager has provided assurance or, if relevant, further testing has shown that the necessary mitigating action has been carried out.

## **9. Periodic Assessment**

- 9.1 The CIA is responsible for providing a self-assessment, at least annually, of the internal audit activity. This will be via reports to the committees on performance and a review of how the function meets the Public Sector Internal Audit Standards.
- 9.2 The CIA will also ensure that an external assessment is conducted at least every five years.

## **10. Quality Assurance and Improvement Programme**

- 10.1 Internal audit activity will maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The programme will include an evaluation of the internal audit activity's conformance to the Definition of Internal Auditing, Public Sector Internal Audit Standards and an evaluation of whether internal auditors apply the Code of Ethics for Internal Auditors. The programme also assesses the efficiency

and effectiveness of the internal audit activity and identifies opportunities for improvement.

## **11. Review of the Charter**

- 11.1 The charter will be reviewed annually and will be presented to the committees when changes are made.