



Internal Audit Charter 202~~3~~5-6

Contents

	Section	Page
1.	Introduction <u>and Internal Audit's Mandate</u>	3
2.	Mission, Definition and Core Principles <u>Purpose of Internal Auditing and commitment to adhering to the Standards</u>	5 <u>5</u>
<u>3.</u>	Independence	6
<u>4.</u>	<u>Ethics and Professionalism</u>	<u>7</u>
<u>5.</u>	Authority	<u>86</u>
<u>65.</u>	Role and scope of Internal Audit Work	<u>78</u>
<u>76.</u>	Responsibilities	<u>89</u>
<u>87.</u>	Audit Reports	<u>1109</u>
<u>98.</u>	Relationships <u>and Escalation Routes</u>	<u>102</u>
<u>109.</u>	Resources and Prioritisation	<u>113</u>
<u>101.</u>	Fraud and Corruption	<u>124</u>
<u>124.</u>	Performance Reporting	<u>1543</u>
<u>132.</u>	Definition of Consulting Services	15

1. Introduction

1.1 The Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The internal audit charter establishes the activity's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the 'board'; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the 'board'.

1.2 Internal Audit's Mandate

Internal Audit is a statutory requirement for local authorities. This is internal audit's mandate in UK local government. The two pieces of legislation that impact upon internal audit in local authorities are:

- The Accounts and Audit (England) Regulations 2015 states that "each principal authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."
- Section 151 of the Local Government Act 1972 requires every authority to make arrangements for the administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs. CIPFA has defined 'proper administration' in that it should include 'compliance with the statutory requirements for accounting and internal audit'.

1.3 The Internal Audit function is required to comply with the Global Internal Audit Standards (GIAS) subject to the interpretations and additional requirements set out in the Application Note (Global Internal Audit Standards in the UK Public Sector). CIPFA has produced a Code of Practice for the Governance of Internal Audit in UK Local Government. The Code is designed to work alongside the new internal audit standards and applies to all authorities within the scope of the statutory regulations on internal audit. Public Sector Internal Audit Standards (PSIAS). ~~The PSIAS were published in 2013 and updated in 2016 and 2017 and encompass the mandatory elements of the Chartered Institute of Internal Auditors (CIIA) International Professional Practices Framework (IPPF) and CIPFA requirements in respect of local government.~~ From the 1st April 2025 the requirements of the GIAS, the Application Note and the Code apply to work on internal audit engagements commenced on or after this date.

The GIAS includes the following:

- ~~Definition of Internal Auditing~~
- ~~Code of Ethics, and~~
- ~~International Standards for the Professional Practice of Internal Auditing~~
- ~~Mission Statement for Internal Audit~~

- Core principles for Internal Audit
- Domain 1 – Purpose of Internal Auditing
- Domain 2 – Ethics and Professionalism
- Domain 3 – Governing the Internal Audit Function
- Domain 4 – Managing the Internal Audit Function
- Domain 5 – Performing Internal Audit Services

~~1.4 The latest Local Government Application Note, which sets out the requirements for local government internal audit was published by CIPFA in February 2019.~~

~~1.4 Within each domain (except Domain 1) there are principles and under each principle are sets of standards with requirements (mandatory elements) and considerations for implementation (non-mandatory elements).~~

~~1.5 The CIPFA Statement on ‘The Role of the Head of Internal Audit’ published in 2019, aligns to the PSIAS and explicitly links to the Core Principles, helping to demonstrate how the Head of Internal Audit role supports internal audit effectiveness. CIPFA has developed the Code of Practice for the Governance of Internal Audit in UK Local Government (the Code) to support authorities in establishing their internal audit arrangements and providing oversight and support for internal audit. The Code is designed to work alongside new internal audit standards and replaces the organisational responsibilities set out in the Statement on the role of the head of internal audit 2019. It applies to all authorities within the scope of the statutory regulations on internal audit as referred to in paragraph 1.2 above.~~

~~1.6 PSIAS-GIAS state that the charter must specify as a minimum the internal audit function’s:~~

~~Define the terms ‘senior management’ and ‘board’ for the purposes of internal audit activity;~~

~~Cover the arrangements for appropriate resourcing~~

~~Define the role of internal audit in any fraud related work; and~~

~~Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities~~

- Purpose of Internal Auditing
- Commitment to adhering to the Global Internal Audit Standards
- Mandate, including scope and types of services to be provided, and the Board’s responsibilities and expectations regarding management’s support of the internal audit function
- Organisational position and reporting relationships

~~The Chief Audit Executive must discuss the proposed charter with the board and senior management to confirm that it accurately reflects their understanding and expectations of the internal audit function.~~

~~1.7 Within Rotherham Council:~~


- ~~‘Chief aAudit eExecutive’ is the Head of Internal Audit~~
- ~~‘board’ refers to the Audit Committee;~~

- 'senior management' refers to the Chief Executive, Assistant Chief Executive and Strategic Directors.

1.8 The role of 'senior management' is not linked to a specific job title or pay grade, but includes the following key duties:-

- Communicate with the Audit Committee and Head of Internal Audit about managements' expectations that should be considered for inclusion in the internal audit charter
- Input to the risk based internal audit plan;
- Receive periodic reports from the Head of Internal Audit on internal audit activity; that includes follow-up reports; and
- Receive the results of the quality assurance and improvement programme from the Head of Internal Audit.

1.9 The PSIAS-GIAS lays out the role of a "board", which is to establish, maintain and ensure that the council's internal audit function has sufficient authority to fulfil its duties with the key duties being- as follows:

- Discuss with the Head of Internal Audit and senior management the appropriate authority, role, responsibilities, scope and services (assurance and advisory) of the internal audit function
- Ensure the Head of Internal Audit has unrestricted access to and communicates and interacts directly with the Audit Committee, including in private meetings without senior management present.
- Discuss with the Head of Internal Audit (and senior management) other topics that should be included in the internal audit charter to enable an effective internal audit function.
- Approve the internal audit charter, which includes the internal audit mandate and the scope and types of internal audit services.;
- Review the internal audit charter on an annual basis with the Head of Internal Audit to consider changes affecting the organisation, such as the employment of a new Head of Internal Audit or changes in the type, severity, and interdependence of risks to the organisation.
- Approve the risk based internal audit plan.; ~~including the approval of the internal audit budget and resource plan;~~
- Receiving communication from the Head of Internal Audit on internal audit performance relative to its plan and other matters.;
- 
- Receive an annual confirmation from the Head of Internal Audit with regard to the organisational independence of the internal audit activity.;
- Receive the results of the quality assurance and improvement programme on an annual basis from the Head of Internal Audit.;
- Make appropriate enquiries of management and the Head of Internal Audit to determine whether there are inappropriate scope or resource limitations.
- Receive the Head of Internal Audit's Annual Report, timed to support the Annual Governance Statement.

- Review and provide input to senior management on the Head of Internal Audit's performance.

1.10 The Head of Internal Audit reports functionally to the "board" and. ~~The Internal Audit department is part of the Finance and Customer Services Directorate. The Head of Internal Audit reports administratively to the Strategic Director Finance and Customer Services. The Internal Audit service is part of the Finance and Customer Services Directorate.~~

2. — Mission, Definition and Core Principles of Internal Audit Purpose of Internal Auditing and commitment to adhering to the Standards —

2.1 The purpose of the

2.1 — internal audit function of Rotherham Council is to strengthen its ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

2.2 The internal audit function enhances the council's;

- Successful achievement of its objectives
- Governance, risk management, and control processes
- Decision-making and oversight
- Reputation and credibility with its stakeholders
- Ability to serve the public interest

2.3 The Council's internal audit function is most effective when;

- It is performed by competent professionals in conformance with the Global Internal Audit Standards (UK public sector), which are set in the public interest
- The internal audit function is independently positioned with direct accountability to the Audit Committee
- Internal auditors are free from undue influence and committed to making objective assessments.

The Mission of Internal Audit articulates what internal audit aspires to accomplish within the organisation and PSIAS defines this as:

~~'To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.'~~

~~2.2 — Internal Auditing is defined as:-~~

~~'Internal auditing is 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'.~~

~~2.3 — The standards include 10 core principles for the professional practice of internal auditing. These, taken as a whole, should be present and be operating effectively in an effective internal audit function. Failure to achieve any of the core principles would~~

~~imply that an internal audit activity was not effective as it could be in achieving internal audit's mission. The ten Core Principles are listed as follows:-~~

~~Demonstrates Integrity~~

~~Demonstrates competence and due professional care~~

~~Is objective and free from undue influence (independent)~~

~~Aligns with the strategies, objectives and risks of the organisation~~

~~Is appropriately positioned and adequately resourced~~

~~Demonstrates quality and continuous improvement~~

~~Communicates effectively~~

~~Provides risk-based assurance~~

~~Is insightful, proactive and future focussed~~

~~Promotes organisational improvement.~~

2.4 The Council's internal audit function commits to adhere to the GIAS in the UK Public Sector. The Code of Practice for the Governance of Internal Audit in UK Local Government will be applied to address the essential conditions in relation to governance. The Head of Internal Audit will report annually to the Audit Committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through the quality assurance and improvement programme.

3. Independence

3.1 The Council's Internal Audit Services is an appraisal and advisory function having independent status within the Council.

3.2 The Head of Internal Audit:

- Has direct access to the Leader, Chief Executive, the Strategic Director Finance and Customer Services, the Monitoring Officer, the External Auditor, the Chair and Members of the Council's Audit Committee and any other officer or member of the Council as the Head of Internal Audit shall determine.
- Is able to make appropriate provisions for the undertaking of an objective assessment of the resource requirements of Internal Audit Services.

3.3 Internal Audit activity is free from interference in determining the scope of activity, performing work and communicating results. It is independent of all activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations without giving rise to conflicts of interest. Internal ~~a~~Auditors have no direct operational responsibility or authority over any of the activities they review. Accordingly, they do not develop or install systems or procedures, prepare records, or engage in any other activity which would normally be audited. Internal ~~a~~Auditors will not be used on internal audit engagements where they have had direct involvement in the area within the last 12 months.

3.4 The Head of Internal Audit is a member of the Corporate Governance Group, tasked with the production of the Annual Governance Statement. She is also a

Whistleblowing Officer, responsible with the Strategic Director Finance and Customer Services- and the Head of Legal Services for the Whistleblowing Policy and procedures. She remains independent from the audit processes with regards to these areas, with any reviews carried out by a Principal Auditor reporting directly to the Strategic Director.

4. –Ethics and Professionalism

4.1 The principles and standards in the Ethics and Professionalism domain of the GIAS replace the Institute of Internal Audits former Code of Ethics and outline the behavioural expectations for professional internal auditors.

All internal auditors are required to:-

- Conform with the GIAS including principles of Ethics and Professionalism; integrity, objectivity, competency, due professional care and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the council.
- Report organisational behaviour that is inconsistent with the council's ethical expectations, as described in policies and procedures.

Objectivity

4.2 The Head of Internal Audit will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Head of Internal Audit determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for the council or its affiliates.
- Initiating or approving transactions external to the internal audit function.

- Directing the activities of any council employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Internal auditors who work in the UK public sector must also apply the Seven Principles of Public Life (the Nolan Principles). They must also be aware of the Council's policies and procedures for routine publication of certain information and where there are statutory obligations to share or publish information.

5. Authority

54.1 The Head of Internal Audit and Internal Audit staff have the authority to:

- Enter any Council premises and access Council records, assets, personnel and premises, including accounting records, documents, invoices, vouchers, correspondence and other data, whether held manually or electronically, the examination of which is necessary for the proper performance of internal audit duties.
- Require prompt response, every assistance, all information and explanation from any Council employees or Council Members necessary for the internal auditors to carry out their audit duties.
- Require any officer of the Council to account for cash, stores or any other Council asset under their control.
- Access as listed above, depending on the terms of the contract with the partner organisation, those items held by contractors / partner organisations that affect the business of Rotherham Council or its control environment.

65. Role and Scope of Internal Audit Work

65.1 Internal Audit must provide the Council with an annual independent and objective opinion on the adequacy and effectiveness of its risk management, control and governance processes.

65.2 This involves:

- Supporting the delivery of the council's strategic objectives by providing risk based and objective assurance on the adequacy and effectiveness of governance, risk management and internal controls. Reviewing and appraising risks related to the achievement of objectives and business goals, and evaluating the adequacy and effectiveness of the system of internal control related to those risks;
- Championing good practice in governance through assurance, advice and contributing to the authority's annual governance review.
- Appraising the relevance, reliability and integrity of information;
- Reviewing compliance with those policies, plans, procedures, statutory requirements and regulations which could have a significant impact on the achievement of the Council's objectives and business operations;
- Reviewing the means of safeguarding assets and as appropriate verifying the existence of such assets;
- Appraising the economy, efficiency and effectiveness with which resources are employed, and the delivery of services in a best value manner;
- ~~Reviewing operations or projects to ascertain whether results are consistent with the Council's established objectives and goals and whether the operations or projects are being carried out as planned;~~
- Advising on governance, risk management and internal control arrangements for major projects, programmes and system changes.
- Maintaining a program of review and assessment to enhance the integrity and usefulness of the Council's risk management processes;
- Maintaining a program of development, review and audit in relation to quality improvement and assurance methods;
- Assisting management in conducting special assignments and investigations into any matter or activity affecting the interests of the Council.

65.3 The internal audit coverage embraces the entire control environment of the Council, and extends to all areas of the Council and its controlled entities.

65.4 Particular attention is given to any aspects of the control environment affected by significant changes to the Council's risk environment.

56.5 Internal Audit completes advisory / consultancy work in agreement with senior management by responding to requests for audit reviews and by contributing to projects and working groups throughout the Council.

65.6 Internal Audit provides advice and practical support to service management in investigating fraud. Any allegation of fraud and corruption received is followed-up in accordance with the agreed procedures of the Anti-Fraud and Corruption Policy, Whistleblowing Policy and Disciplinary Procedures.

65.7 The Council also participates in the biennial National Fraud Initiative. Internal Audit administers the initiative.

65.8 Where the Council has entered into a partnership with other organisations the partnership arrangement will be subject to review. In addition, where Rotherham Council is the lead authority of a partnership or collaboration, the work

undertaken will be subject to review by [Rotherham Council's MBC Internal Audit function](#).

[65.9](#) Internal Audit may undertake work for new clients by extending its work to third parties. All engagements will be performed in accordance with this Charter to an agreed schedule of audit days. The scope of Internal Audit's work for external bodies is primarily to provide assurance relating to the bodies' systems of internal control, although the bodies might also ask for additional consultancy work to be conducted. Where appropriate, Internal Audit might also be asked to assist in or carry out investigations into suspected irregularities. Example of this work is where internal audit carry out work for [a Academies](#).

[76](#). Responsibilities

[76.1](#) It should be noted that internal audit is not responsible for the operation of control functions within the Council; these responsibilities rest with management. Internal audit should not be regarded as a substitute for good management.

[76.2](#) The primary task of [Internal Audit](#) is to review the systems of internal control operating throughout the authority, and in doing this it adopts a predominantly risk-based approach to audit.

[76.3](#) The Head of Internal Audit is required to manage the provision of a complete audit service to the Council that includes risk based, systems, and advisory audit in addition to the investigation of potential fraud and irregularity. In discharge of this duty the Head of Internal Audit has a responsibility to:

- [Prepare and implement an effective strategic and annual internal audit plan, providing for the review of significant operations of the Council based on an assessment of risk pertaining to the achievement of Council objectives.](#)
- [Discuss the plan with senior management and the Audit Committee and submit the plan to the Audit Committee for review and approval.](#)
- [Review and adjust the audit plan as necessary, in response to changes in the council's risks, operations, programmes, systems and controls.](#)
- [Communicate with senior management and the Audit Committee if there are significant interim changes to the internal audit plan.](#)
- Ensure that the scopes and boundaries of individual audit assignments are in line with the plan.
- Highlight [significant risk exposures and control weaknesses-issues including fraud risks and governance issues](#), and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake action tracking to gain management assurance that they have implemented agreed internal control improvements within specified and agreed timeframes.
- Undertake follow up reviews where the original audit resulted in a Partial or No Assurance opinion.
- Ensure a system of close supervision of audit work.

- Maintain the appropriate auditing standards as defined by the GIAS and the Application NotePSIAS.
- Maintain a Quality Assurance and Improvement Programme including annual internal assessments and external assessments at least every five years.
- Report the results of assessments to the Audit Committee and state that the servicedepartment conforms with the standards or disclose any non-conformance.
- Develop, implement and have oversight of internal audit methods and procedures, including the maintenance of an Audit Manual.
- Ensure the internal audit function collectively possesses or obtains the knowledgeMaintain knowledge, skills and expertise-other competencies and qualifications needed within the departmentto meet the requirements of the standards and to fulfil the internal audit mandate specifically for the investigation of fraud and irregularity.
- Liaise with the external auditor to provide consistent advice to management and the Audit Committee.
- Prepare reports on audit and investigation activities for presentation to the Audit Committee, and other reports as may be required.
- Utilise designated internal audit resources to maximise the efficiency and effectiveness of the internal audit function.
- Communicate the impact of resource limitations on the internal audit plan to senior management and the Audit Committee.

78. Audit Reports

- 87.1** All standard audit assignments are the subject of formal reports. Draft reports are issued to the manager of the area under review. Discussions are then held to reach agreement on the factual accuracy of findings and the necessary actions. After agreement, final reports are issued to management and the respective Strategic Director. The Head of Internal Audit considers the release of investigation reports on a case by case basis.
- 87.2** All reports are submitted to the Chief Executive and Leader of the Council. A summary of reports is presented to SLT meetings to inform all Strategic Directors of areas of concern within the Council, ~~and also sent to Cabinet Members.~~
- 87.3** Progress Reports are presented to the Audit Committee ~~at every meeting~~ on a quarterly basis summarising outcomes of audit activities. The reports contain significant findings and issues arising from the internal audit work undertaken.
- 87.4** The Progress Reports include the tracking of audit recommendations, any agreed actions that are not implemented within the agreed timescales and any failure of managers to respond to ~~internal audit reports and~~ requests for information relating to the implementation of recommendations within the set time limits.
- 87.5** The Head of Internal Audit submits an annual report to the Audit Committee timed to support the Annual Governance Statement which includes:

- An annual Internal Audit Opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- Any qualifications to the opinion, together with the reasons for those qualifications
- Disclosure of any impairments to independence or objectivity
- A summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance bodies).
- Any particular control weaknesses judged to be relevant to the preparation of the annual governance statement.
- A comparison of work undertaken against planned work and a summary of performance of internal audit against performance targets
- A statement on conformance with [PSIA](#) the auditing standards and the results of the Internal Audit Quality Assurance and Improvement Programme.

87.6 In giving the opinion it should be noted that assurance can never be absolute, the most that can be provided is a reasonable assurance that there are no major weaknesses in governance, risk management and control processes.

98. Relationships and escalation routes

- 98.1 To provide optimum benefit to the organisation, internal audit works in partnership with management to improve the control environment and assist the organisation in achieving its objectives.
- 98.2 The internal audit function, as part of an effective process of service delivery, maintains good and effective working relationships with its clients and with those charged with responsibility for partner organisations.
- 98.3 It also maintains effective working relationships with the Audit Committee, the Chief Executive, the Strategic Director Finance and Customer Services, the Monitoring Officer, the External Auditor, other inspection and agency teams, and the Council's Members, management and employees.
- 98.4 Internal audit is not responsible for the management of the Council's risks; this is the responsibility of the Council's management. However, internal audit takes account of the corporate risk management processes in the way it relates to managers in the control of risks. Emphasis is placed on the importance of risk management to all managers in the Council as part of the delivery of the internal audit service. Internal [aA](#)udit regularly reviews the Council's risk management arrangements as an integral aspect of its work.

98.5 Internal audit's work assists managers to better understand risk management. This is an important educational / informative role that adds value to the organisation where appropriate. All reports that have No Assurance or Partial Assurance are submitted to the Policy, Improvement and Corporate-Risk Manager so that findings can be considered for inclusion in risk registers to ensure they are kept up-to-date and relevant.

98.6 In the rare cases where there the Head of Internal Audit concludes that management have accepted a level of risk that exceeds the council's risk tolerance, this will be escalated in the first instance to the Assistant Director of the relevant service area. Concerns will be shared and management's perspective will be understood and an updated action plan agreed. If this matter is still not resolved this will then be escalated to the Strategic Director responsible for the service. If disagreement still occurs and the risks are considered to be unacceptable, this will then be escalated to the Chief Executive. If this matter has still not been resolved this will be escalated to the Audit Committee.

9.7 If internal auditors and management disagree about the audit recommendations and/or action plans, internal auditors will follow the approach set out in paragraph 9.6 above to allow both parties to express their positions and rationale and to determine a resolution.

89.8 Where the Council has partnership arrangements, the Head of Internal Audit ensures that there is effective and efficient control environment which takes account of the governance, risk and control framework of the partner body, and that the risks associated with such an arrangement are subject to internal audit review. Suitable protocols are in place where these safeguard the Council's interests for effective internal audit.

98.97 Where there are incidents of fraud the Head of Internal Audit advises or intervenes as appropriate in ensuring that there is suitable involvement with the Police or other agencies and seeks to maintain effective working relationships with them.

98.810 Internal audit comments on the efficient, economic and effective use of resources, where appropriate, in both the routine internal audit work and also where specifically charged with evaluating value for money / efficiency improvements.

109. Resources and Prioritisation

109.1 Internal aAudit endeavours to maintain an effective number of staff to undertake the required workload, supported by effective systems of operation. Internal aAudit applies staff in the most effective way in accordance with their experience and skills and in accordance with the PSIAaudit standards.

109.2 The Head of Internal Audit, s151 Officer and Audit Committee all have a responsibility to ensure Internal Audit has sufficient resources to enable it to fulfil its mandate. Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to the Audit Committee.

109.3 Internal Audit's annual planning process sets out clearly the range of work it expects to do.

- Risk Based Audits

This refers to our work on assessing the management of the key risks currently facing the Council which includes the work on key financial systems that helps the S151 Officer to fulfil their statutory responsibilities for proper financial administration and control.

- ~~Systems Audits~~

~~This includes work on fundamental financial systems that helps the s.151 officer to fulfil his/her statutory responsibilities for proper financial administration and control.~~

- Advisory Work

This refers to our work on supporting continuous improvement by reviewing change projects and systems developments and by contributing to working groups

- Follow Up Audits

All reports that give an overall opinion of either Partial Assurance or No Assurance are subject to a follow up after six months or when the implementation dates of actions have been reached.

- Responsive Work

This refers to responding to requests from management for additional work.

- Investigations

Responding to the need to investigate potential fraud and irregularity.

- Work for External Bodies

There ~~maybe is also~~ some work arising that does not fall into these headings such as income earning work for external bodies such as audit work for academy schools.

109.54 The quantum of work is identified following a full assessment of risks across the Council and after taking into account other forms of assurance available to oversee and mitigate some risks identified (for example external audit work or improvement board activities).

109.65 Internal ~~A~~audit prepares a plan of work each year. Resources to deliver the plan of work, in terms of the level of resources and the skills required are identified. Both the Head of Internal Audit and the Strategic Director Finance and Customer Services satisfy themselves at the start of the year that there are sufficient resources in place at least to deliver the plan and to give an opinion on the Council's system of governance, risk management and internal control at the end of the year, and to ensure some coverage in other necessary areas in accordance with ~~PSIA~~the audit standards.

109.67 Where there are any deficiencies arising in resources at any stage, the Head of Internal Audit and Strategic Director Finance and Customer Services will, firstly, try to provide additional audit support to the section. Where it becomes necessary to limit the amount of work it is possible for the Service to do, ~~work for external parties,~~ lower priority audits will be removed from the plan first. Should further amendments to the plan be required, follow up and responsive work will be reduced.

109.78 Internal aAudit annually carries out a review of the skills within the team and any development needs, linked to operational requirements. Training and development is prioritised to reflect the needs of the service and individuals. This enables the service to maintain appropriate expertise for the delivery of the audit plan and strategy and to continuously adapt to new developments.

109.89 Where necessary, appropriate staff from within the Council or from external sources, will be obtained to complete specialist reviews. ICT Audit reviews are completed by Salford Internal Audit Services, who have the specialist staff and expertise necessary to carry them out.

110. Fraud and Corruption

110.1 Managing the risk of fraud and corruption is the responsibility of management. Internal aAudit assists management in the effective discharge of this responsibility. There is a need for the Council to maintain an effective counter-fraud culture and the work of Internal Audit through testing for and preventing and detecting fraud contributes to the corporate counter fraud culture. There is a public expectation for public monies to be spent wisely and safeguarded against fraudulent activity. Accordingly, the section's audit plans provide for counter fraud activity.

110.2 Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected. Internal Audit does not have the responsibility for the identification, prevention or detection of fraud and corruption. Internal Audit will, however, be alert in all their work to risks and exposures that could allow fraud and corruption.

110.3 The Head of Internal Audit develops and maintains the Anti-Fraud and Corruption Policy and Strategy.

101.4 Council Policy requires that where there is suspicion or detection of fraud or corruption by employees they report it to the appropriate manager, or if necessary, directly to the Chief Executive, the Strategic Director of Finance and Customer Services, the Assistant Director/Head of Legal and Democratic Services or the Head of Internal Audit. Management will notify Internal aAudit immediately, so that this can be considered when forming the overall opinion on the control environment and preparation and delivery of the Audit Plan. Depending on the nature and anticipated extent of the allegations, the Head of Internal Audit will normally work closely with management and other agencies, such as the Police, to ensure that the allegations are properly investigated and reported so that maximum recoveries are achieved. If the irregularity or suspected irregularity involves theft or suspected theft of assets, it must be referred to the Police. In addition where a break-in is suspected, the Police must be informed immediately.

110.5 When notified of a suspected fraud, Internal aAudit will consult with HR with regards to the disciplinary procedures and possible suspension of the employee concerned. They will then conduct an investigation in conjunction with management of the department/service. Internal aAudit will prepare a report which may or may not lead to disciplinary action being taken. The report will

also address any systems weaknesses and make recommendations for improvements to prevent a recurrence.

124. Performance Reporting

124.1 Performance indicators for Internal Audit are reported to each Audit Committee meeting and the Strategic Director Finance and Customer Services.

132. Definition of Consulting Services

132.1 ~~CThe standards define~~ consulting services are defined as follows: "Advisory and client related service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training."

132.2 Internal Audit provides ad hoc advice to management on an ongoing basis. Time is allocated for this work in the audit plan.

132.3 Requests for any significant additional consulting services not already included in the audit plan will be submitted to the Audit Committee for approval prior to accepting the engagement.
