

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

27 SEPTEMBER 2007

REPORT OF THE DIRECTOR OF FINANCE

INTERNAL AUDIT CHARTER

1 EXECUTIVE SUMMARY

1.1 The Internal Audit Charter has been reviewed and amended to take account of:

- Recommendations of the Audit Commission following the review of Internal Audit,
- Developments affecting Internal Audit including the establishment of the Audit and Risk Management Committee,
- Provisions of the CIPFA 2006 Code of Practice for Internal Audit.

The rights of Internal Audit access to partner organisations, authority to obtain information from such bodies and access rights to information held by third parties (e.g. contract information) is specified in the Charter and should be included in contracts and partnership agreements.

2. INTERNAL AUDIT CHARTER

2.1. An Internal Audit Charter is a statement of the purpose, responsibility and powers of an internal audit section.

2.2. The reason for having such a charter is that internal audit needs authority to act outside its own boundaries in all parts of the Council to provide management with independent assurance that risks are being managed and controls are operating effectively. This cuts across hierarchical reporting lines in the Council and sometimes lead to conflict. The Charter sets out the rights and responsibilities of Internal Audit, although unless Internal Audit operates with the full, enthusiastic support of management, it cannot operate effectively.

2.3. The Internal Audit Charter was originally presented to, and approved by, the Finance and Corporate Management Select Committee on 10 November 2004.

3. BACKGROUND

- 3.1 The Audit Commission completed its triennial review of Internal Audit and presented its report in May 2007 which was reported to this Committee on 28 June 2007, together with an Action Plan.
- 3.2. One of the recommendations was that the Internal Audit Charter should be reviewed and amended in the light of the introduction of the Audit and Risk Management Committee, and to improve and strengthen it to fully comply with the CIPFA Code of Practice for Internal Audit, as amended in 2006.
- 3.3. The Audit Commission recommended that the revised Internal Audit Charter should:
 - a. detail the reporting lines and relationships between the Chief Internal Auditor and:
 - i. those responsible for governance.
 - ii. those to whom the Chief Internal Auditor may report, including as appropriate individual Members and the Chair of the Audit and Risk Management Committee.
 - b. clarify the organizational independence of Internal Audit and its accountability.
 - c. clearly list access rights to partner organisations and Internal Audit authority to obtain information from such bodies. Internal Audit access rights to information held by third parties (eg contract information) should also be clearly stated in the Charter and added to the details of contract and partnership agreements.
 - d. ensure the scope of Internal Audit activity is widened to reflect the broader remit that Internal Audit has been asked to adopt in recent years, such as corporate reviews in areas such as risk management, corporate governance and preparing the Statement on Internal Control (termed the "Governance Statement" from 2007).
 - e. ensure that the Charter reflects Internal Audit relationship, roles and responsibilities in connection with the Audit and Risk Management Committee, including the right of direct access to the Committee as necessary.

4. FINANCIAL AND STAFFING IMPLICATIONS

- 4.1. There are no financial and staffing implications.

5. LOCAL MEMBER SUPPORT IMPLICATIONS

5.1. There are no local Member support implications.

6. LOCAL AGENDA 21 STATEMENT

6.1. There are no Local Agenda 21 implications.

7. PLANNING IMPLICATIONS

7.1. There are no planning implications.

8. EQUAL OPPORTUNITY IMPLICATIONS

8.1. There are no equal opportunity implications.

9. COMMUNITY SAFETY IMPLICATIONS

9.1 There are no community safety implications.

10. HUMAN RIGHTS IMPLICATIONS

10.1. There are no human rights implications.

11. BACKGROUND PAPERS

11.1 Code of Practice for Internal Audit in Local Government: CIPFA, January 2007

12. RECOMMENDATIONS

12.1 That the Internal Audit Charter be approved.

12.2 That the Director of Corporate Services arrange for all contracts and partnership agreements to include appropriate clauses to enable Internal Audit to have right of access to information and staff.

IAN COLEMAN
DIRECTOR OF FINANCE