

London Borough of Bromley

Internal Audit Charter

Main objective

The London Borough of Bromley Internal Audit's mission **is to assist management and Members in minimising risks, maintaining high standards and continuously improving service delivery through independent appraisal, review and advice**. Internal Audit should add value and improve the organisation's operations. Internal Audit is a statutory requirement. The Accounts and Audit Regulations 2011 require the Authority as a "relevant body" to maintain an "adequate and effective system of internal audit of their accounting records and control systems".

Context

The Public Sector Internal Audit Standards (PSIAS) sets down the scope, powers and responsibilities of internal audit functions and internal auditors. Internal Audit is an independent service which provides the Council's statutory internal audit of accounting records and control systems and has the consequent rights of access to premises, staff, Members and documents. The Service also provides expert and practical advice on corporate governance issues including risk management and supports the Director of Finance Resources in undertaking statutory responsibilities for the proper administration of the Council's financial affairs and for reporting unlawful actions under the Local Government Act 1972 Section 151. The Accounts and Audit Regulations (2011) specifically require the provision of an internal audit service.

Internal Audit Responsibilities

- Documenting, appraising and reporting upon the operation of financial and other control systems and offering practical advice on improvements. A significant proportion of audit time is spent on this key aspect which is delivered through the audit planning and reporting processes
- Advising clients on how to incorporate suitable controls into a new system prior to implementation.
- Reporting to the Authority's Audit Sub Committee.
- Providing the Council with an annual report on the control environment and significantly contributing to the annual statement of corporate governance. The AGS(Annual Governance Statement)

- Sensitively helping and advising on the investigation of suspected irregularities and advising on the appropriate action.
- Monitoring Bromley's Benefit Anti-Fraud service which is run in partnership with the Royal Borough of Greenwich; liaising with the National Fraud Authority, London Boroughs Fraud Investigation Group, London Fraud Forum, Police Public Sector Fraud Squad and local police.
- Appraising all aspects of contracts from project appraisal to post-completion reviews.
- Co-ordinating the National Fraud Initiative (NFI) exercises for the Council
- Liaising with other proactive exercises to identify fraud.
- Liaising with Procurement in carrying out training in Financial Regulations and Contract Procedure Rules.
- Advising managers on risk and control issues, implementing changes and risk mitigation actions.

Audit Planning

The purpose of the annual audit plan is to:

- Optimise the use of audit resources available, given that these are now limited
- Identify the key risks facing the Council to achieving its objectives and determine the corresponding level of audit resources
- Ensure effective audit coverage of high risk areas and a mechanism to provide Members, governors, head teachers and senior managers with an overall opinion on the auditable areas and the overall control environment
- Add value and support senior management in providing effective control and identifying opportunities for improvement
- Supporting the Council's nominated Section 151 Officer
- Deliver an Internal Audit service that meets the requirements of the Accounts & Audit Regulations 2011.
- Reviewing Value for Money arrangements for designated audits in the plan where possible.
- Allow flexibility to take on fraud and investigation work and participate in any proactive work.
- Delivery of the Annual Audit Plan in particular high risk audit reviews.
- To be responsive to transformational change and service demands.

The type of audits include:

- Risk based systems audits including fundamental system audits
- Compliance/regularity/establishment audits e.g. libraries

- Self assessment/internal audit testing for schools
- Key control testing
- Procurement-including contract audit
- System Development
- IT audits
- Investigations that identify breakdown in controls

Delivery and Due Professional Care

In carrying out our Internal Audit work we will comply with the requirements of:

- LB Bromley's policies and procedures;
- Relevant legislation;
- Public Sector Internal Audit Standards;
- Seven Principles of Public Life (Nolan Principles);
- Bromley's Code of Corporate Governance.
- Compliance with the Code of Ethics

The yearly audit plan as agreed by the Audit Sub Committee and any investigation work will be carried out by a team of 6 FTE suitably experienced and qualified principal auditors including the Head of Audit. Where a shortfall in delivering the plan is identified this will be augmented by commissioning of outside services such as Deloitte under a Framework contract agreed with the London Borough of Croydon. The investigative work can also be commissioned from RB Greenwich under the partnership agreement that operates with that borough.

Access to Records and Personnel

In order to carry out audits thoroughly and professionally, Internal Audit require unrestricted access to all relevant records and any explanations from staff. All information obtained will be treated confidentially.

Independence

The Head of Audit should at all times have free and unfettered access to the following:

- Chief Executive;
- Director of Finance;
- Monitoring Officer who is the Director of Corporate Services;
- Chairman of the Audit Sub Committee; and
- Chief Officers

Internal Audit staff are required to make an annual declaration of interest to ensure that auditors' objectivity is not compromised in the event of any potential conflicts of interest.

Reporting

We will ensure that management will receive timely written reports which:

- will have a short management summary

- details any matters of significance that have arisen- priority one issues highlighted
 - provides an opinion of the adequacy of controls reviewed- one of four assurance opinions given i.e. nil, limited, substantial and full assurance
 - recommends practical ways in which system weaknesses can be addressed and records details of discussions with auditees- measured through agreed recommendations and audit satisfaction questionnaires.
- the destination of reports is set within the terms of reference prior to an audit. In the event of major findings, these are reported to Chief Officers, the Chief Executive and Audit Sub Committee.

External Auditors

Internal Audit will closely liaise with the external auditors to ensure maximum coverage, non duplication of audit coverage, sharing of information and the placement of reliance on Internal Audit work that could result in controlling audit fees.