

# Item 6

## AUDIT COMMITTEE

28 January 2008

### REPORT OF DIRECTOR OF RESOURCES

**Portfolio: STRATEGIC LEADERSHIP**

#### **REVIEW OF THE AUDIT CHARTER**

#### **1. SUMMARY**

- 1.1 The Audit Charter at Sedgefield Borough Council establishes the purpose, authority and responsibility of the Internal Audit function. A review of the existing Charter has recently been undertaken because of changes in Audit regulations and codes of practice. The revised Charter will assist in promoting the revised service throughout the Authority and ensure all departments are aware of the work of Internal Audit.

#### **2. RECOMMENDATIONS**

It is recommended that:

- 2.1 The Audit Committee approves the attached Audit Charter.

#### **3. CHARTER**

- 3.1 The Internal Audit section first established an Audit Charter in November 2001, which was ratified at that time by the Director of Finance. The Charter was initially based on the CIPFA Code of Practice 2000. The CIPFA Audit Panel has since issued an update Code of Practice in 2006.
- 3.2 It is important that the function and terms of reference of Internal Audit are regularly reviewed to ensure continuing relevance to the Council. Best practice also requires that a committee of the Council formally approves the Audit Charter and it is felt that the Audit Committee is the appropriate body to do this. The Charter takes into account relevant aspects of the Accounts and Audit Regulations 2003, which were also updated in 2006.
- 3.3 The attached Audit Charter is laid out in booklet format and covers a broad range of activities including:

- Purpose
  - Statutory Role and Responsibilities
  - Other Responsibilities
  - Staffing and Training
  - Audit Reports
  - Access
  - Independence
  - Statement by the Director of Resources
- 3.4 The Audit Charter will continue to be reviewed in light of changes in legislation and codes of practice, which impact on the function to ensure continuing relevance.

#### **4. RESOURCE IMPLICATIONS**

- 4.1 There are no associated resource implications.

#### **5. CONSULTATION**

- 5.1 There are no consultation issues arising from the contents of this report.

#### **6. OTHER MATERIAL CONSIDERATIONS:**

##### **6.1 Links to Corporate Objectives / Values**

Internal Audit activity effectively supports all services in the delivery of the Council's priorities. The Audit Charter demonstrates how this is done.

##### **6.2 Risk Management**

Internal Audit work relates to minimizing the risk to the Council of major system problems and failure of the internal control arrangements. The Charter demonstrates the steps taken to do this.

##### **6.3 Equality and Diversity**

No material considerations have been identified.

##### **6.4 Legal and Constitutional**

The Charter recognises the statutory framework associated with services and the corporate governance framework.

6.5 **Other Material Considerations**

None.

7. **LIST OF APPENDICES**

7.1 Audit Charter

**Contact Officer:** Harold Moses, Head of Financial Services  
**Telephone number:** 01388 816166 ext 4385  
**Email address:** hmoses@sedgefield.gov.uk

**Wards:** Not ward specific  
**Key decision validation:** Not applicable

---

**Background Papers:**

1. Audit Charter
2. Accounts and Audit Regulations 2003 (amended in 2006)
3. CIPFA Code of Practice for Internal Audit in Local Government 2006

**Examination by Statutory Officers**

	Yes	Not Applicable
1. The report has been examined by the Council's Head of the Paid Service or his representative.	<input type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Council's S.151 Officer or his representative.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative.	<input type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team.	<input type="checkbox"/>	<input type="checkbox"/>

This page is intentionally left blank