



INTERNAL AUDIT CHARTER

FUNCTION

Internal Audit is an independent appraisal and review function set up within Dundee City Council as a service to the Audit and Risk Management Sub-Committee, Chief Executive, Director of Finance and all levels of management. The remit of the service is to objectively examine, evaluate and report on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources throughout the Authority's activities.

The existence of internal audit does not diminish the responsibility of management to establish the extent of internal control in the organisation's systems and management should not depend on internal audit as a substitute for effective controls.

INDEPENDENCE

Internal Audit is independent of the activities which it audits. This is essential to ensure that the service provides, unbiased judgements and impartial advice to management.

ROLE AND SCOPE

The role of Internal Audit is to understand the key risks faced by the Authority and to examine and evaluate the adequacy and effectiveness of the system of risk management and internal control as operated by the Authority. Internal Audit has unrestricted access to all activities undertaken within the organisation in order to review, appraise and report on the areas detailed below:

- The adequacy and effectiveness of the systems of financial, operational and management control and their operation in practice in relation to the business risks to be addressed.
 - The extent of compliance with, relevance of, and financial effect of, policies, standards, plans and procedures approved by committee and the extent of compliance with external laws and regulations, including reporting requirements of regulatory bodies.
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- The extent to which the assets and interests are acquired economically, used efficiently, accounted for and safeguarded from losses of all kinds arising from waste, extravagance, inefficient administration, poor value for money, fraud or other cause and that adequate business continuity plans exist.
 - The suitability, accuracy, reliability and integrity of financial and other management information and the means used to identify, measure, classify and report such information.
 - The integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against error, fraud and loss of all kinds and that the process aligns with the organisation's strategic goals.
 - The adequacy of the framework of the units audited for carrying out their functions, to ensure that services are provided in a way which is economical, efficient and effective.
 - The follow-up action taken to remedy weaknesses identified by Internal Audit, ensuring that good practice is identified and communicated widely.
 - The operation of the Authority's corporate governance arrangements.

AUTHORITY AND REPORTING

The authority and reporting requirements of the Internal Audit Service are laid down in the Council's Financial Regulations and the relevant section is reproduced below:

Section 8 : Internal Audit

8.1 Control and Direction of Director of Finance

The continuous internal audit under the independent control and direction of the Director of Finance shall be arranged to carry out an examination of accounting and financial operations of the Council.

8.2 Authority of Director of Finance

The Director of Finance or any member of his/her staff or any consultant authorised by him/her for that purpose shall have authority to:

- (a) enter at any time all Council offices, establishments or land;
- (b) have access to all records, computer files, disks and other media documents and correspondence relating to any financial and related transaction of the Council;

(c) require and receive such explanations as are necessary concerning any matter under examination;

(d) require any employee of the Council to produce cash, stores or any other Council property under his/her control.

8.3 Procedures in Respect of Irregularities

Whenever any matter arises which involves or is thought to involve irregularity concerning cash, stores or other property of the Council or any suspected irregularity in the exercise of the functions of the Council the Chief Officer concerned shall forthwith notify the Chief Executive and the Director of Finance who shall in consultation with the appropriate Chief Officer and the Director of Personnel and Management Services take such steps as they consider necessary.

8.4 Reports to Chief Executive, Director of Finance and relevant Chief Officers

All Internal Audit reports shall be submitted to the Chief Executive, Director of Finance and the relevant Chief Officer of the Department concerned. In addition, a copy of internal audit reports shall be submitted to the Council's External Auditors.

8.5 Reports to Audit and Risk Management Sub-Committee

All reports from either the External Auditor or Internal Auditor with significant recommendations shall be submitted to the Audit and Risk Management Sub-Committee of the Finance Committee for its consideration.

RESPONSIBILITY

The Chief Internal Auditor is responsible for:

- Developing Strategic and Annual Internal Audit Plans based on an understanding of the significant risks to which the Authority is exposed.
- Submitting the plans to the Audit and Risk Management Sub-Committee for review and agreement.
- Implementing the agreed audit plans.
- Maintaining a professional service and provide audit staff with sufficient knowledge, skills and experience to carry out the plan.