



## **AUDIT COMMITTEE**

**20 MARCH 2018**

### **AUDIT & COUNTER CHARTER**

Report from: James Larkin, Head of Audit & Counter Fraud Shared Service (Chief Audit Executive)

#### **Summary**

This report presents the Audit & Counter Fraud Charter for Members' approval.

#### **1. Budget and Policy Framework**

- 1.1. The Council has delegated responsibility for the oversight and monitoring of internal audit and counter fraud to the Audit Committee.

#### **2. Background**

- 2.1. The Public Sector Internal Audit Standards (Standards) state that: The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics and The Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.
- 2.2. The Audit and Counter Fraud Charter in place was approved by the Audit Committee on 21 March 2017

#### **3. Review of the Charter**

- 3.1. There have been no material changes to the content of the Charter. However, minor amendments to its references to the Head of Audit & Counter Fraud have been made more generic and specific references to the previous holder of the post have removed
- 3.2. During the 2017-18 year, a robust self-assessment has been carried out to determine the level of compliance of the team's activities with the Standards. There has also been an external quality assessment conducted by an independent assessor from Gateway Assure Ltd. While the final report for the external assessment is yet to be received, the assessor raised no concerns about the Charter or its content.

- 3.3. The Charter will be reviewed and presented to the Committee on an annual basis, to ensure it continues to reflect current arrangements and retains its status.

#### **4. Risk management**

- 4.1. The Public Sector Internal Audit Standards require that: *The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.* The Audit & Counter Fraud Strategy is intended to ensure that the service continues to develop in line with the aspirations of those charged with governance at Medway Council and Gravesham Borough Council.

#### **5. Financial implications**

- 5.1. An adequate and effective Audit and Counter Fraud function provides the council with assurance on the proper, economic, efficient and effective use of resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the financial statements of the Council.

#### **6. Legal implications**

- 6.1. The Accounts & Audit Regulations 2015 require local authorities to: *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.* The Section 151 Officer of a local authority is responsible for establishing the internal audit service. Gravesham Borough Council has delegated this responsibility to the Section 151 Officer of Medway Council to deliver internal audit services through the Shared Service to both authorities. The Public Sector Internal Audit Standards are supported by CIPFA's Local Government Application Note to the Public Sector Internal Audit Standards.

#### **7. Recommendations**

- 7.1. That Members approve the Charter presented at Appendix 1.

#### **Lead officer contact**

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#### **Appendices**

Appendix 1 – Audit & Counter Fraud Charter.

#### **Background papers**

None