



AUDIT COMMITTEE

7 JANUARY 2020

AUDIT AND COUNTER FRAUD CHARTER

Report from: Phil Watts, Chief Finance Officer

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Shared Service (Chief Audit Executive)

Summary

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

1. Budget and Policy Framework

- 1.1. Council delegates 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 (PSIAS) 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 2019.

3. Review of the Charter

- 3.1. A full review of the Charter has been undertaken and while there are no fundamental changes to the content, a minor change has been made to reflect compliance with the General Data Protection Regulations (GDPR).
- 3.2. A copy of the Charter is provided at Appendix 1 and the amendments are shown as tracked changes for ease of reference.

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 Charter 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 and 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.* These Standards are also supported by CIPFA's Local Government Application Note to the Public Sector Internal Audit Standards. The Public Sector Internal Audit Standards require internal audit to have a charter to define their purpose, authority and responsibility and is periodically reviewed and approved. 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.

7. Recommendation

- 7.1. 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