



Longford County Council

Internal Audit Charter

2023

Internal Audit Charter

1. Introduction

This Charter defines the purpose, role, duties and responsibilities of Internal Audit within Longford County Council. It establishes and underlines Internal Audit's position within the Council and provides authorisation to access all records, reports, IT systems, assets and personnel necessary for the proper discharge of the Internal Audit function.

2. Policy Statement

It is the policy of Longford County Council to maintain and support a quality Internal Audit function that operates to and conforms with the highest professional standards.

3. Definition and Role

Internal Audit is an independent appraisal function established by Management for the review of the internal controls systems as a service to the Council and Senior Management.

Internal control has been defined as the whole system of controls, financial and otherwise, established by management in order to carry on the business of the enterprise in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure, as far as possible, the completeness and accuracy of records.

Its role, as part of the overall governance and control environment, is to objectively examine, evaluate and report on the adequacy of internal controls, and to assist management in efficient, economic and effective use of resources.

It further fulfils its role by:

- Providing assurance to the Chief Executive on the existence, adequacy and effectiveness of the Council's internal control and risk management systems.
- Assisting Management by objectively examining, evaluating and reporting on the elements of the internal control systems.
- Making recommendations for improvement where necessary.

Internal Audit will act in accordance with the guidelines, standards and ethics code issued by the Department of Public Expenditure and Reform in 2012 (updated 2018) when they are adopted by the Local Government Sector and will have regard to best practice as set down by the Institute of Internal Auditors and the Auditing Practices Board. Internal Audit will liaise with the Audit Committee as set down in Section 122 of the Local Government Act 2001, as amended by Section 5 of the Local Government (Business Improvements Districts) Act 2006 and as further amended by Section 59 of the of the Local Government Act 2014.

4. Responsibilities and Duties of Internal Audit

Internal Audit performs its role by critically and objectively examining:

- The reliability and integrity of internal controls to ensure that risks are effectively managed and that the Council's assets and interests are properly accounted for and safeguarded from losses, including fraud.
- The reliability and integrity of Management Information Systems both manual and electronic.
- The degree of compliance with the Council's objectives, policies, plans and procedures.
- The degree of compliance with internal and external regulations and legislation.
- The achievement of value for money across all activities, by appraising the economic, efficient and effective use of resources.
- Assessment of relevant issues raised as a result of the external audit process.

Internal Audit will maintain ongoing liaison with the Local Government Auditor.

In addition Internal Audit may:

- Also carry out special investigations and provide a consultative role for management.
- Undertake any duties required by the National Oversight and Audit Commission (NOAC).

5. Internal Audit and the Annual Audit Plan

Internal Audit is also responsible for:

- The drafting of the Annual Audit Plan in consultation with Senior Management, the Audit Committee and the Local Government Auditor.
- Effective implementation of the Audit Plan.
- Ensuring the confidentiality and safekeeping of all records and information accessed in carrying out its work.

6. Internal Audit will conduct a Review and Appraisal of:

- The design and operation of systems and procedures
- The procedures and arrangements for the acquisition, safeguarding and disposal of assets.

Internal Audit will also identify and report deficiencies or weaknesses in all areas examined by the Internal Audit function and make appropriate recommendations for improvement to ensure compliance with the required standards.

7. Independence

In order to preserve its objectivity and independence, Internal Audit will not assume operating responsibilities for, and will remain independent of, the activities it audits. It cannot develop or implement systems or procedures, nor engage in any other activity which it would normally be expected to review or appraise.

Internal Audit may, if deemed appropriate by the Audit Committee, or if requested by management, review systems under development and advise on appropriate controls without prejudicing its right to subsequently audit such systems.

8. Authority and Scope

Internal Audit is authorised to perform a comprehensive audit in all areas of the Council. It is authorised to have full, free and unrestricted access to all the Council's records, assets and personnel. Internal Audit is entitled to request and receive all the information and explanations they require for the purpose of their audit.

9. Reporting Arrangements

9.1 To Management:

Internal Audit shall report directly to the Chief Executive, while reporting to the Head of Finance for administrative purposes. Audit reports will also issue to appropriate line managers.

9.2 To the Audit Committee

Internal Audit will support the effective operation of the Audit Committee. Internal Audit will attend quarterly meetings of the Audit Committee and any other meetings as required and will furnish any reports required by that Committee not less than 7 days before the next scheduled meeting of the Committee.

10. Audit Approach and Methodology

Audit Planning:

Annual audit plans are developed using a risk assessment process. Audit plans should be agreed with the Chief Executive and the Audit Committee prior to adoption.

Implementation and reporting:

During the course of an individual audit assignment, management and staff will be required to co-operate fully and in a timely manner with the requirements of the Internal Auditor. Internal Audit will normally notify Heads of Sections at least one week prior to commencement of an audit. However, spot checks, when required, will be conducted without notification to the relevant section. Internal audits are generally systems-based and involve the examination of files and relevant documentation, interviews with key staff, testing of controls and the use of questionnaires.

Audit Report

A draft report arising from an audit will be discussed with line management to confirm its factual accuracy and to agree, where possible, the conclusions and recommendations for improvements. On completion the audit report is issued to the Chief Executive, the Management Team and the appropriate line managers. The final report incorporating management's response will then be signed off by the Chief Executive, the relevant Director of Services and Internal Audit. The report will subsequently issue to line management concerned, the Audit Committee and the Local Government Auditor.

11. Follow-up

Internal Audit may, request periodic updates from management on the implementation of audit recommendations, in order to evaluate progress thereon.

The Chief Executive, Directors of Services and Head of Finance will be informed of any instances where audit recommendations have not been implemented as agreed, or where corrective action taken by management as a result of the audit findings or recommendations is considered inappropriate or insufficient.

12. Management Responsibilities

Management has primary responsibility for the establishment and maintenance of proper and effective internal control and risk management systems. Management also bears primary responsibility for the prevention and detection of fraud.

Management is responsible for the implementation of the Internal Auditor's recommendations in an appropriate and timely manner.

Heads of Sections and other line management are expected to co-operate with Internal Audit to:

- Respond promptly to draft audit reports within an agreed timeframe.
- Take responsibility for deciding the appropriate action to be taken in response to reported audit findings (in the absence of specific recommendations by Internal Audit).
- Take responsibility for addressing audit concerns and for the timely implementation of accepted audit recommendations.
- Inform Internal Audit of any concerns and seek their advice.

13. Approval

This Audit Charter was approved on the 7 February 2020.

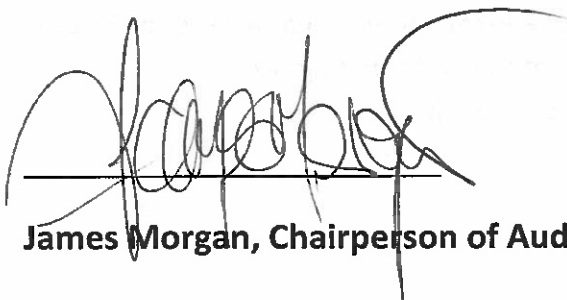
This Audit Charter was reviewed on the 16 July 2021.

This Audit Charter was reviewed on the 25 February 2022.

This Audit Charter was reviewed on the 24 February 2023.



Paddy Mahon, Chief Executive



James Morgan, Chairperson of Audit Committee



Fiona Baskett, Internal Auditor