



**COTSWOLD**  
DISTRICT COUNCIL



**"Working in partnership for a sustainable and resilient quality service"**

**AuditCotswolds**



## **Audit Partnership Charter**

October 2011

## Mission and Objectives

The mission of the Cheltenham, Cotswold & West Oxfordshire Audit Partnership, named AUDITCOTSWOLDS is to provide independent, objective assurance and consulting services designed to add value and improve the partner Council's operations. It helps each Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management control, and governance processes.

AUDITCOTSWOLDS works in partnership with all of its customers to provide a service the scope of which is to determine whether each Council's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programmes, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in each Council's control process.
- Significant legislative or regulatory issues impacting each Council are recognised and addressed appropriately.
- Appropriate counter fraud arrangements operate.
- Opportunities for improving management control, profitability, and each Council's image may be identified during audits. They will be communicated to the appropriate level of management.

## Accountability

The Head of the Audit Partnership in the discharge of his duties, shall be accountable to the Partnership Board and the members of each Audit Committee to:

- Provide annually an assessment on the adequacy and effectiveness of each organisation's processes for controlling its activities and managing its risks in the areas set forth under the mission and objectives section of this Charter.
- Report significant issues related to the processes for controlling the activities of each organisation and its affiliates, including potential improvements to those processes, and provide information concerning such issues through to resolution.
- Periodically provide information on the status and results of the annual audit plan and the sufficiency of the Partnership's resources.
- To support and review each Council's overall control environment which links to the annual statement on internal control (for example; risk management arrangements, policy and procedure compliance, security, ethics, environmental and external audit).
- To deliver the Audit Partnership in line with the principles as set out in the Section 101/s19 Agreement.

The Partnership Board, formed by Statutory Officers or Corporate Level Management Team representatives from each partner authority, has the key purpose to ensure the Audit Partnership meets with statutory requirements. These statutory requirements are listed below:

- Internal Audit is a statutory function in the context of the Accounts and Audit (Amendment) (England) Regulations 2006 which state “*a relevant body shall maintain an adequate and effective system of internal audit of its accounting records and its system of internal control in accordance with the proper practices in relation to internal control*”.
- Section 151 of the Local Government Act 1972 requires every local authority to designate an officer to be responsible for the proper administration of its financial affairs. One of the ways in which this duty is discharged is by maintaining an adequate and effective Internal Audit function.

## Independence

To provide for the independence of the Internal Audit Service, the Head of the Audit Partnership reports to the Partnership Board and to each Audit Committee in a manner outlined in the above section on accountability.

## Responsibility

The Head of the Audit Partnership has responsibility to:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Partnership Board and the relevant Audit Committee for review and approval as well as periodic updates.
- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by management.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Issue periodic reports to the Partnership Board, and the Audit Committees summarising results of audit activities.
- Keep the Partnership Board informed of emerging trends and successful practices in internal auditing.
- Provide performance indicators, measurement goals and results to the Partnership Board and each Audit Committee.
- Assist in the investigation of significant suspected fraudulent activities as requested by the Partnership Board members and notify the appropriate Service Manager, Assistant Director, Director, Section 151 Officer and the Chief Executive of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the partner organisations at a reasonable overall cost.

## Customer Care

The Head of the Audit Partnership and the staff of AUDITCOTSWOLDS will ensure that customer care is at the centre of its activities and shall:

- Operate a process by which the quality of service received by the customer can be assessed by the customer and the customer can influence improvements in the service they can expect to receive.
- Consultation with all customer groups will ensure that the local standards adopted by AUDITCOTSWOLDS are determined by the customers.
- Standards will be continually reviewed in accordance with customer feedback.
- Compliance with standards will be monitored by the Partnership Board and will be periodically reported to customers.
- Apply the principal of Best Value to the management and performance of the service.

## Authority

The Head of the Audit Partnership and staff of AUDITCOTSWOLDS are authorised to:

- Have unrestricted access to all functions, records, property, and personnel.
- Have full and free access to the Chief Executive and the members of each Audit Committee.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in Divisions of each Council where they perform audits, as well as other specialised services from within or outside the Council.

The Head of the Audit Partnership is authorised to;

- Report to the relevant Chief Executive or other statutory officers and the Chair of the relevant Audit Committee without reference to his/her line manager should that be deemed appropriate.
- Report to the Partnership Board members individually for all audit matters relating to that partner authority.

The Head of the Audit Partnership and staff of the partnership are not authorised to:

- Perform any operational duties for the Council or its affiliates without the approval of the Partnership Board.
- Initiate or approve accounting transactions external to AUDITCOTSWOLDS.
- Direct the activities of any Council employee, except to the extent such employees have been appropriately assigned to AUDITCOTSWOLDS.

## Standards of Audit Practice

AUDITCOTSWOLDS will meet the Standards for the Professional Practice of Internal Auditing of The Chartered Institute of Internal Auditors (UK & Ireland), and of the Chartered Institute of Public Finance and Accountancy Code of Practice for Internal Auditors in Local Government 2006.

## Partnership Board

**Mark Sheldon – Cheltenham BC**

Chief Finance Officer

**Supported by**

**Robert Milford**

Head of Audit Partnership

**Jenny Poole – Cotswold DC**

Head of Financial and Audit Services

**Paul Stuart – West Oxfordshire DC**

Head of Corporate Resources

## Glossary

**Audit Committee**

A formally constituted group of members of the organisation responsible for:

- providing independent assurance on the adequacy of the risk management framework and the associated control environment
- independent scrutiny of the organisation's financial and non-financial performance to the extent that it affects the organisation's exposure to risks and weakens the control environment
- overseeing the financial reporting process

**Section 101/s19 Agreement**

This is the document that formally delegates the internal audit function from Cheltenham Borough Council and West Oxfordshire District Council to Cotswold District Council,

**Partnership Board**

This is the senior management group established to monitor the delivery of the key aims as set out in the Section 101/s19 Agreement.