



Cork City Council Internal Audit Charter

CORK CITY COUNCIL POLICY

Cork City Council is committed to promoting the highest standards of corporate governance throughout the organisation. This objective is incorporated into the Council's Corporate Plan. Internal Audit is an important element in facilitating the achievement of this goal. It is the policy of Cork City Council to maintain and support a quality internal audit function that operates to professional standards.

The Charter is a formal written document that defines the purpose, role and responsibility of Internal Audit within Cork City Council. It establishes Internal Audit's position within the organisation in addition to authorising access to records, personnel, systems and assets for the purpose of audit work.

DEFINITION, ROLE AND RESPONSIBILITY

Management has primary responsibility for establishing and maintaining a proper and effective control environment and for managing risk. Management also bears primary responsibility for the prevention and detection of fraud.

Internal Audit is an independent, objective, assurance and consulting activity designed to add value and improve the Council's operations. Working in partnership with management, it can bring a systematic, disciplined approach to evaluate and improve the effectiveness of internal control, risk management and governance processes within the organisation. While not absolving management of their control responsibilities, Internal Audit can provide management with assurance in relation to internal control arrangements within their areas.

The Internal Audit unit will subscribe to the Internal Audit Standards as issued by the Department of Public Expenditure and Reform in November 2012. These set out a Code of Ethics designed to ensure that the unit performs to the highest principles and conduct. They also incorporate the "*International Standards for the Professional Practice of Internal Auditing*" as issued by the global professional body, the Institute of Internal Auditors.

AUTHORITY AND SCOPE

All of the City Council's activities fall within the remit of Internal Audit. In the implementation of the audit programme, the unit's staff are authorised to have full, free and unrestricted access to all the Council's records, assets and personnel. In addition, Internal Audit staff are entitled to request and receive all the information and explanations they require for the proper performance of their duties.

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation as to the adequacy and effectiveness of the Council's governance, risk management and internal control processes.

Internal control objectives considered by Internal Audit include:

- Consistency of operations, programmes or systems with effective performance and established corporate objectives or goals;
- Compliance with significant laws, regulations, policies, procedures and plans;
- The adequacy, reliability, integrity and effective use of management and financial information in corporate reporting and decision-making;
- The procedures and arrangements for the acquisition, safeguarding and disposal of assets;
- The arrangements for economic, efficient and effective use of resources.



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In discharging this responsibility, Internal Audit will also identify and report on any significant risk exposures or control deficiencies and make appropriate recommendations for improvement.

Internal Audit may perform consulting and advisory services related to the governance, risk management and control as appropriate for the Council. It may, if deemed appropriate by the Head of Internal Audit and/or 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.

Internal Audit will maintain ongoing liaison with the local government auditor responsible for the Council's external audit.

AUDIT APPROACH AND METHODOLOGY

Strategic Audit Planning

Internal Audit will prepare a Strategic Audit Plan to offer direction over a three to five year period. The principal objective of the Audit Strategy is to provide assurance to the Council's Management and Audit Committee that all auditable areas have been identified and prioritised using a risk assessment process. This will ensure that Internal Audit resources are effectively optimised and deployed to address those areas of highest significance.

The strategic audit plan will be agreed with the both the Audit Committee and the City Manager.

Annual Programme of Work

Issues from the Strategic Audit Plan will be incorporated into Internal Audit's annual programme of work following consultations with Directors of Service and Heads of Function. The annual plan is agreed with the City Manager and the Audit Committee prior to adoption.

Implementation and reporting

Internal Audit will normally notify Directors of Service/ Heads of Function when an area is approved for inclusion in the Audit Work Programme and at least one month prior to the commencement of an audit. Line management is expected to co-operate fully and in a timely manner with Internal Audit staff in the course of individual audit assignments. Internal Audit may periodically issue guidance as to how directors, heads of function and their staff can assist the productive progress of audit assignments.

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, final audit reports, incorporating management comments, are issued to the City Manager and will be copied to Directors of Service/ Heads of Function and appropriate line managers. These reports will also be provided to the Audit Committee and the Local Government Auditor.

Follow-up

Line management is expected to take prompt action to implement accepted recommendations and it is an ongoing responsibility of the various directorates and departments to monitor the extent of progress. Directors / Heads of Function are expected to periodically provide assurance to Internal Audit and the Audit Committee that audit recommendations have been considered and implemented as appropriate.



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The Head of Internal Audit may, as part of the audit work programme, request periodic updates from management on the implementation of audit recommendations, in order to evaluate progress thereon.

Data Protection

Cork City Council, as a body corporate, is the “data controller” as defined in the Data Protection Acts. In the course of its work, Internal Audit has the authority to access personal data collected, processed and retained by other sections of the authority. Internal Audit will adhere to the principles that apply to the management of personal data held by data controllers. In particular, personal details will not be disclosed in issued audit reports. Furthermore, such data obtained as part of an audit will not be further processed or used for a purpose other than the audit function.

REPORTING ARRANGEMENTS

The Internal Audit function (through the Head of Internal Audit) reports directly to the City Manager and quarterly, or otherwise as requested, to the Audit Committee. The Head of Internal Audit will have direct access to the City Manager.


Internal Audit will be assigned to an operational directorate or department and will report for administrative purposes to the relevant director or head of function. This reporting relationship will not interfere with the independence and authority of Internal Audit in regard to its audit work.

Final audit reports, incorporating management comments, are issued to the City Manager and will be copied to Directors of Service / Heads of Function and appropriate line managers. These final reports will also be provided to the Audit Committee and the Local Government Auditor.

Internal Audit will prepare an annual report on its activities for consideration by the City Manager and the Audit Committee.

APPROVAL

This Audit Charter was approved on the 10th September 2013.



Declán Roche, Head of Internal Audit



Aidan Horan, Chair of Audit Committee



Tim Lucey, City Manager

