

Annex B

HOUSE OF COMMONS**INTERNAL AUDIT CHARTER**

This Charter sets out the purpose, authority and responsibilities of the Internal Audit Service in the House of Commons

PURPOSE : To provide a professional and independent internal audit service that accords with best practice and adds value to the House service.

OBJECTIVES : To provide the Accounting Officer, in an economical, efficient and timely manner, with an independent and objective evaluation of, and opinion on, the overall adequacy and effectiveness of the House's arrangements for governance, risk management and control.

To operate to a professional standard consistent with the *Definition of Internal Auditing*, the *Code of Ethics*, and the *Standards* as adopted by the House in line with UK Government Internal Audit Standards

To provide advice, in the areas of governance, risk management and control, where it is appropriate to do so

ROLE AND SCOPE OF WORK : The role of the internal audit service is to evaluate the adequacy and effectiveness of the systems of governance, risk management and internal control operated within the House, on a risk-based basis, and thereby review, report and provide the appropriate assurance based on these reviews.

The scope of internal audit activity will be set out in an Annual Internal Audit Programme that is approved by the Accounting Officer, Management Board and Audit Committees, and will consider for inclusion all systems and activities across the House, based upon risk, taking into account areas of joint working with the House of Lords and opportunities for working in liaison with the National Audit Office

The scope of individual internal audit assignments will be set out in Terms of Reference that will be agreed with one or more Audit Sponsors before the commencement of audit fieldwork, without interference by management in the independent judgement of internal audit.

INDEPENDENCE : The Internal Audit Service is independent of the activities that it audits, so that it may provide objective and unbiased opinions and assurances. It will be free from interference in determining the scope, performance and communication of its work

The Director of Internal Audit has an independent reporting line, and right of access, to the Chair of the Audit Committees and the external members.

Position within the House : Internal Audit operates within the Office of the Chief Executive, and the Accounting Officer is the counter-signing officer for the Director of Internal Audit

AUTHORITY : The Internal Audit Service has the right of access to whatever information or explanations that they consider necessary and reasonable for the completion of their work

Records, personnel and physical properties : Internal Audit has the right of access to all records, board members, employees, contractors, operations and physical properties of the House, subject to the need to maintain the security of the House and its systems and in accordance with the principles of the Data Protection Act.

REPORTING : The Director of Internal Audit will ensure that an appropriate system of reporting of the work, findings and compliance with standards of the Internal Audit Service is established.

To Management : At the end of each audit assignment the draft findings and recommendations from the audit review will be shared with the relevant line managers, as co-ordinated by the Audit Sponsor. Final audit reports will be addressed to the Audit Sponsor and copied to the Secretary to the Audit Committees, who will arrange for transmission to the external members, and will also be copied to relevant line managers and groups/committees.

On a monthly basis the Director of Internal Audit will circulate a monthly update of progress against the internal audit plan, and any developments within internal audit, to all managers who have expressed an interest or are involved in a relevant audit

To the Accounting Officer : The Director of Internal Audit will agree a schedule of reporting to the Accounting Officer during the year and, after the year-end, will provide an annual report and opinion to support the Accounting Officer in his Statement on Internal Control.

To the Audit Committees : At each Audit Committee the Director of Internal Audit will provide a report summarising internal audit activity and findings during the period under review. All finalised reports will be copied to the external members of the Audit Committee and, at their recommendation, the full reports may be copied to all members of the Audit Committees

To the House of Lords and National Audit Office : Final reports, that are relevant to either or both parties, will be copied to the Head of Internal Audit in the House of Lords and/or the Director in the National Audit Office

RESPONSIBILITIES : The Director of Internal Audit is responsible for determining the programme of work of the internal audit service, and for the delivery of that programme.

Appointment of Director of Internal Audit : The Director of Internal Audit will be appointed by the Accounting Officer, with the agreement of the Chair of the Audit Committee.

Appointment of Internal Audit staff : Internal audit staff will be appointed by the Director of Internal Audit following the usual procedures of the House

Appointment of audit partner : The audit partner will be appointed by the Audit Committee on the recommendation of a panel that includes, as a minimum, an external member of the Audit Committees and the Director of Internal Audit. The contract with the audit partner will be managed by the Director of Internal Audit.

Professionalism, skills and experience required : All members of the internal audit team will have the required levels of professionalism, skill and experience, with members of the in-house team having them set out in their Job Description. The Director of Internal Audit will be professionally qualified (CCAB or IIA) and all internal audit staff will come under the Head of the Finance Profession in the House, for the purposes of professional development.

Quality Assurance : The Director of Internal Audit will be responsible for putting in place a system for quality assurance and for reporting upon the results of this to the Accounting Officer and Audit Committees, at least annually, including a periodic independent external review of the internal audit service.

Approved by the Accounting Officer and Management Board on xx April 2009
Approved by the Audit Committee on xx April 2009