

## **BUSINESS ASSURANCE CHARTER**

(Updated in August 2019)

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### **Context**

The Palmerston North City Council's Business Assurance is a Division under the Strategy and Planning Unit. It aims to support the organisation to achieve its goals and objectives.

### **Purpose**

This Charter sets out the objective, authority, scope and responsibility of Business Assurance at the Palmerston North City Council.

### **Objective**

Business Assurance aims to support the organisation to achieve its goals and objectives and meets its accountabilities by providing independent and objective assurance (such as financial, operational and compliance engagements) and advisory services (such as advice on the internal controls on the system designs). This is done by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

### **Access Authorisation**

Business Assurance is granted full and complete access to records (manual or electronic), physical property and personnel related to a review. Documents and information given to Business Assurance will be handled with the same standard of confidentiality and prudence as that exercised by normally accountable employees.

Business Assurance may obtain and oversee the specialised assistance internally and/or externally to complete the engagement.

### **Independence**

To preserve its independence, Business Assurance will neither have management and direct responsibility over the activities it reviews nor engage in any activity that may impair its judgement.

The Business Assurance Manager has direct access to the Chief Executive and maintains line management relationship with the Line Manager on a day-to-day basis. The Business Assurance Manager also has direct access to the Chairperson of the Audit & Risk Committee and vice versa for any matters that they deem are the responsibility of, and relevant to, the elected Council.

The Audit and Risk Committee shall approve the Business Assurance Charter and the Business Assurance Plan.

## **Business Assurance Scope and Responsibility**

Business Assurance examines and evaluates the adequacy, efficiency and effectiveness of the Council's management control structure, including review of the:

- Reliability, timeliness and integrity of financial and operating information, and the processes used to identify, measure and report such information;
- Systems established to ensure compliance with policies, plans, procedures, laws and regulations;
- Means of safeguarding assets and verifying the existence of these assets;
- Effectiveness and efficiency with which operational, financial and administrative procedures are performed;
- Operational results and whether these are consistent with established objectives and standards; and
- Quality of internal systems, policies and procedures.

Business Assurance will undertake the following in fulfilling its responsibilities:

- Adopt a risk-based audit approach.
- Be proactive and forward thinking in approach.
- Design and execute assurance plans that reflect both risk and cost effectiveness.
- Provide reports to management that identify control issues and collaborate with the business units to make practical, cost effective recommendations for improvement.
- Follow up on audit issues to assure that identified problems have been resolved.

## **Reporting**

Business Assurance will issue a written report on completion of each audit review. The report will outline audit findings, recommendations, implementation plans and will include an opinion on management controls.

A copy of the final report, but with differing degrees of detail will be provided to the Project Sponsor, the Executive Leadership Team and the Audit and Risk Committee.

The Business Assurance Manager will submit a six-monthly summary report to the Executive Leadership Team and the Audit and Risk Committee outlining activities, outcomes and findings of the Business Assurance function.

The Business Assurance Manager will submit an annual report to the Executive Leadership Team and the Audit & Risk Committee outlining the activities, outcomes and findings of the Business Assurance function in order to provide assurance of the adequacy of internal controls.

## Follow Up

Business Assurance will routinely follow up on agreed corrective actions based on recommendations made during the preceding year. The Business Assurance Manager will submit a quarterly report to the Executive Leadership Team and Audit and Risk Committee outlining any recommendations made that have not been satisfactorily resolved.

## Relationship with The External Auditor

The Council is subject to an independent external audit, which aims to provide an opinion on the fairness of information included in the Council's financial statements. The objectives of Business Assurance are different and focus on the effectiveness of systems and the accuracy of management information rather than offering an opinion on the statutory financial statements. However, there is some overlap of work and therefore Business Assurance will coordinate its activities with External Audit to ensure that optimum audit coverage and effectiveness is obtained at an optimal cost.

Business Assurance will also make its staff, and any relevant workpapers or reports, available to the External Auditor on request.

## Quality Assurance and Professional Standards

Business Assurance will comply with the Standards for the Professional Practice of Internal Auditing set out by the Institute of Internal Auditors.

Business Assurance will establish and maintain a quality assurance programme to evaluate the operations of Business Assurance. The purpose of this programme is to provide reasonable assurance that audit work conforms to the Standards for the Professional Practice of Internal Auditing. The quality assurance programme will include training, supervision and internal and external reviews.

### Signed for and on behalf of Palmerston North City Council by:

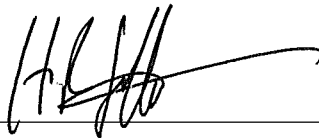
Chairman Audit & Risk  
Committee (Vaughan  
Dennison)



Date

7/10/19.

Chief Executive (Heather  
Shotter)



Date

7/10/19.

Business Assurance Manager  
(Masooma Akhter)



Date

7-10-19