

Report of: Corporate Director - Resources

Meeting of:	Date	Agenda item	Ward(s)
Audit Committee	5th October 2021		All

SUBJECT: Internal Audit Charter**1 Synopsis**

- 1.1 In accordance with the Institute of Internal Auditors (IIA) *International Professional Practices Framework (IPPF)* and the *Public Sector Internal Audit Standards (PSIAS)*, the purpose, authority and responsibility of the internal audit activity must be formally defined within an Internal Audit Charter. Furthermore, the Charter should be consistent with the mandatory elements of the IPPF, including the: *Core Principles for the Professional Practice of Internal Auditing; Code of Ethics; and Definition of Internal Auditing.*
- 1.2 An Internal Audit Charter is a key document that establishes the purpose and role of Internal Audit within the Council, and underpins the delivery of the annual audit plans, as approved by the Committee. The Charter authorises Internal Audit to have full, free and unrestricted access to all functions, records, property and personnel pertinent to carrying out any audit engagement; and also defines the scope of Internal Audit activities.
- 1.3 The Charter should be considered in the context of the wider legal and policy framework which sets requirements and standards for internal audit, including the Accounts and Audit Regulations, the PSIAS, and the Council's constitution, regulations and governance arrangements.

2 Recommendations

2.1 To approve the Internal Audit Charter.

3 Background

- 3.1 Islington and Camden operate a Shared Internal Audit Service and currently have a Charter in place that was previously approved by both Council's Audit Committee and is compliant with the PSIAS.
- 3.2 As part of a planned periodic review of the Charter, and in accordance with best practice, the Charter has been reviewed and modified to reflect the guidance and model template issued by the Institute of Internal Auditors (IIA). The contents of the revised Charter, seen at Appendix 1, remains largely consistent with the previous version. However the Charter has been re-structured to follow the 10 key headings as suggested by the IIA. Key modifications have been made in the following areas:
- Separating and setting out the purpose and mission of the Shared Service (sections 3.2 and 3.3);
 - Further defining and referencing some of the mechanisms that are in place to maintain the independence and objectivity of the service (section 6.5);
 - Summarising the scope of internal audit activities and providing examples of how these may be carried out (see section 7.3);
 - Outlining Internal Audit's relationship with the Risk Management and Anti-Fraud and Investigations functions and third-party organisations (sections 7.8 to 7.15).
- 3.3 As part of the exercise to review and update the Charter, our Charter was also benchmarked against other Local Authorities' Internal Audit Charters.

4. Implications

4.1 Financial implications

The programme of work will be met from within the existing Internal Audit budget. The financial implications of individual audit reviews will be met by local budgets.

4.2 Legal Implications

There are no legal implications arising from this report.

4.3 Environmental implications

There are no environmental implications arising from the recommendations in this report.

4.4 Resident Impact Assessment

The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment has not been completed because the decision currently being sought does not have direct impacts on residents.

5 Reasons for recommendations

- 5.1 The Head of Internal Audit is required to seek approval from the Committee for amendments made to the Charter. The Committee is therefore asked to approve the updated Charter.

Appendices:

Appendix 1 Internal Audit Charter

Final report clearance:



Signed by: David Hodgkinson – Corporate Director of Resources

Date: 21 September 2021

Report Author: Nasreen Khan, Head of Internal Audit, Investigations and Risk Management

Tel: 020 7974 2211

Email: Nasreen.Khan@islington.gov.uk

Financial Implications Author: Paul Clarke, Director of Finance

Tel: 020 7527 5636

Email: Paul.Clarke@islington.gov.uk

Legal Implications Author: Rob Willis, Chief Corporate and Commercial Litigation Lawyer

Tel: 020 7527 3302

Email: Robert.Willis@islington.gov.uk

REPORT ENDS