



City of Westminster

# Audit and Performance Committee Report

<b>Meeting:</b>	Audit and Performance Committee
<b>Date:</b>	18 September 2018
<b>Classification:</b>	For General Release
<b>Title:</b>	Internal Audit Charter & Strategy 2018/19
<b>Wards Affected:</b>	All
<b>Financial Summary:</b>	The Council's budget
<b>Report of:</b>	David Hughes, Shared Services Director of Audit, Fraud, Risk and Insurance
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## 1. Executive Summary

- 1.1 In accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS), the Council has an Internal Audit Charter which is maintained by the Shared Services Director for Audit. The Charter is reviewed annually and has recently been updated to reflect changes following the appointment of a new Shared Services Director of Audit, Fraud, Risk and Insurance during 2017.

## 2. Recommendation

The contents of the Internal Audit Charter and Strategy are reviewed and noted by the Committee.

## 3. Background, including Policy Context

- 3.1 The Public Sector Internal Audit Standards (PSIAS) came into effect from 1 April 2013. The PSIAS are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF). The Local Government Application Note has been developed by CIPFA primarily as sector-specific guidance to local government organisations that previously fell within the remit of the CIPFA Code of Practice for Internal Audit in Local Government in the UK and it provides further explanation to the PSIAS and practical guidance on how to apply the Standards.

- 3.2 The objectives of the PSIAS are to:
- Define the nature of internal auditing in the UK public sector;
  - Set basic principles for providing internal audit services that add value to the organisation, leading to improved organisational processes and operations;
  - Establish the basis for the evaluation of internal audit performance and to promote continuous improvement.
- 3.3 The Standard incorporates a code of ethics governing the integrity and conduct of internal auditors and the requirement for objectivity, confidentiality and competency, including regard to the seven principles of public life.
- 3.4 There are also detailed performance standards on the actual conduct of internal audit work including audit planning, performance of individual audits, progress monitoring and the communication of results.
- 3.5 Included within the Standard is a requirement for regular review and assessment of Internal Audit's conformance with the Standard. This will be done as part of the Annual Report of the Shared Services Director for Audit, which will be reported to the Audit & Performance Committee. The Annual Report to the Audit & Performance Committee for 2017/18 (reported in July 2018) included the following statement:
- "The internal audit service has been provided in accordance with the UK Public Sector Internal Audit Standards (PSIAS). Under these Standards, internal audit services are required to have an external quality assessment at least once every five years. During 2017/18 the Internal Audit Service undertook a self-assessment to verify PSIAS compliance which has identified general compliance with the Standards and has identified minor improvements which will be addressed during 2018/19."*
- 3.6 To demonstrate compliance with these standards, an Internal Audit Charter was approved by the Process and Audit Group in September 2013. The Charter is subject to annual review and revision with minor changes approved by the Shared Services Director of Internal Audit, Fraud, Risk & Insurance.
- 3.7 Appendix 1 to the Charter contains the Internal Audit Strategy. The Strategy sets out how the Council's Internal Audit service will be developed and delivered in accordance with the Internal Audit Charter.

**If you have any queries about this Report please contact:**

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## **BACKGROUND PAPERS**

**CIPFA Local Government Application Note**

**Public Sector Internal Audit Standards**