

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	23 September 2020
Classification:	General Release
Title:	Internal Audit Charter and Strategy 2020/21
Wards Affected:	All
Key Decision:	No
Financial Summary:	There are no financial implications arising from this report
Report of:	Director for Audit, Fraud, Risk Management & Insurance
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1. Executive Summary

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, Fraud, Risk Management & Insurance and reviewed annually.

2. Recommendation

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

3. Reasons for Decision

The Internal Audit Charter is subject to annual review and revision in accordance with Public Sector Internal Audit Standards (PSIAS). The Internal Audit Strategy sets out how the Council's Internal Audit service will be developed and delivered in accordance with the Internal Audit Charter.

The Audit & Performance Committee consider the Council's compliance with its own and other published standards and controls as part of their Terms of Reference.

4. Background, including Policy Context

- 4.1 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.
- 4.2 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.
- 4.3 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.
- 4.4 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.
- 4.5 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, Fraud, Risk and Insurance which will be reported to the Audit and Performance Committee. The Annual Report to the Audit and Performance Committee for 2019/20 (reported in July 2020) included the following statement:
- “The internal audit service has been provided in accordance with the UK Public Sector Internal Audit Standards (PSIAS). During 2019/20 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 2020/21.”*
- 4.6 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 for Audit, Fraud, Risk and Insurance.
- 4.7 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 and identifies key impacts on the service where these are known.

5. Financial Implications

There are no financial implications from this report.

6. Legal Implications

There are no legal implications from this report.

7. Staffing Implications

There are no legal implications from this report.

8. Consultation

The Internal Audit Charter and Strategy are prepared in consultation with the Council's Executive Director of Finance & Resources and support the Executive Director's responsibility under S151 of the Local Government Act 1972 relating to the proper administration of the Council's financial affairs.

If you have any queries about this Report or wish to inspect any of the Background Papers - please contact:

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BACKGROUND PAPERS:

CIPFA Local Government Application Note

Public Sector Internal Audit Standards

CIPFA Statement on the Role of the Head of Internal Audit in Public Sector Organisations.