



City of Westminster

# Audit and Performance Committee Report

<b>Date:</b>	1 December 2021
<b>Classification:</b>	General Release
<b>Title:</b>	Internal Audit Charter and Strategy
<b>Wards Affected:</b>	All
<b>City for All Summary</b>	Internal audit provides assurance to the Council that it has robust systems and controls in place to meet its priorities.
<b>Financial Summary:</b>	There are no financial implications arising from this report
<b>Report of:</b>	Gerald Almeroth, Executive Director of Finance and Resources
<b>Report author:</b>	Moira Mackie, Head of Internal Audit Contact Details: <a href="mailto:Moira.Mackie@rbkc.gov.uk">Moira.Mackie@rbkc.gov.uk</a> . Tel: 07800 513 192

## 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, Fraud, Risk and Insurance. The Charter is reviewed annually to ensure that it reflects the Standards.

## 2. Recommendation

The Internal Audit Charter and Strategy are approved by the Committee.

## 3. Reasons for Decision

The Internal Audit Charter is subject to annual review and, in accordance with the Public Sector Internal Audit Standards, it should be periodically approved by the Audit and Performance Committee. The Internal Audit Strategy is included as an Appendix

to the Charter and sets out how the Council's Internal Audit service will be developed and delivered in accordance with the Charter.

The Audit and 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 Standards 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 the Chartered Institute of Public Finance and Accountancy (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 is done as part of the Annual Report of the Shared Services Director for Audit, Fraud, Risk and Insurance which is reported to the Audit and Performance Committee. The Annual Report to the Audit and Performance Committee for 2020/21 (reported in July 2021) included the following statement:

*"The internal audit service has been provided in accordance with the UK Public Sector Internal Audit Standards (PSIAS). During 2020/21 the Internal Audit Service undertook a self-assessment to verify PSIAS compliance which has identified general compliance with the Standards. Some improvements in reporting and planning have been identified which are being implemented in 2021/22."*

4.6 The London Audit Group (LAG) has organised a system of independent externally validated self-assessments across the London Boroughs. It has been agreed that self-assessments against the Standards, and where appropriate the CIPFA Local Government Application Note (LGAN) will be completed and that these will be externally validated by suitably qualified individuals or teams from other members of LAG. An externally validated assessment of the Internal Audit Service is due to be

undertaken in January/February 2022. The outcome of this assessment will be reported to the Committee in June/July 2022.

**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 staffing implications from this report.

**8. Consultation**

The Internal Audit Charter and Strategy are prepared in consultation with the Council's Executive Director of Finance and 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:**

Moira Mackie on 07800 513 192 Email: [Moira.Mackie@rbkc.gov.uk](mailto:Moira.Mackie@rbkc.gov.uk)

or

David Hughes on 07817 507 695 Email: [David.Hughes@rbkc.gov.uk](mailto:David.Hughes@rbkc.gov.uk)

**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**