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# **HARINGEY COUNCIL**

## **AUDIT CHARTER 2023**

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<b>Policy History</b>					
<b>Version</b>	<b>Summary of Change</b>	<b>Contact</b>	<b>Implementation Date</b>	<b>Review Date</b>	<b>EqIA Date</b>
1.2	Inclusion of IPPF mission and core principles	Head of Audit & Risk Management	December 2017	January 2019	March 2015
1.3	Update for new designation of the Corporate Board, added paras 6.7 and 6.8 and added formal sign off.	Head of Audit & Risk Management	December 2017	January 2019	March 2015
1.4	Updated para 9.3 for Deputy to also hold IIA / CCAB qualification.	Head of Audit & Risk Management	March 2021	March 2021	March 2015
1.5	Updated document to incorporate best practice.	Head of Audit & Risk Management	March 2022	Feb 2022	March 2015
1.6	Reviewed and no change	Head of Audit & Risk Management	March 2023	Feb 2023	March 2015

<b>Links and Dependencies</b>
Employee Code of Conduct Disciplinary Procedures Council Constitution Whistleblowing Policy Anti-money Laundering Policy Anti-bribery Policy

<b>Related Forms</b>
Declaration of Interests Form

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Declaration of Receipt of Gift or Hospitality
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## 1. Public Sector Internal Audit Standards

- 1.1 The UK Public Sector Internal Audit Standards (PSIAS), which came into effect from 1 April 2013, and were revised in April 2017, provide a consolidated approach across the whole of the public sector providing continuity, sound corporate governance and transparency.
- 1.2 The PSIAS are mandatory and the Head of Audit and Risk Management will report on compliance with the Standards as part of the Annual Internal Audit Report. An independent external quality assessment (EQA) review of Haringey Council's compliance with the Standards will be undertaken at least every five years, as required by the PSIAS, and will be supplemented by an annual self-assessment to ensure the Council's ongoing compliance with them.
- 1.3 The PSIAS require Haringey Council to implement and maintain an 'Internal Audit Charter'. The purpose of the Internal Audit Charter is to formally define the internal audit activity's purpose, authority and responsibility. This Charter will be reviewed on a regular basis and presented to the Corporate Committee for review and approval.

## 2. Definition of Internal Audit

- 2.1 The PSIAS' mandatory definition of internal auditing has been adopted by Haringey Council and is as follows:

*'Internal auditing is an independent, objective assurance and consulting (advisory) activity designed to add value and improve an organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'*

## 3. Mission and Core Principles

- 3.1 The mandatory elements of the International Professional Practices Framework (IPPF) for Internal Audit are incorporated into the PSIAS and include an overarching 'Mission' for Internal Audit services '*...to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight*'.
- 3.2 The 'Core Principles' that underpin delivery of the IPPF mission require internal audit functions to:
  - Demonstrate integrity;
  - Be objective and free from undue influence (independent);
  - Align with the strategies, objectives and risks of the organisation;

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- Be appropriately positioned and adequately resourced;
- Demonstrate quality and continuous improvement;
- Communicate effectively;
- Provide risk-based assurance;
- Be insightful, proactive, and future-focused; and
- Promote organisational improvement.

#### 4. Authority of Internal Audit

4.1 Internal Audit has unrestricted access to all Council records and information, both manual and computerised, cash, stores and other Council property or assets it considers necessary to fulfil its responsibilities. All the Council's activities, funded from whatever source, fall within the remit of the internal audit service. Internal Audit may enter Council property and has unrestricted access to all locations and officers<sup>1</sup> where necessary, on demand, and without prior notice. This right of access is included in the Council's Constitution (Part Four, Section I, paragraph 5.45).

#### 5. Responsibility and Accountability

5.1 With Haringey Council, the Corporate Committee will fulfil the functions of '**The Board**'; and the Corporate Board will fulfil the functions of '**Senior Management**', as defined by PSIAS.

5.2 The responsibility for maintaining an adequate and effective system of internal audit within Haringey Council lies with the authority's Chief Finance Officer (S151 Officer).

5.3 The Head of Audit and Risk Management is the person designated to fulfil the role of the 'Chief Audit Executive' and is the person required to provide an annual opinion to the Council and to the Chief Finance Officer, via the Corporate Committee, on the adequacy and the effectiveness of the internal control system, governance and the risk management arrangements for the whole Council.

5.4 Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas identified by the Council as being of greatest risk and significance and rely on management to provide full access to accounting records and transactions for the purposes of internal audit work and to ensure the authenticity of these documents.

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<sup>1</sup> Officers includes all temporary and permanent employees of Haringey Council, together with any agency workers, contractors and volunteers working for the Council.

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- 5.5 The remit of Internal Audit covers the entire control environment of the Council. This includes the objective examination of evidence to create independent assessments to the Corporate Committee, the Corporate Board, management and others on the adequacy and effectiveness of governance, risk management and internal control. Internal audit assurance assessments include evaluating whether:
- The Council properly identifies and manages risks on its strategic and other objectives;
  - The actions of the Council's officers and contractors comply with the Council's policies, procedures and applicable laws, regulations and governance standards;
  - The results and output of Council work and programmes are consistent with agreed goals and objectives;
  - The Council undertakes its work and programmes effectively and efficiently;
  - The Council's systems enable compliance with the policies, procedures, laws and regulations that could cause significant impact;
  - All information and the means used to identify, measure, analyse, classify and report such information are reliable and have integrity; and
  - The Council obtains assets economically, uses them efficiently, and safeguards them adequately.
- 5.6 Internal Audit also provides an independent and objective consultancy service, which is advisory in nature, and generally performed at the specific request of management. Such consultancy or advisory work is separate from Internal Audit's assurance work but may contribute to the annual opinion that Internal Audit provides on risk management, internal control and governance.
- 5.7 Where appropriate, Internal Audit will undertake audit or consulting work for the benefit of the Council in organisations that are wholly or partly owned by the Council.
- 5.8 Internal Audit may also conduct any special reviews requested by the Council, Corporate Committee or the s151 Officer, provided such reviews do not compromise its objectivity, independence or achievement of the approved annual internal audit plan.
- 5.9 Internal Audit will consider all requests from the Council's external auditors for access to any information, files or working papers obtained or prepared during audit work that has been finalised, which external audit would need to discharge their responsibilities.



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5.10 The Head of Audit and Risk considers relying on the work of other internal or external assurance and consulting service providers when forming their annual opinion.

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## **6. Independence of Internal Audit**

- 6.1 The Head of Audit and Risk Management has free and unfettered access to:
- Chair of the Corporate Committee;
  - Chief Executive;
  - Chief Finance Officer;
  - Monitoring Officer; and
  - Any other member of the Corporate Board.
- 6.2 The Head of Audit and Risk Management reports functionally to the Board, and organisationally to the Director of Finance, who is also the Council's S151 officer. The Head of Audit and Risk Management has direct access to the Chief Executive who carries the responsibility for the proper management of the Council and for ensuring that the principles of good governance are reflected in sound management arrangements.
- 6.3 The independence of the Head of Audit and Risk Management is further safeguarded by ensuring that their annual appraisal is not inappropriately influenced by those subject to audit. This is achieved by ensuring that the Chief Executive and/or the Chair of the Corporate Committee contribute to, and/or review the appraisal of the Head of Audit and Risk Management.
- 6.4 All Council and relevant contractor staff in Audit and Risk Management are required to make an annual declaration of interest to ensure that auditors' objectivity is not impaired and that any potential conflicts of interest are appropriately managed.
- 6.5 Internal Audit may also provide consultancy services, such as providing advice on implementing new systems and controls. However, any significant consulting activity not already included in the audit plan and which might affect the level of assurance work undertaken by Internal Audit will be reported to the Corporate Committee. To maintain independence, any Internal Audit staff involved in significant consulting activity will not be involved in the audit of that area for at least 12 months after the consulting assignment has ended. When performing consulting assignments, the internal auditor will maintain objectivity and not take on any management responsibility.
- 6.6 Where it is considered necessary to the proper discharge of the internal audit function, the Head of Audit and Risk Management has direct access to elected Members of the Council and in particular those who serve on committees charged with governance (i.e. the Corporate Committee).
- 6.7 Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of

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all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

6.8 The Head of Audit and Risk Management will confirm to the board, at least annually, the organisational independence of the internal audit activity.

## 7. Non-audit Areas

7.1 The PSIAS require the Internal Audit Charter to identify any 'Non-audit' areas that fall under the management of the Internal Audit service. For Haringey these are:

- **Counter-Fraud.** Promoting fraud awareness and maintaining effective anti-fraud policies and procedures; acting as a corporate service for the investigation of irregularities and, where criminal investigation is considered, to liaise directly with the police and advise services on such matters. The Fraud Team plays a specific counter-fraud and investigation role jointly with Homes for Haringey in relation to Housing Tenancy Fraud; the investigation of serious whistleblowing concerns raised via the Council's whistleblowing policy also fall within the Team's remit.
- **Insurance and operational risk management.** Providing a full claims handling service for the Council and Homes for Haringey; procuring and management of all externally provided insurance contracts; management of the leasehold property insurance portfolio; providing claims related and financial information to managers; and training and development on insurance and operational risk management for staff.
- **Risk Management.** Providing risk management support to Haringey Council; promoting the consistent use of risk management and ownership of risk at all levels across the Council; managing and reviewing the Council's risk management framework.

7.2 In order to fulfil the requirements of the PSIAS and avoid potential conflicts of interest and loss of objectivity, the 'non-audit' functions are independently audited on a regular basis by the externally procured audit service and the Council's external auditors, with the results reported to the Corporate Committee.

## 8. Reporting

8.1 The PSIAS require the Head of Audit and Risk Management to report at the top of the organisation and this is done in the following ways:

- The Internal Audit Strategy and Charter and any amendments to them are reported to the Corporate Board and Corporate Committee for review and approval;



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- The annual Internal Audit Plan is compiled by the Head Audit and Risk Management, taking account of the Council's risk framework and after input from the Statutory Functions Board. It is then presented to the Corporate Committee for formal approval. The Head of Audit and risk Management will review and adjust the internal audit plan, as necessary, in response to changes in the Council's business, risks, programmes, systems and controls, including emerging risks, threats and other issues;
- The adequacy, or otherwise, of the level of internal audit resources (as determined by the Head of Audit and Risk Management) and the independence of internal audit is reported annually to the Corporate Committee. The approach to providing resource is set out in the Internal Audit Strategy;
- Performance against the Internal Audit Plan and any significant risk exposures and control issues arising from audit work are reported to the Corporate Board and Corporate Committee on a quarterly basis;
- Any significant consulting or advisory activity not already included in the audit plan and which might affect the level of assurance work undertaken will be reported to the Corporate Committee;
- Results from internal audit's performance management processes and performance indicators will be reported to the Corporate Committee; and
- Any instances of non-conformance with the Public Sector Internal Audit Standards must be reported to the Corporate Committee and will be included in the annual Head of Internal Audit report. If there is significant non-conformance this may be included in the Council's Annual Governance Statement.

## **9. Due Professional Care**

9.1 The Internal Audit function is bound by the following standards:

- Institute of Internal Auditor's International Code of Ethics;
- Seven Principles of Public Life (Nolan Principles);
- UK Public Sector Internal Audit Standards (PSIAS);
- CIPFA Local Government Application Note (LGAN) for internal audit functions operating in the local government sector;
- The respective ethical codes for the professional bodies that Internal Audit staff qualified under;
- All Council Policies and Procedures; and
- All relevant legislation.

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- 9.2 Internal Audit is subject to a quality assurance and improvement programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the UK PSIAS and the LGAN, ongoing performance monitoring and an external quality assessment at least once every five years by a suitably qualified, independent assessor.
- 9.3 A programme of Continuous Professional Development (CPD) is maintained for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies. The Head of Audit and Risk Management and his deputy are required to hold a relevant professional qualification (CCAB or equivalent, or CMIIA) and be suitably experienced.

## Internal Audit Activity charter

Approved on 28 March 2023.

*Minesh Jani*

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Head of Audit and Risk Management (Chief Audit Executive)

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Chief Executive (Chief Executive Officer)

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Chair of Corporate Committee (Audit Committee)