

**Report for:** Corporate Committee – 30 November 2017

**Item number:** 11

**Title:** Internal Audit Charter 2017

**Report authorised by :** Assistant Director of Corporate Governance

**Lead Officer:** Anne Woods, Head of Audit and Risk Management  
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**Ward(s) affected:** N/A

**Report for Key/  
Non Key Decision:** Non-Key decision

**1. Describe the issue under consideration**

- 1.1 The requirement to implement an Internal Audit Charter was introduced within the mandatory 2013 UK Public Sector Internal Audit Standards (PSIAS). The PSIAS have been reviewed and updated in 2017, but the requirement for a Charter remains in place.
- 1.2 The PSIAS also require an annual self-assessment to be undertaken against the individual standards; a copy of the self-assessment undertaken in 2017 is provided for information.

**2. Cabinet Member Introduction**

- 2.1 Not applicable.

**3. Recommendations**

- 3.1 The Corporate Committee reviews and approves the Internal Audit Charter 2017.
- 3.2 The Corporate Committee notes the self-assessment undertaken against the PSIAS; and the requirement for an external independent peer review in 2018/19.

**4. Reasons for decision**

- 4.1 The Internal Audit Charter sets out the purpose, authority and responsibility of the Council's Internal Audit function. The Corporate Committee is responsible for reviewing and approving the Internal Audit Charter as part of its Terms of Reference.
- 4.2 The Audit Charter forms part of the Council's overall internal audit strategy and the last revision was approved by the Corporate Committee at its meeting on 22 June 2015. The Audit Charter has been updated following the revisions to the PSIAS which came into effect from 1 April 2017.

## **5. Alternative options considered**

- 5.1 Not applicable. The requirement for an audit charter is mandatory and its content specified by the PSIAS.

## **6. Background information**

- 6.1 Local authorities are required by law to maintain an internal audit function. In addition, the Accounts and Audit Regulations 2015 reinforce the statutory requirement and re-state the need for the Council to maintain an adequate and effective system of internal audit.
- 6.2 Within Haringey, the Internal Audit function is comprised of Mazars, who undertake the majority of the internal audit work in accordance with the contract in place, including IT and procurement audit. The in-house corporate anti-fraud team is responsible for investigations into allegations of financial irregularity, pro-active and reactive corporate anti-fraud work, provision of advice on risk and controls and grant certification work.
- 6.3 One of the requirements of the PSIAS is for the Council to have an internal audit 'charter' which must formally define the purpose, authority and responsibility of the internal audit activity. The charter will also cover arrangements for avoiding conflicts of interest if internal audit carries out any 'non-audit' activities. In Haringey, this applies as the Head of Audit and Risk Management is responsible for the counter-Fraud, Insurance and Risk Management activities across the Council. These activities are subject to regular independent review by both external audit and Mazars to ensure that appropriate arrangements are in place.
- 6.4 The Audit Charter has been updated to incorporate the revisions made to the PSIAS in 2017: to incorporate the mandatory elements of the International Professional Practices Framework (IPPF) and include an overarching 'Mission' for Internal Audit services and the 'core principles' which underpin the delivery of the Mission(see Section 3 of the Charter).

## **7. Contribution to strategic outcomes**

- 7.1 The internal audit work makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all key Priority areas.

## **8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

- 8.1 Finance and Procurement  
There are no direct financial implications arising from this report. The work completed by Mazars is part of the framework contract which was awarded to the London Borough of Croydon and extended to 31 March 2018, in accordance with EU regulations. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget. The maintenance of a strong internal audit function and a proactive and reaction fraud investigation team is a key element of the Council's system of Governance.
- 8.2 Legal

The Council's Assistant Director of Corporate Governance has been consulted in the preparation of this report, and had no comments.

### 8.3 Equality

The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- advance equality of opportunity between people who share those protected characteristics and people who do not;
- foster good relations between people who share those characteristics and people who do not.

As contracted providers of Haringey Council, the internal audit contractor is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010. Ensuring that the Council has effective internal audit and assurance arrangements in place will also assist the Council to use its available resources more effectively.

## 9. Use of Appendices

Appendix A – Internal Audit Charter 2017

Appendix B – 2017 self-assessment against PSIAS requirements

## 10. Local Government (Access to Information) Act 1985

Not applicable.