

<b>Committee:</b>	<b>Date:</b> 23 May 2017
Audit and Risk Management Committee	
<b>Subject:</b> Internal Audit Charter - update 2017	
<b>Report of:</b> Head of Audit and Risk Management	<b>For decision</b>
<b>Report Author:</b> Pat Stothard, Head of Audit and Risk Management	<b>Public</b>

### **Summary**

Under the Public Sector Internal Audit Standards (PSIAS), all internal audit services operating within the public sector are required to produce an Internal Audit Charter. This Charter sets out the purpose, authority, and responsibility of the Council's Internal Audit function, in accordance with the UK Public Sector Internal Audit Standards (2016) and the CIPFA Local Government Application Note (LGAN). The Charter is reviewed annually and presented to the Audit and Risk Management Committee for approval.

The Charter has been subject to significant review following the External Quality Assessment undertaken by Mazars and has been updated to more clearly reflect the PSIAS requirements and take on issues identified in relation to best practice.

### **Recommendations**

1. Members are asked to approve the revised City of London Internal Audit Charter 2017.

### **Background**

- 1 The purpose of this report is to seek approval from members for revisions to City of London Internal Audit Charter, following amendments to the Public Sector Internal Audit Standards (PSIAS) which were effective from 1st April 2016 and apply to local and central government, the NHS and the devolved governments. The PSIAS (attribute standard 1000) require that all internal audit activities maintain an internal audit charter.

### **The Internal Audit Charter**

- 2 Under the Public Sector Internal Audit Standards (PSIAS), all internal audit services operating within the public sector are required to produce an Internal Audit Charter. The Charter should be reviewed annually and presented to the Audit and Risk Management Committee.

Following revisions to the PSIAS and the External Quality Assessment undertaken by Mazars in 2016/17, the Internal Audit Charter has been updated to include a mission statement for Internal Audit and the core principles for the professional practice of internal auditing, which is one of the key changes within the revised PSIAS.

These are to:-

- Demonstrate integrity;
- Be objective and free from undue influence (independent);
- Align with the strategies, objectives and risks of the organisation;
- 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.

- 3 In addition, the Charter has been updated to better reflect the requirements of the PSIAS, through the inclusion of sections such as Authority, Independence and Due Professional Care, and to take on issues identified in relation to best practice.

### **Conclusion**

- 4 The revised Internal Audit Charter is submitted for approval.

### **Appendices:**

#### **APPENDIX 1 – City of London Internal Audit Charter**

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