


Non-Executive Report of the: Audit Committee Thursday, 26 January 2023	 TOWER HAMLETS
Report of: Caroline Holland, Interim Corporate Director, Resources (S.151 Officer)	Classification: Open (Unrestricted)
Annual Update of the Internal Audit Charter and Anti-Bribery Policy	

Originating Officer(s)	Bharat Mehta
Wards affected	(All Wards);

Executive Summary

The Public Sector Internal Audit Standards requires the purpose, authority and responsibility of the internal audit activity to be formally defined in an internal audit charter which must be approved by the Audit Committee.

This report and appendix A provides the Audit Committee with the opportunity to review and approve the internal audit charter.

In addition, this report provides the Audit Committee the opportunity to review and approve the Anti-Bribery Policy, which is reviewed and updated annually.

Recommendations:

The Audit Committee is recommended to:

1. Review and approve the Internal Audit Charter – Appendix A
2. Review and approve the Anti-Bribery Policy – Appendix B

1. REASONS FOR THE DECISIONS

- 1.1 The Public Sector Internal Audit Standards require the purpose, authority and responsibility of the internal audit activity to be formally defined in an internal audit charter which must be approved by the Audit Committee.
- 1.2 The Audit Committee has responsibility to ensure there are sound arrangements in place for governance, risk management and internal control, this includes minimising the opportunity for fraud and corruption. The Committee should be presented annually with key policies for their review and approval which includes the anti-bribery policy.

2. ALTERNATIVE OPTIONS

2.1 None.

3. DETAILS OF THE REPORT

Internal Audit Charter

- 3.1 The Public Sector Internal Audit Standards requires the purpose, authority and responsibility of the internal audit activity to be formally defined in an internal audit charter which must be approved by the Audit Committee.
- 3.2 The charter must be consistent with the Mission of Internal Audit and the mandatory elements of the Public Sector Internal Audit Standards (including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards and the Definition of Internal Auditing). The Head of Internal Audit must periodically review the internal audit charter and present it to the Audit Committee for approval.
- 3.3 The internal audit charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the Audit Committee; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.
- 3.4 The internal audit charter must also:
- Define the terms 'board' and 'senior management' for the purposes of internal audit activity.
 - Cover the arrangements for appropriate resourcing.
 - Define the role of internal audit in any fraud-related work, and
 - Describe safeguards to limit independence or objectivity if internal audit or the Head of Internal Audit undertakes non-audit activities.
- 3.5 The charter has been reviewed and remains aligned with best practice as recommended by the Chartered Institute of Internal Auditors.

Anti-Bribery Policy

- 3.6 Since the Bribery Act 2010 was introduced the Council has maintained an anti-bribery policy and procedures. The Anti-Bribery Policy is reviewed annually to ensure it remains up to date and fit for purpose. It is then submitted to the Audit Committee for approval. The policy is attached at Appendix B.

4. EQUALITIES IMPLICATIONS

4.1 There are no equalities implications to consider.

5. OTHER STATUTORY IMPLICATIONS

5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

5.2 There are no other statutory implications to consider.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 There are no specific financial implications to consider.

7. COMMENTS OF LEGAL SERVICES

7.1 This report supports and demonstrates the Council's compliance with the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards.

Linked Reports, Appendices and Background Documents

Linked Report

- None.

Appendices

- Appendix A – Internal Audit Charter.
- Appendix B – Anti-Bribery Policy

**Local Government Act, 1972 Section 100D (As amended)
List of "Background Papers" used in the preparation of this report**

List any background documents not already in the public domain including officer contact information.

- None.

Officer contact details for documents:

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