


Non-Executive Report of the:  <b>Audit Committee</b>  Wednesday, 1 December 2021	
<b>Report of:</b> Kevin Bartle, Interim Corporate Director, Resources (S.151 Officer)	<b>Classification:</b> Open (Unrestricted)
<b>Annual Update of the Internal Audit Charter and Anti-Bribery Policy</b>	

<b>Originating Officer(s)</b>	Paul Rock
<b>Wards affected</b>	(All Wards);

### Reason for Urgency

Clearances for this report were received later than anticipated which resulted in the publishing deadline being missed. The Internal Audit Charter and Anti-Bribery Policy should be reviewed and agreed annually, delaying the review and approval until a later Audit Committee will add additional items and pressure to a future Audit Committee agenda.

### 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 appendices provide the Audit Committee with the opportunity to review and approve the updated 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.
2. Review and approved the Anti-Bribery Policy

## **1. REASONS FOR THE DECISIONS**

- 1.1 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.
- 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 Audits 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. Some small changes have been made which are highlighted in the document and summarised below. The charter is presented to the Audit Committee for review and approval.

- Day to day operational reporting has been moved from the Interim Corporate Director, Resources to the Director of Finance, Procurement and Audit (Deputy s.151 Officer)
- A responsibility has been added for the Head of Internal Audit to report progress against fraud prevention activity and the National Fraud Initiative.

### **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 reviewed and updated policy is attached at Appendix C. Minor changes have been highlighted in the policy and are summarised below.

- Added a clearer commitment to conduct Council business ethically.
- Added further information about the definition of bribery.
- Clarified staff responsibilities.

## **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, and the Bribery Act 2010.

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### **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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