

# Internal Audit Charter

---

**Report to:**

Risk and Assurance Board  
Commissioner's Board  
Audit Committee  
London Fire Commissioner

**Date:**

16 July 2025  
13 August 2025  
30 September 2025

---

**Report by:**

David Esling – Head of Internal Audit

---

**Report classification:**

For information

---

**For publication**

---

**Values met**

Service  
Integrity  
Teamwork  
Equity  
Courage  
Learning

# PART ONE

## Executive Summary

The Institute of Internal Auditors have produced revised standards. These Global Internal Audit Standards (GIAS) became effective on 9 January 2025.

For the UK public sector, they are accompanied by the following two Chartered Institute of Public Finance and Accountancy (CIPFA) documents which come into effect on 1 April 2025:

- Application Note to assist Public Bodies in their use. These replace the Public Sector Internal Audit Standards (PSIAS) which were first introduced in 2013.
- Code of Practice for the Governance of Internal Audit in UK Local Government to support authorities in establishing their internal audit arrangements and provide oversight and support for internal audit.

### Recommended decisions

That the London Fire Commissioner

- approves the Internal Audit Charter, and
- notes the report.

## 1 Introduction and background

- 1.1** Internal audit functions in the UK public sector operate under the Accounts and Audit Regulations 2015. These regulations mandate that an effective internal audit must be undertaken to evaluate the effectiveness of the risk management, control, and governance processes, considering public sector internal auditing standards or guidance.
- 1.2** The GIAS and CIPFA documentation provide the framework under which internal audit functions in the UK public sector must operate. Under the GIAS, it is a requirement for the Head of Internal Audit to develop and maintain an Internal Audit Charter. These include as a minimum:
- The purpose of Internal auditing.
  - Commitment to adhering to the GIAS.
  - Mandate, including scope and types of services to be provided, and the board's responsibilities and expectations regarding management's support of the internal audit function.
  - Organisational position and reporting relationships.
- 1.3** In response to the GIAS and CIPFA guidance, the LFB Internal Audit Charter has been revised and is attached at **Appendix 1**.
- 1.4** When reviewing the charter, consideration needs to be given to whether the mandate on page one sets the appropriate authority, role, and responsibilities of the internal audit function.

Consideration also needs to be given to other topics that should be included in the charter to enable an effective internal audit function for the LFB.

## 2 Global Internal Audit Standards

### 2.1 The GIAS are organised between five domains:

- Domain I – Purpose of Internal Auditing
- Domain II – Ethics and Professionalism
- Domain III – Governing the Internal Audit Function
- Domain IV – Managing the Internal Audit Function
- Domain V – Performing Internal Audit Services

**2.2** Domain I (Purpose of Internal Auditing) provides the purpose statement for internal auditing and is intended to assist internal auditors and internal audit stakeholders in understanding and articulating the value of internal auditing.

**2.3** Domains II to V are more practical in nature and are governed through a set of 15 guiding principles. It is mandatory to conform to these principles, and to support conformance there are 52 standards. The standards contain requirements, considerations for implementation, and examples of evidence of conformance. Together, these elements support the achievement of the principles, and fulfil the Purpose of Internal Auditing.

**2.4** Domain III (Governing the Internal Audit Function) requires input from the LFB board and senior management, and the essential conditions needed to demonstrate conformance for both parties are clearly documented. The terms "board" and "senior management" are defined in the GIAS glossary. However, the CIPFA Code of Practice states "When the IIA published GIAS, it recognised that in the public sector, governance structures or other laws or regulations may impact on how the essential conditions can be applied. This is the case in the UK local government, where there isn't a straightforward replacement for the 'board' as described in GIAS." CIPFA are currently working on further guidance to support internal auditors in local government. Once this clarification is available the outcomes will be shared with the Risk and Assurance Board, Commissioner's Board, and Audit Committee.

**2.5** There are three principles under Domain III, and these, as stated in the GIAS, are detailed below. Discussions about how this will work in practice, if not already in place, will be undertaken once CIPFA have provided the further guidance on what constitutes the board and senior management.

**2.6** Authorised by the Board -The board establishes, approves, and supports the mandate of the internal audit function: The internal audit function receives its mandate from the board (or applicable law in certain public sector environments). The mandate specifies the authority, role, and responsibilities of the internal audit function and is documented in the internal audit charter. The mandate empowers the internal audit function to provide the board and senior management with objective assurance, advice, insight, and foresight. The internal audit function carries out the mandate by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes throughout the organisation.

**2.7** Positioned Independently - The board establishes and protects the internal audit function's independence and qualifications: The board is responsible for enabling the independence of the

internal audit function. Independence is defined as the freedom from conditions that impair the internal audit function's ability to carry out its responsibilities in an unbiased manner. The internal audit function is only able to fulfil the Purpose of Internal Auditing when the chief audit executive reports directly to the board, is qualified, and is positioned at a level within the organisation that enables the internal audit function to discharge its services and responsibilities without interference.

**2.8 Overseen by the Board -** The board oversees the internal audit function to ensure the function's effectiveness. Board oversight is essential to enable the overall effectiveness of the internal audit function. Achieving this principle requires collaborative and interactive communication between the board and the chief audit executive as well as the board's support in ensuring the internal audit function obtains sufficient resources to fulfil the internal audit mandate. Additionally, the board receives assurance about the quality of the performance of the chief audit executive and the internal audit function through the quality assessment and improvement program, including the board's direct review of the results of the external quality assessment.

**2.9** External quality assessments must be performed at least once every five years by a qualified, independent assessor or assessment team. The selection of an assessor and the dates for assessment are currently under discussion. Once agreed, this information will be circulated more widely within the LFB.

### **3 Values Comments**

**3.1** The LFC notes the Fire Standards Board requirements around adopting and embedding the Core Code of Ethics at an individual and corporate level. Following extensive engagement, the LFC has introduced Brigade values which build on and do not detract from the Code of Ethics.

**3.2** The Brigade values apply to all internal audit work, and are:

- Service: we put the public first
- Integrity: we act with honesty
- Teamwork: we work together and include everyone
- Equity: we treat everyone fairly according to their needs
- Courage: we step up to the challenge
- Learning: we listen so that we can improve

### **4 Equality Comments**

**4.1** The LFC and the Deputy Mayor for Planning, Regeneration and the Fire Service are required to have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.

**4.2** It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.

**4.3** The protected characteristics are: age, disability, gender reassignment, pregnancy and

maternity, marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), race (ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, and sexual orientation.

**4.4** The Public Sector Equality Duty requires decision-takers in the exercise of all their functions, to have due regard to the need to:

- eliminate discrimination, harassment and victimisation and other prohibited conduct.
- advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
- foster good relations between people who share a relevant protected characteristic and persons who do not share it.

**4.5** Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic.
- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
- encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

**4.6** The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

**4.7** Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- tackle prejudice
- promote understanding.

**4.8** No Equality Impact Assessment has been conducted as this report provides information.

## **5 Other considerations**

### **Workforce comments**

**5.1** This report has no workforce implications.

### **Sustainability comments**

**5.2** This report has no sustainability implications.

### **Procurement comments**

**5.3** This report has no procurement implications.

## **Communications comments**

**5.4** This report has no communications implications.

## **6 Financial comments**

**6.1** Under the the Accounts and Audit Regulations 2015 ('Regulations'), a local authority must ensure it has a sound system of internal control which:

- Facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- Ensures that the financial and operational management of the Brigade is effective; and
- Includes effective arrangements for the management of risk.

**6.2** In carrying out their duties Internal Audit plays a key role against regulation 5 of the Regulations in helping management to discharge their responsibilities by evaluating the effectiveness of internal control, risk management and governance processes.

**6.3** The Internal Audit arrangements are carried out under a shared service arrangement with MOPAC, and the audit reviews are agreed as part of the annual audit plan and managed within the approved budget.

## **7 Legal Comments**

**7.1** This report is presented for assurance, and no direct legal implications arise.

**7.2** The Local Audit and Accountability Act 2014 defines the London Fire Commissioner (the "Commissioner") as a 'relevant authority' for the purposes of that Act and the subsidiary legislation, the Accounts and Audit Regulations 2015 (the "2015 Regulations"). The 2015 Regulations require that the Commissioner undertakes, "an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance" (regulation 5(1)).

**7.3** The Commissioner's Scheme of Governance sets out, in Part 6 – Financial Regulations, detailed rules covering financial planning, monitoring, control, systems and procedures and insurance. Paragraph 13 of the Financial Regulations stipulate the requirements in relation to internal audit.

**7.4** Under an agreement dated 26 November 2012, the Mayor's Office for Policing and Crime discharges internal audit functions on behalf of the Commissioner.

**7.5** The attached report at Appendix 1 is provided in accordance with the aforementioned legislative and internal governance requirements and the report author confirms it complies with the Global Internal Audit Standards, which sets the standards for internal audit.

## List of appendices

Appendix	Title	Open or confidential*
1	Internal Audit Charter	Open

### Part two confidentiality

Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part Two form, together with the legal rationale for non-publication.

**Is there a Part Two form:**    No





**INTERNAL AUDIT CHARTER**

**FOR**

**LONDON FIRE BRIGADE**

## Background

The Directorate of Audit, Risk and Assurance (DARA) are the internal auditors for the London Fire Brigade (LFB) in line with the 2015 Accounts and Audit Regulations.

This Charter defines the mission, purpose, authority, responsibility and scope of activity, providing the mandate for Internal Audit within the LFB. It explains the nature of the Director of Audit, Risk and Assurance, as Head of Internal Audit, reporting relationship with 'those charged with governance' i.e. the London Fire Commissioner (LFC).

DARA are governed by the International Professional Practices Framework (IPPF). It is a globally recognised framework providing authoritative guidance for the professional practice of internal auditing. This forms the basis of the Global Internal Audit Standards (GIAS), supplemented by an Application Note for the UK Public Sector in place from 1 April 2025.



## Mission Statement

Internal Audit, DARA, aims to enhance and protect organisational value by providing risk based and objective assurance, advice and insight.

## DARA Core Principles

- Demonstrating integrity, competence and due professional care
- Being objective and free from undue influence
- Aligning audit work with the strategies, policies and risks of the organisations we audit
- Being appropriately positioned and adequately resourced
- Demonstrating quality and continuous improvement
- Communicating effectively
- Providing risk - based assurance to the LFB.

## Definition and Purpose of Internal Audit

Internal Audit is an independent and advisory service designed to add value and improve the LFB's operations. It helps the LFB accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes<sup>1</sup>.

DARA is an independent source of assurance to the LFC. It has an important role in helping the LFB to demonstrate the highest standards of corporate governance, public accountability and transparency in the conduct of their business.

The work of DARA adds value to the LFB and its stakeholders in providing objective and relevant assurance, and contributing to the effectiveness and efficiency of governance, risk management and control processes within LFB<sup>1</sup>.

## Internal Audit Mandate

The Director of Audit, Risk and Assurance has a statutory responsibility to give an annual opinion on the effectiveness of the risk management, internal control and governance frameworks supporting the LFC. The audit strategic approach is based on supporting delivery of the Community Risk Management Plan, giving assurance that key risks to the achievement of agreed strategic priorities and outcomes are properly identified and effectively managed, and resources are appropriately utilised.

Regulation 3 of the 2015 Accounts and Audit Regulations requires the LFC to ensure there is a sound system of internal control, which facilitates the effective exercise of their functions and the achievement of their aims and objectives; ensures that the financial and operational management is effective; and includes effective arrangements for the management of risk. LFB are required to review at least once a year the effectiveness of their internal control systems for inclusion in the annual governance statement, which is informed by the work of DARA and the annual opinion of the Director of Audit, Risk and Assurance.

Regulation 5 of the 2015 Accounts and Audit Regulations requires the LFC to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

---

<sup>1</sup> Global Internal Audit Standards

The work of Internal Audit supports the statutory role of the LFB's Chief Finance Officer and Monitoring Officer in the discharge of their statutory responsibilities.

DARA has access to records, assets, personnel and premises and the authority to obtain information and/or explanations it considers necessary to fulfill its statutory responsibility (access also extends to partner bodies or external contractors). This is endorsed within the LFB Financial Regulations, which give DARA the necessary authority.

## Professional Standards and Codes of Ethics

DARA's internal auditors follow professional standards set out in the Global Internal Audit Standards and Application Note for the UK Public Sector, which forms part of the IPPF with the following mandatory elements:

- Core Principles for the Professional Practice of Internal Auditing
- Definition of Internal Auditing
- International Standards for the Professional Practice of Internal Auditing (Standards)

Ethics and professionalism based on the core principles of integrity, objectivity, competency, due professional care, and confidentiality are defined to direct the behaviour of internal auditors. The Director of Audit, Risk and Assurance reports any areas of non-compliance with these standards within the Internal Audit Annual Report.

## Independence and Objectivity

The requirement for the independence of internal audit is specified in the professional standards. Internal audit activity must be independent i.e. objective and free from undue influence. Internal Auditors must exhibit the highest level of objectivity and make balanced assessments ensuring they are not unduly influenced by their own interests or by others in forming judgements. In meeting these standards:

### **The Director of Audit, Risk and Assurance:**

- Has direct and unrestricted access to the LFC and the Chair of the Audit Committee.
- Reports at a senior level within LFB allowing DARA to fulfil its responsibilities.
- Communicates and interacts directly with the Directors, Risk and Assurance Board, Commissioner's Board, and Audit Committee.
- Is responsible for producing the DARA annual work programme based on an assessment of risks to achievement of LFB strategic objectives. The plan must take into account the requirement to produce an annual internal audit opinion.
- Is free to determine the scope of internal auditing, perform audit activity and communicate results.
- Discloses to an appropriate party any conflict of interest that could impair their objectivity.
- Ensures assignments for audit responsibilities are rotated periodically within the DARA team.
- Confirms annually, the organisational independence of DARA.
-

### **DARA Team:**

- Provide an annual declaration of any actual or potential conflicts of interest that might compromise their objectivity in the conduct of particular audits.
- Make a declaration if such a conflict of interest is identified in the course of any piece of audit or consultancy work.
- Provide advice but cannot assume management responsibility for decision making.
- Provide consultancy services but cannot give assurance services on areas where they have previously undertaken consultancy work.
- Cannot provide assurance or services to areas they were previously responsible for.
- Do not conduct work in an area if a personal conflict of interest is identified.

## **Reporting Arrangements**

The Director of Audit, Risk and Assurance reports to senior management and the Audit Committee under their own name and has ultimate authority for the content and conclusions of audit reports, which are issued to the most senior level of management. The Director reports periodically on DARA's purpose, authority and responsibility and regularly reports on:

- Significant risk exposures and control issues for the LFB, including fraud risks and governance issues and any emerging themes or trends.
- The adequacy and effectiveness of the LFB control frameworks.
- Progress against the annual internal audit plan, which is subject to change approved by the senior management and the Audit Committee.
- DARA service improvement activity.

The frequency and content of reporting is determined in discussion with the Governance Team and depends upon the importance of the information and the urgency of related actions to be taken.

Distribution, retention and disclosure of reports and other information is discussed and agreed with LFB management. The Director will make disclosure required by law where necessary.

## **Scope of Work**

Internal Audit is a valuable asset supporting senior management in meeting their corporate responsibilities. An appropriate response to DARA activity leads to the strengthening of the LFB control environment, contributing to the achievement of strategic objectives, value for money, service improvement and transformational change. Key activity includes:

### **Governance**

Assessing and agreeing appropriate actions for improving governance, including the arrangements for promoting appropriate ethics and values, ensuring effective performance management, communicating appropriate risk and control information and ensuring governance arrangements support LFB priorities and objectives.

### **Risk Management**

Evaluating the effectiveness of and contributing to the improvement of risk management activities. This includes an assessment of whether significant risks to the achievement of agreed strategic priorities and objectives are identified, appropriate risk responses are selected

that align with the LFB risk appetite and whether there are suitable arrangements for monitoring, reporting and escalating risks.

### **Internal Control Framework**

Reviewing the efficiency and effectiveness of the internal control framework and providing an assessment of the extent to which they manage the risks that may impact on the achievement of strategic objectives. In making this assessment DARA consider whether controls established by management within the LFB provide assurance on the:

- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations and programmes.
- Safeguarding of assets, resources, staff and information.
- Compliance with applicable laws, regulations, policies and procedures.

## **Fraud Related Work**

Accountability for the prevention and detection of fraud and corruption rests with management and is a matter for all LFB employees. The Director for Corporate Services has the responsibility for establishing appropriate counter fraud arrangements, which are subject to DARA review. DARA also provide assurance on the management of relevant fraud risks within the corporate risk management frameworks.

A confidential reporting mechanism is available for employees of the LFB, and for members of the public. The CFO must be kept informed of any instances of suspected fraud or corruption. DARA Counter Fraud specialists in liaison with the Professional Standards Unit investigate matters of internal fraud/irregularities relating to staff and contractors.

## **Consulting and Advisory Services**

DARA, as the internal auditors, provide independent and objective advice to help management improve their risk management, control and governance arrangements in key areas of the business that are subject to significant change. Change management and control advice assists the LFB in delivering value for money resulting in the more economic, effective and efficient use of resources.

## **Resourcing**

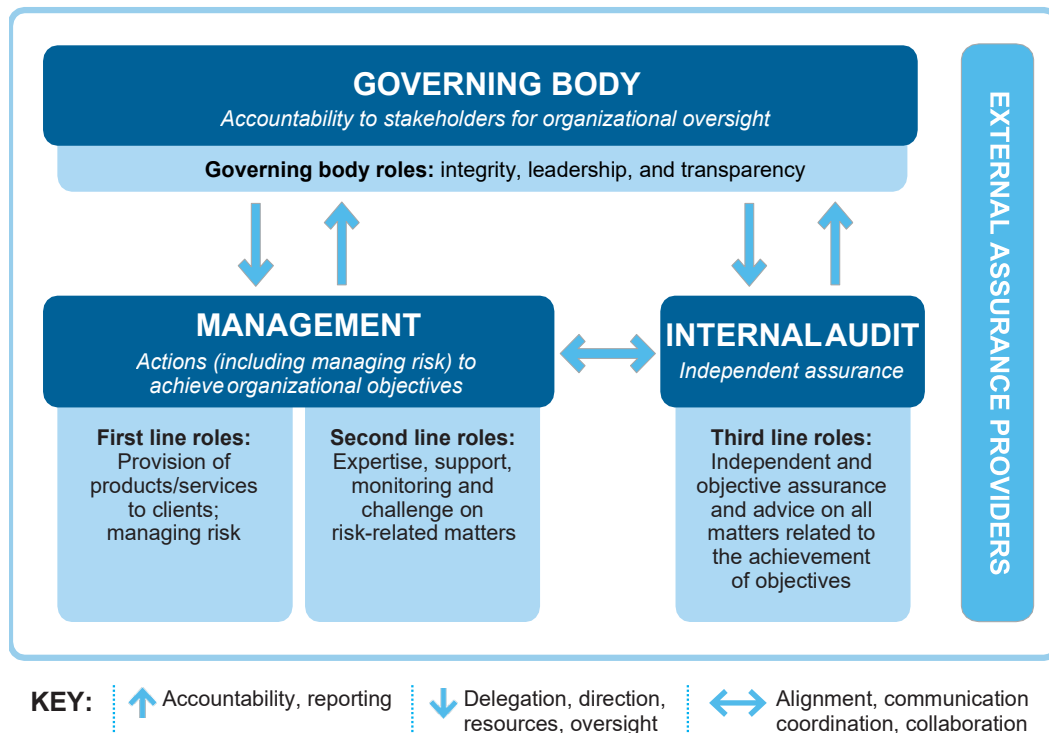
The Director of Audit, Risk and Assurance informs LFB senior management and the Audit Committee of DARA plans and resource requirements. The internal audit plan includes the impact of any resource limitations and significant actual or planned changes. It is developed by the Director based on a risk-based methodology with the input of senior management, in line with professional standards. The Director ensures resources are appropriate, sufficient and effectively deployed to achieve the approved plan. Any material deviations from the plan are communicated to the Audit Committee.

High standards of competency and qualification are specified for all members of DARA. Professional competence is maintained through an appropriate on-going learning and professional development programme that incorporates Continuing Professional Development to meet professional standards.



## LFB Assurance Frameworks

The LFC and senior managers can take assurance from a number of sources. The LFB have adopted the Global Institute of Internal Audit's 'Three Lines Model', which helps to understand where and how assurance is achieved.



### First Line

This is assurance relating to day-to-day risk management activity and monitoring and managing performance to establish agreed targets and policing priorities are being met it:

- Leads and directs actions (including managing risk) and application of resources to achieve the objectives of the LFB.
- Reports on planned, actual, and expected outcomes linked to the objectives of the LFB, and risk.
- Establishes and maintains appropriate structures and processes for the management of operations and risk, including internal control.
- Ensures compliance with legal, regulatory, and ethical expectations.

### Second Line

This is associated with oversight of management review activity. It is separate from those who have responsibility for delivery but not independent of the LFB management chain of command. This includes compliance assessments or reviews carried out to determine policy and key process are being met in line with specific areas of risk and includes:

- Development, implementation, and continuous improvement of risk management practices (including internal control) at a process, systems, and entity level.
- Achievement of risk management objectives, such as: compliance with laws, regulations, and acceptable ethical behaviour; internal control; information and technology security; sustainability; and quality assurance.

- Provides analysis and reports on the adequacy and effectiveness of risk management, including internal control.

### **Third Line**

This is independent and objective assurance and in the LFB focuses on the role of DARA, internal audit, which through an agreed programme of work is able to provide an objective opinion on governance, risk management and internal control. It is not part of the management chain and is independent from the responsibilities of management.

### **External Assurance**

Provides additional assurance to satisfy legislative and regulatory expectations that serve to protect the interests of stakeholders, includes External Audit and HMICFRS.

### **Integrated Assurance**

DARA can take assurance where appropriate from internal review activity and other independent assurance providers. It is also responsible for reporting on the effectiveness of the assurance framework to senior management and the Audit Committee.

The Director of Audit, Risk and Assurance meets with the External Auditors, and internal assurance providers in the second line, to discuss respective approaches, scope of work, annual plans and areas of work upon which they may place reliance.