

Audit Committee

08 May 2025



Title	Internal Audit Charter and Internal Audit Plan 2025-26
Purpose of the report	To provide input to and approve
Report Author	Natalie Jerams, Deputy Head of Southern Internal Audit Partnership
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	N/A
Corporate Priority	Community Addressing Housing Need Resilience Environment Services
Recommendations	<ol style="list-style-type: none">1. Committee is asked to approve the Internal Audit Charter 2025-262. Committee is asked to provide input to and approve the Internal Audit Plan 2025-26
Reason for Recommendation	In accordance with constitutional requirements the Audit Committee oversees internal audit activity helping to ensure efficient and effective independent assurance arrangements are in place. The approval of the Internal Audit Charter and Internal Audit Plan is integral to this.

1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none">The Global Internal Audit Standards (GIAS) require all internal audit providers to implement and maintain an 'Internal Audit Charter'. The internal audit charter is defined as 'a formal document that includes the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications'	<ul style="list-style-type: none">Regular review and communication of the Internal Audit Charter helps to maintain awareness across senior management and the Audit Committee. It has been updated to reflect the requirements of the new Standards.The Internal Audit Plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal

<ul style="list-style-type: none"> Each year in conformance with the GIAS Internal Audit must create a risk-based internal audit plan providing independent and objective assurance to management and the Audit Committee, in relation to the effectiveness of the framework of internal control, risk management and governance. 	<p>audit resource to provide a clear statement of assurance on risk management, internal control, and governance arrangements.</p>
This is what we want to do about it	These are the next steps
<ul style="list-style-type: none"> To present the Internal Audit Charter 2025/26 to the Management Team and the Audit Committee for approval in accordance with requirements of the GIAS. (See Appendix A) In producing the Internal Audit Annual Plan for 2025/26 the Chief Internal Auditor has applied a risk-based approach in line with the GIAS and focussed on areas of higher priority that align with the Council's corporate priorities and objectives. (See Appendix B) 	<ul style="list-style-type: none"> Corporate Management Team and Group Heads to note the proposed schedule for undertaking planned assurance assignments set out at Appendix B and confirm it is agreeable. The Audit Committee to approve the Internal Audit Charter and Internal Audit Plan for 2025/26 at the meeting of 8 May 2025. Progressing delivery of the Internal Audit Plan 2025/26.

1.1 The purpose of this report is to provide the Audit Committee with the Internal Audit Charter and the Internal Audit Risk-Based Plan for 2025–26.

2. Key issues

- 2.1 The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

‘A relevant authority must undertake 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.’

- 2.2 From 1 April 2025, the ‘standards or guidance’ in relation to internal audit are those laid down in the Global Internal Audit Standards (GIAS), Application Note: Global Internal Audit Standards in the UK Public Sector (Application Note) and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements shall be referred to as the Global Internal Audit Standards in the UK Public Sector (the Standards).
- 2.3 The Southern Internal Audit Partnership have made all necessary adaptations to its processes, procedures and practices to ensure it is best placed to conform with these requirements with effect from 1 April 2025.
- 2.4 The Standards (6.2) require all internal audit providers to implement and maintain an ‘Internal Audit Charter’. The Internal Audit Charter is defined as ‘a formal document that includes the internal audit function’s mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications’.
- 2.5 Standard 11.3 (Communicating Results) references the possibility that a Chief Internal Auditor may be required to make a conclusion at the level of the organisation about the effectiveness of governance, risk management and/or control. Section 10B of the Application Note makes it a mandatory requirement in the UK public sector, for the Chief Internal Auditor to prepare such an overall conclusion at least annually in support of wider governance reporting. This overall conclusion must encompass governance, risk management and control. The requirement for an overall conclusion must also inform planning carried out under GIAS Standard 9.4 (Internal Audit Plan).
- 2.6 In accordance with the Standards (9.4) there is a requirement that internal audit must create a risk-based internal audit plan that supports the achievement of the organisation’s objectives. The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to fulfil the audit mandate and delivery of the internal audit strategy.
- 2.7 The aim of internal audit’s work programme is to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:
- The framework of internal control, risk management and governance is appropriate and operating effectively; and
 - Risks to the achievement of the Council’s objectives are identified, assessed and managed to a defined acceptable level.

Internal Audit Charter 2025-26

- 2.8 The Internal Audit Charter is reported to Audit Committee annually for review and approval and it has been updated to reflect the requirements of the new Standards. A copy is attached at Appendix A.

Internal Audit Plan 2025-26

- 2.9 The proposed Internal Audit Plan for 2025/26 is attached at Appendix B and has been developed at a strategic level providing a value adding, and proportionate level of assurance aligned to the Council's strategic outcomes. It is based on a range of inputs including review of the Council's strategic risk register, sector knowledge and discussions with the Management Team. Additionally, we have been cognisant of the independent reports commissioned and received by the Council including the recent external audit report and Best Value Inspection report.
- 2.10 Internal audit focus should be proportionate and appropriately aligned, and as such, only high and medium priority reviews identified during the planning process are incorporated within the Internal Audit Plan.
- 2.11 The Internal Audit Plan will remain fluid to ensure internal audit's ability to react to the changing needs of the Council. Any additions to the Plan must be able to clearly demonstrate a contribution to the audit conclusion on risk management, control and governance.
- 2.12 Any changes to the plan (including advisory assignments) will be transparently reported to the Management Team and the Audit Committee during the course of the year for approval as part of our regular Progress Reports.
- 2.13 The Internal Audit Charter ensures that the Chief Internal Auditor has sufficient resource necessary to fulfil the requirements and expectations to deliver an internal audit conclusion.
- 2.14 Significant matters that jeopardise the delivery of the plan, or require changes to the plan will be identified, addressed and reported to the Audit Committee, through regular progress reports.
- 2.15 The endorsement and sponsorship of the plan at member / Management Team level will assist in providing the engagement and buy-in of staff at an operational level to ensure the outcome of audit reviews are optimised.

3. Options analysis and proposal

- 3.1 The Audit Committee are requested to approve the Internal Audit Charter and risk based Internal Audit Plan for 2025/26 in line with GIAS, to support the provision of independent assurance to the authority on the adequacy of internal control, governance and risk management arrangements.

4. Financial management comments

- 4.1 The Internal Audit Annual Plan includes reviews of functions and systems that are financially material and therefore represent greater risk to the authority. Issues presenting adverse financial consequences or threats to the Council's financial position apply to a range of workstreams on the Plan. At the end of the financial year the Chief Internal Auditor's conclusion is one of the inputs into the draft Annual Governance Statement which is published as part of the draft Statement of Accounts.
- 4.2 To support special investigations (relating to suspected internal fraud or irregularity) there may be a requirement to bring in subject matter experts and Investigators.

5. Risk management comments

- 5.1 In producing the Internal Audit Annual Plan for 2025/26 the Chief Internal Auditor has ensured that a risk-based approach has been applied in line with audit standards (GIAS) and focussed on areas of higher priority that align with corporate priorities and objectives. Consideration has been given to current and emerging risks (and opportunities) facing the Council during 2025/26.

6. Procurement comments

- 6.1 None

7. Legal comments

- 7.1 The Global Internal Audit Standards (GIAS) are mandatory further to the Accounts and Audit (England) Regulations 2015. The GIAS require public bodies to establish and deliver a risk-based internal audit plan and for this to be approved by the Audit Committee.

8. Other considerations

- 8.1 None

9. Equality and Diversity

- 9.1 Equality and diversity are key considerations that feature in the assessment of risk and audit needs.

10. Sustainability/Climate Change Implications

- 10.1 Sustainability is a key consideration and features in the assessment of risk and audit needs.

11. Timetable for implementation

11.1 Applicable for the period 1 April 2025 – 31 March 2026

12. Contact

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Background papers: None

Appendices:

Appendix A – Internal Audit Charter 2025-26

Appendix B – Internal Audit Plan 2025-26