

Audit Committee

10 July 2025



Title	Internal Audit Charter 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	1. Committee is asked to approve the Internal Audit Charter 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 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.

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) 	<ul style="list-style-type: none"> The Audit Committee to approve the Internal Audit Charter and Internal Audit Plan for 2025/26 at the meeting of 10 July 2025.

- 1.1 The purpose of this report is to provide the Audit Committee with the Internal Audit Charter 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 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.

- 2.6 At its meeting of 8 May 2025, the Audit Committee were presented with the Internal Audit Charter 2025-26 for approval. As part of discussions (as recorded in the minutes of the meeting) members raised concern:

'about the Charter's wording not reflecting the partnership with an external audit company. It was explained that SIAP discharged the functions of the Chief Internal Auditor similarly to an internal auditor within the organisation. It was suggested to clarify terms such as "Chief Internal Auditor" in the document, and it was agreed to update the Charter to make roles clearer and bring it back for the next Committee meeting for sign-off.'

- 2.7 Opportunity has further been taken to update the roles and responsibilities of Senior Management and the Audit Committee to reflect the expectations of the Standards and good practice guidance in the governance of internal audit reports during the year.

Background

- 2.8 During 2023/24, Spelthorne Borough Council undertook a review of options for the delivery of its internal audit service. One such option was a partnership arrangement such as that offered by Southern Internal Audit Partnership (SIAP).
- 2.9 The Council engaged with a number of providers and following a process of due diligence a shortlist was invited to undertake a presentation to the Audit Committee in December 2023 and January 2024.
- 2.10 It was recommended by the Audit Committee on 29 January 2024 that Spelthorne Borough Council join the SIAP.
- 2.11 The SIAP is hosted by Hampshire County Council and constituted under Section 101 of the Local Government Act 1972 under which Spelthorne Borough Council discharges its internal audit service to be undertaken by SIAP.
- 2.12 Spelthorne Borough Council are one of 20 local authorities across Hampshire, West Sussex and Surrey to have joined the SIAP, which include seven other Surrey district & borough councils.

Role of the Southern Internal Audit Partnership

- 2.13 The SIAP delivers a full internal audit service to Spelthorne Borough Council. The named Chief Internal Auditor is Iona Bond, Deputy Head of Southern Internal Audit Partnership. This is articulated within the Internal Audit Charter 2025-26 on page 6 'Responsibility'
- 2.14 The roles and responsibilities of the Chief Internal Auditor, although not exhaustive are listed within the Internal Audit Charter 2025-26 pages 6 and 7 'The Chief Internal Auditor'.

- 2.15 Whilst not a direct employee of the Council, the named Chief Internal Auditor within the Internal Audit Charter is responsible and accountable for the delivery of the internal audit service to the Council in accordance with the Global Internal Audit Standards in the UK Public Sector.
- 2.16 The Chief Internal Auditor is positioned at a level in the organisation that enables internal audit services and responsibilities to be performed independently of management and with objectivity, enabling escalation as appropriate.
- 2.17 Importantly the Chief Internal Auditor reports functionally to the Audit Committee, and organisationally to the Deputy Chief Executive/S151 Officer. These authorities are detailed within the Internal Audit Charter 2025-26 on page 4 'Authority'

3. Options analysis and proposal

- 3.1 The Audit Committee are requested to approve the Internal Audit Charter 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 Internal Audit is a mandatory function and undertake 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.
- 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 The Internal Audit Charter outlines the mandate for internal audit including the delivery of a risk-based approach in line with audit standards (GIAS) and focussed on areas of higher priority that align with corporate priorities and objectives.

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 maintain an Internal Audit Charter 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