AUDIT AND GOVERNANCE COMMITTEE

DATE   17 July 2025

REPORT OF   Head of Audit and Assurance

SUBJECT   Internal Audit Plan 2024/25 (Incorporating Internal Charter, Internal Audit Strategy and Quality Assurance and Improvement Plan)

STATUS   Open

CONTRIBUTION TO OUR AIMS

An effective Internal Audit service contributes to the achievement of the Council's strategic objectives by assessing, providing comment and, if relevant, recommending improvement to the Council's assurance and control frameworks. The Internal Audit plan is designed to provide ensure sufficient risk-based work is carried out to provide a year-end conclusion on the Council's risk, governance and internal control framework.

EXECUTIVE SUMMARY

In April 2025 the Global Internal Audit Standards (GIAS) became operative in the UK Public Sector. This report provides assurance to the Audit and Governance Committee that the 2025/26 Internal Audit Plan was compiled in line with the standards.

It also provides updates on the following documents which have been updated in to take account of the new standards:

- the Internal Audit Charter;
- the Internal Audit Strategy; and
- the Quality Assurance and Improvement Programme (QAIP).

RECOMMENDATIONS

Under its responsibilities laid out in Domain 3 of the standards, The Audit and Governance Committee is asked to:
- approve the Audit Plan 2025/26; and
- note the content of the Audit Charter, the audit strategy, and the QAIP.

REASONS FOR DECISION

A key responsibility of the Committee is to obtain assurance on the effectiveness of the Council's control environment. Internal Audit provides a conclusion on the risk, governance and internal control and therefore update reports such as this contribute to the Committee discharging its duties.

Furthermore, under Domain 3 of the Standards the Audit and Governance Committee has responsibilities in ensuring that Internal Audit has a risk-based and resourced audit plan, a charter, a strategy, and Quality Assurance and Improvement Programme. (QAIP).

1.   BACKGROUND AND ISSUES

1.1   It is a requirement of the auditing standards for the Audit and Governance Committee to:
- approve the annual internal audit plan, ensuring it is risk-based, aligned to the Council's strategic outcomes and risk management/ governance framework, and it is properly resourced;
- annually review and approving the Internal Audit Charter, including assessing the charter's clarity, completeness, and effectiveness in defining the purpose, authority, and responsibilities of the internal audit function;
- review Internal Audit's Strategy; and
- ensure that Internal Audit has a documented QAIP that aligns with professional standards.

Internal Audit Plan 205/26

1.2   The Internal Audit Plan 2025/26   is shown on Appendix 1. It describes the methodology for compiling the plan and how it complies with the requirements of the standards is aligned with the Council's strategic outcomes and risk/ governance frameworks. the assignments intended to be carried out, and the adequacy of the resources to deliver it

Internal Audit Charter

1.3   The updated Internal Audit Charter is shown on Appendix 2. It defines internal audit's purpose, authority, and responsibility. It establishes Internal Audit's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the Audit and Governance Committee. It authorises access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Audit Strategy

1.4   It is a requirement of the Standards that Internal Audit produces a strategy, and for this to be shared with the Audit and Governance Committee. This has been updated taking into account of the updated purpose of Internal Audit as defined in the standards and is shown on Appendix 3, The key areas for focus are:
- Team Development
- Client engagement
- Strategic Planning

- Redesign and modernisation
- Data Analytics
- KPIs:

Actions have already been implemented to achieve strategic objectives, including:

- new action monitoring system in place;
- revised KPIs so that they more output rather than input based, and more clearly measure audit's effectiveness; and
- review of reporting templates to reflect root cause analysis

Quality Assurance and Improvement Programme (QAIP)

1.5 It is a requirement of the standards for Internal Audit to have a documented Quality Assurance and Improvement Programme (QAIP), for it be reviewed regularly, the outcome of the review of quality to be reported annually in the Head of Internal Audit Annual Report, and where appropriate an improvement plan to be developed. The QAIP is shown on Appendix 4. It has been subject to review to reflect the updated standards.

2. RISKS AND OPPORTUNITIES

Audits are planned and delivered using risk-based auditing concepts, whilst strategic and operational risks form the significant basis of the formulation of the audit plan.

The Audit Plan provides assurance that there is currently sufficient resource to deliver it but highlights that there are potential risks which need to be monitored, and if appropriate, managed.

3. OTHER OPTIONS CONSIDERED

Not applicable - the Audit and Governance Committee is required to review the Audit plan and other audit related documents.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

There are no specific reputational and communication considerations related to this report.

5. FINANCIAL CONSIDERATIONS

A key role of internal Audit is to provide assurance on the financial systems which support the production of the statement of the accounts, and specific time is allocated for this work. Any significant issues arising from this work will be reported to the Audit and Governance Committee in the Head of Internal Audit Annual Report and Opinion. In addition, effective financial reporting and processes are a key component of the control environment and therefore are considered when planning each assignment

6. **CHILREN AND YOUNG PEOPLE IMPLICATIONS**

    Audit assignments relating to Children's Services are included in the Audit Plan.

7. **CLIMATE CHANGE NATURE RECOVERY, AND ENVIRONMENTAL IMPLICATIONS**

    None directly arising from the recommendations in this report.

8. **FINANCIAL IMPLICATIONS**

    There are no direct financial implications arising from this report.

9. **LEGAL IMPLICATIONS**

    There are no specific legal implications arising from this this report.

10. **HUMAN RESOURCES IMPLICATIONS**

    There are no direct human resources implications arising from this report.

11. **WARD IMPLICATIONS**

    Applicable to all wards.

12. **BACKGROUND PAPERS**

    Global Internal Audit Standards (GIAS) in the UK Public Sector Public Sector (April 2025**)**

13. **CONTACT OFFICER(S)**

    Peter Hanmer (Head of Audit and Assurance)
    Telephone: 01472 323799

<u>Peter Hanmer</u>
<u>Head of Audit and Assurance</u>

Stronger Economy: Stronger Communities.
Together we can be stronger.

Our Council Plan pledges to work with partners to invest in our people and our place

North East Lincolnshire Council

Draft Internal Audit Plan 2025/26

June 2025

1. INTRODUCTION

1.1 As recognised in the Accounts and Audit Regulations 2015 Internal Audit is a key part of the Council's internal control arrangements. Its purpose is defined in Domain 1 of the Global Internal Audit Standards (GIAS), as follows

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"Internal auditing strengthens the organisation's ability to create, protect, and sustain value by providing the audit committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal auditing enhances the organisation's:
- *Successful achievement of its objectives.*
- *Governance, risk management, and control processes*
- *Decision-making and oversight.*
- *Reputation and credibility with its stakeholders.*
- *Ability to serve the public interest "*

1.2 Auditors working in the UK public sector must follow the requirements of the GIAS subject to the interpretations and additional requirements set out in "*Application Note: Global Internal Audit Standards in the UK Public Sector*". Standard 9.4 of the Global Internal Audit Standards lays out the Head of Internal Audit's responsibilities   in relation to audit planning. These include:
- create an internal audit plan that supports the achievement of the organisation's objectives;
- base the internal audit plan on a documented assessment of the organisation's strategies, objectives, and risk;
- input from the audit committee and senior management to enhance his/her understanding of the organization's governance, risk management, and control processes.
- perform the assessment at least annually
- consider the internal audit mandate and the full range of agreed-to internal audit services.
- consider coverage of information technology governance, fraud risk, compliance and ethical governance and other high-risk areas.
- identify the necessary resources necessary to complete the plan; and.
- be dynamic and timely in response to changes in the organization's business, risks operations, programs, systems, controls, and organizational culture.

1.3 In addition the Application Note requires the Head of Internal Audit to take account of the following when preparing the audit plan:
- be aware of the importance of securing value for money; and
- prepare an annual conclusion which encompass governance, risk management and control.

1.4 The audit plan lays out Internal Audit's priorities and work programme for 2025/26. It has been compiled to ensure that it;

- conforms with *Global Internal Audit Standards in the UK Public Sector*.
- provides sufficient evidence to support a reliable year-end Audit opinion on the Council's governance risk and internal control arrangements
- adds value to the Council by providing assurance on the underlying processes and governance arrangements to support the achievement of its strategic priorities as laid out in the Council Plan i.e.:
  - o Stronger Economy
  - o Stronger Communities
  - o Greener Future
  - o Effective and enabling council

2   COMPILATION OF THE AUDIT PLAN

2.1 As required by the standards, the plan is developed using a risk-based approach. Audit has prioritised resources to where the need is greatest, and where potentially Audit could provide most value. In compiling the plan, it has ensured that the requirements laid down in the standards have been met.

2.2 At the heart of the approach to Internal Audit is the "3 lines of assurance" model where:

- the first line of assurance is the control environment operated by managers in individual services;
- the second line of assurance includes the oversight functions such as Finance, HR, Procurement, Legal Services, who provide advice, direction, and support to individual services; and
- the third line of assurance, such as Internal Audit, External Audit and other external assurance providers which offer independent challenge to business functions.
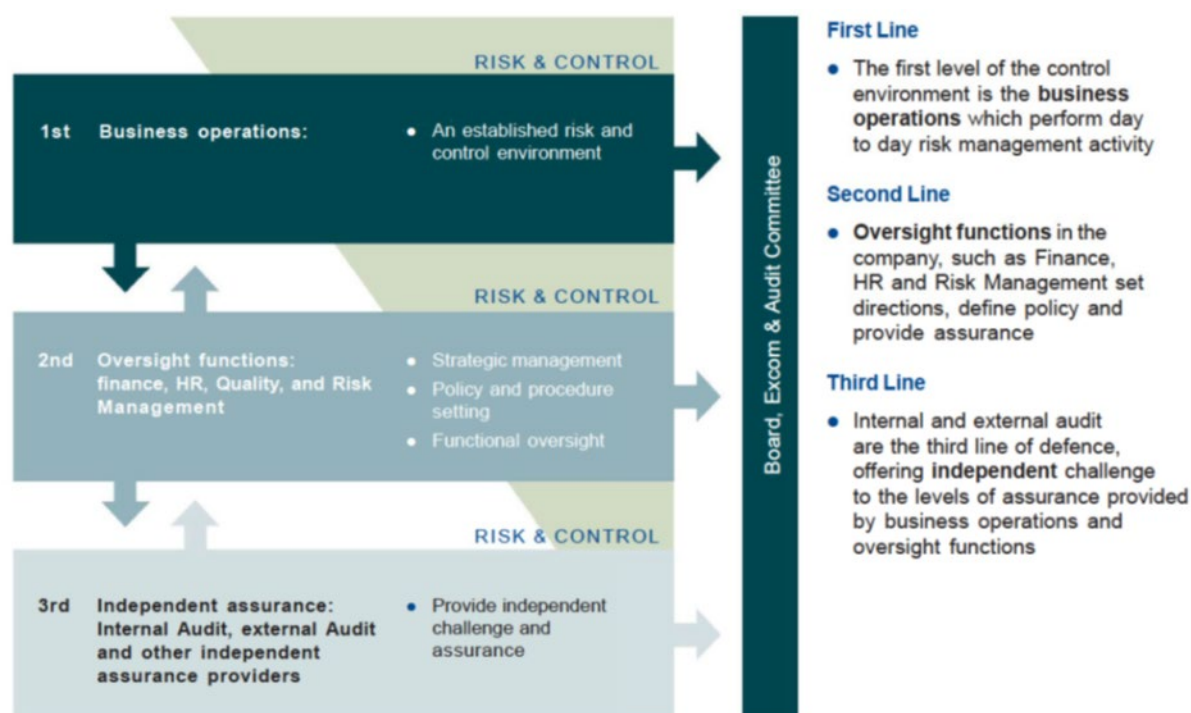
The more developed the first and second lines of assurance are then the greater the reliance that can be placed on the assurances obtained by services rather than directly from Internal Audit work.

2.3 The plan is made up of several key components designed to provide assurance on the effectiveness of the Council's control environment, i.e.
- the achievement of strategic priorities
- those specific areas identified in the Council's code of governance;
- effective procedures and processes (including ICT arrangements);
- reliable financial and performance information;
- compliance with laws and regulations; and
- the protection of council assets, including physical assets, financial resources, people, information – this includes a review the controls in place to minimise the risk of fraud and financial irregularity in those areas of highest risk.

Depending on the nature of their scope, audit assignments may provide assurance on more than one of these areas of the internal control framework.

2.4 Internal Audit takes a cyclical risk-based approach in determining the content of the audit plan with those areas having the biggest potential risk to an effective control environment, and it is a requirement of the audit standards to carry out a risk assessment at least annually to determine its programme of work. The key sources of information include:
- the Council's key strategic outcomes as contained in the Council Plan and performance reports relating to their delivery;
- the medium-term financial plan and supporting business plans;

- the outcomes of external inspections and peer reviews;
- the strategic risk register;
- those areas in the operational risk registers where a high inherent risk has been identified;
- areas which represent key components of the code of governance;
- issues identified in Director assurance statements prepared as part of the preparation of the Annual Governance Statement (AGS);
- activities in receipt of significant external grant funding;
- the Council's statutory responsibilities;
- cabinet and scrutiny reports to help identify areas of emerging risk;
- emerging national issues, including areas subject to changes in legislation and regulation; and
- when an audit was last carried out in a specific area, and whether there have been any known changes to the design or operation of that area since then;

Those areas considered to have the highest risk are prioritised for inclusion in the plan based on the likelihood of a control failure and its impact to the organisation should it occur.

2.6   The main themes emerging from the planning process include:
- the impact of the transfer services from EQUANS to the Council, including the impact on financial reporting;
- the ongoing demand and financial pressures on Children's Services (including those costs relating to Special Educational Needs and Disabilities) and Adult Social Care;
- the delivery of Council Plan objectives and supporting strategies;
- the transformation priorities as laid out in the Medium-Term Financial Plan;
- the increasing importance of reliable data;
- contract management; and
- risks around ICT such as Cyber Security, Artificial Intelligence, and third-party suppliers

2.7   In addition to the risk-based assurance work referred to above, Audit also carries out engagements and other advisory activities. Typically, these are undertaken at the request of senior management and the nature and scope of such work is subject to agreement with the party requesting the services. Examples of advisory engagements include:
- providing advice on the development and implementation of new policies and the design of processes and systems
- providing facilitation and training; and
- carrying out hoc reviews and investigations requested by management.

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2.8   Audit also provides support to the Council in the following areas:
- contributing to the delivery of the Council's counter fraud policies, including the Council's response to the National Fraud Initiative; and
- the mandatory certification of external grant claims

2.9 The level of estimated audit resource allocated to each assignment is dependent upon:

- previous knowledge of the function or system and the risks associated with it;
- if there have been significant changes to the design or operation of the system or function since it was last audited;
- the complexity of the function or system;
- the level of assurance which can be obtained from internal assurance mechanisms (e.g. second line of assurance) or by external sources of assurance such as the external audit and the outcome of inspections (third line of assurance); and
- the nature of the testing required to obtain assurance - for example, the use of control testing and observation compared to substantive testing, and the testing methodology required. Increasingly the audit team has been using analytical techniques to obtain assurance based on wider populations compared to sample testing.

2.10 The detailed plan resulting from the annual planning exercise and agreed with management is shown on Appendix 1 and is summarised below.:

Audit Area	Estimated Days	Purpose of work
Strategic objectives/ Governance	415	Assurance on the systems, strategies, and processes to support the Council's governance arrangement and the delivery of its strategic objectives
Financial risks and grant certification	100	Assurance on the management of the key risks relating to financial management and reporting, and the mandatory certification of grant claims
ICT	45	Assurance on the management of the Council's key ICT related risks
Procurement and Contract Management	30	Assurance on the design and operation of the Council's procurement and contract management processes, including sample testing of specific contracts and the management of contracts transferred from EQUANS
Follow Up	30	Maintenance of the audit action tracker and sample testing to confirm the implementation of agreed actions
Advisory	70	Advisory work provided to the Council
Counter Fraud	50	Support for the Council's Counter fraud processes, including investigating issues identified from the National Fraud Initiative
24/25 work carried forward	10	Completion of 2024/25 work ongoing as of 30 June 2025
Audit Management	75	Planning, Quality Assurance, reporting to Audit Committee and Senior Management Teams, etc
Contingency	115	Time set aside in the event of emerging risks and issues, requests for additional advisory support, additional tome required on planned audits etc
Total	940	

2.11 Throughout the year the audit plan will be subject to regular review to reflect the changes in the risks to the Council's control environment, and to reflect changes in the assumptions made when the plan was first completed. For example:

- an area in which internal audit intended to work may subsequently be subject to an external inspection, in which case less audit work may be required as audit will look to seek reliance on the outcome of the inspection;
- where a new process or system has not been implemented as quickly as anticipated and therefore the audit of it would be delayed;
- a risk may emerge during the year which may require to be included in the audit plan so that work can be carried out to obtain sufficient assurance;
- where issues arise during a planned audit then extra resource may be required to obtain sufficient assurance and /or obtain an understanding of the underlying control issues; and
- potential reprioritisation of the plan due changes in staffing levels during the year due to leavers or long-term sickness absence.

To reflect that the plan will be subject to regular change and adjustment, and to provide flexibility to manage emerging risks, the plan includes an allocation for contingency. In addition, regular meetings will be held with Directors' Strategic Leadership Teams throughout the year to review the progress of work, and to re-prioritise audit resource where appropriate Any significant changes to the allocations will be reported to future Audit Committees.

2.11 How the work to support the delivery of the Plan will be carried out is laid out in the Internal Audit Charter which will be presented to the Audit and Governance Committee on 17July 2025. As well as defining the internal audit activity's purpose, mandate, responsibility and scope the charter establishes the internal audit activity's position within the organisation; authorises access to records, personnel, and physical properties relevant to the performance of assignments.

3   RESOURCES TO DELIVER THE AUDIT PLAN

3.1   The standards require the Head of Audit and Assurance to be satisfied that he or she has sufficient resources available to deliver the plan and be able to provide a conclusion of the Council's governance, risk management and control arrangements, as well as discharging their other responsibilities.

3.2   In addition to the Head of Audit and Assurance, as of 31 March 2025 following the ending of the long-standing shared service with North Lincolnshire Council, the Internal Audit team comprises of 5 FTEs. Based on the level of resources available (taking into account assumptions relating to sickness and training, and including additional third-party specialist audit support relating to ICT audit) and the contingencies built into the plan, it is projected that there will be sufficient resources available to ensure that sufficient work has been carried out by 31 May 2026 to provide a reliable conclusions on the Council's risk, governance and internal control arrangements, and discharge its responsibilities.

3.3   To support the delivery of the audit at the time of writing the audit team was meeting with Assistant Directors and Heads of Service to profile the timing of assignments. These profiles will be monitored and reported upon during 2025/26.

3.4   It is recognised, however, that resourcing will be subject to risk and in response we will be regularly updating out resourcing forecasts and providing updates to the Audit and Governance Committee and Senior Management about the position, and if appropriate discuss mitigating actions to ensure that sufficient work is carried out.

4   REPORTING AND MONITORING ARRANGEMENTS

4.1   For most assignments, excluding advisory work and grant certification, we will provide a report with an overall conclusion on the prevailing system of governance, risk management and control, as shown in the table below

Conclusion	Assessment of Internal Control
Substantial Assurance	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited
Satisfactory Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audit

No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited

There may be areas, due to circumstances, where it may not be appropriate to issue a full report and/or an opinion. In such cases a short commentary will be provided in the Annual Head of Internal Audit Report.

4.2 A summary of completed audit work will be included in the Head of Internal Audit Annual Report, and this will feed into the overall conclusion on the Council's governance, risk management and control arrangements. The conclusion will also take account of other sources of intelligence, as appropriate, such as the outcome of inspections or other relevant forms of third-party assurance. Interim reports will also be presented to the Audit and Governance Committee during the year. These will include progress in achieving the annual plan, including any significant amendments to it.

4.2 As part of its Quality Assurance and Improvement Programme (QAIP) Internal audit has several performance indicators to measure performance. As part of the introduction of the new Global Standards, it has reviewed its key indicators. This review has also been informed by work being carried out by the Local Council Chief Auditors Network (of which the Head of Audit and Assurance is a member) supported by the Institute of Internal Audit (IIA) in developing a suite performance measures for local government Internal Audit teams. The performance indicators relating to the 2025/26 audit plan are shown below:

Objective	Indicator
Delivery	Number and % of planned audits completed by 31 May
Delivery	Number and % of audit days completed by 31 May
Timeliness	% of draft audit reports issued by the draft date
Timeliness	% of final reports issued within 5 working days from final closure meeting
Quality	Number of training days per auditor (excluding professional training)
Quality	Average years' experience of audit per audit
Quality	Number and % of audit standards fully complied with as per HOIA annual self-assessment
Quality	% of auditees who agreed that "the audit went well"
Impact	% of auditees who agreed that "the audit added value"
Impact	Number and % of actions agreed
Impact	Number and % of 2024/25 agreed implemented by the due date

Appendix 1 Audit Plan 2025/26

Audit Area	Director	Summary of Audit	Budgeted days
Strategic objectives/ Governance		Assurance on the systems, strategies and processes to support the Council's governance arrangement and the delivery of its strategic objectives	415
Adoption	Childrens	Provide assurance on Council's arrangements in relation to adoption and the effectiveness of its partnership with" "One Adoption", including monitoring arrangements	
Car Parking Enforcement	Economy, Environment and Infrastructure	Provide assurance on the efficiency and effectiveness of the arrangements in place relating to car parking enforcement	
CCTV	Economy, Environment and Infrastructure	Provide assurance that the operation of the Council's CCTV system comply with laws and regulations (such as the surveillance commissioner code of practice) and how its impact on reducing crime and anti-social behaviour is measured.	
Child to Adult Transition	Childrens/Adults	Assurance on the effectiveness of partnership arrangements in place relating to the seamless transition of young persons from children's social care to adults social care	
Children's Advocacy	Childrens	Provide assurance on the effectiveness of the Council's arrangements relating to Children's Advocacy, and for ensuring compliance with laws and regulations	
Childrens Services Assurance Framework - Supporting Data Quality	Childrens	Provide assurance on the quality of the data to support the Childrens Services Assurance Framework	
Commercial Estates	Economy, Environment and Infrastructure	Provide assurance on the governance , risk management and control arrangements in relation to commercial estates	
Community Living Services	Adults	Provide assurance on the design, procurement and contract management of the Community Living Services	
Consultation	Resources	Provide assurance on the design of, and compliance with, the Council's arrangements for consultation, including the review of a sample of recent consultation and community engagement exercises	
Contaminated Land	Economy, Environment and Infrastructure	Provide assurance on how the Council is discharging its responsibilities for regulating contaminated land under Part IIA of the Environmental Protection Act 1990,	
Council Plan Performance Indicators	Resources	Provide assurance on the completeness and reliability of data reported in the council plan quarterly monitoring reports	
Cultural activities	Economy, Environment and Infrastructure	Assurance on the processes in place to monitor the delivery of strategic outcomes identified in the Council Plan and the Creative Strategy Action Plan, together and supporting performance information (including the use grants received from external bodies and the monitoring of grants provided to third parties)	
Discharge of the Mental Health Act Follow Up	Adults	Review the implementation of actions and the management of risks identified in the 2024/25 audit.	

Drugs and alcohol services	Public Health	Provide assurance on the controls in place to mitigate the risks that it use of external funding is not adequately impacting on the achievement of strategic outcomes by improving health outcomes via having effective approaches to reducing drug and alcohol addiction. This includes a review of the arrangements for procuring of a partner to deliver the service, and the development of the council's drugs and alcohol strategy	
Education, Health and Care Plans (EHCPs)	Childrens	Provide assurance on the efficiency and effectiveness of the Council's processes in relation to EHCPs	
Enforcement	Economy, Environment and Infrastructure	Provide assurance on the development of Council's approach to enforcement, including those enforcement related services transferred from EQUANS, and the extent to which they contribute to the achievement of the Council's strategic objectives around "Safer and Cleaner Streets and Open Spaces"	
Freshney Place internal control and governance processes	Resources	Provide assurance on the internal control and governance arrangements in relation to Freshney Place, including the procurement and monitoring of the services provided by both asset and estate managers, financial management, performance information, and the decision making process	
Governance Arrangements Relating to FOCUS	Adults	Provide assurance on the governance arrangements relating to FOCUS, and how the Council works with it to deliver strategic objectives, its statutory achievements, and deliver Value for Money	
Health and Wellbeing Strategy	Public Health	Provide assurance on the governance arrangements to support the delivery of the Council's Health and Well Being Strategy	
Highways and Transport	Economy, Environment and Infrastructure	Review of the effectiveness of the arrangements relating to risk management, governance and internal control relating to Highways and Transport services transferred from EQUANS	
Home to School Transport	Childrens	Provide assurance on the systems relating to Home to School Transport including compliance with its statutory responsibilities, efficient application process, and the procurement and contract management of providers	
Homecare Contracts	Adults	Provide assurance on the design, procurement and contract management of the Community Living Services	
Homelessness Follow Up	Adults	Review the implementation of actions and the management of risks identified in the 2024/25 audit.	
Housing Strategy (including£ all age housing with care strategy")	Adults	Provide assurance on the governance, risk management and control processes to support the achievement of the Housing Strategy (and supporting strategies such as the "All Age Housing with Care Strategy"	
Information Governance	Resources	Provide assurance on the management of risks related to information governance, and compliance with GDPR and other data protection regulations and guidance	
JSNA	Public Health	Provide assurance on the completeness and accuracy of the data relating to the JSNA and how it is subsequently used to help determine the Council's priorities and resources relating to health and wellbeing	
Legal Services	Resources	Provide assurance that legal services have processes in place, and sufficient capacity, to promote and monitor compliance with laws and regulations and internal policies and procedures; to ensure expenditure is lawful; and that breaches by services are addressed and learning adopted.	

Maintained Schools Processes, Policies and Procedures	Childrens	Provide assurance on the governance, risk management and internal controls arrangements within the Council's maintained schools and nurserie.	
People and Culture Data Quality	Resources	Provide assurance on the quality of data available to People and Culture and how it is used to monitor compliance with policies relating to the Council's workforce and identify emerging trends	
Residential Homes	Childrens	Provide assurance on the governance, risk management and internal controls arrangements in relation to the Council's residential homes	
Risk Management Follow Up	Resources	Review the implementation of agree actions identified In the 2024/25 audit of risk management arrangements	
Safer Streets & Open Spaces Funding	Economy, Environment and Infrastructure	To provide assurance on the use of safer street funding (and other associated funding e.g. High Steet accelerator fund and Green Space fund) and how the approach to safer streets and open spaces will be continued once funding ceases	
Scrutiny Arrangements	Resources	Provide assurance on the effectiveness of the Council's scrutiny arrangements compared to statutory requirements and recognised good practice	
Sports and Active Lives Strategy/ Playing Fields Strategy	Economy, Environment and Infrastructure	Provide assurance on the processes in place to monitor the delivery of strategic outcomes identified in the Council Plan and the Sport and Active Lives/ playing field strategies, together with a review of supporting performance information and the use of grant funding form Sports England	
Technical Services	Economy, Environment and Infrastructure	Review of the effectiveness of the arrangements relating to risk management, governance and internal control, relating to Technical Services (such as architectural services) transferred from EQUANS and how they work with existing Council led functions such as the Project Management Office to deliver economic, efficient and effective project management	
Smoking Cessation	Public Health	Provide assurance on the controls in place to mitigate the risks that it use of external funding is not adequately impacting on the achievement of strategic outcomes by improving health outcomes via reducing smoking and not demonstrating value for money	
Transformation Programme	Resources	Provide assurance on the governance arrangements to monitor the delivery of the transformation programme and its constituent parts (Asset Management, Digital, Housing, Transport and Commercialism/ Productivity) contained in the Medium Term Financial Plan)	
Working with Greater Lincolnshire and Humber Wide Bodies	Resources	Provide assurance on the Council's arrangements for engaging with Greater Lincolnshire and Humber Wide Bodies	
Working with the Voluntary Sector	Adults	Provide assurance on how the Council engages with the Voluntary Sector to support the achievement of its strategic objectives	
Young Carers	Childrens	Provide assurance on compliance with the Council's responsibilities for Young Carers under the Care Act 2014	

Financial risks and grant certification		Assurance on the management of the key risks relating to financial management and reporting. Areas identified for audit work to include: -Financial systems and transactions transferred from EQUANS e.g. payroll, accounts payable, income (e.g. planning , building control) -Adult Social Care Fees and Charges -Licencing Fees and Charges -Reconciliation between the ASC payment system (Contracc) and the general ledger -Reconciliation between the new Children's Managemnt Platform ("System C") and the general ledger -Credit cards -Travel Expenses -Local Taxation and Benefits Debt Management	80
ICT		Assurance on the management of the Council's key ICT related risks: Artificial intelligence Childrens Services Platform- System C Supply Chains ICT Failure- Business Resilience Within Services	45
Procurement and Contract Management		Assurance on the design and operation of the Council's procurement and contract management processes, including sample testing of specific contracts and the mnnagement of contracts transferred from EQUANS	30
Follow Up		Maintenance of the audit action tracker and sample testing to confirm the implementation of agreed actions	30
Advisory		Advisory work provided to the Council	70
Grant Certification		The mandatory certification of grant claims	20
Counter Fraud		Support for the Council's Counter fraud processes, including investigating issues identified from the National Fraud Initiative	50
2024/25 work carried forward		Completion of 2024/25 work ongoing as of 30 June 2025	10
Audit Management		Planning, Quality Assurance, reporting to Audit Committee and Senior Management Teams, etc	75
Contingency		Time set aside in the event of emerging risks and issues, requests for additional advisory support, additional tome required on planned audits etc	115
Total			**940**

Stronger Economy: Stronger Communities.
Together we can be stronger.

Our Council Plan pledges to work with partners to invest in our people and our place.

INTERNAL AUDIT CHARTER- NORTH EAST LINCOLNSHIRE COUNCIL

1.   Introduction, Purpose, and Mandate

1.1   The Internal Audit Charter is a formal document that defines internal audit's purpose, authority, and responsibility. It establishes Internal Audit's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the 'board'; authorises access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the 'board'.

1.2   Internal audit is required to comply with the Global Internal Audit Standards (GIAS) subject to the interpretations and additional requirements set out in the Application Note (Global Internal Audit Standards in the UK Public Sector). In addition, CIPFA has produced a Code of Practice for the Governance of Internal Audit in UK Local Government. The Code is designed to work alongside the new internal audit standards and applies to all authorities within the scope of the statutory regulations on internal audit. From the 1 April 2025 the requirements of the GIAS, the Application Note, and the Code apply to work on internal audit engagements commenced on or after this date.

1.3   GIAS state that the charter must specify as a minimum the internal audit function's:

- Purpose of Internal Auditing
- Commitment to adhering to the Global Internal Audit Standards
- 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 relationship

The Chief Audit Executive must discuss the proposed charter with the board and senior management to confirm that it accurately reflects their understanding and expectations of the internal audit function

1.4   The purpose, as defined by the GIAS, is to strengthen the Council's ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

1.5   As described in the GIAS, Internal audit enhances the Council's;

- Successful achievement of its objectives
- Governance, risk management, and control processes
- Decision-making and oversight
- Reputation and credibility with its stakeholders
- Ability to serve the public interest

1.6   Also as described in the GIAS, Internal audit is most effective when;

- It is performed by competent professionals in conformance with the Global Internal Audit Standards (UK public sector), which are set in the public interest
- The internal audit function is independently positioned with direct accountability to the Audit Committee
- Internal auditors are free from undue influence and committed to making objective assessments

1.7   Internal Audit's Mandate is derived from it being a statutory requirement for local authorities. The two pieces of legislation that impact upon internal audit in local authorities are:

- The Accounts and Audit (England) Regulations 2015 states that "each principal 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."

- Section 151 of the Local Government Act 1972 requires every authority to make arrangements for the administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs. CIPFA has defined 'proper administration' in that it should include 'compliance with the statutory requirements for accounting and internal audit'

2. Definitions

2.1 GIAS require that the internal audit charter defines the terms 'board' and 'senior management' in relation to the work of internal audit. Within North East Lincolnshire Council:
- "Chief Audit Executive" is the Head of Audit and Assurance, and reports administratively to the Assistant Director of Law and Governance ("Monitoring Officer)
- Board' refers to the Audit and Governance Committee
- Senior management' refers to the Leadership Team operating as the "Assurance Board"

2,2 The role of 'senior management' includes the following key duties: -
- Communicate with the Audit and Governance Committee and Head of Audit about managements' expectations that should be considered for inclusion in the internal audit charter
- Input to the risk based internal audit plan;
- Receive periodic reports from the Head of Internal Audit and Assurance on internal audit activity; that includes follow-up reports; and
- Receive the results of the quality assurance and improvement programme from the Head of Audit and Assurance

2.3 The role of the Board is to establish, maintain and ensure that the council's internal audit function has sufficient authority to fulfil its duties as follows:
- Discuss with the Head of Internal Audit and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and advisory) of the internal audit function
- Ensure the Head of Internal Audit has unrestricted access to, and communicates and interacts directly with the Audit Committee, including in private meetings without senior management present.
- Discuss with the Head of Audit and Assurance (and senior management) other topics that should be included in the internal audit charter to enable an effective internal audit function.
- Approve the internal audit charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter on an annual basis with the Head of Audit and Assurance to consider changes affecting the organisation, such as the employment of a new Head of Audit or changes in the type, severity, and interdependence of risks to the organisation.
- Approve the risk based internal audit plan.
- Receiving communication from the Head of Audit and Assurance on internal audit performance relative to its plan and other matters.
- Receive an annual confirmation from the Head of Internal Audit with regard to the organisational independence of the internal audit activity.
- Receive the results of the quality assurance and improvement programme on an annual basis from the Head of Audit and Assurance.

- Make appropriate enquiries of management and the Head of Audit and Assurance to determine whether there are inappropriate scope or resource limitations.
- Receive the Head of Audit and Assurance's Annual Report, timed to support the Annual Governance Statement.
- Review and provide input to senior management on the Head of Internal Audit's performance

2.4 The existence of Internal Audit does not diminish the responsibility of management to establish systems of internal controls to ensures that activities are conducted in a secure, efficient, and well-ordered manner.

3. Independence

3.1 Internal Audit is independent of all the activities of the Council to ensure it can appraise the Council's governance, risks, and internal control systems in the impartial and unbiased manner essential to the proper conduct of audits. Independence is secured by a number of means, in particular:

- Internal Audit activity is free from interference in determining the scope of activity, performing work, and communicating results. Independence from of all activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations without giving rise to conflicts of interest.
- auditors have no direct operational responsibility or authority over any of the activities they review. Accordingly, they do not develop or install systems or procedures, prepare records, or engage in any other activity which would normally be audited.
- auditors are not used on internal audit engagements where they have had direct involvement in the area within the last 12 months.
- unfettered access to all Council officers, senior management, and Elected Members;
- direct access to the Chair of the Audit and Governance Committee;
- the right to all documentation held by the council and to seek explanations as they see necessary to effectively discharge their duties, from all officers and Elected Members of the Council;
- the Head of Audit and Assurance reports in his / her own name to officers and Elected Members, and
- where internal audit staff have a perceived or real conflict of interest in undertaking a particular piece of work, this will be managed through the internal audit management and supervisory process. Staff are required to declare any potential conflict of interest when they are assigned a particular audit review and if necessary, the work will then be reassigned to another auditor. All staff are required to complete a yearly declaration of interests' form.

3.2 The responsibilities of the Head of Audit and Assurance include risk management, insurance and counter fraud. To maintain this independence in

these areas, the Head of Audit and Assurance is not actively involved in the audit of those areas where he has some managerial responsibility, and usually a third-party provider will be asked to carry out an audit on the team's behalf.

3.3   In addition, although the Audit and Assurance team (primarily through the Strategic Lead - Risk and Governance) provides support and advice for the maintenance of the risk registers and the development of the Council's risk framework, the definition of risk appetites and the management of individual risks lies purely with management.). Furthermore, the Head of Audit and Assurance is not directly involved in management discussions relating to the determination of risk appetite**.**

4.   Reporting Lines of the Head of Audit and Assurance

4.1   Arrangements are in place to ensure that the Head of Audit and Assurance has suitable status within the Authority. The Head of Audit and Assurance is line managed by the Assistant Director of Law and Governance (Monitoring Officer), who is a member of the Council's Strategic Leadership Team. The Head of Audit and Assurance is also a member of the Assistant Director's senior management team.

4.2   The status of the Head of Audit and Assurance within the Council's management structure is further highlighted by:

- quarterly meetings with the Chief Executive
- being a member of the Council's Assurance Board, which is made up of the Council's Strategic Leadership Team - this Board meets monthly to discuss governance and control matters relating to the Council;
- monthly meetings with the Section 151 Officer;
- attendance (at least quarterly) at Director's Management Team meeting.
- member of the Council's Corporate Governance Group; and
- regular attendance at management teams throughout the Council to promote the importance of good governance and internal control.

5.   Ethics and Professionalism

5.1   The principles and standards in the Ethics and Professionalism domain 2 of the GIAS outline the behavioural expectations for professional internal auditors. All internal auditors are required to: -

- Conform with the GIAS including principles of Ethics and Professionalism; integrity, objectivity, competency, due professional care and confidentiality;
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those Encourage and promote an ethics-based culture in the council; and

- Report organisational behaviour that is inconsistent with the council's ethical expectations, as described in policies and procedure

6. Role and Scope of Internal Work

6.1 The main purpose of Internal Audit is to provide assurance on the Council's governance, risk management and internal control arrangements. This involves providing an annual report and summarising the work carried out during the year and providing an opinion on the Council's arrangements based on this work, and where appropriate, other sources of intelligence.

6.2 This involves:
- Supporting the delivery of the council's strategic objectives by providing risk based and objective assurance on the adequacy and effectiveness of governance, risk management and internal controls.
- Championing good practice in governance through assurance, advice and contributing to the authority's annual governance review.
- Appraising the relevance, reliability, and integrity of information;
- Reviewing compliance with those policies, plans, procedures, statutory requirements, and regulations which could have a significant impact on the achievement of the Council's objectives and business operations;
- Reviewing the means of safeguarding assets and as appropriate verifying the existence of such assets;
- Appraising the economy, efficiency, and effectiveness with which resources are employed, and the delivery of services in a best value manner
- Advising on governance, risk management and internal control arrangements for major projects, programmes and system changes
- Assisting management in conducting special assignments and investigations into any matter or activity affecting the interests of the Council

6.3 The internal audit coverage embraces the entire control environment of the Council and extends to all areas of the Council and its controlled entities, allows for unrestricted coverage of all the Council's activities and unfettered access to all records, assets, personnel, and premises deemed necessary in the course of its work. It also has unrestricted access to all Authority employees and Elected Members and the authority to obtain such information and explanations, as it considers necessary to fulfil its responsibilities. Such access shall be granted on demand and not subject to prior notice.

6.4 Internal auditors respect the value and ownership of information they receive and the reports they produce, and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

They are prudent in the use and protection of information acquired in the course of their duties and shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the Council's legitimate and ethical objectives.

6.5   Where the Council works in partnership with other organisations (other than NELC), the role of Internal Audit will be defined on an individual basis. Where Internal Audit undertakes work on behalf of any other organisations, this will be determined in conjunction with the Section 151 officer to ensure that appropriate audit resources are available to provide assurance over the Council's activities. All such engagements will be performed in accordance with this Charter to an agreed schedule of audit days. The scope of Internal Audit's work for external
bodies are primarily to provide assurance relating to the bodies' systems of internal control, although the bodies might also ask for additional consultancy work to be conducted. Where appropriate, Internal Audit might also be asked to assist in or carry out investigations into suspected irregularities

6.6   In addition to the risk-based assurance work, Audit also carries out engagements and other advisory activities. Typically, these are undertaken at the request of senior management and the nature and scope of such work is subject to agreement with the party requesting the services. Examples of advisory engagements include:
- providing advice on the development and implementation of new policies and the design of processes and systems
- providing facilitation and training; and
- carrying out hoc reviews and investigations requested by management

6.7   Advisory engagements   in nature and are generally performed at the specific request of the organisation. The nature and scope of the g engagement should aim to improve governance, risk management and control and, where applicable, contribute to the overall year-end conclusion.

6..7   The scope of any advisory work will be agreed with management and will only be undertaken where resources permit without impacting on the annual assurance process, and where the Head of Audit and Assurance is satisfied that the team has sufficient expertise to carry out the work. When attending project boards or steering groups, auditors will agree their role and act as "critical friend" or advisor and not have any decision-making responsibility. Internal Audit may provide assurance to services where it has previously performed advisory support, provided the nature of the consulting did not impair objectivity.

6.8   Internal Audit is not responsible for the prevention or detection of fraud and corruption. Managing the risk of fraud and corruption is the responsibility of management. Internal auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption and to any indications that fraud and corruption may have occurred. Internal audit's work in relation to fraud includes carrying out an annual programme of audits to review the

design and operation of controls in areas of the Council where there is an inherent higher risk of fraud, where appropriate reviewing counter fraud controls when carrying out assignments, providing advice on counter fraud controls built into systems, manage the Council's response to the National Fraud Initiative, and where appropriate lead or support investigations for suspected fraud. However, internal audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected

6.9 The Head of Audit and Assurance should be informed of all suspected or detected fraud, corruption or impropriety and will consider the implications for his conclusion on the adequacy and effectiveness of the relevant controls, and the overall internal control environment. Internal Audit is not responsible for the prevention or detection of fraud and corruption

7. Responsibility

7.1. The Head of Audit and Assurance is responsible for:
- developing an annual audit plan based on an understanding of the organisations strategies, key business objectives, associated risks and risk management processes, and adjust the plan in response to the organisations business, risk, operations, programmes, systems and controls;
- determining the strategic direction of the Audit and Assurance Service; and ensures that it aligns to the Council's strategic priorities
- the management of the Audit and Assurance Service that is compliant with GIAS and related guidance, including a Quality and Assurance Improvement Plan;
- the monitoring and reporting of the performance of the Audit and Assurance service;
- the production and reporting of an annual audit report based on the outcomes of internal audit work conducted throughout the year;
- providing advice and guidance on risks and the application and development of internal controls;
- the fostering of good working relationships with External Audit with an aim to achieving mutual recognition and respect, leading to a joint improvement in performance and the avoidance of unnecessary overlapping of work; and
- assessing all matters of potential fraud or irregularity brought to his attention in line with the requirement of the Council's Counter Fraud Strategy and arranging for team members to lead or support the investigations into such matters.

8. Resourcing and Staffing Matters

8.1 Internal audit is staffed to meet the needs of the Council. The structure is designed to ensure that there is a suitable mix of experienced and qualified staff. In line with the standards, the Head of Audit and Assurance will annually

confirm whether there are sufficient resources available to deliver a reliable annual audit conclusion and comply with the standards.

8.2   Individual training needs are established and agreed through the Council's performance management systems of both Councils, involving regular 1-2-1 meetings, and the development of a locally produced competency framework. A training and development plan is produced for each team member, and the team has access to Councill's learning and development programme, and where appropriate external courses.

9. Limitations of Internal Audit Responsibilities

9.1   In seeking to discharge the responsibilities detailed above, and in line with the responsibilities of Internal Audit it should be noted that Internal Audit is not responsible for:
- controlling the risks of the Council.
- establishing and maintaining systems of internal control;
- determining operational policies or procedures; and
- ensuring the prevention or detection of fraud and irregularity.

10. Reporting

10.1 The exact form of reporting for internal audit assignments may vary depending on the nature of the assignment, but in most cases will be the subject of formal reports. Draft reports will be sent to the manager(s) responsible for the area under review for agreement of the factual accuracy of findings and the implementation of agreed actions made to address weaknesses in internal controls. Once agreed, final reports will be copied to all relevant stakeholders, with a summary of the outcomes reported to the Audit and Governance Committee and Senior Management

10.2 Internal Audit will provide regular reports to the Audit and Governance Committee and the Senior Management including:

- The annual review of the Audit Charter (including confirmation of the independence of audit activity);
- The audit plan (including confirmation of resource requirements) and subsequent progress reports relating to the delivery of the plan; and
- The Annual Head of Internal Audit Report (supported by Interim reports throughout the year) summarising the outcome of audit activities; providing an overall conclusion on the Council's governance, risk and internal control arrangements; and conformation of compliance with quality and ethical standards, including the identification of improvement actions where appropriate.

11. Management Responsibilities

11.1 For internal audit to be fully effective, it needs the full commitment and cooperation from management across the Council. In approving this charter, senior management and the Audit and Governance Committee are mandating management to cooperate with internal audit in the delivery of the service by:

- attending audit planning and scoping meetings and agreeing the terms of reference for individual audit assignments on a timely basis as agreed at the commencement of each piece of internal audit work;
- sponsoring each audit assignment at a senior level.;
- providing internal audit with full support and cooperation, including complete access to all records, data, property and personnel relevant to the audit assignment on a timely basis;
- responding to internal audit reports and making themselves available for audit closure meetings to agree draft audit reports;
- implementing audit recommendations within agreed timescales.

11.2 Instances of non-cooperation with reasonable audit requests will be subject to Internal Audit's escalation policy, which sets out the timescales and steps for raising such issues with senior management if required.

11.3 While internal audit is responsible for providing independent assurance to the Council and its Audit and Governance Committee, it is the responsibility of the organisations' management to develop and maintain appropriately controlled systems and operations. Internal audit does not remove the responsibility from management to continually review the systems and processes for which they are responsible and to provide their own assurances to senior management and elected members that they are maintaining appropriately controlled systems.

12. Quality Assurance

12.1 The GIAS require that the internal audit function has a quality assurance and improvement programme that must include both internal and external assessments. Internal audit will report the outcomes of quality assessments to the Audit and Governance Committee through its regular progress reports.

12.2 All internal audit assignments are subject to a management quality review to ensure that the work meets the standards expected for audit staff. Such management reviews will include:
- ensure the work complies with the GIAS;
- work is planned and undertaken in accordance with the level of assessed risk; and
- appropriate testing is undertaken to support the conclusions drawn.

In addition, periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices are carried out to evaluate conformance with the Standards

12.3 An external assessment must be conducted at least every five years by a qualified, independent assessor from outside the organisation. The most recent assessment was in November 2023, with the report being issued in February 2024.

13 Follow-up

13.1 The Head of Audit and Assurance is required establish and maintain a follow-up process to monitor that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. This will be operated to support the organisation in ensuring the implementation of actions, and reporting progress to the Audit and Governance Committee.

14 Communicating the acceptance of risk

14.1 When the Head of Audit and Assurance believes that a senior manager senior has accepted a level of residual risk that may be unacceptable to the Council, he/she will discuss the matter with the Assurance Board. If the decision regarding residual risk is not resolved, the Head of Audit and Assurance will report the matter to the Audit and Governance Committee for resolution.

15 Review of the audit charter

15.1 This charter will be reviewed annually by the Head of Audit and Assurance and presented to Senior Management and the Audit and Governance Committee for approval.

June 2025

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North East Lincolnshire

Internal Audit Strategy 2025-28

Purpose

The purpose, as defined by the Standards is to strengthen the Council's ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Background

The purpose of audit has evolved in recent years. The nature of the audits has changed as have the skills and techniques required to deliver our work, as it moves towards being a strategic partner. Our updated strategy sets out the key areas we need to develop to ensure that we deliver an audit service fit for the Council and its stakeholders.

Our critical success factors.

- Occupying a position within the Council that allows us to deliver insight and maximise the impact of our work.
- Maintaining effective and efficient processes
- Maintaining a suitably skilled and knowledgeable workforce to be able to deliver quality.

Our Focus areas

- **Team Development:** To ensure team members have the necessary skills and opportunities to develop the effectiveness of audit work, create resilience and promote succession planning.
- **Client engagement:** Building on existing effective relationships with key stakeholders to help us deliver knowledgeable, high quality audit work, including increased use of root cause analysis
- **Strategic Planning:** To ensure we always provide the council and its stakeholders with assurance in the right place, at the right time, and when appropriate identify opportunities to provide audit and assurance services to third parties.

- **Redesign and modernisation:** The further development of more targeted pieces of work that adds value. This includes improved using technology more effectively to monitor the implementation of audit actions, and the use of Artificial Intelligence
- **Data Analytics:** Via our Data Analytics Strategy, more efficiently analyse data and provide real- time assurance.
- **KPIs**: Developing KPIs which capture the value of our services, rather than those activities that are easy to measure. This includes improving performance management systems so that it can be measured more efficiently and effectively.

MARCH 2025

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Quality Assurance and Improvement Programme

1. Introduction

Internal Audit's Quality Assurance and Improvement Program (QAIP) is designed to provide reasonable assurance to the various stakeholders of North East Lincolnshire Council's Internal Audit Service that Internal Audit:

- Conforms with the GIAS in the UK Public Sector and the Code;
- Applies a risk based, consistent and disciplined approach to the internal audit
- activity;
- Has the ability to increase the credibility of Internal Audit within the Council;
- Anticipates, meets, and exceeds stakeholder expectations;
- Supports, develops, and retains skilled, knowledgeable, and effective Internal
- Auditors, as team members, and who are a fundamental part of the service
- with specific tasks and KPIs built into personal development plans;
- Performs its work in accordance with its Charter and mandate (which is
- consistent with the GIAS in the UK public sector and the Code;
- Operates in an effective and efficient manner; and
- Adds value and identifies areas for continual improvement to the services provided

The Standards require that the Head of Audit and Assurance:

- Develops objectives to evaluate the internal audit function's performance, which consider the input and expectations of senior management and the Audits Committees and are approved by the Audit Committees at least annually
- Develops a performance measurement methodology to assess progress towards achieving the internal audit function's objectives and to promote the continuous improvement of the internal audit function.
- Develops, implements, and maintains a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit function and

includes two types of assessment: internal assessments and external assessments.
- Develops a plan for external quality assessments that must be performed at least once every five years by a qualified, independent assessor or assessment team.
- Develops and conducts internal assessments of the internal audit function's conformance with the Standards and progress toward performance objectives.
- Establishes and implements methodologies for engagement supervision, quality assurance and the development of competencies.

2. Internal Assessments

Ongoing Review and Supervision

The Internal Audit team is structured to ensure that all Internal Auditors are appropriately supervised and supported to deliver their work. Robust supervision arrangements are built into every stage of the assurance and advisory engagement processes, to ensure that internal audit function consistent and high-quality services e.g.
- The Internal Audit team works to an agreed process, which is delivered through standard template documents and is supported by a procedure manual. to ensure consistency, quality and compliance with appropriate planning, fieldwork, and reporting standards. The process, templates and manual are all subject to periodic review.
- Routine supervision and one to support Internal Auditors in planning and delivering audit assignments
- The Terms of Reference (TOR) for each engagement is subject to supervision and are subject to sign off by the Herad of Audit and Assurance prior to its circulation.
- Supervisory reviews of Work Programmes prior to the fieldwork commencing
- Supervisory review to be completed of the fieldwork for each engagement, prior to the results being communicated. The supervisor confirms that:
    - the supporting evidence is accurate, relevant, and complete.
    - The Internal Auditor has identified, documented, and analysed, relevant, reliable, and sufficient information as part of the fieldwork to give assurance that controls (or appropriate alternatives) are in place, adequately designed and working effectively in practice and / or identify control weaknesses.
    - Control weaknesses have been documented and evaluated to determine the root cause, potential effects (risks) and significance.
    - Conclusions are soundly based and supported by appropriate analyses and evaluations.
    - Suggested actions are practical and address the control weaknesses identified.
    - The Internal Auditor has maintained objectivity and confidentiality and exercised due professional care, professional courage and professional scepticism throughout the work carried out.

- o The engagement objectives have been met.
- o Work has been completed in compliance with the Standards.
- o The agreed engagement process has been followed.
- o Day allocations and target timescales have been met.
- Where the Head of Audit and Assurance is not the supervisor, the working papers   for a sample of engagements is completed annually (as well as the supervisory review) are subject to an additional quality control review by him or her.
- Supervisory reviews completed of all draft and final reports, and all reports must receive final clearance from the Head of Audit and Assurance.
- The Auditor and the Supervisor jointly complete a review sheet at the end of the audit to identify any issues arising from the assignment and, where applicable, development needs
- Feedback from stakeholders obtained through audit questionnaires at the closure of each engagement and periodically from questionnaires sent to Assistant Directors;
- Review of the status of follow up reports in terms of recommendations implemented; and
- Regular team briefings attended by all members of the Internal Audit team, including periodic reviews of the team's approach to standards, feedback from supervision of audit work, and updates of actions arising from quality reviews

Periodic Reviews

Periodic assessments are designed to assess conformance with Internal Audit's Charter, the Standards, and the efficiency and effectiveness of internal audit in meeting the needs of stakeholders.

On an annual basis, the Head of Audit and Assurance or a nominated designee, will conduct an internal self-assessment of the internal audit function's conformance with the Standards. Results of the internal self-assessment will be shared with the wider Internal Audit team and reported to the senior management and Audit and Governance Committee with arrangements to address identified areas of non-conformance detailed in an action plan.

In April 2025 the new Global Internal Audit Standards (GIAS) became active in the UK Public Sector. The following key changes were identified, and compliance will be monitored during 2025/26 as shown below, many of which have already been implemented.

Domain	Actions
1 Purpose of Internal Audit	Adopting the internal audit as defined GIAS, and demonstrate via assignment planning and reporting how its demonstrates insight and foresight.
2 Ethics and Professionalism	Training the audit team on the updated ethical standards
	Updating the competency framework based on anticipated guidance from CIIA and CIPFA
	Creating a culture and environment that supports professional courage
3 Governing the Audit Function	Providing Audit Committee and Senior Management within an understanding of internal audit – particularly the things they must do as per the standards
	Updating the Internal Audit Charter to reflect the changes to the Standards
4 Managing the Audit Function	Updating the existing Internal Audit Strategy as now a formal requirement of the standards .
	Updating performance objectives
5 Performing Audit Services	Focusing on root cause analysis
	Considering how to embed Topical Requirements due to be mandatory in 2026
	Continuing the development and use of new technologies in audit work

3. External Assessments

The standards details that on behalf of those charged with governance, the Audit Committee and senior management, must ensure that internal audit has an external quality assessment((EQA) at least once every five years of its conformance against GIAS in the UK Public Sector.

External assessments will appraise and express an opinion about internal audit's conformance with the Standards and   include recommendations for improvement, as appropriate.

The essential conditions for the External Quality Assessment are as follows:

Audit and Governance Committee:

- Discuss with the Head of Audit and Assurance the plans to have an external quality assessment of the internal audit service conducted by an independent, qualified assessor;
- Collaborate with senior management and the Head of Audit and Assurance to determine the scope and frequency of the external quality assessment;
- Consider the responsibilities and regulatory requirements of the internal audit service and the Head of Audit and Assurance, as described in the internal audit charter, when defining the scope of the external quality assessment;
- Review and approve the Head of Audit Assurance's plan for the performance of an external quality assessment. Such approval should cover, at a minimum the scope and frequency of assessments and the competencies and independence of the external assessor or assessment team;
- Require receipt of the complete results of the external quality assessment;
- Review and approve the Head of Audit and Assurance's action plan to address identified deficiencies and opportunities for improvement, if applicable; and
- Approve a timeline for completion of the action plans and monitor progress.

Senior Management:
- Collaborate with the Audi and Governance Committee and the Head of Audit and Assurance to determine the scope and frequency of the external quality assessment; and
- Review the results of the external quality assessment, collaborate with the Audit and Governance Committee and the Head of Audit and Assurance to agree on action plans that address identified deficiencies and opportunities for improvement, if applicable and agree on a timeline for completion of the actions plans.

GIAS in the UK Public Sector Standard 8.4 sets out a requirement that when selecting the independent assessor or assessment team, the chief audit executive must ensure at least one person holds an active Certified Internal Auditor designation. The CIPFA Application Note has determined that this requirement is replaced by a requirement that at least one person have the characteristics outlined for chief audit executive qualification.

The most recent review was carried out in November 2023 and reported in February 2024. This confirmed compliance with the then Public Sector Internal Audit Standards and CIPFA's Application Note. This concluded that Internal Audit "Generally Conforms with the Standards." The implementation of subsequent action plan is subject to been subject to regular review, and update reports are provided to the Audit and Governance Committee

EQAs will continue a five-year cycle with the next EQA required to be undertaken around November 2028. Discussions around the selection of an appropriate assessor and the scope of the assessment will take place with the Section 151 Officers and Chair of the Audit and Governance Committee early in the 2028-29 financial year.

4. Performance Management

To meet the requirements of the Standards, arrangements are in place to capture performance data across all aspects of internal audit's work. Performance indicators designed to evaluate the overall performance of internal audit, progress toward achieving the strategic objectives identified in the Internal Audit Strategy, and the internal audit pursuit of continuous improvement, are outlined in the table below.

Objective	Indicator
Delivery	Number and % of planned audits completed by 31 May
Delivery	Number and % of audit days completed by 31 May
Timeliness	% of draft audit reports issued by the draft date
Timeliness	% of final reports issued within 5 working days from final closure meeting
Quality	Number of training days per auditor (excluding professional training)
Quality	Average years' experience of audit per audit
Quality	Number and % of audit standards fully complied with as per HOIA annual self-assessment
Quality	% of auditees who agreed that "the audit went well"
Impact	% of auditees who agreed that "the audit added value"
Impact	Number and % of actions agreed
Impact	Number and % of 2024/25 agreed implemented by the due date

Performance against these indicators will be reported in the Head of Internal Audit Annual Report, as well as periodic update reports to the Audit and Governance Committee and senior management.

5. Communicating Results

The Head of Audit and Assurance is responsible for implementing the QAIP and will ensure that the results of this programme are communicated to Senior Management and the Audit and Governance Committee via the Head of Internal Audit Annual report. The communication of the QAIP results will include:

- The outcomes in respect of both internal and external assessments;
- Confirmation that the Internal Audi conforms with GIAS in the UK Public Sector if supported by results of both the QAIP's internal and external assessments; and
- Any non-conformance areas will feed into action plans, with significant areas of noncompliance will be used to inform the Annual Governance Statement

6. Review of QAIP

This document will be subject to periodic review and will be update accordingly following any changes to the GIAS or internal audit's operating environment and will be reviewed at least on an annual basis.