

**South Ayrshire Council**

**Report by Chief Internal Auditor  
to Audit and Governance Panel  
of 26 March 2025**

---

**Subject: Proposed Internal Audit Plan 2025-26 (including Annual Review of Internal Audit Charter)**

---

**1. Purpose**

- 1.1 The purpose of this report is to seek Audit and Governance Panel approval for the proposed Audit Strategy and Internal Audit Plan and reserve list for 2025-26 and for the revised Internal Audit Charter. The report also sets out a summary of changes relevant to the audit planning process resulting from the new Global Internal Audit Standards (GIAS) in the UK Public Sector for noting.

**2. Recommendation**

**2.1 It is recommended that the Panel:**

- 2.1.1 **notes the summary of changes relevant to the annual planning process resulting from the new Global Internal Audit Standards (GIAS) in the UK Public Sector (Paras 3.3 and 4.1) and agrees that a report outlining all requirements and responsibilities of the new standards be brought to a future Audit and Governance Panel;**
- 2.1.2 **approves the Audit Strategy ([Appendix 1](#));**
- 2.1.3 **approves the Annual audit plan and reserve list for 2025-26 ([Appendix 2](#)); and**
- 2.1.4 **approves the revised Internal Audit Charter ([Appendix 3](#)).**

**3. Background**

- 3.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Council on the control environment comprising governance, risk management and control by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 3.2 Under paragraph 7 of The Local Authority Accounts (Scotland) Regulations 2014, a local authority must operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing. The Global Internal Audit Standards (GIAS) came into effect in January 2025,

replacing the Public Sector Internal Audit Standards 2013 (updated 2017). The GIAS guide the professional practice of internal auditing worldwide and serve as a basis for evaluating and elevating the quality of the Internal Audit function. The Application Note: GIAS in the UK Public Sector, effective from 1 April 2025, provides a framework for the practice of Internal Audit in the UK Public Sector when taken together with the GIAS. The Application Note: GIAS in the UK Public Sector sets out interpretations and requirements which need to be applied to the GIAS, to form a suitable basis for Internal Audit (IA) practice in the UK Public Sector. In addition, CIPFA produced a new Code of Practice for the Governance of Internal Audit in Local Government to support compliance with the principles and standards in Domain III (Governing the IA Function) of the GIAS (UK Public Sector).

3.3 Many aspects of how the Internal Audit function undertakes audits and the principles under which it operates have not fundamentally changed and overall, current arrangements reflect the new Standards and best practice. However, the GIAS (UK Public Sector) formalise some requirements. Key changes relevant to the annual planning process include:-

- a new Purpose statement;
- clearer roles and responsibilities for senior management and the audit committee;
- development and approval of an Internal Mandate and Charter; and
- development and implementation of an audit strategy.

3.4 Consideration was given to the GIAS (UK Public Sector) when developing the proposed Audit Strategy and Internal Audit Plan for 2025-26 and the Internal Audit Charter which are being presented for approval as part of this report.

3.5 An allocation of time is included within the proposed audit plan for 2025-26 as part of the Quality Assurance Improvement Programme (QAIP) to complete a self-assessment of the current audit process to ensure compliance with the new standards. An action plan to address issues identified during the self-assessment will be developed if required. The results of the self-assessment and the action plan will be reported to the Audit and Governance Panel once completed.

## **4. Proposals**

4.1 Domain III (governance of the Internal Audit function) of the GIAS (UK Public Sector) sets out a role for those 'charged with governance' within an organisation. The main elements are to:-

- provide the mandate setting out the authority, role and responsibilities under which Internal Audit operates
- obtain assurance that Internal Audit is fulfilling its mandate
- review and approve the internal audit charter as reflecting the Committee's expectations of the internal audit service that will be delivered within the Council
- meet with the Chief Audit Executive (CAE)<sup>1</sup> or on a periodic basis

---

<sup>1</sup> The Chief Internal Auditor is the CAE in South Ayrshire Council

- 'champion' and demonstrate support for Internal Audit
- review the governance, management and reporting arrangements of the internal audit function
- assist with setting audit priorities
- review and approve arrangements for the external assessment

4.2 Within South Ayrshire Council, the AGP is determined to be 'charged with governance' therefore the new Standards have a specific relevance to this Panel. The role of the AGP includes review and approval of the Internal Audit Strategy and Audit Plan and the Internal Audit Charter. Full details on the areas overseen by the AGP are included in section 5 of the Internal Audit Charter at ([Appendix 3](#)).

4.3 It is proposed that a report outlining all requirements and responsibilities of the new standards be brought to a future Audit and Governance Panel.

4.4 The proposed 2025/2026 Internal Audit Plan has been prepared in compliance with the GIAS in the UK Public Sector and is being presented to the AGP together with the required Audit Strategy and updated Internal Charter for approval. Audit assignments undertaken in 2025/2026 and Annual Report going forward will also reflect the requirements of the new Standards.

### ***Internal Audit Strategy***

4.5 The GIAS (UK Public Sector) require the CAE to develop and implement a strategy for the internal audit function that 'supports the strategic objectives and success of the organisation and aligns with the expectations of the board, senior management, and other key stakeholders.' The proposed internal audit strategy included at [Appendix 1](#) underpins the Internal Audit Plan and outlines:

- the approach to annual planning;
- How the annual audit plan will be delivered, including allocation of internal audit resources and the proposed areas of work for 2025-26; and
- Performance monitoring.

4.6 The Internal Audit strategy will be reviewed on an annual basis and will be presented to the AGP for approval, together with the Internal Audit plan and Internal Audit Charter.

### ***Internal Audit Plan 2025-26***

4.7 As outlined in the GIAS (UK Public Sector), the CAE is required to create an internal audit plan that supports the achievement of the Council's objectives. The proposed audit plan at [Appendix 2](#) is based on the Chief Internal Auditors assessment of the Council's priorities as detailed within the Council Plan 2023-2028 and the strategic risks included within the Council's current Strategic Risk Register and Directorates' Risk Registers. This assessment has also been informed by input from the CLT and the AGP and the Chief Internal Auditor's understanding of the Council's governance, risk and control processes.

4.8 The proposed plan should be considered to be flexible and will be kept under review, and amended as required to reflect any new arrangement or changing risks and priorities. Any future changes will be based on a full risk assessment during the year and will be presented to the Panel for approval.

## ***Internal Audit Charter***

- 4.9 The CAE is required to provide 'the board and senior management with the information necessary to establish the internal audit mandate' and must develop an Internal Audit Charter covering the governance arrangements for internal audit. The Charter must include the mandate derived from relevant regulations, plus any additional agreed mandate, and include internal audit's reporting line to the audit committee and the administrative reporting arrangements for internal audit and the CAE.
- 4.10 The Internal Audit Charter at [Appendix 3](#) sets out the purpose of Internal Audit, the Internal Audit mandate, organisational position, reporting relationships, scope of work, types of services, and other specifications in accordance with the GIAS (UK Public Sector).
- 4.11 The Internal Audit Charter will be reviewed on an annual basis and will be presented to the AGP for approval, together with the Internal Audit Strategy and Internal Audit plan.

## **5. Legal and Procurement Implications**

- 5.1 There are no legal implications arising from this report.
- 5.2 There are no procurement implications arising from this report.

## **6. Financial Implications**

- 6.1 Not applicable.

## **7. Human Resources Implications**

- 7.1 The GIAS in the UK Public Sector require Internal Audit to have sufficient staff and other resources to enable it to carry out the objectives of the Charter and to deliver a programme of independent and objective audit assurance work alongside other available sources of assurance to enable the CAE to prepare annual opinions on the adequacy of the overall control environment. The proposed Internal Audit plan will be delivered using existing internal audit staff resources (3.4 FTE). Should staff resources fall below this level within the year alternative external resources may be sought to bridge the gap.

## **8. Risk**

- 8.1 The risks included within the Strategic Risk Register as at September 2024 and current Directorate Risk Registers were considered in the development of this plan.

### ***Risk Implications of Adopting the Recommendations***

- 8.2.1 There are no risks associated with adopting the recommendations.

### ***Risk Implications of Rejecting the Recommendations***

- 8.3.1 Failure to comply with the Global Internal Audit Standards (GIAS) in the UK Public Sector and meet our obligation to provide an annual internal audit opinion.

## **9. Equalities**

- 9.1 The Internal Audit work is carried out in accordance with the appropriate legislation and professional standards (GIAS in the UK Public Sector). The latter includes compliance by those in the Internal Audit function with the Code of Ethics. The proposal in this report are in relation to the Councils requirements under the GIAS in the UK Public Sector in relation to the operation of the Internal Audit function. Therefore an Integrated Impact Assessment it is not required for this report.

## **10. Sustainable Development Implications**

- 10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

## **11. Options Appraisal**

- 11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

## **12. Link to Council Plan**

- 12.1 The matters referred to in this report contribute to the three priorities in the Council Plan; Spaces and Places; Live, Work, Learn and, Civic and Community Pride.

## **13. Results of Consultation**

- 13.1 The annual planning process includes consultation with Senior Managers and AGP Members. The results of the consultations were considered when developing the 2025-26 draft Internal Audit Plan.
- 13.2 Consultation has taken place with Councillor Ian Davis, Portfolio Holder for Finance, Human Resources and ICT, and the contents of this report reflect any feedback provided.

**Background Papers**     [Internal Audit Charter - March 2024](#)

[Local Authority Accounts \(Scotland\) Regulations 2014](#)

[Global Internal Audit Standards](#)

[The Application Note: GIAS in the UK Public Sector](#)

[CIPFA Code of Governance of Internal Audit](#)

**Person to Contact**     Cecilia McGhee, Chief Internal Auditor  
County Buildings, Wellington Square, Ayr, KA7 1DR  
Phone 01292 612432  
E-mail [Cecilia.McGhee2@south-ayrshire.gov.uk](mailto:Cecilia.McGhee2@south-ayrshire.gov.uk)

**Date:**    19 March 2025

## **South Ayrshire Council Internal Audit Strategy**

### **1. Introduction**

- 1.1 Internal Audit is defined as an 'independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.'
- 1.2 The aim of an internal audit strategy is to direct the content of the annual audit plan to ensure a sound and effective plan is delivered which can inform an independent and objective assessment of the Council's governance, risk management and control frameworks.

### **2. Strategic Objectives**

- 2.1 The objectives of this strategy are to outline:
- the approach to annual planning;
  - how the annual plan will be delivered, including allocation of internal audit resources and the proposed areas of work for 2025-26; and
  - performance monitoring
- 2.2 The strategy aims to align audit work with the Council's risks, strategic goals and objectives in line with the GIAS (UK Public Sector), national regulations, guidance and other best practice.

### **3. Annual Planning**

- 3.1 The Internal Audit Plan is risk based. All areas which may be subject to Internal Audit review are recorded within the 'Audit Universe.' The Audit Universe is reviewed on an annual basis and updated to reflect changes in risk scores and new areas of risk identified throughout the previous year.
- 3.2 The Reserve List from the current year's plan is reviewed to identify assignments that have not been completed but remain an area of risk and which should be reconsidered for the current years' audit plan.
- 3.3 Consideration is also given to the current strategic and directorate risk registers along with key Council reports for example, the Council Plan, Best Value reports, external inspection reports and local and national Audit Scotland reports when developing audit plans. Panel, Cabinet and Council reports are reviewed on an ongoing basis to identify potential areas of high/increased risk and changes to or implementation of new policies or procedures for consideration during the audit planning process.
- 3.4 The audit planning process involves consultation with the Corporate Leadership Teams and other key stakeholders including Procurement, Transformation and ICT Service Leads. These consultations focus on areas of risk within the Service and included consideration of changes to organisational structure or operational practices resulting from service redesigns, changes in legislation or external reporting requirements, ICT system developments and additional funding where relevant. Views were also sought from the AGP prior to development of the draft 2025-26 Internal Audit Plan.

- 3.5 Other Areas to consider during planning process include:
- Materiality Value - Systems that process significant income or expenditure.
  - Materiality – volume - An estimate of the number of transactions processed by the systems / activities per annum.
  - Significance / profile - The significance of the system / process to the activities of the Council.
  - Other areas of assurance (assurance mapping) - The extent to which a service / activity is monitored or audited by an external body
  - Prior audits / audit knowledge - Highlighting areas of risk based on IA team knowledge (via output from previous audits, team knowledge/awareness).
  - Fraud - Areas where there is 'opportunity' inherent within a system / activity for fraud and corruption to occur.
  - Staff turnover - the turnover of staff, especially with key skills

#### **4. Audit Resources**

- 4.1 The budgeted establishment for Internal Audit is 3.4 full time equivalents (FTE) and comprises of, the Chief Internal Auditor, one Senior Auditor and two Auditors. All posts within the Internal Audit team are professionally qualified positions. The draft audit plan has been produced taking into consideration the number of available working days per Internal Audit staff members for 2025-26 allowing for non-audit duties including administrations, training and development and staff meetings. There is a total of 611 days available for direct audit work. It should be noted that this can be subject to amendment during the year, for example for any periods of unplanned long term absence.
- 4.2 Consideration will be given to engaging the services of Internal Audit from external providers, including from other local authorities, should it become apparent that sufficient work cannot be completed to allow the Chief Internal Auditor to provide an annual opinion.

#### **5. Proposed Areas of Work**

- 5.1 On the basis of the outcomes from 3 and 4 above, the planned audit assignment priorities for the forthcoming year that can be undertaken within the resource time available are identified.
- 5.2 The main risk factors influencing the proposed audit coverage for the 2025-26 plan include strategic planning, financial constraints, ICT/system changes, transformation and management of assets. The links to the strategic risk register are detailed in [Annex 1](#)
- 5.3 The available days for proposed 2025-26 audit plan is split into the following categories of audit activity:

Category	Description of Work	2024-25 Total Days	2025-26 Total Days
Key Corporate Systems	Systems audits are conducted to ensure expected controls are embedded within the system and are operating effectively.	45	60
Governance/Best Value	Best value is about ensuring that there is good governance and effective management of resources, with a focus	70	95

Category	Description of Work	2024-25 Total Days	2025-26 Total Days
	on improvement, to deliver the best possible outcomes.		
Transformation ( <i>Note 1</i> )	Audit work will concentrate on providing assurance over delivery of the strategic approach Shaping Our Future Council	0	30
ICT Auditing	ICT audit work focuses on controls which are embedded within systems and technology across the organisation. As well as this specific category, ICT audit testing will also be used in other areas of the plan (e.g. using computer assisted audit techniques to perform continuous auditing and performing logical access testing when reviewing other systems).	15	30
Directorates/Other Systems	The internal audit plan takes account of the council's risk assessment process and includes a review of the strategic and directorate risk registers as well as the audit universe (a list of all auditable entities within the organisation). From this, specific areas are identified for inclusion in this section of the plan, audit assignments focus on internal control arrangements operating in services within the Council.	140	104
Regularity	These audits are used to determine the extent to which Council and departmental policies and procedures are being followed. Continuous auditing is used to analyse large amounts of data on an ongoing basis to ensure controls are operating as expected and highlight potential issues/risk areas which require further review.	80	44
Follow Up Reviews	Internal Audit recommendations due in the period April 2025 to March 2026 will be risk assessed and followed up to ensure implementation of all actions within all limited/no assurance audit reports and high risk actions within reasonable assurance reports including testing to confirm all actions are fully implemented. Medium risk actions will be included in audit testing where time permits.	37	30
Other Entities	The Chief Internal Auditor of the Council is also the Chief Internal Auditor of	50	55



Category	Description of Work	2024-25 Total Days	2025-26 Total Days
	Ayrshire Valuation Joint Board and the South Ayrshire Integration Joint Board and the plan includes resources allocated to these entities. An allocation of time to conduct this audit work is included in the proposed annual Internal Audit plans submitted to the AGP for approval but it is the responsibility of those bodies to approve the planned audit work for their respective areas. The Chief Internal Auditor takes assurance from work conducted by the audit team at East Ayrshire Council on Ayrshire Roads Alliance (ARA) and on the Ayrshire Growth Deal Programme Management Office.		
Other Commitments	Days are allocated in this area to carry out work which cannot be specified at the start of the year, including investigations and provision of ad-hoc advice and guidance. A contingency budget is also included for unplanned commitments arising throughout the year. Activity, and duties which are internal to the service such as reporting, planning, and audit development and review and completion of the Quality Assurance and Improvement Programme (QAIP) are included under other commitments.	191	163
<b>Total of planned days</b>		<b>628</b>	<b>611</b>

*Note 1: 30 days was included within 'Other Commitments' in the 2024/25 Internal Plan to allow Internal Audit to provide advice & guidance and support to the Transformation Programme.*

*Note 2: The planning process for these organisations is the same as that laid out above for SAC*

5.4 The proposed Internal Audit Plan for 2025-26 is appended to this Audit Strategy.

## **6. Delivery of the Audit Plan**

6.1 To facilitate delivery of the annual plan an operational programme of work will be developed which identifies the lead and review auditors responsible for all audit assignments, an indication of when work will be scheduled during the year, agreed with Senior Management, and the availability of Internal Audit staff resources.

6.2 A terms of reference detailing the objective, risk, scope and resources will be prepared and shared with the relevant Director and Service Lead/nominated service contact prior to commencement of the Internal Audit fieldwork. The risk of fraud and other appropriate cross-cutting risks including financial management, data protection, information governance, records management and climate change are considered when planning audit assignments.

- 6.3 Audit Test Programmes will be developed by Internal Audit for assignments included in the audit plan. However CIPFA, the Institute of Internal Auditors (IIA) and other professional bodies' test programmes may be used to deliver individual audit assignments where appropriated.
- 6.4 Audit testing will also consider and apply National Reports that give rise to introducing best practice arrangements or lessons learned from other local authorities or other public sector bodies. Internal Audit Engage proactively with, assist, and advise Management on best practice to evidence improvements.
- 6.5 The use of data analytics within audit assignment will be increased in 2025-26 and skills in this area developed to ensure data analytics is fully embedded within the audit process.
- 6.6 Audit reports detailing the results of the audit and an action plan where required will prepared and issued to Services for all deliverable assignments, briefing notes may also be used to report the results of investigations or to provide advice and guidance. Copies of the audit reports and briefing notes will also be shared with the Chief Executive, Chief Financial Officer the Chief Monitoring Officer and all Members. Distribution of the output from investigations may be restricted due to their nature.
- 6.7 All audit work will be completed in line with the Internal Audit Manual and in compliance with the GIAS (UK Public Sector)
- 7. Performance**
- 7.1 Progress against delivery of the annual Internal Audit plan and Directorates' progress against implementing Internal Audit actions is reported in the Internal Audit Quarterly Progress Reports to the AGP.
- 7.2 Performance indicators in relation to the delivery of the overall Internal Audit Service have been developed and are also included in all quarterly progress reports to the AGP. Performance of members of the team and identification of training needs will continue to be monitored by the Chief Internal Auditor and corrective action taken where required.

Measure	Description	Target	Reporting Frequency
1. Working Draft Report	Percentage of working draft reports issued within 3 weeks of completion of fieldwork.	90%	Quarterly
2. Final Report	Percentage of final reports issued within 2 weeks of agreeing draft report.	100%	Quarterly
3. Audit Plan Delivery	2023/24 Audit Plan completed to draft by 30 April 2024	90%	Annually
4. Audit Budget	Percentage of audits completed within budgeted days.	80%	Quarterly

Measure	Description	Target	Reporting Frequency
	Direct Audit Days delivered	85%	
5. Audit Recommendations	Internal Audit recommendations agreed (measured from 1 April 2024)	90%	Quarterly and Annually within the Annual Report
7. Client Feedback	Percentage of respondents who rated the overall quality of internal audit as satisfactory or above.	100%	Quarterly for Service Leads Annually for Senior Managers
8. Delivery of Annual Report	Annual opinion /report presented to AGP	By 30 June	Annually
9. Audit Plan	AGP Approval of audit charter and audit strategy and annual plan	By 31 March	Annually

- 7.3 Internal Audit Annual Plans include an allocation of time to develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function. The programme will include external and self-assessments of the internal audit function's conformance with the GIAS (UK Public Sector), as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The programme also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. If applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.
- 7.4 Self-assessments will be completed annually using the GIAS assessment toolkit developed by the Institute of Internal Auditors. External assessments will be conducted at least once every five years by a suitably qualified, independent assessor as part of the existing Scottish Local Authorities Chief Internal Auditors Group peer review framework, and results included within the Internal Audit quarterly progress reports to the AGP. The results of both internal self-assessment and external assessment will be reported to the AGP once completed.

**PROPOSED INTERNAL AUDIT PLAN 2025/26**

No	Audit Area	Objectives <sup>2</sup>	Link to Council Draft Plan Priorities/ cross cutting themes	Link To Strategic Risk Register as at September 2024	Estimated Days	Total Days
Key Corporate Systems						
1	Main Accounts	Follow up actions from 2024/25 audit work and develop rolling programme of annual audit assignments	Best Value	3/5/12	15	60
2	HR & Payroll	Follow up actions from 2024/25 audit work and develop rolling programme of annual audit assignments	Live, Work Learn/Best Value	3/5/12/13	20	
3	Procurement	Review of compliance with the updated One-time Payment process	Best Value	4/12	10	
4	Procurement	Review compliance with the new Framework Agreement procedures	Best Value	4/12	15	
Governance/Best Value						
5	Financial Sustainability	To provide assurance that there are adequate arrangements in place within the Council to manage the Council's financial sustainability	Best Value	2/3/12	15	
6	National Fraud Initiative (NFI)	Co-ordination and Monitoring of Exercise	Best Value	4	10	
7	Following the Public Pound	Ayrshire Growth Deal - Follow Up of actions from 2023/24 Assignment ( if required) and review of high risk areas.	Best Value	1	15	

<sup>2</sup> Objectives will be fully developed for each assignment during the audit planning stage of the audit process and may be subject to change

No	Audit Area	Objectives <sup>2</sup>	Link to Council Draft Plan Priorities/ cross cutting themes	Link To Strategic Risk Register as at September 2024	Estimated Days	Total Days
8	Following the Public Pound	Obtain assurance that there are adequate arrangements in place across the Council to monitor the receipt and issue of grants.	Best Value	1	20	95
9	Capital Contract Management	Review of updated contract management procedures, to provide assurance on the governance arrangements around the management of capital projects	Best Value/Spaces and Places	1/3/12/15	20	
10	Ward Capital Management	Review of the management and delivery of the Ward Capital programme to provide assurance that governance arrangements are in place and operating satisfactorily	Best Value/Civic and Community Pride	1/3/12/15	15	
Transformation						
11	Transformation Programme	To provide assurance that approved governance arrangements are being applied consistently with transformation projects	Best Value/Reporting and Governance	6	30	30
ICT Auditing						
12	Cloud Based System	To provide assurance over the Council's arrangements to ensure data security where business is transacted through the Cloud.	ICT supports delivery of the whole Council Plan - not linked directly to individual priorities or cross cutting themes	14	15	30
13	Business Continuity and Resilience	To provide assurance that there are adequate arrangements in place to ensure business continuity and resilience within Council hosted and cloud based ICT systems.		2/14	15	

No	Audit Area	Objectives <sup>2</sup>	Link to Council Draft Plan Priorities/ cross cutting themes	Link To Strategic Risk Register as at September 2024	Estimated Days	Total Days
<b>Directorates</b>						
14	Health and Social Care Partnership	To provide assurance that the <b>Quality Assurance Process</b> in place is effective	The Promise/Our Ageing Population	7	15	
15	Corporate Policy and Strategy	To provide assurance that the updated <b>Housing Allocations Policy</b> and guidance adequately reflects statutory guidance	Live, Work , Learn	3/15	10	
16	Corporate Policy and Strategy	To follow up actions from 2024/25 <b>Climate Change</b> audit assignment and confirm Council policies and strategies are in place and effective	Sustainability, climate change and biodiversity	3/5/9	15	
17	Corporate Policy and Strategy	To provide assurance that the <b>Integrated Impact Assessment</b> is being completed where required	Equalities and the Fairer Scotland Duty	1/7	15	
18	Communities and Transformation	To provide assurance that there are adequate controls in place and operating effectively within the <b>Ambition Fund</b> programme	Live, Learn, Work/Civic and Community Pride	10	12	
19	Housing Operations and Development	To provide assurance that there are adequate controls in place to ensure the Council's estate is properly valued and managed in line with the <b>Asset Management Plan/Transforming Our Estate</b> project	Best Value/Spaces and Places	6/15	25	

No	Audit Area	Objectives <sup>2</sup>	Link to Council Draft Plan Priorities/ cross cutting themes	Link To Strategic Risk Register as at September 2024	Estimated Days	Total Days
20	Housing Operations and Development	Review Performance information included in the <b>Annual Return on the Charter (ARC)</b> .	Best Value/Live, Work , Learn	3	12	104
Regularity						
21	Continuous Auditing/Data Analytics	Account Payables, Bank Accounts, Payroll and Expenses and develop the use of Continuous Audit in other Council Services.	Best Value	4	30	44
22	Grants	Audit of claims and annual review of procedures, Ayrshire Rural and Island Ambition Fund (ARIA).	Live, Work, Learn	4/10	10	
23	Grants	Review of evidence to support Network Support Grant claim.	Spaces and Places/Our Ageing Population	4/10	4	
Follow Up Reviews						
24	Directorates	Follow up of Actions from 2024/25 Audit Assignment - <b>Malicious Damage</b>	-	5/15	5	30
25	Governance and Best Value	Follow up of Actions from 2023/24 Audit Assignment - <b>Participatory Budgeting</b>	-	5/3	5	
26	Governance and Best Value	Follow up of Actions from 2024/25 Audit Assignment - <b>Use of Consultancy Services</b>	-	5/1	5	
27	Follow Up Contingency	Follow up of Actions from 2024/25 Audit Assignment not yet cocluded	-	5	15	30
Other Entities						

No	Audit Area	Objectives <sup>2</sup>	Link to Council Draft Plan Priorities/ cross cutting themes	Link To Strategic Risk Register as at September 2024	Estimated Days	Total Days
28	AVJB	To be approved by AVJB	-	-	25	
29	IJB	To be approved by IJB	-	-	25	
30	East Renfrewshire - Audit of Trust Accounts	Part of reciprocal arrangements between South Ayrshire, North Ayrshire and East Renfrewshire Council	-	-	5	55
Other						
31	Investigations	Allowance for investigations of irregularities.	-	4	20	
32	Advice and Guidance (general)	Client requests, advice and consultancy - including participation on working groups.	-	-	5	
33	Contingency	Contingency budget for unplanned commitments arising during the year.	-	-	20	
34	Closure of prior year assignments	Allowance of time for the closure of prior year audit work into 2024/25	-	-	53	
35	Management and Audit development	Update of procedures/process to reflect the requirements of the new GIAS in UK Public Sector, Internal Audit planning, annual reporting, and quarterly reporting and Chief Internal Auditor Review of assignments.	-	-	55	
36	Quality Assurance Improvement Programme (QAIP)	Annual self-assessment of compliance with Internal Audit Standards (GIAS in UK Public Sector).	-	-	10	163
TOTAL						611



## PROPOSED RESERVE LIST 2025/26

Rank*	Audit Area	Description	Estimated Days
1	Ayrshire Roads Alliance (ARA) Service Level Agreement	To obtain assurance that there are adequate arrangements in place to monitor ARA's delivery of services to South Ayrshire Council	20
2	Asset Management System (Housing)	To obtain assurance that there are adequate controls in place and operating effectively within the upgraded Housing Asset Management System (due to be completed by Nov 2025)	20
3	Regeneration	To obtain assurance that there are adequate controls around delivery of the Maybole regeneration project	20
4	Telephony Charges	To ensure there are adequate controls in place to ensure telephony charges incurred by Council Services are properly monitored and approved	20

**\*Ranked in order of risk assessment**

## LINKS BETWEEN STRATEGIC RISK REGISTER (SEPTEMBER 2024) AND THE 2025/26 INTERNAL AUDIT PLAN

Risk No	Risk Title	2025/26 Assignment
1	Decision making and governance	Ayrshire Growth Deal, Integrated Impact Assessments, Following the Public Pound (grants), Follow Up - Use of Consultancy Services
2	External factors including contingency planning	Financial Sustainability, Business Continuity and Resilience
3	Strategic planning	Main Accounts and HR and Payroll Fusion audits, Financial Sustainability, Capital Contract Management, Ward Capital Management, Housing Allocation Policy, Climate Change, Annual Return on the Charter, Participatory Budgeting
4	Integrity	One Time Payments, Framework Agreements, NFI, Continuous Auditing, Grant assignments, Investigations
5	Internal Audit Actions	Follow Up audit assignments, Main Accounts and HR and Payroll fusion audits, Climate Change
6	Transformation	Transformation, Asset Management
7	Adult and Child Protection	Quality Assurance Process
8	Public and Employee Protection	-
9	Sustainable Development and Climate Change	Climate Change
10	Financial Inclusion	Ambition Fund, grants
11	Ground Maintenance - Ash Tree Die Back	-
12	Financial Constraints	Main Accounts and HR and Payroll Fusion audits, One Time Payments, Framework Agreements, Financial Sustainability, Capital Contract Management, Ward Capital Management,
13	Employee Absence	HR and Payroll fusion audit
14	ICT – Digital Resilience, Protection and Capability	Cloud Based Systems, Business Continuity and Resilience
15	Management of Assets	Capital Contract Management, Ward Capital Management, Asset Management, follow up of Malicious Damage assignment

## South Ayrshire Council Internal Audit Charter 2025-26

### 1. Introduction

Under the [Local Authority Accounts \(Scotland\) Regulations 2014 paragraph 7\(1\)](#), a local authority must operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing. From 1 April 2025 the recognised standards for Councils' are the [Global Internal Audit Standards \(GIAS\)](#), supported by [The Application Note: GIAS in the UK Public Sector](#) which provides a framework for the practice of Internal Audit in the UK Public Sector when taken together with the GIAS and the CIPFA [Code of Practice for the Governance of IA in Local Government](#) which support compliance with the principles and standards in Domain III (Governing the IA Function) within local government.

Standard 6.2 Domain III of the standards requires the Chief Audit Executive (CAE) to implement and maintain an Internal Audit Charter with sets out the Purpose of Internal Audit, the Internal Audit mandate, organisational position, reporting relationships, scope of work, types of services, and other specifications in accordance with the GIAS.

The Internal Audit Charter for South Ayrshire Council sets out these requirements and is based on the Institute of Internal Auditor's (IIA) 2024 Model Charter.

#### ***Commitment to Adhering to the Global Internal Audit Standards***

The Internal Audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the IIA's Global Internal Audit Standards, which are set in the public interest.
- The Internal Audit function is independently positioned with direct accountability to the Audit and Governance Panel
- Internal Auditors are free from undue influence and committed to making objective assessments.

The Council's internal audit function will adhere to the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards (GIAS) and Topical Requirements, and the IASAB Application Note: Global Internal Audit Standards in the UK Public Sector and the new CIPFA Code of Practice for the Governance of Internal Audit in Local Government. The CAE will report annually to the AGP and senior management regarding the internal audit function's conformance with the Standards.

#### ***Definitions***

The following definitions have been adopted as set out in the GIAS 2024 Glossary:

<b>Internal Audit</b>	<i>An independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation establish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.</i>
-----------------------	---

<b>Assurance services</b>	<i>Services through which internal auditors perform objective assessments to provide assurance. The nature and scope of assurance services are determined by Internal Audit.</i>
<b>Advisory services</b>	<i>Services through which internal auditors provide advice to an organisation's stakeholders without providing assurance or taking on management responsibilities. The nature and scope of advisory services are subject to agreement with relevant stakeholders.</i>
<b>Independence</b>	<i>Freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.</i>

The Key roles as included within the GIAS are defined within South Ayrshire Council as follows:

- Chief Audit Executive 'CAE' - the Chief Internal Auditor (CIA)
- Senior management - Corporate Leadership Team (CLT)
- the 'Board' – the Audit and Governance Panel (AGP)

## 2. Purpose

The purpose of the internal audit function is to strengthen South Ayrshire Council's ability to create, protect, and sustain value by providing the Council's audit committee (the Audit and Governance Panel) and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances South Ayrshire 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.

Internal Audit assurance is provided by delivering an annual programme of audit work that independently and objectively assesses the design and effectiveness of the controls established to manage the Council's most significant risks. The scope of Internal Audit covers all activities across the Council Group.

The CAE will report annually to the Audit and Governance Panel (AGP) and senior management on the function's conformance with the GIAS (UK Public Sector), which will be assessed through a quality assurance and improvement programme.

In addition to their primary role, the CAE will also support the Council's Chief Executive, the Section 95 Officer (Chief Financial Officer) and the statutory Monitoring Officer (Chief Monitoring Officer) in undertaking their duties. The CAE will also advise on the control implications of system or process changes; assist management in their duties to prevent and detect fraud and corruption; and aim to add value to the Council in all its undertakings.

### **3. Mandate**

#### ***Authority***

In local government in the UK, internal audit's primary mandate is drawn from the Local Authority Accounts (Scotland) Regulations 2014.

The mandate sets out the authority, roles and responsibilities, and empowers the Internal Audit function to provide the Audit and Governance Panel and senior management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the Audit and Governance Panel which allows for unrestricted access. The authority of Internal Audit is also contained in the Council's Financial Regulations.

The internal audit function is authorised to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of the Council, the South Ayrshire Integration Joint Board (SA IJB), the Ayrshire Valuation Joint Board and other specialised services from within or outside the Council to complete internal audit services.

The GIAS set out the duty on internal auditors to be faithful custodians of the information they gather, sharing only in limited, defined and controlled ways, and describes the need for awareness of responsibilities in protecting information and demonstrating respect for the confidentiality, privacy and ownership of information.

In line with the GIAS in the UK Public Sector, internal auditors must also be aware of circumstances under which sharing or publication of information will be required. They must be aware of their organisation's policies and procedures for routine publication of certain information and where there are statutory obligations to share or publish information, for example Freedom of Information requirements.

### **4. Independence, Organisational Position, and Reporting Relationships**

The GIAS in the UK Public Sector state that the CAE should be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. Within South Ayrshire Council:

- Internal Audit has a direct reporting line to the Chief Executive and functionally to the Council's Audit and Governance Panel in its role as the Council's audit committee;
- the CAE has unfettered access to the Executive Leadership Team;
- the CAE meets regularly with the Chair and Vice Chair of the audit committee;
- the CAE attends all Audit and Governance meetings; and
- all audit reports are issued directly by, and in the name of, the CAE

This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Audit and Governance Panel, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The CAE will confirm to the AGP, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the CAE will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The CAE will disclose to the AGP any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

To ensure that IA independence and objectivity is maintained for assurance services, IA will remain free from interference from anyone within the Council in relation to audit selection, scope, procedures, frequency, timing, and report content.

For advisory services, the IA role will be specifically restricted to providing guidance, views, and opinions. To comply with independence requirements, IA will not be involved in any aspects of operational decisions subsequently taken by management.

Additionally, IA will not be permitted to audit any activities for which they have previously been responsible within a period of one year and will not engage in any other activity that may impair judgment or independence.

## **5. Audit and Governance Panel Oversight**

To establish, maintain, and ensure that South Ayrshire Council's internal audit function has sufficient authority to fulfill its duties, the Audit and Governance Panel will consider the following requirements for review or approval:

- Consider with the CAE and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function. *(Review)*
- Ensure the CAE has unrestricted access to and communicates and interacts directly with the AGP, including in private meetings without senior management present. *(Review)*
- Consider with the CAE and senior management other topics that should be included in the internal audit charter. *(Review)*
- Participate in discussions with the CAE and senior management about the 'essential conditions,' described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function. *(Review)*
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services. *(Approve)*
- Review the internal audit charter annually with the CAE to consider changes affecting the organisation, such as the employment of a new CAE or changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter *(Review)*
- Approve the risk-based internal audit plan. *(Approve)*
- Consider the Internal Audit function's budget and staff resources. *(Review)*
- Provide input to senior management on the appointment and removal of the CAE, ensuring adequate competencies and qualifications and conformance with the Global Internal Audit Standards. *(Review)*

- Review and provide input to senior management on the CAE's performance. *(Review)*
- Receive communications from the CAE about the internal audit function including its performance relative to its plan. *(Review)*
- Ensure a quality assurance and improvement programme has been established and review the results annually. *(Review)*
- Make appropriate inquiries of senior management and the CAE to determine whether scope or resource limitations are inappropriate. *(Review)*

## **6. Internal Audit Objectives and Responsibilities**

### ***Ethics and Professionalism***

The CAE will ensure that internal auditors:

- Conform with the GIAS in the UK Public Sector, including the 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 Council and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the Council.
- Report organisational behavior that is inconsistent with the Council's ethical expectations, as described in applicable policies and procedures.

### ***Objectivity***

The CAE will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the CAE determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for South Ayrshire Council or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any South Ayrshire employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to the CAE at least annually.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

The CAE will disclose impairments of independence or objectivity to the Audit Committee at least annually.

### ***Managing the Internal Audit Function***

The CAE has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the AGP and senior management. Discuss the plan with the AGP and senior management and submit the plan to the AGP for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the AGP and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in the Council's business, risks, operations, programmes, systems, and controls.
- Communicate with the AGP and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the GIAS in UK Public Sector.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the AGP and senior management quarterly and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the GIAS in the UK Public Sector and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the Council and communicate to the AGP and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to the Council's 's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the AGP and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the CAE cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the AGP.

### ***Communication with the Audit and Governance Panel and Senior Management***

The CAE will report to the AGP and senior management on:



- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Significant revisions to the internal audit plan.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement programme, which include the internal audit function's conformance with the GIAS in the UK Public Sector and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the AGP that could interfere with the achievement of Council's strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond Council's risk appetite.

### ***Quality Assurance and Improvement Programme***

The CAE will develop, implement, and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function. The programme will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The programme also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the CAE will communicate with the AGP and senior management about the internal audit function's quality assurance and improvement programme, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a suitably qualified, independent assessor.

## **7. Management Responsibilities**

Management is responsible for ensuring that internal control arrangements are sufficient to address the risks facing their services.

Management will co-operate with Internal Audit on audits and provide access to records, systems and personnel as required within a reasonable timeframe following the request.

Assurance engagements will be subject to a written terms of reference and report.

Advisory will be agreed in writing (for example via email or written terms of reference) and a relevant output agreed (for example full report/summary findings, focused feedback or an action plan).

Management will nominate a senior point of contact for each engagement.

Audit reports are produced at the conclusion of each assignment, detailing the audit findings and recommended actions where required. Draft reports are shared with audit contacts for agreement as to the factual accuracy of draft findings raised.

It is management's responsibility to consider the recommended actions raised and agree to either:

- accept and fully implement all Internal Audit recommendations;
- agree to address the risks identified by adopting an alternative approach to that recommended by Internal Audit; or
- accept the risk associated with not implementing Internal Audit recommendations with supporting rationale.

Where action to address the risk is agreed management are required to detail the action to be taken, specify the officer responsibility and anticipated dates for the implementation. Internal Audit will consider the timeliness of implementation dates according to the associated risk level identified.

All actions agreed are added to Ideagen to allow implementation to be monitored.

Management is responsible for ensuring that agreed management actions are implemented in full and effectively sustained.

The GIAS in UK public Sector require the CAE to report to both senior management and the Audit Committee, details of management's response to risk that (based on the CAE's judgement) may be unacceptable to the Council. All Internal Audit findings where management has accepted the risk will be highlighted in Internal Audit reports and within the Quarterly Internal Audit progress reports to the AGP

## **8. Scope and Types of Internal Audit Services**

The scope of internal audit services covers the entire breadth of South Ayrshire Council, the South Ayrshire Integration Joint Board and the Ayrshire Valuation Joint Board Council, and included all activities, assets, and personnel as detailed within the Audit Universe. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the AGP and management on the adequacy and effectiveness of governance, risk management, and control processes for the Council.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed.
- The actions of the Council's officers, directors, assistant directors, management, employees, and contractors or other relevant parties comply with Council's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programmes are consistent with established goals and objectives.
- Operations and programmes are being carried out effectively, efficiently, ethically, and equitably.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Council.

- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

## 9. Internal Audit Work Programme

The CAE will submit an annual Internal Audit Plan which is designed to support provision of an evidence-based annual opinion to the AGP for review and approval. This Plan will be developed, based on a risk-based prioritisation of the audit universe. Input will be sought from a range of key stakeholders including AGP Members, the Chief Executive and the CLT.

The nature of evolving risks makes it likely that the audit assignments included work programme may be subject to change. Consequently, the IA work programme will be regularly reviewed and any proposed changes to the approved plan, due to emerging risks, suspected fraudulent activity or other factors that result in changes to planned IA activities, will be brought to the AGP for approval.

### *Other sources of assurance – coordination and reliance*

The GIAS requires the CAE to coordinate with internal and external assurance providers to consider relying on their work and minimise duplication of effort. This is achieved via a shared risk assessment with the Council's external auditors and other sources of external assurance, where relevant.

The GIAS in the UK Public sector recognises that there are various relevant outside assurance providers whose authority flows from separate legal or regulatory sources beyond the control or influence of the CAE and they may not have any ability to access the work of those assurance providers or gain insight into the scope and timing of their work. Under these circumstances the CAE will consider whether it is possible or practical to co-ordinate. Where they do not co-ordinate, they will set out to the Committee the barriers which prevent effective co-ordination

Where adopted, a consistent process for the basis of reliance should be established as, where reliance is placed on the work of others, the CAE remains accountable and responsible for ensuring that there is adequate support for conclusions and opinions reached where reliance has been placed on work performed by other assurance providers.

Therefore, when dealing with an external party, the CAE will clearly define the respective roles, responsibilities, and other expectations (including restrictions on distribution of results of the engagement and access to engagement records).

IA also reserves the right to raise findings on areas that have not been specifically included in the IA work programme where significant or systemic control gaps are evident.

## 10. Resourcing

The GIAS require the CAE to effectively deploy and manage financial, human and technological resources to implement the IA strategy and achieve its plan and mandate.

The [Application Note: Global Internal Audit Standards in the UK Public Sector](#) notes that funding processes for IA functions in the public sector vary and may prevent the CAE from being able to seek or obtain additional funding due to other funding priorities within the organisation. This may impact the way in which the CAE uses resources. In line with the GIAS (UK Public Sector) the basis for conformance is as follows:

- where there are constraints on resources, the CAE must develop a resource strategy which suggests practical approaches for consideration by the relevant Committee

- the CAE must inform the Committee of the impact of insufficient resources and any options available to mitigate that impact
- where there are constraints, the CAE must set out in the Charter what alternative approaches apply to the IA service, and then seek to manage financial, human and IT resources within those constraints.

The CAE must also inform the Committee of any resource management arrangements at the organisation that may put at risk the ability of the internal audit service to fulfil its mandate.

The Council's Internal Audit Plan includes the budgeted resource requirements needed to deliver proposed audit assignment. It will also include a contingency to address unplanned work. Should circumstances arise during the year that suggests that available resource levels will fall or appear to be falling below the level required to deliver the Plan, the CAE will communicate the impact of resource limitations to senior management and the AGP.

## **11. Fraud and Corruption**

In line with the Council's Anti-Fraud and Anti-Bribery Strategy, management is responsible for the prevention and detection of fraud or corruption. The Council's Corporate Fraud Team sit within the remit of the CAE and, together with Internal Audit will assist management in the effective discharge of this responsibility. The Corporate Fraud Team activity will be reported to the AGP twice yearly separately from the Internal Audit progress against internal audit plan.

In addition, Internal Audit will assess the existence of fraud risk during the planning stage for all audit assignments and will exercise an appropriate level of professional skepticism during audit work and be alert to risks and exposures that could allow the opportunity for fraud or corruption to occur.

Discovery of any fraud or irregularity that affects the Council should be reported in line with the Council's Anti-Fraud and Anti- Bribery Strategy and information on suspected or actual fraud may inform the annual audit opinion and the risk-based Internal Audit work programme. The CAE may then direct Internal Audit resources to investigate, or assist management investigations, into suspected and actual cases. An allocation of time for investigations is included in the annual audit plan.

## **12. Annual Reporting and Overall Conclusion**

In line with the GIAS in the UK Public Sector the CAE must, at least annually:

- conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control (annual opinion)
- include a statement on conformance with the GIAS in the UK Public Sector and the results of the Quality Assurance and Improvement Programme.

The annual opinion for the Council is informed by a number of sources including:

- the audit work undertaken by Internal Audit during the year;
- the audit work undertaken by Internal Audit in previous years and knowledge of any significant audit findings after the year end;
- reports issued by the organisation's external auditors and other review and inspection agencies where relevant
- knowledge of the organisation's governance, risk management and performance monitoring arrangements; and

- any other items brought to the attention of internal audit by whatever means which may warrant further investigation.

The Council has adopted the following definitions for the overall annual audit opinion.

- **Substantial Assurance** A sound system of governance, risk management and control exists across the organisation, with internal controls operating effectively and being consistently applied to support the achievement of strategic and operational objectives.
- **Reasonable Assurance.** There are generally sound systems of governance, risk management and control in place across the organisation. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of some of the strategic and operational objectives.
- **Limited Assurance.** Significant gaps, weaknesses or non-compliance were identified across the organisation. Improvement is required to the system of governance, risk management and control to effectively manage risks and ensure that strategic and operational objectives can be achieved.
- **No Assurance** Immediate action is required to address fundamental control gaps, weaknesses or issues of non-compliance identified across the organisation. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of strategic and operational objectives.

### 13. Communication and Reporting

The CAE will report regularly on the progress with, and results of its work to the AGP enabling review and scrutiny of the following areas as required by the GIAS in the UK Public Sector:

Report	Frequency
Internal Audit annual Charter	annually
Internal Audit Strategy and annual plan	annually
Internal Audit Plan delivery progress	quarterly
Proposed changes to the Internal Audit Plan	At least six monthly
Open and overdue Internal Audit management actions, including ongoing achievement of key delivery performance indicators by both IA and management	quarterly
Annual overall conclusion (opinion), including: <ul style="list-style-type: none"> <li>• effectiveness of the governance, risk management and control framework</li> <li>• Internal Audit independence</li> <li>• conformance with the GIAS in the UK Public Sector including ethics and professionalism requirements</li> </ul>	Annually
Internal Quality Assessments	Annually

<ul style="list-style-type: none"> <li>• results including corrective action plans</li> <li>• compliance with the CIPFA Code of Practice for the Governance of Internal Audit in Local Government</li> </ul>	
External Quality Assessment	At least every five years

## 14. Approval and Review

The Internal Audit Charter is subject to approval by the AGP on an annual basis. Approval is evidenced through AGP meeting papers and minutes.

Circumstances may justify a follow-up discussion between the CAE, AGP and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganisation within the Council.
- Significant changes in the CAE, AGP, and/or senior management.
- Significant changes to the Council's strategies, objectives, risk profile, or the environment in which the organization operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

All amendments will be subject to approval by the Audit and Governance Panel.

This Charter was approved by the Audit and Governance Panel on 26 March 2025 (tbc following AGP). It will be subject to annual review and update as required.