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**Report to: Audit & Scrutiny Committee**

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**Date of Meeting: 11 June 2026**

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**Subject: Internal Audit Strategy and Internal Audit Charter**

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**Report by: Internal Audit Manager**

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## **1.0 Purpose**

1.1 This report seeks Audit and Scrutiny Committee's approval of the Internal Audit Strategy and an updated Internal Audit Charter.

## **2.0 Recommendations**

2.1 It is recommended that the Committee:

- considers and approves the Internal Audit Strategy attached at **Appendix 1**;
- considers and approves the Internal Audit Charter attached at **Appendix 2**; and
- notes that both documents meet the requirements of the Global Internal Audit Standards and their application in the UK Public Sector.

## **3.0 Background**

3.1 The Local Authority Accounts (Scotland) Regulations 2014 make provision for Internal Audit to be a statutory service and a local authority must operate a professional and objective internal auditing service in accordance with recognised standards and practices.

3.2 The Global Internal Audit Standards (GIAS) are issued by the Institute for Internal Auditors (IIA) and came into effect in April 2025, replacing the Public Sector Internal Audit Standards (PSIAS) 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. They include a section on 'Applying the Global Internal Audit Standards in the Public Sector', and recognise that differences in governance structures, regulations, and funding in the public sector may sometimes demand different approaches to maintain appropriate quality, efficiency, and effectiveness in delivering internal audit.

- 3.3 The authority for setting professional standards for internal audit in the UK public sector rests with CIPFA (Chartered Institute of Public Finance and Accountancy) as the Relevant Internal Audit Standard Setters (RIASS). CIPFA have determined that the GIAS are a suitable basis for the practice of internal auditing in the UK public sector, subject to interpretations and requirements with the Application Note: GIAS in the UK Public Sector and supported by the Code of Practice for the Governance of Internal Audit in Local Government (the Code).
- 3.4 The internal audit standards for UK public sector therefore encompasses the GIAS, the Application Note, and the Code. This is expressed as the GIAS (or the Standards) and must be referred to as such when expressing conformance with the Standards.
- 3.5 The GIAS are organised into five domains and include 15 guiding principles and a total of 54 standards which contain requirements and 'essential conditions' for implementation across Internal Audit services. The GIAS (UK Public Sector) sets out interpretations and requirements which need to be applied to the GIAS, to form a suitable basis for Internal Audit practice in the UK Public Sector. In addition, the CIPFA Code of Practice for the Governance of Internal Audit in Local Government aims to support compliance with the principles and standards in Domain III (Governing the Internal Audit Function) of the GIAS (UK Public Sector).

#### **4.0 Considerations**

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

- 4.1 Standard 9.2 of the GIAS requires the Chief Audit Executive (CAE), who is Clackmannanshire Council's Internal Audit Manager, to develop a strategy for the Internal Audit function that supports the strategic objectives and success of the Council and aligns with the expectations of the Board (the 'Board' role is undertaken by the Audit Committee), senior management, and other key stakeholders.
- 4.2 The Internal Audit Strategy at **Appendix 1** is a new document which is an essential part of the GIAS and stipulates that the Internal Audit function must be risk focused and strategically aligned with the organisation. A clearly defined strategy ensures Internal Audit activity has a well-articulated mandate that supports organisational objectives / priorities. It also strengthens governance by setting out how Internal Audit will maintain independence, uphold professional competence, and adapt to emerging risks.
- 4.3 The Internal Audit Strategy will be reviewed every three years (unless there are significant changes required, such as changes to the Council's priorities or emerging risks, statutory or regulatory updates, or any other matters identified which need to be addressed) and contains the following sections:
- Introduction and Background;
  - Internal Audit's Purpose, Mission and Vision;
  - Strategic Objectives;
  - Delivering our Strategy;

- Continuous Improvement; and
- Strategy Review and Reporting.

4.4 The Strategy is a future looking time bound plan with improvement actions to help support and deliver the Internal Audit service whereas the Charter is the governance framework that defines what Internal Audit is and what it can do.

### **Internal Audit Charter**

4.5 In line with Domain III of the GIAS – Governing the Internal Audit Function: Standard 6.2, the Chief Audit Executive must develop and maintain an Internal Audit Charter which specifies as a minimum:

- the purpose of Internal Auditing;
- the commitment to adhering to the GIAS;
- the Internal Audit Function’s mandate, including scope and types of work to be provided, and the Audit Committee’s responsibilities and expectations for management’s support of the Internal Audit Function; and
- the organisational position and reporting arrangements for Internal Audit.

4.6 The Internal Audit Charter at **Appendix 2** is based on the Institute of Internal Auditors model charter and conforms with the GIAS in the UK Public Sector.

4.7 The Internal Audit Charter will be reviewed on an annual basis and submitted to Audit Committee for consideration and approval.

## **5.0 Conclusions**

5.1 The Internal Audit Strategy has been developed in line with the requirements of GIAS and sets out the vision, objectives, and supporting initiatives for the Council’s Internal Audit function for the period 2026 to 2029.

5.2 The Internal Audit Charter sets out the role, authority, and responsibility of the Internal Audit team. It provides the high level framework within which the team operates. It also has been developed in line with GIAS requirements.

5.3 This report seeks Audit and Scrutiny Committee’s approval of a new Internal Audit Strategy and an updated Internal Audit Charter.

## **6.0 Sustainability Implications**

6.1 None Noted.

## **7.0 Resource Implications**

### *Financial Details*

7.1 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

7.2 Finance have been consulted and have agreed the financial implications as set out in the report. Yes

## *Staffing*

7.3 No implications other than those set out in the report.

## **8.0 Exempt Reports**

8.1 Is this report exempt? Yes  (please detail the reasons for exemption below) No

## **9.0 Declarations**

9.1 The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please double click on the check box )
- Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all
- Our families; children and young people will have the best possible start in life
- Women and girls will be confident and aspirational, and achieve their full potential
- Our communities will be resilient and empowered so that they can thrive and flourish
- (2) **Council Policies**
- Complies with relevant Council Policies

## **10.0 Impact Assessments**

10.1 Have you attached the combined equalities impact assessment to ensure compliance with the public sector equality duty and fairer Scotland duty? (All EFSIAs also require to be published on the Council's website)

Yes

10.2 If an impact assessment has not been undertaken you should explain why:

Not necessary as this report does not require a decision.

## **11.0 Legality**

11.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

## **12.0 Appendices**

12.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

- Appendix 1: Internal Audit Strategy
- Appendix 2: Internal Audit Charter

**13.0 Background Papers**

13.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes  (please list the documents below) No

**Author(s)**

NAME	DESIGNATION	TEL NO / EXTENSION
Isabel Wright	Internal Audit Manager	

**Approved by**

NAME	DESIGNATION	SIGNATURE
Chris Alliston	Head of Corporate Services	



# Clackmannanshire Council

## 2026/27 – 2029/30 Internal Audit Strategy

<b>Approved by Senior Leadership Group On:</b>	Insert Date
<b>Approved by Audit and Scrutiny Committee On:</b>	Insert Date
<b>Distribution:</b>	Audit and Scrutiny Committee Senior Leadership Group Internal Audit Team
<b>Next Review Date:</b>	2029/30

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# 1. Introduction and Background

## Purpose of the Internal Audit Strategy

- 1.1 The purpose of the Internal Audit Strategy is to outline the direction and focus of Clackmannanshire Council's<sup>1</sup> Internal Audit service, ensuring alignment with the Council's strategy and conformance with Standard 9.2 of the [Global Internal Audit Standards](#) (GIAS). It sets out how Internal Audit supports and promotes improvements in governance, risk management, and control underpinned by the Internal Audit Charter<sup>2</sup> which describes the mandate, purpose, authority, responsibility, and position of the Council's Internal Audit service.
- 1.2 The Internal Audit Strategy also helps guide the Internal Audit service in developing staff training and competencies, integrating technology to enhance the audit process, and improve the Internal Audit function as a whole. The Strategy also helps to improve the consistency and overall value provided by the Internal Audit activity to the Council and its stakeholders.

## Global Internal Audit Standard Requirements

- 1.3 The Global Internal Audit Standards in the UK Public Sector support the development and implementation of a Strategy to guide the Internal Audit function. The Global Internal Audit Standards, therefore, establish the following requirements for an Internal Audit Strategy:
  - The Chief Audit Executive (CAE), who is Clackmannanshire Council's Internal Audit Manager, must 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<sup>3</sup>, senior management, and other key stakeholders.
  - An Internal Audit Strategy is a plan of action designed to achieve long-term or overall objectives. The Internal Audit Strategy must include a vision, strategic objectives, and supporting initiatives for the Internal Audit function.
  - An Internal Audit Strategy helps guide the Internal Audit function towards the fulfilment of the Internal Audit mandate<sup>4</sup>. The CAE must review the Internal Audit Strategy with the Board and senior management periodically.

## Strategic Context

- 1.4 Clackmannanshire Council's Corporate Performance Report 2024/25 details four outcomes:
  - Wellbeing.
  - Economy and Skills.
  - Places.
  - Best Value.
- 1.5 Supporting these outcomes are the following corporate priorities:
  - Digital and Data Transformation.

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<sup>1</sup> This includes the service provision for Clackmannanshire and Stirling Integration Joint Board and Central Scotland Valuation Joint Board.

<sup>2</sup> The Internal Audit Charter is a separate document that sits alongside the Strategy. The Strategy is a future looking time bound plan with improvement actions to help support and deliver the Internal Audit service whereas the Charter is the governance framework that defines what Internal Audit is and what it can do.

<sup>3</sup> The 'Board' role is undertaken by the Audit and Scrutiny Committee.

<sup>4</sup> The Internal Audit mandate is the formal authorisation that gives the Internal Audit function its purpose, authority, and responsibility within the Council.

- Asset Strategy.
- Workforce Strategy.
- Collaboration Work.

1.6 Internal Audit's annual work plan ensures risks associated with the four priorities detailed above are tested for the appropriate controls. The Annual Plan along with the Annual Assurance Report ensure transparency and the adequacy of the Council's arrangements for risk management, governance, and control.

## Risk Environment

1.7 Clackmannanshire Council area borders with Falkirk, Stirling, Perth and Kinross, and Fife, and has an estimated population of 51,800<sup>5</sup>. Clackmannanshire Council is majority funded by an annual grant settlement from the Scottish Government, with the remainder coming from Council Tax, fees and charges, and general fund reserves.

1.8 The Council has a well embedded approach to the management of risk through its risk management strategy and recognises that evaluation and monitoring of corporate and service risks is a key part of its role. The Annual Governance Statement Action Plan and Corporate Risk Register provide more details on those Corporate Risks rated 'high', and links to these can be found within the Annual Governance Statement.

## Our Audit Environment

1.9 Our audit environment continues to evolve, particularly with the Global Internal Audit Standards in the UK Public Sector and the development of supporting guidance for internal audit teams working in the public sector to support these changes. The Council continues to face a challenging financial environment.

1.10 The financial challenges mean that the Council will continue to face difficult decisions around services and significant ongoing pressure to ensure that services are delivered in a cost-effective manner. At the same time, the demands on Council services are increasing and the expectations of the public in terms of the range and quality of services offered by the Council will remain high. The public also increasingly expects services to be provided in a way that is more visibly integrated and joined up for the people who use them.

1.11 The Council, therefore, faces significant challenges balancing the day-to-day delivery of services with achieving its wider strategic priorities, whilst delivering efficiencies, driving service improvements, managing expectations and delivering transformational change.

## Alignment with Council Objectives

1.12 This Strategy aligns Internal Audit activity with the overall mission and priorities of the Council. This is attained by ensuring that allocated resources in the Internal Audit Plan are prioritised to provide assurance over areas of strategic importance and highest risk to assist the Council in achieving its objectives.

## Internal Audit Resources

1.13 Principle 10 of the Global Internal Audit Standards requires the CAE to effectively manage resources. The CAE should also provide opportunities for the Internal Audit function to develop their experience and competencies to ensure resources are effectively deployed to deliver the Internal Audit Plan and support other stakeholder requests.

<sup>5</sup> Source: Annual Accounts 2023/24.

- 1.14 The Internal Audit Section provides Internal Audit services to all Clackmannanshire Council Services, Central Scotland Valuation Joint Board, and Clackmannanshire and Stirling Integration Joint Board<sup>6</sup>.
- 1.15 In the Council, the Internal Audit team establishment consists of 1 full-time Internal Auditor. A further 1 full time resource is provided via a Joint Working Agreement with Falkirk Council. The duties performed by this additional resource include management, supervision, audit committee preparation and attendance work, annual planning and assurance, as well as performing audits, therefore, is made up of various members of the Falkirk Council team. Falkirk Council's compliment includes 2 full time Internal Auditors, 1 part time Internal Auditor, 1 full time Senior Internal Auditor, and the full time Internal Audit, Risk, and Corporate Fraud Manager. All members of the team are experienced and professionally qualified in either Internal Audit or Accountancy disciplines. The available resources are detailed in the Annual Internal Audit Plan along with a contingency to address any unplanned work as detailed in the Internal Audit Charter.

## 2. Internal Audit's Purpose, Mission, and Vision

### Purpose

- 2.1 The main objective of Internal Audit is to provide a high quality, independent, and innovative assurance service to strengthen the Council's ability to create, protect, and sustain value by providing the Audit and Scrutiny Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.
- 2.2 Internal Audit enhances the Council's:
- governance, risk management, and control processes;
  - reputation and credibility with its stakeholders;
  - ability to serve the public interest;
  - decision making and oversight; and
  - successful achievement of its priorities.
- 2.3 The Council's Internal Audit function is most effective when:
- Internal auditing is performed by competent professionals in conformance with the Global Internal Audit Standards in the UK Public Sector.
  - The Internal Audit function is independently positioned with direct accountability to the Audit and Scrutiny Committee.
  - Internal Auditors are free from undue influence and committed to making objective assessments.
- 2.4 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. As mentioned previously, the scope of Internal Audit covers all Council activities and Clackmannanshire and Stirling Integration Joint Board and Central Scotland Valuation Joint Board. For the purposes of this document, the term Clackmannanshire Council relates to the Council and all of its partners.

### Mission and Vision

- 2.5 The Council's Internal Audit mission is associated with the global mission for Internal Audit which is aligned to our purpose above; we aim to provide independent and

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<sup>6</sup> Internal Audit services are provided by the Internal Audit teams within the constituent authorities, with responsibility for CAE duties rotating between those authorities' CAEs on a three-yearly basis. The current CAE is the Falkirk Council CAE until March 2028. The CAE for NHS Forth Valley has responsibility in the intervening years.

objective assurance on the overall effectiveness of the Council’s governance, risk management, and control framework. We do this by:

- bringing an independent and objective professional approach to evaluating and improving governance, internal control processes, value for money, and compliance with policies and procedures;
- supporting and enhancing efficiencies across operational processes and systems through findings and recommendations in our audit work; and
- identifying risk in the delivery of services and systems and making recommendations to mitigate those risks.

2.6 The Council’s Internal Audit function provides value added audit and advisory services and builds expertise to help drive positive change. It focuses on developing skills, knowledge, and experience of the Internal Audit function to ensure there is an effective mix of resources to deliver the Internal Audit Plan and support other assurance initiatives.

2.7 The Internal Audit vision is to be a trusted, independent, advisor to the Council and management, recognised for delivering, risk-based audit solutions that drive continuous improvement and add value. The function focuses on implementing efficient and effective processes including timely audit execution, audit quality, continuous improvement, and stakeholder engagement. Monitoring of the Internal Audit function through stakeholder feedback will be reviewed through sample feedback.

### 3. Strategic Objectives

3.1 In the complex Local Authority environment, Internal Audit needs to continually reflect and adapt what it does and how it does it in order to ensure that it can continue to operate efficiently and effectively, and to demonstrate relevance and value to the Council.

3.2 To help achieve the mission and vision above, to provide independent and objective assurance, and to improve effectiveness of risk management, governance, and control processes Internal Audit have committed to undertaking the following:

Objective	Committed Action	Outcome / Further Action
Enhancing Council governance, risk management, and control	<p>Conformance with the Global Internal Audit Standards in the UK Public Sector (five yearly external assessments and annual self-assessments).</p> <p>Carrying out independent and objective evaluation and assessment to identify opportunities to improve the effectiveness of governance, risk management, and control processes.</p> <p>Deliver outcomes (by way of improvement actions) from annual self-assessment work and five yearly external assessments.</p>	Improve Council governance, risk management, and control processes through timely implementation of agreed actions.

Objective	Committed Action	Outcome / Further Action
Supporting Council Strategic Initiatives	Provide assurance and advisory services for strategic projects and initiatives, advising on governance, risk management, and control processes to assist achievement of objectives (when resources allow). We will achieve this through early engagement, insight, and review of lessons learned.	Improved governance, risk management, and control processes for strategic projects and initiatives.
Improving Internal Audit processes	<p>Conformance with the Global Internal Audit Standards in the UK Public Sector (five yearly external assessments and annual self-assessments).</p> <p>Identify opportunities for process improvements and operational efficiencies across Internal Audit. Utilising appropriate technology to inform and improve the audit process.</p> <p>The Global Internal Audit Standards requires the Internal Audit function to set out a clear ambition to become a technology enabled team including considering the skills the auditor of the future needs. Through the Council's Digital Strategy, Internal Audit will seek to add value and generate potential cost savings by increasing efficiency through advancing the use of technology such as data analytics tools and Generative Artificial Intelligence.</p> <p>Better use of Pentana<sup>7</sup> by Services.</p> <p>Improve Internal Audit performance through reporting of annual Key Performance Indicators detailed in section 5 below.</p>	<p>Undertake annual assessments and five yearly external assessments.</p> <p>Greater use of appropriate technology to assist the audit process.</p> <p>Improved use of the AI tools available to the team, through training and development.</p> <p>Improved results of outstanding recommendations reported twice yearly to Audit Committee.</p> <p>Outcomes reported annually.</p>
Develop Internal Audit skill sets	<p>Support and fund appropriate staff training, development, and continuing professional development to increase auditors' digital skills.</p> <p>Introduce Strategy based goals for Audit team members.</p> <p>Link to the Falkirk Council Workforce Plan for the Internal Audit service. The Internal Audit Workforce Plan will include a range of future priorities including an approach to learning and development which is aligned to delivery of the Internal Audit Strategy.</p>	<p>Improve staff knowledge, skills, and experience.</p> <p>Review all team member goals.</p>

<sup>7</sup> Pentana is used to track the implementation of agreed Internal Audit recommendations.

Objective	Committed Action	Outcome / Further Action
Raise the profile of Internal Audit through stakeholder engagement	<p>Improve awareness of Internal Audit planning, auditing processes, reporting, and action tracking.</p> <p>Improve engagement through stakeholder surveys.</p> <p>Develop opportunities to liaise / take assurance from other assurance providers.</p>	More informed understanding of the value and benefit of Internal Audit across the Council.

## 4. Delivering our Strategy

- 4.1 We will deliver our strategy through a range of assurance outputs for senior management and the Audit and Scrutiny Committee focused on cyclical coverage of core corporate governance processes, key strategic priorities and programmes of work, corporate risks, and key financial systems.
- 4.2 Our work includes in-depth assessments of how well key risks, priorities, projects, and programmes of work are being managed, and by examining and reporting on the adequacy, efficiency, and effectiveness of relevant management arrangements. We will add value by highlighting scope for improvements and providing those we audit with better insight into how they manage and use public money.
- 4.3 We will continue to work closely with the Audit and Scrutiny Committee which takes assurance from Internal Audit reports, and will continue to help the Committee discharge its responsibilities and to respond to emerging issues.
- 4.4 We want Services to view Internal Audit as a valuable resource that can help them to achieve corporate and service objectives. We will seek, where appropriate and where resources allow, without compromising our primary function and independence, to become involved in relevant emerging issues at an early stage. Our aim is to provide advice and guidance to prevent problems or weaknesses from arising to ensure effective and efficient use of Council resources.

## 5. Continuous Improvement

- 5.1 The Global Internal Audit Standards in the UK Public Sector set out clear requirements for the CAE to enhance the quality of the Internal Audit function and ensure conformance with the standards through continuous performance improvement. This will be supported through the following key performance indicators:
- complete 85% of agreed audits;
  - have 90% of recommendations accepted by management; and
  - issue 85% of draft reports within 3 weeks of completion of fieldwork.

## 6. Strategy Review and Reporting

- 6.1 Formal reviews will be undertaken on a three-yearly basis. The Strategy will only be reviewed more regularly if there are changes to the Council's priorities or emerging risks, statutory or regulatory updates, or any other matters identified which need to be addressed. Review reporting will be included in the Internal Audit Annual Assurance Report when necessary.

# Clackmannanshire Council

## 2026/27 Internal Audit Charter

<b>Approved by Senior Leadership Group On:</b>	<b>Insert Date</b>
<b>Approved by Audit and Scrutiny Committee On:</b>	<b>Insert Date</b>
<b>Distribution:</b>	<b>Audit and Scrutiny Committee Senior Leadership Group Internal Audit Team</b>
<b>Next Review Date:</b>	<b>May 2027</b>

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# 1. Executive Summary

- 1.1 In line with Section 7(1) of [The Local Authority Accounts \(Scotland\) Regulations 2014](#), local authorities must operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing.
- 1.2 Key standards and practices relating to internal auditing include:
- [Global Internal Audit Standards \(GIAS\)](#). These standards, which came into effect in January 2025, guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the Internal Audit function.
  - [Application Note: GIAS in the UK Public Sector](#). This document, which is effective from April 2025, provides a framework for the practice of Internal Audit in the UK Public Sector when taken together with the GIAS. The GIAS (UK Public Sector) sets out interpretations and requirements which need to be applied to the GIAS in order to form a suitable basis for Internal Audit practice in the UK Public Sector.
  - CIPFA [Code of Practice for the Governance of IA in UK Local Government](#). This document, which is effective from April 2025, supports compliance with the principles and standards in Domain III (Governing the Internal Audit Function) of the GIAS (UK Public Sector). Compliance with the Code must be included in the Internal Audit function's annual internal quality assessment from 2025/26, and outcomes reported to Audit Committee. In addition, the five-yearly external quality assessment of the Internal Audit function must also take into account the level of compliance with the Code.
- 1.3 Standard 6.2 in Domain III of the GIAS requires the Chief Audit Executive (CAE) to develop and maintain an Internal Audit Charter that sets out the:
- Purpose of Internal Audit.
  - Commitment to adhering to the GIAS.
  - Internal Audit mandate, including: organisational position; reporting relationships; scope and types of services to be provided; and the Audit and Scrutiny Committee's responsibilities with regards to support of the Internal Audit function.
- 1.4 The Internal Audit Charter for Clackmannanshire Council and its partners<sup>1</sup> sets out these requirements and is based on the Institute of Internal Auditor's (IIA) 2024 Model Charter.
- 1.5 The Internal Audit Charter is reviewed and approved annually by the Senior Leadership Group (SLG) and Audit and Scrutiny Committee.

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<sup>1</sup> Note: Clackmannanshire Council's partners include: Clackmannanshire and Stirling Integration Joint Board, Central Scotland Valuation Joint Board, and any Clackmannanshire Council related Arm's-Length External Organisation (ALEO). For the purposes of this document, the term Clackmannanshire Council relates to the Council and all of its partners.

## 2. Purpose of Internal Audit

- 2.1 The purpose of the Internal Audit function is to strengthen the Council's ability to create, protect, and sustain value by providing the Audit and Scrutiny Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.
- 2.2 The Internal Audit function 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.
- 2.3 The Council's Internal Audit function is most effective when:
- Internal auditing is performed by competent professionals in conformance with the [Global Internal Audit Standards](#) (GIAS) in the UK Public Sector.
  - The Internal Audit function is independently positioned with direct accountability to the Audit and Scrutiny Committee.
  - Internal Auditors are free from undue influence and committed to making objective assessments.
- 2.4 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 Council activities and the activities of the following external parties: Clackmannanshire and Stirling Integration Joint Board; Central Scotland Valuation Joint Board; and any other Clackmannanshire Council related Arm's-Length External Organisation (ALEO). Further details on the Internal Audit scope and Annual Plan are set out at Sections 9 and 10.

### Commitment to Adhering to the GIAS (UK Public Sector)

- 2.5 The Council's Internal Audit function will adhere to the mandatory elements of the [Institute of Internal Auditors' International Professional Practices Framework](#), consisting of the [GIAS](#), [Topical Requirements](#), and the [Application Note: Global Internal Audit Standards in the UK Public Sector](#). When expressing conformance with standards, the Council's Internal Audit function will be clear that they are conforming with [GIAS in the UK Public Sector](#).
- 2.6 The CAE will report annually to the Audit and Scrutiny Committee and senior management on the Internal Audit function's conformance with the [GIAS \(UK Public Sector\)](#), which will be assessed through a quality assurance and improvement programme (see the [Quality Assurance and Improvement Programme](#) section).

## 3. Internal Audit Mandate

- 3.1 Section 7(1) of [The Local Authority Accounts \(Scotland\) Regulations 2014](#) requires local authorities to operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing. This requirement is recognised in the [Council's Financial Regulations](#).

- 3.2 The Council's Internal Audit function receives its mandate from the Audit and Scrutiny Committee via, for example, the approval of this Charter and the Annual Internal Audit Plan. The mandate sets out the authority, roles and responsibilities, and empowers the Internal Audit function to provide the Audit and Scrutiny Committee and senior management with independent, risk-based, and objective assurance, advice, insight, and foresight.
- 3.3 The Internal Audit function's authority is created by its direct reporting relationship to the Audit and Scrutiny Committee. Such authority allows for unrestricted access to the Audit and Scrutiny Committee.
- 3.4 The Audit and Scrutiny Committee authorises the Internal Audit function to:
- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out Internal Audit responsibilities.
  - 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, Clackmannanshire and Stirling Integration Joint Board, Central Scotland Valuation Joint Board, Clackmannanshire Council related ALEOs, and other specialised services from within or outside the Council, to complete Internal Audit services.
- 3.5 The [GIAS \(UK Public Sector\)](#) set out the duty of 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.
- 3.6 In line with the [GIAS \(UK Public Sector\)](#), 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. Definitions

- 4.1 The Council has adopted the following definitions set out in the [GIAS 2024 Glossary](#):

<b>Internal Auditing</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 function to carry out internal audit responsibilities in an unbiased manner.</i>
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4.2 In addition, key roles within the Council are fulfilled as follows:

- The CAE is fulfilled by the Internal Audit Manager (IAM).
- Senior management is fulfilled by the Council’s SLG.
- The ‘Board’ role is undertaken by the Audit and Scrutiny Committee.

## 5. Independence, Position, and Reporting Relationships

5.1 The [GIAS \(UK Public Sector\)](#) state that the CAE should be positioned at a level in the Council that enables Internal Audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the Internal Audit function (see [Internal Audit Mandate](#) section).

5.2 The CAE reports functionally to the Audit and Scrutiny Committee and administratively (for example, day-to-day operations) to the Chief Governance Officer (CGO), SLG, and, if deemed necessary, the Chief Executive<sup>2</sup>. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Audit and Scrutiny Committee, when necessary, without interference and supports the Internal Auditors’ ability to maintain objectivity.

5.3 The CAE will confirm to the Audit and Scrutiny Committee, at least annually, the organisational independence of the Internal Audit function.

5.4 The CAE will disclose to the Audit and Scrutiny Committee 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 fulfil its mandate.

5.5 The CAE provides an annual conclusion on governance, risk management, and control as part of internal audit standards which helps inform the Annual Governance Statement (AGS).

5.6 For advisory / ‘critical friend’ services, the Internal Audit role will be specifically restricted to providing guidance, views, and opinions. To comply with independence requirements, Internal Audit will not be involved in any aspects of operational decisions subsequently taken by management.

## 6. Internal Audit Authority and Oversight

6.1 To establish, maintain, and ensure that the Council’s Internal Audit function has sufficient authority to fulfil its duties, the Audit and Scrutiny Committee will:

- Discuss with the CAE and senior management the appropriate authority, role, responsibilities, scope, staffing, budget resources and services (assurance and / or advisory) of the Internal Audit function.

<sup>2</sup> Note: The CAE has the right to report directly to full Council if they deem it inappropriate to report to the SLG, Chief Executive, or Audit and Scrutiny Committee.

- Ensure the CAE has unrestricted access to, and communicates and interacts directly with, the Audit and Scrutiny Committee, including in private meetings without senior management present.
- Discuss with the CAE and senior management topics that should be included in the Internal Audit Charter.
- Discuss with the CAE and senior management the ‘essential conditions’ described in the [GIAS \(UK Public Sector\)](#), which establish the foundation that enables an effective Internal Audit function.
- Review and approve the Internal Audit Charter annually. This will include consideration of: the Internal Audit mandate; the scope and types of Internal Audit services; and any changes affecting the organisation, such as changes in the type, severity, and interdependencies of risks to the organisation.
- Approve the risk-based Annual Internal Audit Plan (see [Internal Audit Plan](#) section).
- Provide a view, if sought, to the relevant Chief Officer on the appointment, removal, and performance of the CAE. Overall responsibility for these actions does, however, remain with the relevant Chief Officer.
- Receive communications from the CAE about the Internal Audit function, including its performance relative to its Annual Internal Audit Plan.
- Ensure a Quality Assurance and Improvement Programme (QAIP) has been established to review the Internal Audit functions compliance with all responsibilities, performance objectives, and regulatory requirements, and review the associated results annually (see [QAIP](#) section).

## 7. Internal Audit Conformance

### Ethics and Professionalism

7.1 The CAE will ensure that Internal Auditors:

- Conform with the [GIAS \(UK Public Sector\)](#), including the principles of Ethics and Professionalism: integrity; objectivity; competency; due professional care; confidentiality; and the Seven Principles of Public Life (as set out in the Council’s Code of Conduct for Members and Officers).
- Encourage and promote an ethics-based culture in the Council.
- Report organisational behaviour that is inconsistent with the Council’s ethical expectations, as described in applicable policies and procedures (e.g. Code of Conduct for Members and Officers).

### Objectivity

7.2 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 as mentioned in paragraph 5.4.

7.3 In line with the [GIAS \(UK Public Sector\)](#), Internal Auditors will maintain an unbiased approach that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgement / allow others to override their professional, ethical, or technical conclusions on audit matters to others, either in fact or appearance.

7.4 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 the Council or its affiliates.
- Initiating or approving transactions external to the Internal Audit function.
- Directing the activities of any employee that is not employed by the Internal Audit function, except to the extent that such employees have been appropriately assigned to the Internal Audit team or to assist Internal Auditors.

7.5 Internal Auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, at least annually to the CAE via the completion of a 'Confirmation of Independence' Form.
- 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.

## 8. Management Responsibilities

- 8.1 In line with the [Council's Financial Regulations](#), it is senior management's (not Internal Audit's) responsibility to: identify and manage the risk of fraud and corruption; ensure that appropriate risk management, internal control, and governance arrangements are in place; and ensure that best value is achieved. Internal Audit will assist senior management through the audit of such arrangements.
- 8.2 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.
- 8.3 Assurance engagements will be subject to a written terms of reference and report. Advisory and agile engagements 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.
- 8.4 Draft reports will be shared with management for agreement as to the factual accuracy of draft findings raised, and awareness of Internal Audit recommendations designed to address the control weaknesses identified. All Internal Audit recommendations will be graded in accordance with the definitions set out at [Appendix 1](#). Each draft report will include an assurance opinion based on the definitions at [Appendix 1](#).
- 8.5 When a draft audit report is delivered, it is management's responsibility to: 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. Management are required to provide a written response to all Internal Audit findings / recommendations raised, including specifying responsible Officers and anticipated dates for the implementation of agreed recommendations. Internal Audit will consider the timeliness of implementation dates according to the associated risk level identified.
- 8.6 All Internal Audit recommendations are logged on the Council's Pentana system, with responsibility for ensuring that agreed management actions are implemented and effectively sustained allocated to the relevant Officer. This allows Officers to close recommendations as they are implemented and allows Internal Audit to monitor real time progress on an ongoing basis.
- 8.7 The [GIAS \(UK Public Sector\)](#) also requires the CAE to report to both senior management and the Audit and Scrutiny Committee details of management's response to risk<sup>3</sup> that (based on the CAE's

<sup>3</sup> Examples include not accepting recommendations or not allowing access to data / people as part of the audit.

judgement) may be unacceptable to the Council. Consequently, any Internal Audit findings where management has accepted this risk will be highlighted in Internal Audit reports.

## 9. Scope and Types of Internal Audit Services

- 9.1 The scope of Internal Audit services covers the entire breadth of the Council, Clackmannanshire and Stirling Integration Joint Board, Central Scotland Valuation Joint Board, and any other Clackmannanshire Council related ALEO. This includes all functions, activities, assets, data, and personnel therein. The complete Audit Universe is set out at [Appendix 2](#).
- 9.2 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 Audit and Scrutiny Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for the Council.
- 9.3 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 as appropriate to management.
- 9.4 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 Council officers, directors, management, employees, and contractors or other relevant parties comply with the Council's policies, procedures, and applicable laws, regulations, and governance standards.
  - Operations and projects / programmes are being carried out effectively, efficiently, and equitably, and the associated outcomes are consistent with established goals and objectives.
  - 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.

## 10. Internal Audit Plan

- 10.1 The CAE will submit an Annual Internal Audit Plan to the Audit and Scrutiny Committee for review and approval which is designed to support the provision of an evidence-based annual opinion. Details of the opinion definitions applied by Internal Audit are included at [Appendix 1](#). This Plan will be developed in accordance with a risk-based prioritisation of the audit universe (as per [Appendix 2](#)) and include input from a range of key stakeholders such as Elected Members, the Chief Executive, senior management, and Risk and Governance functions.
- 10.2 The approved Annual Internal Audit Plan must be considered flexible, however, and will be subject to regular review by the CAE throughout the year and adjusted where necessary in response to changes in Internal Audit resource and the Council's business, risk, operations, and priorities. Internal Audit resource will be directed to areas where there is the greatest need, with any proposed changes to the approved Annual Internal Audit Plan (due to emerging risks and issues) submitted to both senior management and the Audit and Scrutiny Committee for approval. Progress against the Annual Internal Audit Plan will be reported to Audit and Scrutiny Committee on a regular basis during the year as per paragraph 16.1.

- 10.3 Internal Audit also reserves the right to raise findings on areas that have not been specifically included in the Annual Internal Audit Plan where significant or systemic control gaps are evident.

### Other Sources of Assurance – Co-ordination and Reliance

- 10.4 The [GIAS \(UK Public Sector\)](#) requires the CAE to coordinate with internal and external assurance providers to consider relying on their work and minimise duplication of effort. This may include, for example, specialist internal teams such as the Health and Safety Team, and external parties such as External Audit and the Care Inspectorate.
- 10.5 The [GIAS \(UK Public sector\)](#) recognises that there are various 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 must consider whether it is possible or practical to co-ordinate. Where they do not co-ordinate, they must set out to the Audit and Scrutiny Committee the barriers which prevent effective co-ordination.
- 10.6 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. Therefore, when dealing with an external party, Internal Audit will clearly define the respective roles, responsibilities, and other expectations (including restrictions on distribution of results of the engagement and access to engagement records) via, for example, formal written agreements or minutes of meetings.

## 11. Resourcing

- 11.1 The [GIAS \(UK Public Sector\)](#) requires the CAE to effectively deploy and manage financial, human, and technological resources to implement the Internal Audit Strategy and achieve its Annual Internal Audit Plan and Mandate. The [Application Note: Global Internal Audit Standards in the UK Public Sector](#) notes that funding processes for Internal Audit functions in the public sector vary and may prevent the CAE from being able to seek or obtain additional funding due to other budget priorities within the organisation. This may impact the way in which the CAE uses resources.
- 11.2 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 Internal Audit service, and then seek to manage financial, workforce, and IT resources within those constraints.
- 11.3 The Council's Internal Audit Strategy and Annual Internal Audit Plan will include the budgeted resource requirements required to deliver proposed audit engagements. 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 Annual Internal Audit Plan, the CAE will communicate the impact of resource limitations to senior management and the Audit Committee.

## 12. Prevention and Detection of Fraud and Corruption

- 12.1 In line with the [Council's Financial Regulations](#), senior management are primarily responsible for the prevention and detection of fraud or corruption. Internal Audit will assist management in the discharge of this responsibility. Audit procedures alone cannot guarantee that all fraud or

corruption will be detected. Internal Audit will, however, exercise an appropriate level of professional scepticism during audit work and be alert to risks and exposures that could allow the opportunity for fraud or corruption to occur.

- 12.2 Discovery of any suspected or actual fraud or irregularity that affects the Council should be reported immediately to the Corporate Fraud Officer, the Senior Manager Legal and Governance and Monitoring Officer, and the Internal Audit Manager. Information on suspected or actual fraud may inform the annual audit opinion and the risk-based Annual Internal Audit Plan.

## 13. Follow-Up of Agreed Audit Recommendations

- 13.1 All Internal Audit recommendations are logged on the Council's Pentana system. It is management's responsibility to implement agreed Internal Audit recommendations and to subsequently close recommendations on the Pentana system.
- 13.2 Internal Audit will monitor the Pentana system on an ongoing basis to identify progress with the implementation of the agreed recommendations and report the outcomes from these reviews to Audit and Scrutiny Committee on a twice-yearly basis.
- 13.3 Additionally, Internal Audit will request evidence from management, and where necessary re-perform testing, on a periodic basis to support the closure of high risk (Grade 1) recommendations on the Pentana system.
- 13.4 Further, follow-up reviews of those audit areas for which 'no' or 'limited' assurance has been provided by Internal Audit (see [Appendix 1](#) for assurance category definitions) may also be undertaken at ad hoc intervals to confirm whether all agreed recommendations have been completed, appropriately sustained, and continue to be effective in mitigating risks.
- 13.5 If management subsequently decide to accept the full or partial risks associated with an Internal Audit finding following an initial agreement to implement the Internal Audit recommendation, details of any mitigating actions and residual risks must be recorded in the Pentana system by management. Thereafter, Internal Audit will report all risk acceptances to the Audit and Scrutiny Committee for information.

## 14. Quality Assurance and Improvement Programme (QAIP)

- 14.1 The CAE is responsible for ensuring the quality of audit work and that the Internal Audit function is continuously seeking improvement. The [GIAS \(UK Public Sector\)](#) defines quality as a combined measure of conformance with the GIAS and achievement of the Internal Audit functions performance objectives.
- 14.2 The CAE will develop, implement, and maintain a QAIP that covers all aspects of the Internal Audit function. The QAIP will include:
- Internal and external assessments of the Internal Audit function's conformance with the [GIAS \(UK Public Sector\)](#).
  - Performance measurement to assess the Internal Audit function's progress towards the achievement of its objectives and promotion of continuous improvement.
- If applicable, the assessment will include plans to address the Internal Audit function's deficiencies and opportunities for improvement.
- 14.3 The CAE will report annually to the Audit and Scrutiny Committee and senior management on progress with the Internal Audit function's QAIP, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments.

- 14.4 External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Council, whose qualifications must meet the requirements set out in the [GIAS \(UK Public Sector\)](#).
- 14.5 Compliance with the [CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government](#) must also be reflected in internal and external quality assessments.

## 15. Overall Conclusion of CAE Responsibilities

- 15.1 Building on the previous sections the CAE's responsibilities are summarised below:

### Internal Audit Strategic Work and Planning

- Develop the Internal Audit function's mandate.
- At least annually, develop a risk-based Internal Audit Plan.
- Review and adjust the Annual Internal Audit Plan, as necessary, in response to changes in the Council's business, risks, operations, programmes, systems, controls, and available audit resource implications.

### Delivery of Internal Audit work

- Ensure Internal Audit engagements are performed, documented, and communicated in accordance with the [GIAS \(UK Public Sector\)](#).
- Follow up on audit findings and confirm the implementation of recommendations or action plans.

### Skills and Competence

- Ensure the Internal Audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications<sup>4</sup> needed to meet the requirements of the [GIAS \(UK Public Sector\)](#) and fulfil the Internal Audit mandate.
- Identify and consider trends and emerging issues that could impact the Council. That includes emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the Internal Audit function (for example, the Internal Audit Manual).
- Ensure adherence to the Council's relevant policies and procedures unless such policies and procedures conflict with the Internal Audit Charter or [GIAS \(UK Public Sector\)](#).
- Co-ordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services.
- Ensure compliance with the QAIP, which includes undertaking assessments of compliance ensuring that the Internal Audit function conforms with the [GIAS \(UK Public Sector\)](#) and any action plans to address any deficiencies and opportunities for improvement.

### Communication with the Audit and Scrutiny Committee and Senior Management

- Engage with and report on the above responsibilities. Key points include:
  - The Annual Internal Audit Plan and performance relative to the Plan. This includes discussing the Plan with Audit and Scrutiny Committee and senior management prior to submission of the Annual Internal Audit Plan to the Audit and Scrutiny Committee for review and approval. It also includes discussing resources available and reporting significant revisions to the Plan and resources.
  - Reporting potential impairments to independence, including relevant disclosures as applicable.

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<sup>4</sup> Note: All Internal Audit staff hold a relevant professional qualification (i.e. part or fully qualified member of the Chartered Institute of Internal Auditors or a Consultative Committee of Accountancy Body such as CIPFA, ACCA, or ICAS) and participate in the Continuous Professional Development (CPD) requirements of both the relevant Chartered Institute and the Council's own CPD scheme.

- Results from the QAIP, which include the Internal Audit function's conformance with the [GIAS \(UK Public Sector\)](#) and report progress relating to action plans to address any deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit and Scrutiny Committee that could interfere with the achievement of the Council's strategic objectives.
- Management's responses to risk that the Internal Audit function determines may be unacceptable or acceptance of a risk that is beyond the Council's risk appetite.

15.2 In addition, and in line with the [GIAS \(UK Public Sector\)](#), the CAE must, at least annually:

- Conclude on the overall adequacy and effectiveness of the Council's framework of risk management, governance, and control (annual opinion). See [Appendix 1](#) for assurance category definitions.
- Include a statement on conformance with the [GIAS \(UK Public Sector\)](#) and the QAIP results.

15.3 The annual opinion for the Council is based on:

- The outcomes of the audits included in the Annual Internal Audit Plan.
- Progress with the implementation of agreed audit recommendations.
- The results of any other Internal Audit activities that have identified control gaps that are exposing the Council to risk.
- The professional judgement of the CAE.

## 16. Communication and Reporting

16.1 The CAE is accountable to the Audit and Scrutiny Committee for Internal Audit performance and will report regularly to the Committee on the progress with, and results of, the Internal Audit function's work as noted in section 15 above. This enables review and scrutiny of the following areas as required by the [GIAS \(UK Public Sector\)](#):

Report	Frequency
1. Internal Audit Strategy	Three-Yearly
2. Internal Audit Charter	Annually
3. Annual Internal Audit Plan	Annually
4. Internal Audit Progress against the Annual Internal Audit Plan and the key outcomes from any completed audits not previously reported to Committee	Quarterly
5. Proposed material changes to the Annual Internal Audit Plan	Quarterly
6. Overdue Internal Audit Report Recommendations	Six-Monthly
7. Internal Audit Annual Assurance (Opinion) Report, including: <ul style="list-style-type: none"> <li>• Effectiveness of the risk management, governance, and control framework.</li> <li>• Confirmation of Internal Audit independence.</li> <li>• Conformance with the GIAS (UK Public Sector), including ethics and professionalism requirements.</li> <li>• Achievement of Key Performance Indicators by Internal Audit.</li> </ul>	Annually

Report	Frequency
8. Internal Quality Assessments, including: <ul style="list-style-type: none"> <li>• Results of Internal Assessments.</li> <li>• Progress on Corrective Action Plans.</li> <li>• Compliance with the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government.</li> </ul>	Annually
9. External Quality Assessments	Five-Yearly

## 17. Approval and Changes to the Internal Audit Mandate and Charter

- 17.1 The Internal Audit Charter is subject to approval by senior management and the Audit and Scrutiny Committee on an annual basis. Approval is evidenced through SLG and Audit and Scrutiny Committee meeting papers and minutes.
- 17.2 A variety of circumstances may justify changes to the Internal Audit Charter. Such circumstances may include, but are not limited to:
- A significant change in the [GIAS \(UK Public Sector\)](#).
  - A significant re-organisation within the Council.
  - Significant changes in the CAE, the Audit and Scrutiny Committee, and / or senior management.
  - Significant changes to the Council’s strategies, objectives, risk profile, or the environment in which the Council operates.
  - Changes to laws or regulations that may affect the nature and / or scope of Internal Audit services.

**1.1: DEFINITION OF INTERNAL AUDIT RECOMMENDATION GRADES**

<b>Grade of Recommendation</b>	<b>Definition</b>
<b>Grade 1</b>	Key risks and / or significant deficiencies which are critical to the achievement of strategic objectives. Consequently, management needs to address and seek resolution urgently.
<b>Grade 2</b>	Risks or potential weaknesses which impact on individual objectives, or impact the operation of a single process, and so require prompt, but not immediate action by management.
<b>Grade 3</b>	Less significant issues and / or areas for improvement which we consider merit attention, but do not require to be prioritised by management.

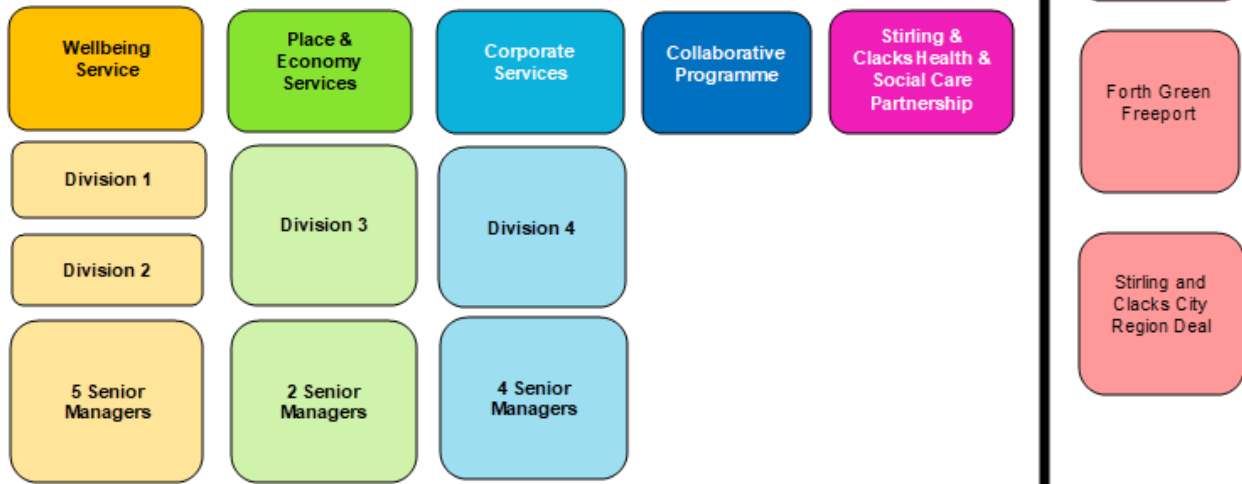
**1.2: DEFINITION OF INTERNAL AUDIT ASSURANCE CATEGORIES**

<b>Level of Assurance</b>	<b>Definition</b>
<b>Substantial assurance</b>	Largely satisfactory system of risk management, governance, and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. There may be some scope for improvement as current arrangements may undermine the achievement of objectives or leave them vulnerable to error or abuse.
<b>Limited assurance</b>	The arrangements for risk, governance, and control have some satisfactory aspects. There are, however, some significant weaknesses likely to undermine the achievement of objectives and leave them vulnerable to an unacceptable risk of error or abuse. Improvement is required to effectively manage risks to the achievement of objectives in the area audited.
<b>No assurance</b>	Immediate action is required to address fundamental gaps, weaknesses, or non-compliance identified. The system of risk management, governance, and control is ineffective to manage risks to the achievement of objectives in the area audited. The risk of serious error or abuse is unacceptable and significant improvements are required.

**SCOPE AND TYPES OF INTERNAL AUDIT SERVICES**

The scope of Internal Audit services covers the entire breadth of the Council Services and Partnerships, Programmes, and Other Entities, and it includes all activities, assets, and personnel as set out in the high level audit universe below:

**Figure 1: Senior Management Structure - Immediate State**  
 This shows the number of Heads of Service and Senior Manager posts; however, those do not yet have titles because Council only agreed the outline of new structures (an Immediate State) in February 2026 and further consultation etc.



**Figure 2: Council's Functional Teams**  
 The team names below are indicative of what may be included in the "Future State"; but this will follow a "Transition State", which will include determining which functions sit within the Council and Partnerships. Some of the following might sit with the Council or HSCP; but it's not specific within the indicative Future State.

