

Committee Name and Date of Committee Meeting

Audit Committee – 11 March 2025

Report Title

Internal Audit Charter, Internal Audit Quality Assurance and Improvement Programme (QAIP) and Self Assessment against Public Sector Internal Audit Standards (PSIAS) and the Global Internal Audit Standards.

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

Louise Ivens, Head of Internal Audit

Tel: 01709 823282 Email: louise.iven@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report Summary

Internal Audit is a major source of assurance to the Council on the framework of control, risk management and governance. All Internal Audit functions in Local Government must comply with PSIAS up to 31 March 2025. Thereafter new standards, Global Internal Audit Standards and the Application Note - Global Internal Audit Standards in the UK Public Sector (UK public sector) apply. The new standards consist of the Global Internal Audit Standards (GIAS) of the Institute of Internal Auditors, and the Application Note: Global Internal Audit Standards in the UK public sector. The Application Note directs local government sector bodies to apply the Code of Practice for the Governance of Internal Audit in UK local government.

Both sets of standards include the need for a Quality Assurance and Improvement Programme (QAIP) to provide continual improvement, based on ongoing quality assurance and an annual self-assessment, with an external assessment at least every five years.

An external assessment was undertaken in November 2020 which showed general conformance with those standards and was presented to the Audit Committee in March 2021. This is the highest classification of results from these assessments (generally conform, partially conform or do not conform). The QAIP Action Plan was updated to address the areas where further improvement could be made, based on the suggested actions to consider in the report.

The latest annual self-assessment has been completed, which again shows general conformance with the standards. This paper shows the status of actions in the previous year's Action Plan and the actions identified as being relevant for the coming year. This includes the actions identified from an initial review against the Global Internal Audit Standards (UK public sector).

The Internal Audit Charter is in effect the Terms of Reference of the Internal Audit service. The Charter must be reviewed periodically and presented to the Audit Committee for approval. There have been a number of changes to the Charter, this is to reflect the requirements of the new Global Internal Audit Standards (UK public sector) and the Code of Practice for the Governance of Internal Audit in UK Local Government.

Recommendations

That the Audit Committee is asked to:

1. Note the production and ongoing implementation of the QAIP and the action plan based on the internal self-assessment reported to this committee, including the initial review of conformance against the Global Internal Audit Standards (UK Public Sector).
2. Approve the Internal Audit Charter as attached in Appendix D.

List of Appendices Included

Appendix A – Quality Assurance and Improvement Plan (QAIP) clean version
Appendix B – Quality Assurance and Improvement Plan (QAIP) tracked changes version.
Appendix C – Action Plan 2025-26
Appendix D – Internal Audit Charter clean version
Appendix E - Internal Audit Charter tracked changes version

Background Papers

Public Sector Internal Audit Standards and Associated Local Government Application Note.
Accounts and Audit (England) Regulations 2015
Global Internal Audit Standards
Application Note – Global Internal Audit Standards in the UK Public Sector
CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Internal Audit Charter, Internal Audit Quality Assurance and Improvement Programme (QAIP) and Self-Assessment against the Standards

1. Background

- 1.1 Internal Audit is required to operate in accordance with the Public Sector Internal Audit Standards (PSIAS) to 31 March 2025. Those standards require the existence of a Quality Assurance and Improvement Programme (QAIP) and Charter.
- 1.2 The QAIP requires ongoing and periodic reviews of quality within Internal Audit. The periodic reviews normally comprise annual self-assessments, but external verification of that assessment must be obtained at least every five years. An external assessment was completed in November 2020 and the results reported to the Audit Committee in March 2021.
- 1.3 Following the external assessment annual self-assessments have been completed using a checklist developed by the Chartered Institute of Public Finance and Accountancy. The self-assessment covers all standards and includes evaluating the ongoing procedures and progress against the QAIP Action Plan.
- 1.4 The new Global Internal Audit Standards were issued by the International Internal Auditing Standards Board (IIASB) in January 2024. They will become effective in the UK public sector on the 1st April 2025. An initial review has been undertaken against these standards and additional areas identified for development are also included in the QAIP Action Plan.
- 1.5 The Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The Internal Audit Charter establishes the activity's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the 'board'; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the Internal Audit Charter resides with the 'board'. The 'board' at Rotherham is the Audit Committee.

2. Key Issues

2.1 Quality Assurance and Improvement Programme (QAIP)

The QAIP is updated on an annual basis and this year it has been updated to reflect the requirements of GIAS (UK public sector). The clean version of the QAIP is attached at **Appendix A** and the tracked changes version at **Appendix B**.

The requirement for an annual report on the results of the quality assessment undertaken including progress against action plans to address instances of non-conformance has been retained in the new standards.

2.2 **Self Assessment against the Standards**

RMBC Internal Audit were found to conform overall with PSIAS, with conformance with all standards, the Code of Ethics, Core Principles, Definition and Mission Statement. All individual areas showed conformance except for one relating to the use of computer aided audit techniques.

2.3 An initial assessment against the Global Internal Audit Standards (UK Public Sector) has been undertaken. The actions that have been identified for implementation have been included in the Action Plan.

2.4 The position against the Action Plan is given in **Appendix C**. The actions are to enhance performance and guard against a loss of capability and capacity if staff members leave. They do not affect the standard of work carried out by the team.

2.5 The Action Plan will continue to be implemented during 2025/26. An external assessment is planned to be undertaken against the new Global Internal Audit Standards later in the year, this is a separate agenda item at this meeting.

2.6 **Internal Audit Charter**

The Charter has been updated and now reflects the requirements of the Global Internal Audit Standards (UK public sector). The clean version is attached at **Appendix D** and the tracked changes version at **Appendix E**.

The Charter outlines the regulatory requirements for Internal Audit and details:-

- The Purpose of Internal Auditing, and the Principles and Standards relating to Ethics and Professionalism.
- The Independence, Role, Scope of Work, Responsibilities, Reporting arrangements, Relationships, Resources and Performance Reporting of Internal Audit.
- The role of Internal Audit in reducing and investigating fraud, and in consulting services.

The Charter must be discussed with the Audit Committee to confirm that it accurately reflects their understanding and expectations of the Internal Audit function.

3. **Options considered and recommended proposal**

3.1 This report is presented to enable the Audit Committee to fulfil its responsibility for overseeing the work of Internal Audit. There is no discretion on whether to comply with the PSIAS or the Global Internal Audit Standards (UK public sector). The purpose of the report is to inform the Audit Committee of the QAIP and the relevant actions to develop and improve the Internal Audit Service alongside the Internal Audit Charter which is essentially the terms of reference for Internal Audit.

4. Consultation on proposal

4.1 None.

5. Timetable and Accountability for Implementing this Decision

5.1 The Audit Committee is asked to receive this report at its 11th March 2025 meeting.

6. Financial and Procurement Advice and Implications

6.1 There are no direct financial or procurement implications arising from this report. The budget for the Internal Audit function is contained within the budget for the Finance and Customer Services Directorate.

7. Legal Advice and Implications

7.1 The provision of Internal Audit is a statutory requirement for all local authorities that is set out in the Accounts and Audit (England) Regulations 2015. These state:

“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

7.2 Internal Audit also has a role in helping the Council to fulfil its responsibilities under s.151 of the Local Government Act 1972, which are:

“each local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”

8. Human Resources Advice and Implications

8.1 There are no direct Human Resources implications arising from the report.

9. Implications for Children and Young People and Vulnerable Adults

9.1 There are no direct implications for Children and Young People or vulnerable adults.

10. Equalities and Human Rights Advice and Implications

10.1 There are no direct Equalities and Human Rights implications arising from this report.

11. Implications for CO₂ Emissions and Climate Change

11.1 There are no direct CO2 and Climate Change implications arising from the report.

12. Implications for Partners

12.1 Internal Audit is an integral part of the Council's Governance Framework, which is wholly related to the achievement of the Council's objectives, including those set out in the Council Plan.

13. Risks and Mitigation

13.1 The following risk has been identified.

Risk	Impact	Likelihood	Mitigation
Failure to meet the requirements of the standards set down in the UK Public Sector Internal Audit Standards (PSIAS) and the new Global Internal Audit Standards (UK public sector).	Low	Low	External and internal assessments show general conformance with PSIAS. External assessment planned during the 2025/26 year. This should identify any gaps/improvement actions required that have not already been recognised and addressed. Maintain quality assurance and implement the action plan.

Accountable Officer(s)

Louise Ivens, Head of Internal Audit

Report Author: Louise Ivens, Head of Internal Audit.
Tel 01709 823282 E mail louise.iven@rotherham.gov.uk

This report is published on the Council's [website](#).