

Committee Name and Date of Committee Meeting

Audit Committee – 17 March 2026

Report Title

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

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

No

Executive Director Approving Submission of the Report

Judith Badger, Executive Director of Corporate Services

Report Author(s)

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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 GIAS (UK Public Sector) from 1 April 2025.

The 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 during November and December 2025 which showed general conformance with those standards. This is the highest classification that CIPFA award (generally conform, partially conform or does not conform). An action plan has been developed to address the findings from the report. Self-assessments against the standards are undertaken on an annual basis. The action plan from the previous self-assessment has been updated. These two documents will be merged following this meeting to aid tracking of action implementation. The QAIP itself has been updated to reflect that the external assessment has now taken place.

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. The Charter has been updated following the external assessment findings.

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 (Appendices A, B and C)
2. Review the external assessment report (Appendix D) and approve the resultant action plan at Appendix E
3. Approve the Internal Audit Charter as attached in Appendix F.

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 – Self-assessment Action Plan 2026/27

Appendix D – CIPFA External Assessment report

Appendix E - External assessment Action plan

Appendix F - Internal Audit Charter clean version

Appendix G - Internal Audit Charter tracked changes version

Background Papers

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 External Assessment against the Global Internal Audit Standards (UK Public Sector).

1. Background

- 1.1 Internal Audit is required to operate in accordance with the Global Internal Audit Standards (UK Public Sector) from 1 April 2025. The 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 undertaken between November and December 2025. Prior to the external assessment a self-assessment had been completed using a checklist developed by the Chartered Institute of Public Finance and Accountancy.
- 1.3 As required by the standards, the full external assessment report and resultant action plan are reported to the Audit Committee.
- 1.4 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. The Charter has been updated following the results of the external assessment.

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 external assessment against the GIAS (UK Public Sector). The clean version of the QAIP is attached at **Appendix A** and the tracked changes version at **Appendix B**. A self-assessment against the standards was undertaken prior to the external assessment. The action plan as a result of this assessment including previous ongoing actions is included at **Appendix C**.

2.2 External Assessment against the Standards

Internal Audit have recently had an external assessment against the Global Internal Audit Standards (UK Public Sector). In accordance with the Standards, the full report and action plan must be shared with senior management and the Audit Committee, and the Audit Committee must review and approve the action plan. The full report is included at **Appendix D** and the Action Plan at **Appendix E**.

2.3 In total RMBC conformed to 49 out of 52 of the Standards and 8 out of the 9 Provisions of the Code. The results of the assessment were that:-

It is our conclusion that Rotherham Metropolitan Borough Council's internal audit function Generally Conforms to the requirements of the Global Internal Audit Standards in the UK Public Sector.

2.4 This is the highest classification that CIPFA award and the definition is below.

| Level of Conformity | Description | Commentary |
|---------------------------|---|---|
| Generally conforms | <p>Across all Domains, the internal audit function conforms with the standards with only minor deviations.</p> <p>The relevant structures, policies and procedures of the internal audit service, as well as the processes by which they are applied, meet the requirements of the individual standards.</p> <p>Overall, there is general conformance to the Global Internal Audit Standards in the UK Public Sector.</p> | <p>An internal audit function that generally conforms to the Global Internal Audit Standards in the UK Public Sector provides a high level of assurance to senior management and the audit committee of a highly professional service. Quality and professionalism are firmly embedded within the function.</p> <p>This conclusion evidences that internal audit is effective for the authority's annual governance statement. (Applicable for local government bodies only.)</p> |

2.5 The CIPFA report includes the following summary:-

“The findings reflect a strong governance partnership between internal audit, the audit committee, and senior management, noting that clients and stakeholders highly value internal audit. Interviewees praised the function’s professionalism, transparent and objective delivery, and the strong working relationships established within the authority. This positive endorsement confirms that the governance oversight mechanisms and senior management support are largely effective in ensuring internal audit remains an influential resource. This has been achieved with a relatively small internal audit team and constrained resources.

The internal audit function and HIA have been committed to achieving full conformance with the Global Internal Audit Standards in the UK Public

Sector and considering the recent introduction of GIAS have done a strong job of integrating the standards clearly into their processes and methodologies; including building into the internal audit manual and audit planning, fieldwork, completion and review processes. Training has been provided to staff, with further GIAS training scheduled for 2025-26. Audit methodologies align with the standards. The Audit Charter and Audit Mandate reflect GIAS principles, and audit reports utilise appropriate GIAS terminology.

2.6 Four areas were assessed as Partially Conforming. Two for the same reason being a Standard under GIAS and a Provision under the Code. This highlights opportunities for strengthening the governance framework and specific procedures:

1. Domain II, Principle 5 (Maintain Confidentiality): Concerns exist due to the lack of a formal Service Level Agreement (SLA) between the authority and the outsourced IT audit provider, creating uncertainty regarding third-party risk management and data protection.
2. Domain III, Principle 7 and the Code 2.1 (Positioned Independently): The head of internal audit's (HIA) responsibilities as a whistleblowing officer and with responsibilities for anti-fraud and corruption arrangements carry a risk of impairing independence, requiring review and the implementation of clear, robust safeguards agreed upon by those charged with governance.
3. Domain V, Principle 13 (Communicating Effectively), Standard 13.4 (Evaluation Criteria). We found that the Principle still generally conformed but for the specific standard that VFM consideration were insufficiently documented in the evaluation criteria”.

2.7 The External Assessment Action Plan will continue to be implemented during 2026/27 and this will be merged with the current Self-Assessment Action Plan in time for the next Audit Committee.

2.8 **Internal Audit Charter**

The Charter reflects the requirements of the Global Internal Audit Standards (UK Public Sector) and has been updated to reflect the results of the external assessment. The clean version is attached at **Appendix F** and the tracked changes version at **Appendix G**.

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 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 17th March 2026 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 Global Internal Audit Standards (UK Public Sector). | Low | Low | External and internal assessments show general conformance with GIAS UK Public Sector. External assessment undertaken during the 2025/26 year. Action plans are in place which will address the areas identified for improvement. |

Accountable Officer(s)

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