

## **Audit and Standards Committee – Tuesday 25 March 2025**

### **Internal Audit Charter 2025/26**

#### **Recommendation(s)**

I recommend that:

- a. Members endorse the Internal Audit Charter 2025 which has revised to take account of the Global Internal Audit Standards in the UK Public Sector which are due to come into effect on 1<sup>st</sup> April 2025 and authorises the Chair of the Audit and Standards Committee to sign the Charter in conjunction with the Chief Audit Executive and Senior Management.

#### **Local Member Interest:**

N/A

#### **Report of the Director of Finance (and Section 151 Officer)**

## **Report**

### **Background**

1. From April 2025, new Internal Audit standards will replace the existing Public Sector Internal Audit Standards. The new standards are designated as the Global Internal Audit Standards in the UK Public Sector (GIAS in the UK Public Sector). Conformance with these new standards has required the review and subsequent revision of Staffordshire County Council's Internal Audit Service's Internal Audit Charter.
2. The GIAS in the UK public Sector requires that the Chief Audit Executive develops and maintains an Internal Audit Charter that specifies, at a minimum, the Internal Audit function's:
  - a. Purpose of Internal Audit;
  - b. Commitment to adhering to the Global Internal Audit Standards in the UK Public Sector;
  - c. Mandate, including scope and types of service provided, and the board's responsibilities and expectations regarding management's support of the internal audit function; and

- d. The internal audit function's organisational position and reporting relationships.

(Standard 6.2)

3. The revised Internal Audit Charter sets out the purpose and mandate for Internal Audit by reference to the Global Internal Audit Standards in the UK Public Sector and the Accounts and Audit Regulations 2015. The Internal Audit Charter also covers the Audit and Standards Committee Oversight function, roles and responsibilities and the scope and types of services to be provided by the Council's Internal Audit Service. The Charter is required to be formally agreed and approved by this Committee and periodically reviewed.
4. The revised Internal Audit Charter follows a recommended template provided by the Chartered Institute of Internal Auditors (CIIA) to ensure that the wording of the new standards is appropriately included. Because the structure and headings of the revised charter are new, it is difficult to set out the changes for comparison, however, the key points of change are as follows:
  - a. There is a new section referred to as the Mandate which is a requirement of the new standards (Standard 6.1). This refers to the authority for the Internal Audit function which is derived from legislation and Accounts and Audit Regulations 2015;
  - b. The previous section on Audit Independence is now broader, covering Independence, Organisational Position and Reporting Relationships; and
  - c. The section on Audit and Standards Committee Oversight is now more detailed, although there are no significant changes in content.
5. The revised Internal Audit Charter also takes account of the requirements set out in the CIPFA's Code of Practice on the Governance of Internal Audit in the UK local government (published in February 2025).
6. The revised Internal Audit Charter is attached as **Appendix 1** to this report.

## Equalities Implications

7. There are no direct implications arising from this report.

## Legal Implications

8. Whilst there are no direct implications arising from this report, the Accounts and Audit Regulations 2015 specifically require that a relevant body must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”.

## Resource and Value for Money Implications

9. The net budget of the Internal Audit Section for 2025/26 is £1,188,560 of which £265,170 relates to payments to external providers.
10. Time has been allocated in the 2025/26 Internal Audit Plan for the on-going implementation of the new standards and Code.

## Risk Implications

11. Internal Audit examines objectively, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. Where relevant, the results of individual reviews will link into the Annual Governance Statement, providing assurance on the operation of key controls. Internal Audit will continue to align its work with the Corporate Risk Register.

## Climate Change Implications

12. There are no direct climate change implications arising from this report.

## List of Background Documents/Appendices:

- Global Internal Audit Standards (published 9<sup>th</sup> January 2024).
- Application Note: Global Internal Audit Standards in the UK Public Sector – Applicable from 1<sup>st</sup> April 2025.
- Code of Practice for the Governance of Internal Audit in UK Local Government – February 2025

## Contact Details

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