

Tamworth Borough Council and Lichfield District Council Shared Internal Audit Service Charter

Purpose of this Charter

This Charter formally defines Internal Audit's purpose, authority and responsibilities in line with the Institute of Internal Auditors (IIA) Global Standards and associated CIPFA guidance notes.

This Charter establishes internal audit's position with the Council and defines the scope and limitations of internal audit's activities and its relationship with the Audit Committee and Senior Management. The Internal Audit Manager acts as the Council's Head of Internal Audit.

Standards for the Professional Practice of Internal Auditing

The internal audit function undertakes its work in line with the mandatory elements of the IIA's Global Standards, including the principles of Ethics & Professionalism.

Internal audit's purpose

Internal audit's purpose is to:

- Supporting the delivery of the Council's strategic objectives by providing risk-based and objective assurance on the adequacy and effectiveness of governance, risk management and internal controls.

- Championing good practice in governance through assurance, advice and contributing to the Council's annual governance review.
- Advising on governance, risk management and internal control arrangements for major projects, programmes and system changes.
- Access to the authority's collaborative and arm's-length arrangements.

Internal audit acts primarily to provide the Audit Committee with the information necessary to fulfil its own duties and responsibilities. Implicit in internal audit's role is that it supports the organisations management to fulfil its own risk, control and compliance responsibilities.

Internal audit's mandate and authority

Internal audit's mandate arises from the Accounts and Audit Regulations 2015.

Internal audit staff are authorised to:

- Have full, free and unfettered access to all of the Council's, subsidiary's and partnership's records, property and personnel relevant to the performance of engagements, while being accountable for the confidentiality and safeguarding of such records and information.

- Obtain assistance from the necessary organisational personnel in relevant engagements as well as other specialised services from within or outside the organisation.

The Head of Internal Audit will have unrestricted access to the Audit Committee and retain the right to meet in person with the Audit Committee without management present.

Internal audit's responsibility

The Head of Internal Audit is responsible for all aspects of internal audit activities, including strategy, planning, performance and reporting. Internal audit will:

- Develop and maintain an internal audit strategy
- Review the internal audit strategy at least annually with management and Audit Committee.

Planning

- Develop and maintain an Internal Audit Plan to fulfil the requirements of this Charter and the Internal Audit Strategy.
- Engage with management and consider the organisation's strategic and operational objectives and related risks in the development of the audit plan.
- Review the internal audit plan periodically with management and adjust the plan as necessary to

respond to any changing business risks, operations, systems and controls.

- Present the internal audit plan, including updates, to the Audit Committee for periodic review and approval.
- Prepare an internal audit budget sufficient to fulfil the requirements of this Charter, the Internal Audit Strategy and the Internal Audit Plan.
- Submit the Internal Audit resources available (days) to the Audit Committee for review and approval annually. The Head of Audit must inform the Audit Committee of the impact of insufficient resources and any options available to mitigate that impact.
- Coordinate with and provide oversight of other control and monitoring functions, including risk management, compliance and ethics and external audit.
- Consider the scope of work of other assurance providers for the purpose of providing optimal audit coverage to the organisation.

Reporting

- Issue a report to management at the conclusion of each engagement to confirm the results of the engagement and the timetable for the completion of management action to be taken.

- Provide periodic reports to management and the Audit Committee summarising internal audit activities and the results of internal audit engagements.
- Provide periodic reports to management and the Audit Committee on the status of management actions taken in response to internal audit engagements.
- Report annually to the Audit Committee and management on internal audit performance against the goals and objectives set out in the audit plan and agreed key performance indicators.
- Report as needed to the Audit Committee and management, resource or budgetary impediments to fulfil this Charter, the Internal Audit Strategy or the Internal Audit Plan.
- Inform the Audit Committee of emerging trends and issues that could impact the organisation.

Independence and internal audit's position within the Council

To provide for internal audit's independence, its personnel and any contractors who report to the internal audit function, will report to the Audit Committee. The Head of Internal Audit has free and full access to the Chair of the Audit Committee.

Internal audit reports administratively to the Section 151 Officer who provides day to day oversight.

The appointment and removal of internal audit will be performed in accordance with established procedures and subject to the approval of the Chair of the Audit Committee.

The internal audit service will have an impartial, unbiased attitude and will avoid conflicts of interest and perform engagements in such a manner that there are no quality compromises and judgement on audit matters is not subjugated to others.

If the independence or objectivity of the internal audit service is impaired, details of the impairment will be disclosed to the Section 151 Officer and Chair of Audit Committee, dependent upon the nature of the impairment.

The internal audit service is not authorised to perform any operational duties for the organisation, initiate or approve accounting transactions external to the internal audit service, or direct the activities of any employee not employed by the internal audit service, except to the extent such employees have been assigned to the service or to otherwise assist the internal auditor.

Internal audit's scope

The scope of internal audit activities includes all activities conducted by the organisation including subsidiaries and partnerships. The internal audit plan identified those activities

that have been identified as the subject of specific internal audit engagements.

Assurance engagements involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are determined by internal audit.

Consulting engagements are advisory in nature and are generally performed at the specific request of management. The nature and scope of consulting engagements are subject to agreement with management. When performing consulting services, internal audit will maintain objectivity and not assume management responsibility.

Quality assurance improvement programme (QAIP)

The internal audit function will maintain a QAIP. The programme will include an evaluation of the internal audit activity's conformance with the Standards. The plan will assess the efficiency and effectiveness of internal audit and identify opportunities for improvement.

Periodic reporting on compliance against the Professional Standards

Internal audit will periodically report to the Audit Committee to:

- Confirm the independence of the function on at least an annual basis.
- Report annually on conformance with the Standards.
- Confirm the maintenance of a QAIP.
- Report on the results of internal assessments and the results of the external quality assessments (undertaken at least once every 5 years by a qualified, independent assessor).

Approval and validity of this Charter

This Charter shall be reviewed and approved annually by management and by the Audit Committee.

Internal Audit Manager, February 2025