

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**CORPORATE LEADERSHIP TEAM'S  
REPORT TO**

**Audit and Standards Committee  
7 April 2025**

**Report Title:** Internal Audit Charter 2025/26

**Submitted by:** Chief Internal Auditor

**Portfolios:** All

**Ward(s) affected:** All

<b><u>Purpose of the Report</u></b>	<b><u>Key Decision</u></b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
<p>The Internal Audit Charter is a formal statement that defines the purpose, authority, mandate and responsibilities of Internal as well as confirming its relationships with key stakeholders as required by the Global Internal Audit Standards in the UK Public Sector. The Internal Audit Charter should be regularly reviewed and approved by the Audit &amp; Standards Committee.</p>			
<p><b><u>Recommendation</u></b></p> <p>That Committee:</p> <p><b>1. 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 1st 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.</b></p>			
<p><b><u>Reasons</u></b></p> <p>The Accounts and Audit Regulations 2015 include the statutory requirement for the provision of an effective internal audit. Compliance with the Global Internal Audit Standards in the UK Public Sector which includes the need for an Internal Audit Charter demonstrates that an appropriate standard of audit provision is in place.</p>			

**1. Background**

- 1.1** 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 Newcastle-under-Lyme's Internal Audit Service's Internal Audit Charter.

**1.2** Standard 6.2 of 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.

**1.3** The revised Internal Audit Charter is attached as Appendix 1 to this report.

## **2. Issues**

**2.1** 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.

**2.2** 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.

**2.3** 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).

## **3. Recommendation**

**3.1** That Committee approve the Internal Audit Charter 2025.

## **4. Reasons**

4.1 By reviewing and approving the Internal Audit Charter, the Committee is supporting the Internal Audit Service in demonstrating compliance with the GIAS in the UK Public Sector and the provision of an effective internal audit.

## 5. **Options Considered**

5.1 None.

## 6. **Legal and Statutory Implications**

6.1 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”.

## 7. **Equality Impact Assessment**

7.1 There are no direct implications arising from this report.

## 8. **Financial and Resource Implications**

8.1 Delivery of the Internal Audit Plan 2025/26 to the required standards will be carried out within the agreed price specified in the agreement with Staffordshire County Council for the Provision of Internal Audit services which is in line with the budgeted cost.

## 9. **Major Risks & Mitigation**

9.1 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.

## 10. **UN Sustainable Development Goals (UNSDG)**

10.1 The Internal Audit and Counter Fraud Arrangement via Staffordshire County Council and the Fraud Hub supports UNSG and Climate Change objectives in a number of ways. Principally, through partnership working and supporting sustainable cities and communities via the correct use of public monies. The following UNSGs are supported.



## 11. **One Council**

Please confirm that consideration has been given to the following programmes of work:

One Commercial Council

*We will make investment to diversify our income and think entrepreneurially.*

One Digital Council

*We will develop and implement a digital approach which makes it easy for all residents and businesses to engage with the Council, with our customers at the heart of every interaction.*

One Green Council

*We will deliver on our commitments to a net zero future and make all decisions with sustainability as a driving principle.*

## 12. **Key Decision Information**

12.1 Not Applicable.

## 13. **Earlier Cabinet/Committee Resolutions**

13.1 Not Applicable

## 14. **List of Appendices**

14.1 Appendix 1 – 2025/26 Internal Audit Charter

## 15. **Background Papers**

15.1 Global Internal Audit Standards (published 9th January 2024).

15.2 Application Note: Global Internal Audit Standards in the UK Public Sector – Applicable from 1st April 2025.

15.3 Code of Practice for the Governance of Internal Audit in UK Local Government – February 2025