

Cambridgeshire County Council Internal Audit Charter

The Internal Audit Charter defines the purpose, authority and responsibility of Cambridgeshire County Council's Internal Audit service. It establishes the scope of the Internal Audit service and outlines how the service complies with statutory requirements and professional standards.

The key principles of Cambridgeshire County Council's Internal Audit service are as follows:

- Internal Audit will provide an Annual Internal Audit Opinion based on an objective and comprehensive assessment of the Council's framework of governance, risk management and control.
- Internal Audit will also provide advice and consultancy services with the aim of adding value and improving organisational governance, risk management and control.
- All the Council's activities fall within the scope of Internal Audit, and the Internal Audit service has a complete right of access to all records and property held by Cambridgeshire County Council and to all officers of the Council.
- Internal Audit operates in compliance with Global Internal Audit Standards (GIAS) in the UK Public Sector and the Ethics and Professionalism domain of the GIAS.
- Internal Audit is independent and may report directly to the Chief Executive and the Chair of the Audit & Accounts Committee. Regular reporting on audit activity is provided to the Section 151 Officer, CLT and the Audit & Accounts Committee.
- Internal Audit colleagues are qualified and part-qualified professionals in assurance and accounting. The service is committed to professional development and continuous quality assurance and improvement.
- Internal Audit have a professional duty to operate in ethical way; be honest; and demonstrate integrity at all times, working in line with the Council's Code of Conduct.

The Internal Audit Charter is regularly reviewed and approved by Cambridgeshire County Council's Audit & Accounts Committee and senior management.

TABLE OF CONTENTS

1. Internal Audit Mandate

- 1.1 What is Internal Auditing?
- 1.2 Authority of the Internal Audit service
- 1.3 Organisational Position & Independence
- 1.4 What is the Internal Audit service here for?
- 1.5 Compliance with Global Internal Audit Standards (GIAS)
- 1.6 Changes to the Mandate & Charter

2. Culture and Working Practices

- 2.1 Our Team Culture
- 2.2 Internal Audit and Risk Management
- 2.3 Internal Audit, Counter Fraud & Whistleblowing
- 2.4 Third Party Services

3. Roles & Responsibilities

- 3.1 The Head of Internal Audit
- 3.2 Members of the Internal Audit Team
- 3.3 The Organisation
- 3.4 The Audit & Accounts Committee

4. Internal Audit Key Processes

- 4.1 Internal Audit Planning
- 4.2 Internal Audit Engagements
- 4.3 Releasing Audit Reports and Findings
- 4.4 Implementation of Audit Recommendations

Appendix A – Internal Audit Charter Definitions

Appendix B – Internal Audit Working Practices ('Team Charter')

Appendix C – Internal Audit Declarations of Interest Form

Appendix D – Audit Planning Flow Chart

Appendix E – Internal Audit Cambridgeshire Team Process

Appendix F – How Assurance Is Provided & Communicated

Appendix G – Internal Audit Strategy 2025/6 – 2027/8

**Internal Audit
Charter**



1. INTERNAL AUDIT MANDATE

1.1 What is Internal Auditing?

1.1.1 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

1.2 Authority of the Internal Audit service

1.2.1 Cambridgeshire County Council's internal audit function's mandate is found in the *Accounts & Audit Regulations (2015)*, which state:

- "5.(1) 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.*
- (2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—*
- (a) make available such documents and records; and*
 - (b) supply such information and explanations;*
- as are considered necessary by those conducting the internal audit.*
- (3) In this regulation "documents and records" includes information recorded in an electronic form."*

1.2.2 The internal audit function's authority is created by its direct reporting relationship to the Audit & Accounts Committee. Such authority allows for unrestricted access to the Audit & Accounts Committee. The Audit & Accounts Committee authorizes the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.

- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives in line with Global Internal Audit Standards.
- Obtain assistance from the personnel of Cambridgeshire County Council and other specialized services from within or outside the Council to complete internal audit services.

1.3 Organisational Position & Independence

- 1.3.1 The Head of Internal Audit is positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function.
- 1.3.2 The Head of Internal Audit will report functionally to the Audit & Accounts Committee and administratively (for example, day-to-day operations) to the Monitoring Officer. The Head of Internal Audit will also have regular, one-to-one meetings with the Chief Executive. This arrangement provides the authority and ability to bring matters directly to senior management and escalate matters to the Audit & Accounts Committee, when necessary, without interference. It also supports internal auditors' ability to maintain objectivity.
- 1.3.3 The Head of Internal Audit will confirm to the Audit & Accounts Committee at least annually, the organizational independence of the Internal Audit function. If the governance structure does not support organizational independence, the Head of Internal Audit will document the characteristics of the governance structure which limit independence, and any safeguards employed to achieve the principle of independence. The Head of Internal Audit will disclose to the Audit & Accounts Committee any interference encountered related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of any interference on the Internal Audit function's effectiveness and ability to fulfil its mandate.

1.4 What is the Internal Audit service here for?

- 1.4.1 The scope of internal audit activities encompasses (but is not limited to) objective examinations of evidence to provide independent assurance and advisory services to the Audit & Accounts Committee and management on the adequacy and

effectiveness of governance, risk management, and control processes for Cambridgeshire County Council. The scope of Internal Audit services covers the entire breadth of the organisation, including all of Cambridgeshire County Council's activities, assets, and personnel.

1.4.2 Internal Audit's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. At Cambridgeshire County Council that means:

- Developing a forward plan of audit work (the Internal Audit Plan) which identifies and assesses key risk areas for the Council, in order to allocate Internal Audit resource to provide independent and objective assurance over the most high-risk areas.
- Updating the Audit Plan on a regular basis as the risk environment changes, taking into account the views of senior management, Councillors and the Audit & Accounts Committee.
- Supporting senior management in identifying opportunities for improving value for money and effective governance and control. Agreeing recommended actions to be taken after each audit. Looking beyond financial issues to consider wider issues such as the organisation's operations, reputation, growth, its impact on the environment and the way it treats its employees.
- Reporting on the outcomes of individual pieces of Internal Audit work, and the implementation of recommended actions, to senior management and the Audit & Accounts Committee.
- Drawing on the results of audit work undertaken throughout the year to provide a comprehensive, independent Annual Opinion on the adequacy and effectiveness of the Council's framework of governance, control environment and risk management.

1.5 Compliance with Global Internal Audit Standards (GIAS)

1.5.1 Internal Audit will govern itself by adherence to the mandatory elements of the Chartered Institute of Internal Auditor's (IIA) International Professional Practices Framework, which are the Global Internal Audit Standards (GIAS) and the Topical Requirements, subject to the interpretations and additional requirements set out in

the *Application Note on Global Internal Audit Standards in the UK Public Sector* issued by the Relevant Internal Audit Standard Setters (RIASS) and the *CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government*. Through this, Internal Audit will provide a robust, high-quality audit service that delivers honest, evidenced assurance.

- 1.5.2 An internal self-assessment of compliance with GIAS is conducted annually by the team, with an external review at least once every five years by a qualified, independent assessor or assessment team from outside Cambridgeshire County Council. Any non-conformance with GIAS identified by this review, or at any other time, will be reported to the Audit & Accounts Committee.
- 1.5.3 The Head of Internal Audit will report at least annually to the Audit & Accounts Committee and senior management regarding the Internal Audit function's conformance with the Standards, including the outcomes of the annual self-assessment and any external assessments, and the results of the Quality Assurance and Improvement Programme.

1.6 Changes to the Mandate & Charter

- 1.6.1 Circumstances may justify a follow-up discussion between the Head of Internal Audit, Audit & Accounts Committee and senior management on the Internal Audit Mandate or other aspects of the Internal Audit Charter. Such circumstances may include but are not limited to:
- A significant change in the Global Internal Audit Standards, or new laws or regulations that may affect the nature and/or scope of internal audit services.
 - Significant reorganisation within the Council, or changes in the Head of Internal Audit, Audit & Accounts Committee, and/or senior management.
 - Significant changes to the organization's strategies, objectives, risk profile, or the environment in which the organization operates.
- 1.6.2 In the absence of specific circumstances prompting updates to the document, the Internal Audit Mandate & Charter will be re-presented to the Audit & Accounts Committee for review at least once every three years.

2 CULTURE AND WORKING PRACTICES

2.1 Our Team Culture

2.1.1. The Internal Audit service will create a culture of support for all its employees. We will be supportive to all team members, and management will be approachable and open. We will:

- Be professional and provide a safe and enjoyable environment to work and develop.
- Invest in professional qualifications, workplace training and professional development.
- Recognise areas for personal and service development, and learn from our mistakes.
- Celebrate success and where things have gone well, recognising hard work and improvement.
- Demonstrate integrity, act lawfully at all times, and comply with Council policies and procedures and the Ethics and Professionalism domain of the GIAS.

2.1.2 We also be understanding of the pressures and challenges faced by services and colleagues who are subject to Internal Audit review, and will take this into account when undertaking audit work wherever possible. We will treat everyone with respect and without prejudice. If we identify any concerns about the wellbeing of colleagues during the course of a review, we will discuss these concerns with HR and the relevant line manager.

2.1.3 Independence is also essential to the effectiveness of the Internal Audit service; so it will remain free from interference in all regards. This shall include, but not be limited to, matters of audit selection, scope, procedure, frequency, timing or report content.

2.1.4 Details of the Internal Audit Team Working Practices are provided at Appendix B.

2.2 Internal Audit and Risk Management

2.2.1 The Head of Internal Audit at Cambridgeshire County Council has a role encompassing Internal Audit and Risk Management support. Responsibility for implementing risk management activity is retained by the relevant officers at Cambridgeshire County Council, and the role of Internal Audit is to provide advice,

support and facilitation for this process rather than to undertake risk management activity directly. Internal Audit reviews of risk management focus on actual risk management activity undertaken by management, not the facilitation work of the Internal Audit team, thus avoiding potential conflicts of interest.

- 2.2.2 This ensures that there is no impairment to Internal Audit's independence and objectivity, as well as ensuring that Internal Auditors have a high degree of familiarity with the principles of risk management within the organisation to inform their assurance work. This approach is in line with the Institute for Internal Auditors (IIA) Position Paper on The Role of Internal Auditing in Enterprise-wide Risk Management.

2.3 Internal Audit, Counter Fraud & Whistleblowing

- 2.3.1 The Internal Audit service has responsibility for the following corporate policies relating to counter-fraud and whistleblowing:

- Whistleblowing Policy
- Anti-Fraud & Corruption Policy
- Anti-Money Laundering Policy

- 2.3.2 These policies are regularly reviewed and updated by the Internal Audit service. To safeguard independence, drafts of the policies are presented to relevant key officers in Finance and HR as well as the Monitoring Officer for input, as well as to trade unions. Third-party input is also sought in reviewing the effectiveness of these policies (for example, the whistleblowing benchmark service from whistleblowing charity Protect is used to assess the Whistleblowing Policy). Final drafts are presented to CLT and the Audit & Accounts Committee for input and approval.

- 2.3.3 Internal Audit also manage the corporate whistleblowing@cambridgeshire.gov.uk email address and triage any referrals made to this address, to ensure that they are forwarded for consideration via the appropriate process. Internal Audit lead on investigating all whistleblowing referrals relating to fraud and corruption, and financial impropriety. This aligns with the existing role of Internal Audit in providing assurance over the financial control environment and compliance with controls, and ensures that the implementation of any recommended actions for improvement will be followed up through the usual Internal Audit process.

2.3.4 The Internal Audit team will also lead on co-ordinating the response to the National Fraud Initiative for Cambridgeshire County Council, but the responsibility for gathering and submitting data and investigating matches remains with service management.

2.4 Third Party Services

2.4.1 Internal Audit will on occasion be requested to complete work for third parties, and the principles outlined in this Charter will apply to any such work completed.

3. ROLES AND RESPONSIBILITIES

3.1 The Head of Internal Audit

3.1.1 The Head of Internal Audit has responsibility for the operation and delivery of all aspects of the Internal Audit function, including the production and execution of the audit plan and subsequent audit activities, and issuing an annual audit opinion on the effectiveness of the organisation's control environment. In line with the GIAS Application Note for the UK Public Sector, the Head of Internal Audit at Cambridgeshire County Council will hold a CMIIA or CCAB qualification as well as suitable internal audit experience.

Internal Audit Planning:

3.1.2 The Head of Internal Audit has the responsibility to develop a risk-based Internal Audit Plan at least annually, considering the input of the Audit & Accounts Committee and senior management. The Head of Internal Audit will:

- Submit the Plan to the Audit & Accounts Committee for review and approval;
- Regularly review and adjust the Plan as necessary, in response to changes in Cambridgeshire County Council's risks, objectives, operations, programmes, systems and controls. The Head of Internal Audit will identify and consider trends and emerging issues that could impact Cambridgeshire County Council and communicate these to the Audit & Accounts Committee and senior management as appropriate.

- Communicate with the Audit & Accounts Committee and senior management if there are significant interim changes to the Internal Audit Plan.
 - Communicate the impact of resource limitations on the Internal Audit Plan to the Audit & Accounts Committee and senior management.
- 3.1.3 The Head of Internal Audit will ensure that engagement findings are followed up, and confirm the implementation of recommendations and communicate the results of internal audit services to the Audit & Accounts Committee and senior management at least four times per year, and for each engagement as appropriate.

Operation of Internal Audit:

- 3.1.4 The Head of Internal Audit will ensure that Internal Auditors operate in accordance with their responsibilities under this Charter (see Section 3.2, below) and that the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfil the Internal Audit Mandate.
- 3.1.5 The Head of Internal Audit will consider emerging trends and successful practices in internal auditing. They will ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and laws and/or regulations, and will establish and adherence to methodologies designed to guide the internal audit function.
- 3.1.6 The Head of Internal Audit will ensure the Internal Audit function remains free from all conditions that could threaten the ability of Internal Auditors to carry out their responsibilities in an unbiased manner. If the Head of Internal Audit determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties in line with the principles of GIAS Standard 2.3.
- 3.1.7 The Head of Internal Audit will ensure adherence to Cambridgeshire County Council's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit & Accounts Committee and senior management.

Communication & Reporting

3.1.8 The Head of Internal Audit has direct and unfettered access to those charged with governance, including the Audit & Accounts Committee and its Chair, the Chief Executive, S151 Officer, Monitoring Officer and Cambridgeshire Leadership Team.

3.1.9 The Head of Internal Audit attends regular meetings of the Audit & Accounts Committee, and provides Progress Reports at least four times annually to CLT and the Audit & Accounts Committee which cover:

- The Internal Audit Plan; any significant revisions to the Plan; and the service's performance relative to the Plan.
- Results of assurance and advisory services.
- Significant risk exposures and control issues, including fraud risks, governance issues, and any other areas of focus for the Audit & Accounts Committee that could interfere with the achievement of the Council's strategic objectives.

3.1.10 The Head of Internal Audit will also provide reports at least annually to CLT and the Audit & Accounts Committee which cover:

- The Internal Audit Mandate.
- Internal Audit budget and any significant revisions to the budget, and the service's resource requirements.
- Any potential impairments to independence, including relevant disclosures as applicable.
- Results from the Quality Assurance and Improvement Programme, which include the Internal Audit function's conformance with The IIA's Global Internal Audit Standards and any action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Management's responses to risk that the Internal Audit function determines may be unacceptable or acceptance of a risk that is beyond Cambridgeshire County Council's risk appetite. This includes any instances where funding

restrictions impact management's ability to respond to risks toward strategic objectives.

- 3.1.11 A communications matrix showing how key information is communicated from the Internal Audit team to senior management and the Board is provided at Appendix F (section 4) of this charter.

Internal Audit Resourcing & Performance

- 3.1.12 The Head of Internal Audit assesses team resources on an ongoing basis and formally within the Annual Audit Report. Where there is a shortfall in resources, amendments to the forward plan will be considered on the basis of risk and presented to the Audit & Accounts Committee for approval. Additional resource may be procured if and when necessary, such as for technical IT audits or if significant resource is diverted through unplanned high-priority work.
- 3.1.13 The Head of Internal Audit will consider relying upon the work of other internal and external providers of assurance and advisory services. If the appropriate level of co-ordination with other services cannot be achieved, the issue must be communicated to senior management and if necessary escalated to the Audit & Accounts Committee.
- 3.1.14 The Head of Internal Audit will develop, implement and maintain a Quality Assurance and Improvement Programme that covers all aspects of the Internal Audit function. This will include internal and external assessments of conformance with the Global Internal Audit Standards (GIAS); performance indicators to assess the performance of the internal audit service on an ongoing basis; promotion of continuous improvement; and if applicable, plans to address any areas of weakness or opportunities for improvement. Performance is reported to CLT and the Audit & Accounts Committee.

3.2 Members of the Internal Audit Team

- 3.2.1 Members of the Internal Audit team will operate in accordance with this Charter; all supporting Internal Audit policies and procedures; Global Internal Audit Standards; the requirements of their professional body; Cambridgeshire County Council's policies and procedures; and the law, at all times.

Ethical Expectations:

2.1.5 Internal Auditors will understand, respect, meet and contribute to the legitimate and ethical expectations of Cambridgeshire County Council; and will conform with the principles of Ethics & Professionalism (integrity, objectivity, competency, due professional care, and confidentiality) as well as any ethical code set by their own professional body. Auditors will be able to recognise and report individual conduct or organisational behaviour that is contrary to those expectations, and will encourage and promote an ethics-based culture at Cambridgeshire.

2.1.6 A copy of the principles and standards in the Ethics and Professionalism domain of the GIAS is included on the GIAS Declaration forms (see Appendix C), and in signing the form, auditors acknowledge that they have read and will abide by these principles and standards.

Independence & Objectivity:

3.2.2 Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

3.2.3 Internal auditors will have no direct operational responsibility or authority over any of the activities they review, and will not assess specific operations for which they had responsibility within the previous 12 months. Accordingly, internal auditors will not implement internal controls; install systems; perform operational duties; initiate or approve transactions external to the Internal Audit function; direct Cambridgeshire County Council employees that are not employed by the Internal Audit function; or engage in other activities that may impair their judgment.

3.2.4 Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties. All new team members, including trainees, are required to sign the GIAS Declaration form (see Appendix C), which includes declaring any circumstances that could impact on professional objectivity. GIAS Declaration forms are also completed annually by all team members. These are subject to management approval and taken into consideration when allocating work, to ensure professional objectivity is maintained.

- Exhibit the highest levels of professional objectivity in gathering, evaluating, and communicating information; and make balanced assessments of all available and relevant facts and circumstances when conducting audit work.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Professional Competence & Care:

- 3.2.5 Internal Audit team members are professionally qualified or are working towards an appropriate professional qualification. The Internal Audit service is committed to investment in continuing professional development and maintains a graduate trainee Apprenticeship scheme in conjunction with the Council's Finance service.
- 3.2.6 Further training and development needs are identified through ongoing day-to-day supervision; through the Council's Our Conversations process; and through Post-Audit Assessments. Continuing professional development is a standing appraisal objective for all Internal Audit colleagues.
- 3.2.7 The Internal Audit Charter and extensive supporting team policies and procedures are stored in the team's record management solution. Internal Auditors are expected to familiarise themselves with its content and follow team policies and procedures at all times, to ensure assignments are delivered with due professional care and proficiency. All work is subject to appropriate supervision, review and approval to continually monitor and control the quality of internal audit work.
- 3.2.8 Internal Audit colleagues will be professional, polite and approachable, aiming to maintain good communication with auditees throughout the course of reviews and to build positive working relationships. Auditors will always seek to add value and ensure recommendations are pragmatic and proportionate to risk.
- 3.2.9 All new team members are required to sign a confidentiality agreement. Internal Auditors do not disclose information without appropriate authority unless there is a legal or professional obligation to do so. Internal Auditors comply with data protection legislation at all times, and with the service's Records Retention Policy.

3.3 The Organisation

- 3.3.1 Internal Audit's authority is documented and defined within the Council's Constitution and Financial Regulations. Internal Audit has a right of unrestricted access to all Council and partner records and information, officers, cash, stores and other property it considers necessary to fulfil its responsibilities. Internal Audit has unrestricted access to enter Council property at all locations and officers without prior notice if necessary.
- 3.3.2 All employees are required to assist Internal Audit in fulfilling its roles and responsibilities, and to provide requested information in a timely fashion. If Internal Audit do not receive timely responses to audit requests, this will be escalated to officers' line managers and/or Directors, depending on the nature and urgency of the request.
- 3.3.3 All Council contracts and partnerships shall contain similar provision for Internal Audit to access records pertaining to the Council's business held by contractors or partners.

3.4 Senior Management

- 3.4.1 Internal Audit is not responsible for the control systems it audits. Responsibility for effective internal control rests with the management of the Council. Directors and Heads of Service are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their services and achieve their objectives.
- 3.4.2 Senior management is also responsible for supporting the internal audit mandate throughout the authority and with partner organisations, and promoting the authority granted to the internal audit function. Senior Management have a responsibility to engage constructively with internal audit's findings, opinions and advice.

3.5 The Audit & Accounts Committee

- 3.4.1 The Council's Audit & Accounts Committee functions as the 'Board' as defined by GIAS, and is the governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting.
- 3.4.2 In order to ensure that Cambridgeshire County Council's Internal Audit function has sufficient authority to fulfil its duties, the Audit & Accounts Committee will:

Internal Audit Charter



- Discuss with the Head of Internal Audit and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the Internal Audit function, and the Internal Audit Charter.
- Review and approve the Internal Audit Charter, which includes the Internal Audit Mandate and the scope and types of internal audit services.
- Participate in discussions with the Head of Internal Audit and senior management about the “essential conditions,” described in the Global Internal Audit Standards, which establish the foundation that enables an effective Internal Audit function.
- Ensure the Head of Internal Audit has unrestricted access to and communicates and interacts directly with the Audit & Accounts Committee, including in private meetings without senior management present. The Head of Internal Audit has the right of access to the Chair of the Committee at any time.
- Approve, but not direct, Internal Audit’s risk-based annual plan of work and changes to that plan (including any significant consulting activity); receive communications from the Head of Internal Audit about the Internal Audit function, including its performance relative to its plan; monitor unscheduled work that could potentially divert audit resources away from the plan; and make appropriate inquiries of senior management and the Head of Internal Audit to determine whether scope or resource limitations are inappropriate.
- Consider the Annual Internal Audit Report and the opinion of the Head of Internal Audit on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.
- Ensure a quality assurance and improvement programme has been established and review the results of the quality assurance and improvement programme and the annual review of effectiveness of the system of internal audit annually.
- Be informed of any instances of non-conformance with the Global Internal Audit Standards in the UK Public Sector (GIAS), or any restriction placed on the operation of the Internal Audit service which conflicts with this charter or the GIAS.

- Review the effectiveness of safeguards to the independence of the Internal Audit service on an annual basis. The Committee can escalate any concerns about Internal Audit independence to Full Council.
- Where there is disagreement about the management of risks or agreed audit actions between Internal Audit and senior management, the Audit & Accounts Committee must review and make their recommendation to either management or Full Council.
- Finally, the Committee must satisfy itself on the effectiveness of internal audit. To do so, they should take into account conformance with the standards, interactions with the Committee, performance and feedback from senior management. Their conclusions should be reported to Full Council, as part of the Audit & Accounts Committee's annual report.

3.4.3 The CIPFA *Code of Practice for the Governance of Internal Audit in UK Local Government* recognises that, in local government, matters around the appointment, removal, remuneration and performance evaluation of the Head of Internal Audit will be undertaken by senior management, but these arrangements must not be used to undermine the independence of internal audit. In line with the Code, the Audit & Accounts Committee should provide feedback on the proposed job description and the performance evaluation of the Head of Internal Audit should include feedback from the Chair of the Audit & Accounts Committee.

4. INTERNAL AUDIT PROCEDURES

4.1 Internal Audit Planning

4.1.1 Details of the Internal Audit Planning process in use at Cambridgeshire can be found at Appendix D. The Audit Planning process seeks to take into account the Council's strategy and objectives; the risks to the achievement of these objectives and their relative materiality and complexity (including the risk of fraud, error or non-compliance); and the extent of work and audit resource required to provide assurance over the adequacy and effectiveness of governance, risk and control processes at Cambridgeshire.

4.1.2 A report on the Internal Audit Plan and the planning process is presented annually to Audit & Accounts Committee for approval prior to each financial year, and gives more detail on how the draft Plan is aligned to 'assurance blocks' that each provides an opinion over key risk areas of the control environment, to ensure that a cross-cutting assurance across the whole Council can be provided on an annual basis by the Head of Internal Audit.

4.2 Internal Audit Engagements

4.2.1 All Internal Audit work is undertaken to assist management fulfil their objectives of delivering services and contributing to the overall objectives of the Council. Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of Cambridgeshire County Council's strategic objectives are appropriately identified and managed.
- The actions of Cambridgeshire's officers, directors, management, employees, and contractors or other relevant parties comply with the Council's policies, procedures, and applicable laws, regulations, and governance standards.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Council.
- Operations and programmes are being carried out effectively, efficiently, ethically, and equitably; and/or that their results are consistent with established goals and objectives.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

4.2.2 Outputs from audit work range from informal advice to grant certifications, to formal written reports. Details of the Internal Audit workflow process are set out at Appendix E, including the process of management supervision and approval which ensures quality assurance of all Internal Audit-issued documents and reports.

- 4.2.3 Internal Audit reports include a formal assurance opinion for each review undertaken, covering the control environment and/or compliance with controls, and the organisational impact of audit findings. Details of the assurance opinions awarded are set out at Appendix F.
- 4.2.4 A core principle of the Internal Audit reporting process is that auditee management has the opportunity to review reports at draft stage, to agree the factual accuracy of report content (or provide additional evidence to Internal Audit regarding any areas of disagreement) and to discuss and agree any recommended actions. This is normally facilitated through a 'clearance meeting' with key officers engaged in the audit. Management are welcome to propose alternative actions to those initially recommended by Internal Audit, and these will be accepted providing it can be demonstrated that they will also be effective in mitigating risk to an acceptable level. Draft reports must therefore not be shared beyond the distribution list agreed by the Head of Internal Audit, as the contents of reports are subject to change until they are finalised.
- 4.2.5 If there is a difference of opinion regarding the findings or conclusions of the audit which cannot be resolved, this will initially be escalated to the Head of Internal Audit. If the difference still cannot be resolved, in line with GIAS, management are able to express their position regarding the content of the final report and the reasons for any differences of opinion regarding the engagement results as part of the Management Action Plan. Once this process is complete, a final report is issued to management.
- 4.2.6 If for any reason, an audit team engagement is not conducted in conformance with GIAS, the final report (or equivalent) will note the GIAS standard(s) with which conformance was not achieved, the reasons for this, and the impact of nonconformance on the engagement findings and conclusions.

4.3 Releasing Audit Reports and Findings

- 4.3.1 Final audit reports are released to an agreed distribution list, which will include at least one member of CLT. The assurance outcomes of all audits are reported in the next Audit Progress Report to CLT and Audit & Accounts Committee. Where assurance is 'limited' or less, reporting includes a summary of the key issues identified and agreed recommendations. The full text of every report is not sent to Audit & Accounts Committee, due to the volume of reporting this would produce; however copies of the full text are available to all Committee members via a Microsoft Teams site.

4.3.2 Internal Audit reports will also be provided to CLT members or the Council's external auditors on request. With regards to any further distribution, audit reports, once final, are owned by the service to which they are released. Senior officers within the service are therefore responsible for any further dissemination of the report, although it is recommended that prior to releasing copies of the report or its results more widely, the Monitoring Officer and Data Protection Officer should be consulted to decide how this should be managed.

4.4 Implementation of Audit Recommendations

4.4.1 Where recommended actions are agreed as part of an Internal Audit report, the Internal Audit service will follow-up on the implementation of actions in line with agreed timescales, for all recommendations with a risk rating of 'Medium' or higher. See Appendix F for details of the risk ratings for recommendations.

4.4.2 Recommendations due are followed up on a quarterly basis, and the results of this follow up process are reported to CLT and Audit & Accounts Committee in the Internal Audit Progress reports. This includes detailing any recommendations overdue for implementation; advising whether recommendations are still relevant or should be closed; information on any areas where senior management has accepted the risk of not taking action; and information on any areas where senior management, by delay or inaction, has accepted a risk that exceeds the risk tolerance.

Internal Audit Charter Definitions

To provide greater clarity over compliance with Global Internal Audit Standards in the UK Public Sector (GIAS), the following definitions are noted to apply throughout this Internal Audit Charter:

Assurance Services – an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management and control processes for the Council. Examples include financial and compliance assurance.

Audit & Accounts Committee – acts as the GIAS ‘Board’.

Consulting Services – Advisory and related client activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisations governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include informal advice, delivery of training, or Internal Audit attendance on management boards.

Corporate Leadership Team (CLT) – is the GIAS ‘senior management’ team.

Head of Internal Audit & Risk Management – acts as the GIAS ‘Chief Audit Executive’.

Internal Audit – is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Full Council – acts as the GIAS ‘those charged with governance’.

Internal Audit Working Practices

This appendix details the core working practices of Cambridgeshire County Council's Internal Audit Team and serves as the 'Team Charter' setting out how, where and when we work to maximise our team performance.

1. How We Work

The Systems We Use

- 1.1 Internal Audit's primary document storage system is our SharePoint site. All audit documents and evidence must be saved to SharePoint at the point of receipt, filed appropriately and cross-referenced. The most up-to-date versions of all working papers, Terms of References, and drafts and final reports must be kept on SharePoint and officers should not save 'local' versions of these documents to their desktops. This is to ensure that audit evidence is always available to other team members when required.
- 1.2 The Internal Audit team communicate and share information via email, SharePoint and Microsoft Teams in addition to face-to-face meetings. The use of cameras on Teams meetings is a personal choice, but it is recommended and preferable for one-to-one or mentoring meetings.
- 1.3 The Internal Audit team has a shared Outlook mailbox and calendar. This is used to keep track of team members' leave arrangements and working locations. All colleagues must ensure that the calendar is kept up-to-date.

The Processes We Follow

- 1.4 The Internal Audit Process Flow Chart gives details of the process by which audit work is conducted, supervised and approved. Team members must follow this process for all audit work. A separate flow chart is in place for whistleblowing investigations.
- 1.5 Internal Auditors who are supervising other colleagues on audit work should ensure they conduct a 1:1 meeting either face to face or via Microsoft Teams at least once a week during the course of the audit, to ensure an appropriate level of supervision, training and development. It is the responsibility of the supervisor to verify that work

programmes are complete, and confirm engagement workpapers adequately support findings, conclusions, and recommendations. The Head of Internal Audit will also review and approve Terms of References, workpapers and draft reports to verify that engagements are performed in conformance with GIAS and the internal audit team's methodologies.

- 1.6 Progress with work must be updated on the Internal Audit Plan Monitoring Spreadsheet on at least a weekly basis, including the current progress status of each job; estimated time to finish each job; explanations for any significant overspends; and the projected date to Audit & Accounts Committee. This spreadsheet will be regularly reviewed by the management team and used in team and corporate performance reporting.
- 1.7 Internal Audit maintains a team Records Retention Policy reflecting legal and corporate requirements for the custody, retention and disposal of all records held by the service, which must be followed in the storage of electronic and paper documents.
- 1.8 Internal Auditors must always be mindful of data security and ensure that information is shared and stored securely, demonstrating respect for the confidentiality, privacy, and ownership of information acquired when performing internal audit services. Internal Auditors must ensure they are aware of and comply with the Council's information management and data security policies, including completing essential eLearning. Requests for public disclosure of audit records will be considered in line with relevant Council policy and on receipt of advice from the Data Protection Officer.
- 1.9 A number of further guidance documents and audit resources are available on the team SharePoint site, in the Key Documents folder. Internal Auditors should ensure they are familiar with team policies and processes, and that they are adhered to. Where there are queries about the application of any policy, or suggestions for changes, this should be raised with a member of the Internal Audit management team.

How We Manage Workloads

- 1.10 Work is allocated to individual supervisors and auditors from the Internal Audit Plan on an ongoing basis, through discussion and agreement of the Internal Audit management team. Auditors are expected to provide a summary of their workload at the start of each week to their supervisor, to allow management oversight and to ensure an even spread of available work.

- 1.11 Internal Auditors should deliver allocated work within the time budget allotted.

How We Support Professional Development

- 1.12 All colleagues should ensure that they complete a 'Post Audit Assessment' with their supervisor for each piece of audit work they complete. This will support professional development by identifying development objectives and any training needs, linked to the corporate 'Our Conversations' process.
- 1.13 Ongoing professional development and training are also delivered through Internal Audit team meetings.

2. Where We Work

- 2.1 Internal Auditors work flexibly to ensure the best service delivery to our clients. Internal Auditors can work from home; from our office base at Alconbury, or from other area offices in order to co-locate with teams we are reviewing.
- 2.2 The proportion of time worked from home each week will be determined by the Head of Internal Audit on an ongoing basis. This will take into consideration limited office capacity, operational priorities, and colleague wellbeing. Officers may be required to visit specific locations in the course of their duties, or to co-locate with other teams in order to complete specific pieces of work or deliver training and supervision. Associate Auditors on the trainee scheme will be expected to attend the office in line with the requirements of the scheme, as set out in their Training Manual.
- 2.3 The Internal Audit team will aim to hold regular team meetings at our office base to discuss work, service development and changes in the wider Council. In determining plans for office attendance, Audit team will work within the broader arrangements agreed for the Strategy & Partnerships Directorate.
- 2.4 Internal Auditors should seek to manage their working time efficiently to minimise the time spent travelling from one location to another.

3. When We Work

- 3.1 Internal Auditors are required to record all working time on the Internal Audit time management system. Time spent on audits and projects should be recorded on the system. We will also log our overall working hours using the time recording spreadsheet which we will store on our SharePoint site. Both of these time recording practices should be done on at least a weekly basis.
- 3.2 Internal Auditors should follow the team Working Time Recording guidance on SharePoint, which gives more detail on use of the system and sets out requirements for the authorisation of leave; non-audit working time; and working from home. In general, the service will aim to ensure at least one member of the Management Team normally available. As such, arrangements for Christmas and any other peak periods will be agreed by the management team.
- 3.3 Attendance at weekly virtual team catch-up meetings is strongly encouraged to enable the team to foster good working relationships.

Internal Audit GIAS Declaration Form

As at [DATE]

(This form must be completed by new team members on joining and by all team members annually)

Name	
Position	
Date Appointed	

Internal Audit is required to comply with Global Internal Audit Standards in the UK Public Sector (GIAS). This form is completed annually to ensure compliance with the key standards listed below, and to ensure that all Internal Audit team members are aware of their responsibilities under the Ethics and Professionalism domain of the GIAS. Please ensure that you read and understand the principles and standards below; if there is anything you do not understand, it is your responsibility to discuss this with your supervisor before signing this form.

Global Internal Audit Standards: Domain II: Ethics & Professionalism:

The principles and standards in the Ethics and Professionalism domain of the Global Internal Audit Standards outline the behavioural expectations for professional internal auditors. They apply to both individuals and CCC Internal Audit as an entity, and aim to ensure high standards of behaviour that do not discredit the team. Conformance with these principles and standards instils trust in the profession of internal auditing, creates an ethical culture within the internal audit function, and provides the basis for reliance on internal auditors' work and judgment.

All internal auditors are required to conform with the standards of ethics and professionalism. The fact that a particular behaviour is not mentioned in these principles and standards does not preclude it from being considered unacceptable or discreditable. All members of the Internal Audit team are required to sign a declaration of interest that they have read, understood and will comply with these principles and standards.

While internal auditors are responsible for their own conformance, the Head of Internal Audit is expected to support and promote conformance with the principles and standards in the Ethics and Professionalism domain by providing opportunities for training and guidance. Any disclosures regarding breaches of these requirements should be made to the Head of Internal Audit, who will consider breaches on a case-by-case basis and take any action deemed necessary.

Principle 1 Demonstrate Integrity: Internal auditors demonstrate integrity in their work and behaviour.

Standard 1.1: Honesty and Professional Courage

Internal auditors must perform their work with honesty and professional courage. Internal auditors must be truthful, accurate, clear, open, and respectful in all professional relationships and communications, even when expressing scepticism or offering an opposing viewpoint. Internal auditors must not make false, misleading, or deceptive statements, nor conceal or omit findings or other pertinent information from communications. Internal auditors must disclose all material facts known to them that, if not disclosed, could affect the organization's ability to make well-informed decisions. Internal auditors must exhibit professional courage by communicating truthfully and taking appropriate action, even when confronted by dilemmas and difficult situations. The chief audit executive must maintain a work environment where internal auditors feel supported when expressing legitimate, evidence-based engagement results, whether favourable or unfavourable.

Standard 1.2: Organisation's Ethical Expectations

Internal auditors must understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and must be able to recognize conduct that is contrary to those expectations. Internal auditors must encourage and promote an ethics-based culture in the organization. If internal auditors identify behaviour within the organization that is inconsistent with the organization's ethical expectations, they must report the concern according to applicable policies and procedures.

Standard 1.3: Legal and Ethical Behaviour

Internal auditors must not engage in or be a party to any activity that is illegal or discreditable to the organization or the profession of internal auditing or that may harm the organization or its employees. Internal auditors must understand and abide by the laws and/or regulations relevant to the industry and jurisdictions in which the organization operates, including making disclosures as required. If internal auditors identify legal or regulatory violations, they must report such incidents to individuals or entities that have the authority to take appropriate action, as specified in laws, regulations, and applicable policies and procedures.

Principle 2 Maintain Objectivity: Internal auditors maintain an impartial and unbiased attitude when performing internal audit services and making decisions.

Standard 2.1: Individual Objectivity

Internal auditors must maintain professional objectivity when performing all aspects of internal audit services. Professional objectivity requires internal auditors to apply an impartial and unbiased mindset and make judgments based on balanced assessments of all relevant circumstances. Internal auditors must be aware of and manage potential biases.

Standard 2.2: Safeguarding Objectivity

Internal auditors must recognize and avoid or mitigate actual, potential, and perceived impairments to objectivity. Internal auditors must not accept any tangible or intangible item, such as a gift, reward, or favour, that may impair or be presumed to impair objectivity. Internal auditors must avoid conflicts of interest and must not be unduly influenced by their own interests or the interests of others, including senior management or others in a position of authority, or by the political environment or other aspects of their surroundings.

When performing internal audit services:

- Internal auditors must refrain from assessing specific activities for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous 12 months.
- If the internal audit function is to provide assurance services where it had previously performed advisory services, the chief audit executive must confirm that the nature of the advisory services does not impair objectivity and must assign resources such that individual objectivity is managed. Assurance engagements for functions over which the chief audit executive has responsibility must be overseen by an independent party outside the internal audit function.
- If internal auditors are to provide advisory services relating to activities for which they had previous responsibilities, they must disclose potential impairments to the party requesting the services before accepting the engagement.

The chief audit executive must establish methodologies to address impairments to objectivity. Internal auditors must discuss impairments and take appropriate actions according to relevant methodologies.

Standard 2.3: Disclosing Impairments to Objectivity:

If objectivity is impaired in fact or appearance, the details of the impairment must be disclosed promptly to the appropriate parties. If internal auditors become aware of an impairment that may affect their objectivity, they must disclose the impairment to the chief audit executive or a designated supervisor. If the chief audit executive determines that an impairment is affecting an internal auditor's ability to perform duties objectively, the chief audit executive must discuss the impairment with the management of the activity under review, the board, and/or senior management and determine the appropriate actions to resolve the situation. If an impairment that affects the reliability or perceived reliability of the engagement findings, recommendations, and/or conclusions is discovered after an engagement has been completed, the chief audit executive must discuss the concern with the management of the activity under review, the board, senior management, and/or other affected stakeholders and determine the appropriate actions to resolve the situation. (See also Standard 11.4 Errors and Omissions.)

If the objectivity of the chief audit executive is impaired in fact or appearance, the chief audit executive must disclose the impairment to the board. (See also Standard 7.1 Organizational Independence.)

Principle 3 Demonstrate Competency: Internal auditors apply the knowledge, skills, and abilities to fulfil their roles and responsibilities successfully.

Standard 3.1: Competency

Internal auditors must possess or obtain the competencies to perform their responsibilities successfully. The required competencies include the knowledge, skills, and abilities suitable for one's job position and responsibilities commensurate with their level of experience. Internal auditors must possess or develop knowledge of The IIA's Global Internal Audit Standards. Internal auditors must engage only in those services for which they have or can attain the necessary competencies. Each internal auditor is responsible for continually developing and applying the competencies necessary to fulfil their professional responsibilities. Additionally, the chief audit executive must ensure that the internal audit function collectively possesses the competencies to perform the internal audit services described in the internal audit charter or must obtain the necessary competencies. (See also Standards 7.2 Chief Audit Executive Qualifications and 10.2 Human Resources Management.)

Standard 3.2: Continuing Professional Development:

Internal auditors must maintain and continually develop their competencies to improve the effectiveness and quality of internal audit services. Internal auditors must pursue continuing professional development including education and training. Practicing internal auditors who have attained professional internal audit certifications must follow the continuing professional education policies and fulfil the requirements applicable to their certifications.

Principle 4 Exercise Due Professional Care: Internal auditors apply due professional care in planning and performing internal audit services.

Standard 4.1: Conformance with GIAS:

Internal auditors must plan and perform internal audit services in accordance with the Global Internal Audit Standards. The internal audit function's methodologies must be established, documented, and maintained in alignment with the Standards. Internal auditors must follow the Standards and the internal audit function's methodologies when planning and performing internal audit services and communicating results. If the Standards are used in conjunction with requirements issued by other authoritative bodies, internal audit communications must also cite the use of the other requirements, as appropriate. If laws or regulations prohibit internal auditors or the internal audit function from conforming with any part of the Standards, conformance with all other parts of the Standards is required and appropriate disclosures must be made.

When internal auditors are unable to conform with a requirement, the chief audit executive must document and communicate a description of the circumstance, alternative actions taken, the impact of the actions, and the rationale. Requirements related to disclosing

nonconformance with the Standards are described in Standards 8.3 Quality, 12.1 Internal Quality Assessment, and 15.1 Final Engagement Communication.

Standard 4.2: Due Professional Care:

Internal auditors must exercise due professional care by assessing the nature, circumstances, and requirements of the services to be provided, including:

- The organization's strategy and objectives.
- The interests of those for whom internal audit services are provided and the interests of other stakeholders.
- Adequacy and effectiveness of governance, risk management, and control processes.
- Cost relative to potential benefits of the internal audit services to be performed.
- Extent and timeliness of work needed to achieve the engagement's objectives.
- Relative complexity, materiality, or significance of risks to the activity under review.
- Probability of significant errors, fraud, noncompliance, and other risks that might affect objectives, operations, or resources.
- Use of appropriate techniques, tools, and technology.

Standard 4.3: Professional Scepticism:

Internal auditors must exercise professional scepticism when planning and performing internal audit services. To exercise professional scepticism, internal auditors must:

- Maintain an attitude that includes inquisitiveness.
- Critically assess the reliability of information.
- Be straightforward and honest when raising concerns and asking questions about inconsistent information.
- Seek additional evidence to make a judgment about information and statements that might be incomplete, inconsistent, false, or misleading.

Principle 5 Maintain Confidentiality: Internal auditors use and protect information appropriately.

Standard 5.1: Use of Information:

Internal auditors must follow the relevant policies, procedures, laws, and regulations when using information. The information must not be used for personal gain or in a manner contrary or detrimental to the organization's legitimate and ethical objectives.

Standard 5.2: Protection of Information:

Internal auditors must be aware of their responsibilities for protecting information and demonstrate respect for the confidentiality, privacy, and ownership of information acquired when performing internal audit services or as the result of professional relationships. Internal auditors must understand and abide by the laws, regulations, policies, and procedures related to confidentiality, information privacy, and information security that apply to the organization

Internal Audit Charter

Appendix C



and internal audit function. Considerations specifically relevant to the internal audit function include:

- Custody, retention, and disposal of engagement records.
- Release of engagement records to internal and external parties.
- Handling of, access to, or copies of confidential information when it is no longer needed.

Internal auditors must not disclose confidential information to unauthorized parties unless there is a legal or professional responsibility to do so. Internal auditors must manage the risk of exposing or disclosing information inadvertently. The chief audit executive must ensure that the internal audit function and individuals assisting the internal audit function adhere to the same protection requirements.

<p>Previous Places of Employment (Including within CCC)</p>	
<p>For the last 2 years – please include job title and a brief summary of your role (It is not necessary to complete this if you have not worked outside of CCC Internal Audit in the last 2 years)</p>	

Potential Areas of Conflict of Interest	
<p>Financial Interests:</p> <p>Do you have any personal financial interests which could have the potential to create a potential conflict of interest for your work in Internal Audit, such as a financial interest in a local company or one which the Council does business.</p>	
<p>Non-Financial Interests (External):</p> <p>Do you have any external non-financial interests which could have the potential to create a conflict of interest for your work in Internal Audit? For instance, are you or a close relative, partner or friend:</p> <ul style="list-style-type: none"> • A school governor? • A local charity trustee? • Undertaking any other governance role on a public sector body? 	



Potential Areas of Conflict of Interest	
<p>Non-Financial Interests (Internal):</p> <p>Do you have any internal non-financial interests which could have the potential to create a conflict of interest for your work in Internal Audit? For instance:</p> <ul style="list-style-type: none"> • Have you previously worked in another department? • Do you or a close relative have a close relationship with another employee? • Do you or a close relative have a close relationship with an elected Councillor (past or present)? 	
<p>Any other areas:</p> <p>Please look at the audit plan for the upcoming financial year and determine whether you feel there could be any other actual or perceived conflicts of interest not otherwise disclosed.</p>	

I have read, understood and will comply with the principles and standards of the Ethics & Professionalism domain of the Global Internal Audit Standards. I am aware of the Nolan Principles of Public Life (Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, and Leadership) and that these must be applied alongside all other relevant ethical frameworks by internal auditors working in the UK public sector.

I understand the need for independence when auditing activities, therefore if my circumstances change, or I am asked to complete a piece of work that I am not independent from, I will immediately complete a new declaration of interest form and inform my line manager.

I am familiar with the Council's Code of Conduct and Gifts and Hospitality processes. I will not accept any tangible or intangible item (e.g. a gift, reward, or favour) that may impair or be perceived to impair my objectivity.

I understand that work undertaken by Internal Audit is often of a highly confidential nature. I will not disclose to any unauthorised persons, any potentially sensitive information which I may acquire during my placement within the Internal Audit service, and I will handle all information in line with the Council's Information Security policies and procedures.

The information given on this document is a true reflection of my current situation, to the best of my knowledge at this point in time.

Internal Audit Charter

Appendix C



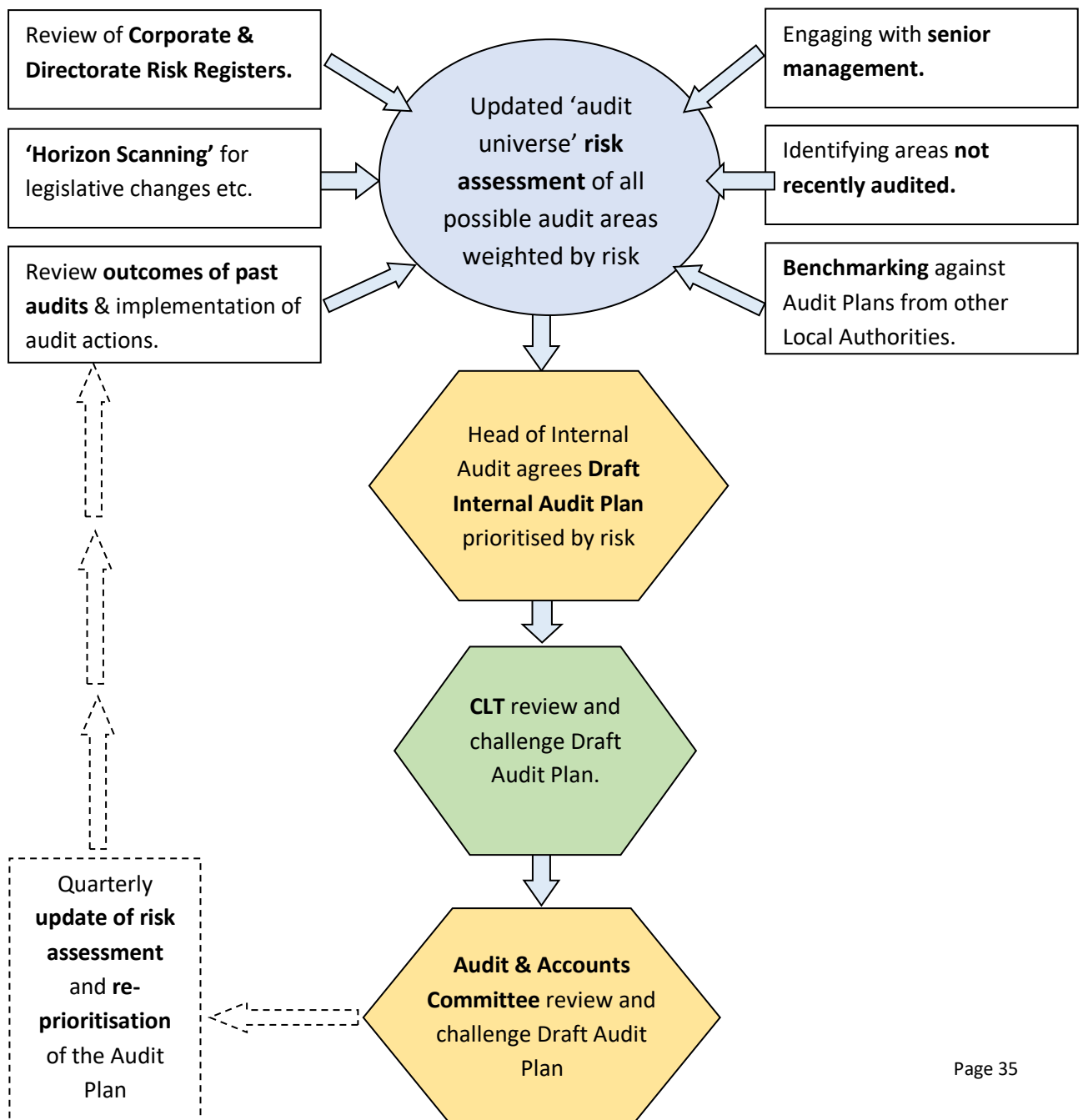
Cambridgeshire
County Council

Auditor Signature	
Date	
Line Manager's Signature	
Date	

Line Manager: Any further information / comments regarding audits not to be involved with.	
--	--

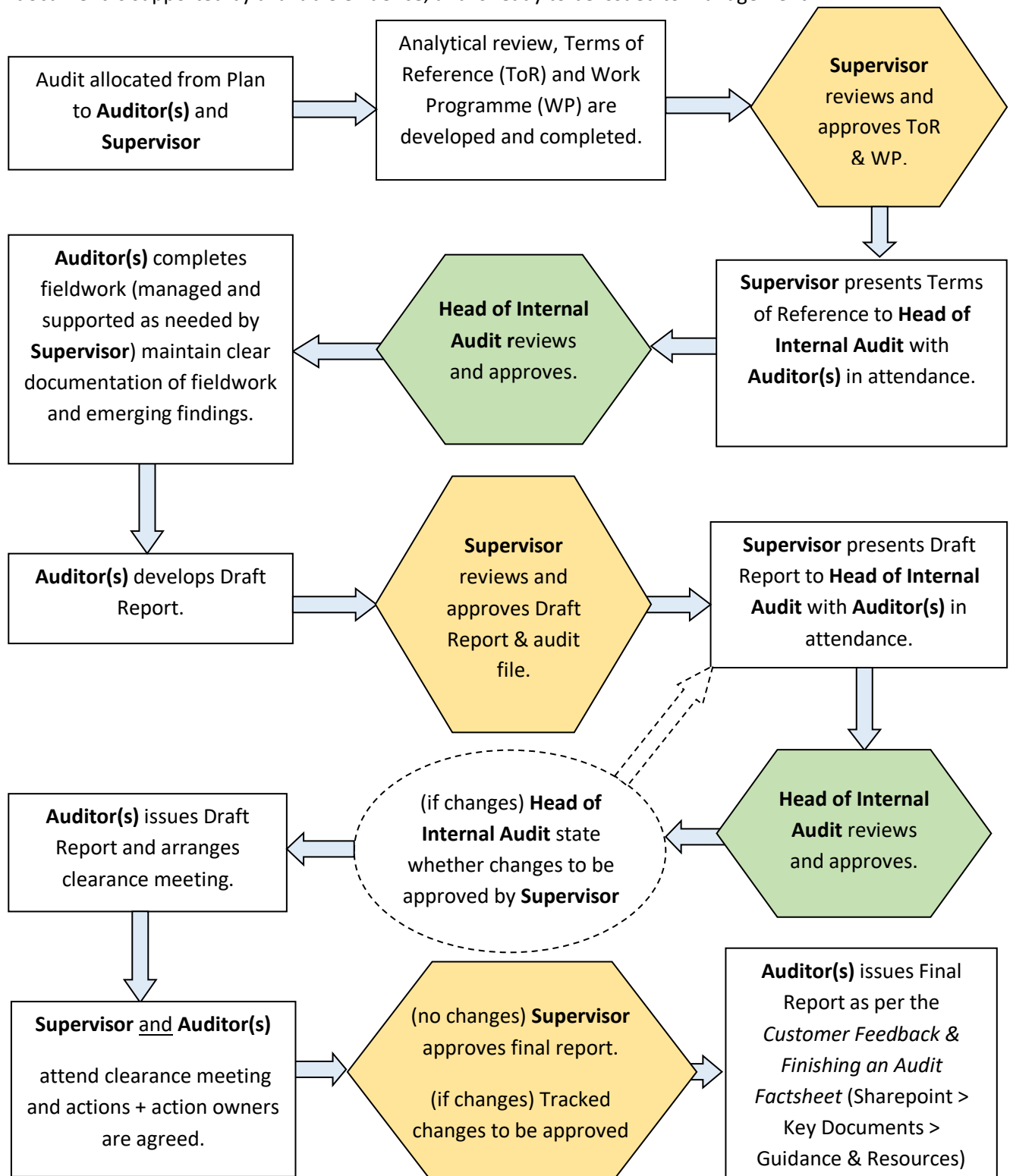
Audit Planning Flow Chart

Internal Audit at Cambridgeshire maintains a dynamic Audit Plan, to allow regular re-prioritisation of resources towards the areas of highest risk. The Plan is split into two parts: the ‘core’ which remains largely unchanged from year-to-year, comprising key areas of assurance such as Key Financial Systems and core governance reviews; and the ‘flexible’ plan which varies significantly from one year to the next, comprising audits of areas which are identified as being high-risk through the Internal Audit risk assessment process. The ‘core’ plan is set on an annual basis, while CLT and the Audit & Accounts Committee are asked each quarter to approve the next quarter’s ‘flexible’ plan, and are provided with a current draft of the audits that are likely to be included in the following four quarters after that i.e. a full-year forecast of upcoming audits based on the current risk assessment, for review and challenge.



Internal Audit Cambridgeshire Team Process

For the purposes of this diagram, the **Supervisor** is the accountable officer for ensuring that the audit file and report is accurate, up-to-date and delivered in line with GIAS. In practice, one or more **Auditors** will support the supervisor in delivering the audit. Ordinarily the Supervisor will be a Principal Manager or above. Queries should be directed through the Supervisor. Every Terms of Reference and Draft Report must go to **Head of Internal Audit**, at a point when the Supervisor is satisfied that the document is supported by available evidence, and is ready to be issued to management.



How Assurance Is Provided & Communicated

1 Internal Audit Risk Ratings

- 1.1 As part of every piece of audit work, Internal Audit seeks to identify actions that can be taken to mitigate risk, improve efficiency and maximise value. These recommended actions are discussed and agreed with management to develop a formal 'management action plan', incorporated into every Internal Audit report.
- 1.2 Every agreed action is given a risk rating in the management action plan, to make it clear how important it is for the action to be implemented. The risk ratings in use are:
- **Essential** – Action is imperative to avoid exposure to a significant organisational risk. Maximum 2 months to implement remedial action.
 - **High** – Action is imperative to avoid exposure to a significant risk to the service area. 3 months to implement remedial action.
 - **Medium** – Action is required to avoid exposure to a risk to the service area. 6 months to implement remedial action.
 - **Advisory** – This captures consultancy recommendations which are intended to improve operational efficiency or enhance value. Implementation is not followed up by Internal Audit.
- 1.3 The standard implementation timescales ordinarily apply to all actions at the relevant risk rating, although services can request an adjustment in exceptional circumstances (for instance, if a major procurement was required to remediate a high risk and it would not be possible to complete this within three months).

2. Internal Audit Assurance Ratings

- 2.1 Every Internal Audit review has three key elements:
- Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables Internal Audit to give an assurance on the control environment.

- However, controls are not always complied with, which will in itself increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This enables Internal Audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.
- Finally, where there are significant control environment weaknesses or where key controls are not being complied with, further substantive testing is undertaken to ascertain the impact these control weaknesses are likely to have on the organisation's control environment as a whole.

2.2 Three assurance ratings are therefore given at the conclusion of each audit: control environment assurance, compliance assurance, and organisational impact.

2.3 Currently the following definitions of audit assurance ratings are used for reporting control environment and compliance assurance opinions:

	Compliance Assurance	Control Environment Assurance
Substantial Assurance	The control environment has substantially operated as intended although some minor errors may have been detected.	There are minimal control weaknesses that present very low risk to the control environment
Good Assurance	The control environment has largely operated as intended although some errors have been detected.	There are minor control weaknesses that present low risk to the control environment.
Moderate Assurance	The control environment has mainly operated as intended although errors have been detected.	There are control weaknesses that present a medium risk to the control environment.
Limited Assurance	The control environment has not operated as intended. Significant errors have been detected.	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment OR it

		has not been possible for Internal Audit to provide assurance.
--	--	--

- 2.4 The following definitions of assurance ratings are currently used for organisational impact assurance opinions:

Organisational Impact	
Level	Definitions
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

3. Standard Engagement Communications Protocol

- 3.1 Individual audit engagement will be subject to the communications protocol set out below. This sets out the 'standard' audit approach to communicating with services during the course of an audit, at Executive Director, Service Director/Head of Service, and operational management levels; however it should be noted that Executive Directors who wish to receive sight of reports at draft stage or attend clearance meetings will be welcome to do so:

Engagement Communication from Internal Audit	Exec. Director	Service Dir. &/or HoS	Operational Managers
Terms of Reference: A draft Terms of Reference setting out the objectives, scope and timing of the proposed audit work will be shared by the Internal Auditor for input and comment prior to the commencement of audit work. The Internal Auditor will offer to meet with the Executive Director/Service Director/Head of Service to discuss in detail, if desired.	Y	Y	<i>(depending on steer from Exec. Director)</i>

Engagement Communication from Internal Audit	Exec. Director	Service Dir. &/or HoS	Operational Managers
Any subsequent changes to the scope, objectives or timing of the proposed audit work.	Y	Y	N
Ongoing requests for information, records, access etc. to enable the completion of the agreed audit fieldwork.	N	Y	Y
Draft Report: Draft reports are circulated to key officers involved in the audit. The purpose of this process is to ensure that managers can agree the factual accuracy of report content, and review any recommended actions.	N	Y	<i>(depending on steer from Exec. Director)</i>
Clearance Meeting: A 'clearance meeting' will be held to discuss the findings of the audit, the draft report and the recommended actions. The aim of the meeting is to reach a mutual understanding and agreement on the findings and actions, prior to issue of the final report.	N	Y	N
Final Report: The final report capturing audit finding and agreed actions is circulated to the relevant Executive Director(s). Audit & Accounts Committee can also access copies of final reports via the Committee Teams site.	Y	Y	N

- 3.2 In line with Global Internal Audit Standards, if the Head of Internal Audit concludes that management has accepted a level of risk that exceeds the organisation's risk appetite or risk tolerance, the matter must be discussed with senior management. If the Head of Internal Audit determines that the matter has not been resolved by senior management, the matter must be escalated to the Audit & Accounts Committee. It is not the responsibility of the Head of Internal Audit to resolve the risk.

4. Strategic Communications Matrix

- 4.1 The below table outlines the Cambridgeshire Internal Audit team's approach to, and frequency of, key Internal Audit communications with senior management (Corporate Leadership Team or "CLT") and the Audit & Accounts Committee ("AAC"):

Communication from Internal Audit	Frequency	AAC	CLT	Chief Executive
Internal Audit Progress Reports , including (but not limited to): <ul style="list-style-type: none"> The Internal Audit Plan; any significant revisions to the Plan; any resource limitations; and the service's performance relative to the Plan. Results of assurance and advisory services, including conclusions, themes, assurance, 	Quarterly	Y	Y	Y <i>(as part of CLT)</i>

Internal Audit Charter

Appendix G

Communication from Internal Audit	Frequency	AAC	CLT	Chief Executive
<p>advice, insights, and monitoring results, and information on the implementation of audit agreed actions.</p> <ul style="list-style-type: none"> Significant risk exposures and control issues, including fraud risks, governance issues, and any other areas of focus for the Audit & Accounts Committee that could interfere with the achievement of the Council's strategic objectives. 				
<p>Annual Internal Audit Report & Head of Internal Audit Opinion, including:</p> <ul style="list-style-type: none"> Confirmation of independence and any potential impairments to independence, including relevant disclosures as applicable. Results from the Quality Assurance and Improvement Programme, which include the Internal Audit function's conformance with The IIA's Global Internal Audit Standards and any action plans to address the internal audit function's deficiencies and opportunities for improvement Management's responses to risk that the Internal Audit function determines may be unacceptable or acceptance of a risk that is beyond Cambridgeshire County Council's risk appetite. This includes any instances where funding restrictions impact management's ability to respond to risks toward strategic objectives. The sufficiency, both in numbers and capabilities, of internal audit resources (including financial, technological and human resources) to fulfil the internal audit mandate and achieve the internal audit plan. The annual conclusion on governance, risk management and control, and internal audit's performance against its objectives. 	Annual (May/June)	Y	Y	Y (as part of CLT)
<p>Annual Internal Audit Plan Report (<i>n.b. updates to the Plan throughout the year are reported in the Progress Reports</i>), including:</p> <ul style="list-style-type: none"> The Internal Audit Mandate. The Internal Audit Strategy. Internal Audit budget and any significant revisions to the budget, and the service's 	Annual (March)	Y	Y	Y (as part of CLT)

Internal Audit Charter

Appendix G

Communication from Internal Audit	Frequency	AAC	CLT	Chief Executive
resource requirements. <ul style="list-style-type: none"> Proposed Internal Audit Plan and resourcing for the coming financial year demonstrating how this will be sufficient to fulfil the mandate and deliver an annual conclusion. 				
Scheduled private 1:1 Meetings with the Head of Internal Audit	Variable	Y <i>(at least annually)</i>	N	Y <i>(monthly)</i>
Annual Assessment of Conformance against GIAS , including: <ul style="list-style-type: none"> Action Plan (where applicable) Full detailed assessment of conformance 	Annual	Y	Y	Y <i>(as part of CLT)</i>
Full Internal Audit Charter	Every 3 years <i>(or more frequent if changes)</i>	Y	Y	Y <i>(as part of CLT)</i>

5. Other Key Audit Communications

Ethics-Related Communications:

- 5.1 If internal auditors identify behaviour within the organization that is inconsistent with the organization's ethical expectations, or any legal or regulatory violation, they must report this to the Head of Internal Audit. The Head of Internal Audit will then identify the appropriate route to formally report the concerns further, according to applicable policies and procedures and/or legislation. For example, this may include reporting concerns via the processes within the Officers and Members Codes of Conduct, reporting to professional bodies or external regulators, etc.
- 5.2 In line with the requirements of Global Internal Audit Standards, if internal auditors determine that a member of senior management has behaved in a manner that is inconsistent with the organization's ethical expectations, the Head of Internal Audit should report the violation to the Audit & Accounts Committee. If an ethics-related concern involves the Chair of the Audit & Accounts Committee, the concern will be reported to the entire board. The Internal Audit team will follow up on any ethics-related issues involving the Audit & Accounts Committee or senior management, and validate that appropriate actions were taken to address the concern.

Errors or Omissions:

Appendix G

- 5.3 In line with the requirements of Global Internal Audit Standards, if a final engagement communication contains a significant error or omission, the chief audit executive must communicate corrected information promptly to all parties who received the original communication.
- 5.4 For the purposes of this requirement, a 'significant' error or omission is defined as one which has a material impact on the level of assurance provided i.e. had the error or omission not occurred, the assurance opinion given by Internal Audit would have been different.
- 5.5 If a minor error or omission is detected in a final report, the Head of Internal Audit has discretion to re-issue a corrected version of the report where appropriate.

6. Access to Internal Audit Reports & Records

- 6.1 Internal Audit files and records are held electronically in line with the team's Records Retention Schedule. Only members of the Internal Audit team have access to these files.
- 6.2 All final Internal Audit Reports are saved to a Microsoft Teams site which can be accessed by members of the Audit & Accounts Committee. This ensures that members of the Committee can access the detail of all Internal Audit reports. Members of the Committee should not share these reports further.
- 6.3 When final audit reports are issued to a Council service, the relevant Executive Director holds responsibility for any further dissemination of the report outside the group of officers who received the original version. As such, if a request to access the report is made by another service or received via Freedom of Information etc., the Executive Director will be notified and consulted on the release of the report, with guidance sought from the Data Protection Officer where appropriate. If a service loses their copy of an historic audit report on their service area, a further copy of the final report can be supplied by Internal Audit on request.
- 6.4 Final Internal Audit reports and supporting evidence will be shared with the Council's External Auditors on request.

Internal Audit Strategy

1. Introduction

- 1.1 In line with Global Internal Audit Standards (GIAS), the Internal Audit service is required to develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization and aligns with the expectations of the board, senior management, and other key stakeholders. The Strategy is defined in GIAS as “a plan of action designed to achieve a long-term or overall objective”.
- 1.2 For the purpose of GIAS, the Internal Audit Strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function. The Internal Audit Strategy helps guide the internal audit function toward the fulfilment of the internal audit mandate, and it complements the Internal Audit Charter and annual Internal Audit Plan.
- 1.3 This document sets out the Internal Audit Strategy for Cambridgeshire County Council for the financial years 2025/6 to 2027/8. It is a high-level document, which sets out how the Internal Audit service will be delivered and developed over this three year period. The Internal Audit Plan then demonstrates how this Strategy translates into a detailed workplan, and is continuously updated and presented to the Audit Committee quarterly for review.

2. Internal Audit Mission & Vision

- 2.1 At Cambridgeshire County Council, Internal Audit’s mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. Our vision is to provide a top-quality, trusted professional service which is continually improving and which operates in compliance with GIAS.
- 2.2 Through delivering on this strategy, Internal Audit will help to enhance the Council’s governance, risk management and control framework, which in turn will ultimately contribute to the achievement of the Council’s corporate priorities and objectives.

3. Internal Audit Strategic Objectives

- 3.1 In order to deliver our mission and vision, the Internal Audit service has defined the following strategic objectives:

- **Fulfil the Internal Audit mandate and deliver the Annual Internal Audit Plan and independent Annual Opinion** on the adequacy and effectiveness of the Council's framework of governance, control environment and risk management.
- **Operate in conformance with our Internal Audit Charter and with GIAS**, subject to the interpretations and additional requirements set out in the *Application Note on Global Internal Audit Standards in the UK Public Sector* issued by the Relevant Internal Audit Standard Setters (RIASS) and the CIPFA *Code of Practice for the Governance of Internal Audit in UK Local Government*.

4. Internal Audit Supporting Initiatives

4.1 To support the delivery of the team's strategic objectives as set out above, in addition to the 'business-as-usual' work of the Internal Audit team outlined in the Internal Audit Charter and aligned to the GIAS, the following initiatives have been identified as priorities for the team over the financial years 2025/6 to 2027/8:

- **Embedding GIAS & External Quality Assessment:** The introduction of GIAS in the 2024/5 financial year will need to be embedded in team systems and processes and the commissioning of an external quality assessment is a priority for 2025/6 to provide assurance over the team's conformance with GIAS and identify any areas for improvement. The overall objective of this initiative will be to ensure full conformance with GIAS.
- **Implementation of Follow-Up Actions:** The Internal Audit team will continue to work closely with senior management and the Performance team to develop and enhance systems to give increased oversight of the implementation of agreed audit actions. The Internal Audit team will also work to identify approaches to encourage services to implement actions in a timely way. The overall objective of this initiative will be to increase the proportion of agreed audit actions which are implemented by their initial agreed target date, year-on-year.
- **Enhance Team Resourcing:** Developing the approach to ongoing effective resourcing of the Internal Audit team will continue to be a focus. In particular this will include developing a more structured in-house training plan, continuing to support our ongoing CIPFA training programme with colleagues in Finance, and increasing the breadth of qualifications across the Internal Audit team, with a particular focus on counter-fraud qualifications. The overall objective of this initiative will be to ensure that Internal Audit maintains sufficient resourcing to successfully deliver the Internal Audit Plan.

- **Local Government Reorganisation:** Planned Local Government Reorganisation (LGR) will result in a change from two-tier local authorities across Cambridgeshire, to unitary council(s). Change of this scale will have a significant impact on the Council's risk profile and there will be a period of transition for Internal Audit Teams. The Head of Internal Audit at Cambridgeshire will maintain membership of the Local Authority Chief Auditors Network LGR working group to access guidance and best practice on managing Internal Audit through this major transition, and the Council's Corporate Risk Manager will provide support and guidance regarding risk management approaches for the LGR transformation. The overall objective of this initiative will be to support a safe and compliant transition into the new authorities, with effective and compliant Internal Audit arrangements in place throughout the transition.
- **Review of Internal Audit Technology and Systems:** Internal Audit will conduct a review and benchmarking exercise looking at the team's use of ICT systems, with a particular focus on the use of AI, document storage and filing systems, and time recording and quality management systems. The overall objective of this initiative will be to identify any areas where systems could be improved or enhanced to better support delivery of effective Internal Audit services, and this will also be helpful to inform the future shape of services following LGR.
- **Failure to Prevent Fraud Duty:** The Economic Crime & Corporate Transparency Act 2023 has introduced a new corporate criminal offence for organisations that fail to prevent fraud committed by their employees, agents, subsidiaries, or other associated persons intended to benefit the organization. This new offence comes into force on the 1st September 2025, and therefore the overall objective of this initiative will be for the service will be to conduct a risk assessment to provide assurance over the Council's compliance with the duty to prevent fraud, and to develop an Anti-Fraud and Corruption Strategy to further strengthen the Council's anti-fraud controls.

5. Review and Update of the Strategy

- 5.1 In line with GIAS, the Head of Internal Audit must review the Internal Audit Strategy with the Audit & Accounts Committee and senior management periodically. In practice this will take place on an annual basis, aligned to the Internal Audit Plan report.