

Provisional - Self-assessment of compliance to CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government

Assessment completed – December 2025

<u>Code requirement</u>	<u>Current position</u>	<u>RAG</u>	<u>Action required</u>	<u>Resp'y & date (end)</u>	<u>Evidence</u>
1. Providing authority for internal audit					
1.1 Internal audit's mandate					
To be effective and to meet the requirements of professional standards, internal audit authority needs to be established.	Internal Audit's mandate derives from the Accounts and Audit Regulations 2015 and is detailed, along with rights of access, in the Internal Audit Charter (November 2025).	G	None		Charter
Each body may agree a wider statement of internal audit authority. In developing the mandate with the chief audit executive, senior management should consider their wider assurance framework. The framework ensures that those responsible for governance and the audit committee receive the assurances they need, including assurance from first and second lines, and clarifies how internal audit contributes.	There is currently no documented assurance framework/map setting out other sources of assurance.	R	An auditor experienced in assurance mapping will undertake some work in Q4. Agree scope with Directors of Corporate Resources (DoCR) and Law & Governance (DoLG)	HolAS March 2026	Scope & evidence gathered Assurance map

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Development of the mandate will involve the HoIAS, senior management and the audit committee. The audit committee must approve, or recommend for approval, the mandate.	ToR for Corporate Governance Committee (the Committee) contains a responsibility to approve the internal audit charter.	G			Committee ToR
If there are changes to the regulations, the mandate must be updated to reflect them.	This is not currently explicit within the Internal Audit Charter.	G	Charter will be updated to reflect new Standards and outline how mandate changes are managed and reported.	HoIAS January 2026	Charter
1.2 Internal Audit's Charter					
The chief audit executive has a responsibility to prepare a charter that conforms with GIAS (UK public sector).	Charter was revised in November 2025	G	An annual review/revision will be undertaken to support the Internal Audit Plan presented each March	HoIAS January 2026	Charter
When reviewing the charter, the audit committee should be satisfied that it covers the governance arrangements for internal audit.	Governance arrangements for internal audit are documented within the Charter.	G			Charter
It must include the mandate derived from the regulations, plus any additional agreed mandate,	The mandate and reporting lines to Committee are included	G			Charter

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and include internal audit's reporting line to the audit committee.					
The charter should include the administrative reporting arrangements for internal audit and the chief audit executive.	The HolAS reports to the Assistant Director of Finance (Deputy s151 Officer) and has direct access to the DoCR (Chief Financial Officer), DoLG (Monitoring Officer), Chief Executive, senior management, the Corporate Management Team (CMT) as needed, and the Committee Chair at any time.	G			Charter
Senior management must work with the chief audit executive to ensure that the charter sets out the arrangements the function needs to achieve internal audit's purpose. In local government, internal audits' role would normally include: *Supporting the delivery of the authority's strategic objectives by providing risk-based and objective assurance on the adequacy and effectiveness of governance, risk management and internal controls. *Championing good practice in governance through assurance, advice and contributing to the authority's annual governance review.	The Charter contains the GIAS definition of purpose. Whilst the first three suggested roles are adequately covered, the fourth requires improvement	A	Develop protocols for joint work with other organisations and auditors, defining roles and responsibilities Ensure contracts with third-party providers include clauses granting internal audit access when required	HolAS March 2026 Head of Procurement April 2026	Charter & associated documents

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*Advising on governance, risk management and internal control arrangements for major projects, programmes and system changes. * Access to the authority's collaborative and arm's-length arrangements.					
If the audit committee has authority, it must approve the charter; alternatively, it should recommend approval to those charged with governance (TCWG).	ToR for the Committee state it has responsibility for approving the internal audit charter	G	None		ToR
Where there are significant changes to the governance of the authority, its risks or the internal audit function, the charter must be reviewed to ensure it is still fit for purpose and new formal approval given. A regular review is recommended to confirm the charter or update as required.	The Charter will be reviewed annually in March Consideration will be given to updating the Charter mid-year if significant changes have arisen which may impact on the Internal Audit function	G	None		Charter
<p>1.3 Support for internal audit: <i>This means access to and support from senior management, the audit committee and those charged with governance. Support allows internal audit to apply their mandate and charter in practice and meet expectations</i></p>					
Championing the role and work of internal audit to the staff within the authority and to partner organisations with whom internal audit will work.	Senior management are all supportive of the work of internal audit and propose audits to the HoIAS as necessary.	G			Charter Annual Plan

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Facilitating access to senior management, the audit committee and the authority's external auditor.	All contained within the approved Charter	G			Charter DMT CMT Committee
Assisting, where possible, with access to external providers' assurance such as regulators, inspectors and consultants.	Charter states the HolAS is to stay aware of other assurance and advisory providers and rely on them where appropriate. If coordination cannot be achieved, escalate the issue to Senior Management and, if necessary, to the Committee.	G	See earlier actions on protocols and clauses	HolAS March and April 2026	Charter & associated documents
Engaging constructively with internal audit findings, opinions and advice.	Specific responsibilities in Charter for considering findings and monitoring responses to recommendations.	G			Charter Progress reports
Building awareness and understanding of the importance of good governance, risk management and internal control for the success of the authority, and of internal audit's contributions.	The Committee receives a wide range of governance reports including the AGS. It oversees risk management arrangements and receives presentations on risks. Most of Senior Management will see the governance arrangements through CMT meetings	G	Offer training to DMTs on the role and breadth of IAS in time for 2026-27 planning	HolAS January 2026	Committee Agendas & Minutes

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<i>Support also means putting in place conditions to enable its work:</i>					
When senior management and those charged with governance agree organisational structures, they must ensure that the reporting line of the chief audit executive is not lower than a member of the senior management team and has access to all members of the team.	The HolAS reports to the Assistant Director of Finance (Deputy s151 Officer) and has direct access to the DoCR (Chief Financial Officer), DoLG (Monitoring Officer), Chief Executive, senior management as needed, and the Committee Chair at any time. The HolAS attends CMT as required.	G			CMT reports & minutes
Where internal audit is outsourced or delivered through a partnership arrangement, senior management and those charged with governance should ensure there is a nominated chief audit executive, and client responsibility lies with a member of senior management.	Not applicable at the County Council	N/A			N/A
<i>The audit committee can demonstrate its support for internal audit by:</i>					
Enquiring of senior management and the chief audit executive about any restrictions on the internal audit's scope, access, authority or resources that limit its ability to carry out its responsibilities effectively.	Covered within the Committee's oversight responsibility within the Charter	G			Charter
Considering the audit plan or planning scope and formally approving or recommending approval to those charged with governance.	Covered within the Charter to consider and approve the risk based internal audit strategy and plans. Also consider changes to the plan. There is no onward recommendation to TCWG	G			Charter Committee ToR

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Meeting at least annually with the chief audit executive in sessions without senior management present.	The Charter allows private meetings with the Committee or just the Chair. Hasn't yet happened.	A	Review guidance Plan arrangements	HolAS January 2026	Charter Agenda & notes of meeting
2. Positioning internal audit independently: <i>On behalf of those charged with governance and the audit committee, senior management establishes and protects the internal audit function's independence and qualifications. These arrangements must include:</i>					
2.1 Organisational independence					
Ensuring internal audits access to staff and records, as set out in regulations, and the charter operates freely and without any interference.	Contained in Charter under 'Authority'. Internal auditors are accountable for confidentiality and safeguarding records and information. The implications of any interference should be disclosed to the Committee	G			Charter Progress reports
Ensuring that the chief audit executive reports in their own right to the audit committee on the work of internal audit.	Direct reporting to Senior Management and the Committee are explicit in the Charter	G			Charter Reports to CMT & CGC
Providing opportunities for the chief audit executive to meet with the audit committee without senior management present.	The Charter allows private meetings with the Committee or just the Chair. Hasn't yet happened.	A	Review guidance Plan arrangements	HolAS January 2026	Charter Agenda & notes of meeting
Where there are actual or potential impairments to the independence of internal audit, senior management should work with the chief audit	Three actual impairments are contained in the Charter i.e. the HolAS/Internal Audit Service roles in corporate risk	A	Consider if further controls and more detailed	HolAS DoCR &	Charter AGS

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executive to remove or minimise them or ensure safeguards are operating effectively.	management, compiling the annual governance statement and fraud and corruption. A fourth impairment (managing the Insurance Service) isn't disclosed.		disclosures are required e.g. AGS and HolAS Annual Report Add Insurance Service to Charter and additional disclosures	DoL&G April 2026	HolAS Annual Report
Recognise that if the chief audit executive has additional roles and responsibilities beyond internal auditing, or if new roles are proposed, it could impact on the independence and performance of internal audit. The impact must be discussed with the chief audit executive and the views of the audit committee sought. Where needed, appropriate safeguards must be put in place by senior management to protect the independence of internal audit and support conformance with professional standards.	See above	A	See above	See above	Charter AGS HolAS Annual Report
The audit committee should provide feedback on the proposed job description, and the performance evaluation of the chief audit executive should include feedback from the chair of the audit committee.	Feedback from the Chair of the Committee and the Director of Corporate Resources on the performance evaluation of the HolAS was only added to the Charter in November 2025.	A	Arrange for feedback	AD Finance TBC	Comments received

<u>Code requirement</u>	<u>Current position</u>	<u>RAG</u>	<u>Action required</u>	<u>Resp'y & date (end)</u>	<u>Evidence</u>
The audit committee must support internal audit's independence by reviewing the effectiveness of safeguards at least annually, including any issues or concerns about independence from the chief audit executive.	Not explicit within the Charter	A	Amend Charter Better disclosure in HolAS Annual Report. Committee to confirm effectiveness of safeguards	HolAS April 2026	
The chief audit executive must have the right of access to the chair of the audit committee at any time.	The Charter allows private meetings with the Committee or just the Chair. Hasn't yet happened.	A	Review guidance Plan arrangements	HolAS	Charter Agenda & notes of meeting
The audit committee can escalate its concerns about internal audit independence to those charged with governance.	Not explicit in the Charter but the Committee publishes an annual report to full Council on its work including performance in relation to the ToR and effectiveness in meeting its purpose. It's responsible for... <i>the adequacy and effectiveness of the internal and external audit of the Council's services.</i>	G			Committee Annual Report
2.2 Qualifications of the chief audit executive					
The GIAS (UK public sector) sets out the qualifications of, and competencies expected of the chief audit executive. These must be taken into account by senior management when recruiting to the post.	Contained in the Charter. The HolAS is a CIPFA member and experienced internal audit professions	G			Membership CPD

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Where internal audit is fully outsourced, senior management should ensure that an appropriate individual from the provider is nominated as the chief audit executive and meets the qualification requirements.	Not applicable	N/A			N/A
<p>3. Oversight of internal audit: <i>To ensure the effectiveness of internal audit, it should be overseen by the audit committee on behalf of those charged with governance. CIPFA has established recommended practice for audit committees in local government and police, the Position Statement: audit committees in local authorities and police 2022 and its supporting guidance publication, Audit committees: practical guidance for local authorities and police (2022) The following principles are consistent with their recommended practices for the oversight of internal audit.</i></p>					
<p>3.1 Audit committee interaction</p>					
All audit committees should follow the CIPFA audit committee guidance for the oversight of internal audit	<p>Shared with new Committee (June 2025): -</p> <ul style="list-style-type: none"> - January 2024 self-assessment against good practice. No response. - Self-assessment of knowledge & skills relating to Audit Committees 	R	<p>Review and update both in time for the Committee's 2025–26 Annual Report</p>	<p>HolAS April 2026</p>	<p>Record in Committee Annual Report</p>
To ensure there is good interaction between the audit committee and internal audit, audit committees must agree its work plan with the chief audit executive to ensure there is appropriate coverage of internal audit matters within audit committee agendas. The audit committee workplan should provide for the internal audit mandate and charter, strategy,	<p>Raised with Democratic Services in April 2025. Not LCC practice to agree on any workplans with Committees.</p> <p>IA workplan contains all of the requirements</p>	A	<p>Review position in time for new municipal year</p> <p>Consider informing Committee of forthcoming IAS</p>	<p>HolAS DoL&G Head of Democratic Services</p>	<p>Decision on sharing workplans with Cttee.</p>

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plans, engagement reporting and the annual conclusion, and quality reports.			reports in future committees		
The audit committee must familiarise itself with the authority's assurance framework, governance, risk management and internal control arrangements to facilitate its interactions with internal audit.	There is currently no documented assurance framework/map setting out other sources of assurance.	R	An auditor experienced in assurance mapping will undertake some work in Q4. Agree scope with DoCR and DoL&G	HolAS March 2026	Scope & evidence gathered Assurance map
Senior management should engage with the audit committee on significant changes to governance, risk and control arrangements and any concerns they may have on assurance.	Constitution functions of the Monitoring Officer (DoL&G) and Chief Financial Officer (DoCR). Also in the Charter i.e. any significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates would be amended in the Charter/Mandate. The HolA also attends CMT periodically to give updates and discuss key issues such as the Strategic Risk Register	G			Constitution Charter
The audit committee should have oversight of the annual governance statement before final approval	Draft AGS presented to Committee at its May/June meeting. Final currently reviewed by Constitution Committee	A	Arrange for final review to revert to Committee	DoL&G March 2026	Committee ToR

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Where there is disagreement about the management of risks or agreed audit actions between internal audit and senior management, the audit committee must review and make their recommendation to either management or those charged with governance.	The Charter states that the HolAS will report at least annually to Senior Management and the Committee regarding management's responses to risk that the Internal Audit function determines may be unacceptable or acceptance of a risk that is beyond the Council's risk appetite.	G			Charter Progress reports
3.2 Resources					
The audit committee and senior management must engage with the chief audit executive to review whether internal audit's financial, human and technological resources are sufficient to meet internal audit's mandate as set out in the regulations and achieve conformance with GIAS (UK public sector).	The Charter (Committee oversight) states the Committee should consider and approve the risk-based internal audit strategy and plans. This includes making appropriate inquiries of senior management and the HolAS to determine whether scope or resource limitations are inappropriate.	G			Charter Annual IA Plan HolAS Annual Report
Where there are concerns about internal audit's ability to fulfil its mandate or deliver an annual conclusion, the concerns should be formally recorded and reported to those charged with governance.	Not explicit in the Charter but the Committee publishes an annual report to full Council on its work including performance in relation to the ToR and effectiveness in meeting its purpose. It's responsible for... <i>the adequacy and effectiveness of the internal and external audit of the Council's services.</i>	G			Committee Annual Report

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If resource issues result in a limitation of scope on the annual conclusion, this should also be reported and disclosed in the annual governance statement.	Not explicit in the Charter but the Committee should consider HolAS' annual report including the overall conclusion on the adequacy and effectiveness of the Council's control environment.	A	Amend Charter to reflect requirement	HolAS January 2026	
Decisions on internal audit resourcing by senior management and those charged with governance must take account of the longer-term risks to the governance and financial sustainability of the authority and internal audit's role in supporting those objectives.	The budget for the Internal Audit Service has been preserved and vacancies kept despite budgetary pressures, enabling delivery of the plan using outside resources.	G			
Where there are temporary resource constraints, senior management must work with the chief audit executive to establish longer-term plans for sustainable internal audit resources.	Temporary resource constraints have been managed using outside resources.	A	Consider filling vacancies on short term/fixed contracts pending the outcome of LGR	HolAS AD Finance June 2026	
3.3 Quality					
Annually, the audit committee must review the results of the chief audit executive's assessment of conformance against GIAS (UK public sector), including any action plan.	Annual assessments against PSIAS (the former standards) and the implementation of GIAS (UK public sector) have been reported to the Committee. CIPFA is launching a self-assessment tool in January	A	Conduct assessment against GIAS (UK public sector) and report in June 2026	HolAS April 2026	HolAS Annual Report

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The audit committee must review the chief audit executive's annual report, including the annual conclusion on governance, risk management and control, and internal audit's performance against its objectives.	This is clear within the Charter (Committee Oversight)	G			Charter HolAS Annual Report
To meet the requirements of the regulations (the mandate) for internal audit, the audit committee must satisfy itself on the effectiveness of internal audit. 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 those charged with governance, for example, as part of the audit committee's annual report.	This is clear within the Charter (Committee Oversight)	G			Charter HolAS Annual Report
3.4 External quality assessment					
On behalf of those charged with governance and the audit committee, senior management must ensure that internal audit has an external quality assessment at least once every five years of its conformance against GIAS (UK public sector), including this Code. Senior management and the chief audit executive should discuss the timing of the review and report the options and their recommendations to the audit committee.	In May 2024, the Committee was informed that the outcome of the five yearly External Quality Assessment (EQA) was 'The Leicestershire County Council internal audit service is delivering to a standard that generally conforms with the Public Sector Internal Audit Standards'.	G			EQA
Senior management and the chief audit executive should discuss the timing of the review and report	The next EQA is not due until 2028-29	N/A			

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the options and their recommendations to the audit committee.					
The proposals for the scope, method of assessment and assessor should be brought to the audit committee for agreement. The assessor must use this Code alongside the standards and be familiar with the sector.	The next EQA is not due until 2028-29	N/A			
The audit committee must receive the complete results of the assessment and consider the chief audit executive's action plan to address any recommendations. Progress should be monitored.	The 2024 Assessor made recommendations for improvement. These need to be reviewed against any new requirements in the GIAS (UK public sector) introduced from 1 April 2025.	A	Conduct assessment against GIAS (UK public sector) and report in June 2026	HolAS April 2026	HolAS Annual Report
Where the audit committee does not have delegated authority, the committee should report the overall results of the external quality assessment to those charged with governance.	The Committee has delegated authority but referred to the 2024 EQA outcome in its annual report to full Council 2024-25	G			Committee Annual Report

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