

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

Assessment completed – January 2026

<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 (February 2026).	C	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.	<p>It is unknown whether there is a documented assurance framework/map for ESPO setting out other sources of assurance.</p> <p>Because ESPO is a smaller organisation it may not require a documented assurance framework/map.</p>	A	Discuss requirement with Senior Management i.e. Director or ESPO and the Consortium Treasurer and Secretary	HolAS March 2026	Scope & evidence gathered Assurance map
Development of the mandate will involve the HolAS, senior management and the audit	ToR for Finance & Audit Subcommittee (the Subcommittee) contains a	C			Subcommittee ToR

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committee. The audit committee must approve, or recommend for approval, the mandate.	responsibility to approve the internal audit charter.				
If there are changes to the regulations, the mandate must be updated to reflect them.	This is explicit within the Internal Audit Charter.	G			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 January 2026 in time for approval by the Subcommittee at its February meeting. An annual review/revision will be undertaken to support the Internal Audit Plan presented each February	G			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, and include internal audit's reporting line to the audit committee.	The mandate and reporting lines to the Subcommittee are included	G			Charter
The charter should include the administrative reporting arrangements for internal audit and the chief audit executive.	The HoIAS reports to the Treasurer and to the Subcommittee (reports are agreed with the Director beforehand). The HoIAS has direct access to ESPO's organisational management team, the	G			Charter

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	Secretary and, if required, to the Chair of the Subcommittee.				
<p>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:</p> <ul style="list-style-type: none"> * 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. * 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. 	<p>The Charter contains the GIAS definition of purpose.</p> <p>Whilst the first three suggested roles are adequately covered, the fourth requires improvement.</p> <p>'Collaborative' arrangements could include the External Auditor and the consortium partners internal audit functions.</p>	A	<p>Develop protocols for any joint work with other organisations and auditors, defining roles and responsibilities</p> <p>Ensure contracts with third-party providers include clauses granting internal audit access when required</p>	<p>HolAS March 2026 Director of ESPO (Director) April 2026</p>	Charter & associated documents
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 Subcommittee state it has responsibility for approving the internal audit charter	G	None		ToR

<u>Code requirement</u>	<u>Current position</u>	<u>RAG</u>	<u>Action required</u>	<u>Resp'y & date (end)</u>	<u>Evidence</u>
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 January. 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
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>					
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 HolAS as necessary.	G			Charter Annual Plan
Facilitating access to senior management, the audit committee and the authority's external auditor.	All contained within the approved Charter	G			Charter Subcommittee
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 Subcommittee.	G	See earlier actions on protocols and clauses	HolAS March 2026 Director April 2026	Charter & associated documents

<u>Code requirement</u>	<u>Current position</u>	<u>RAG</u>	<u>Action required</u>	<u>Resp'y & date (end)</u>	<u>Evidence</u>
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 Subcommittee receives a wide range of governance reports including the AGS. It oversees risk management arrangements	G			
<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 Treasurer and to the Subcommittee (reports are agreed with the Director beforehand). The HolAS has direct access to ESPO's organisational management team, the Secretary and, if required, to the Chair of the Subcommittee	G			Subcommittee 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 ESPO. Leicestershire County Council is the Servicing Authority	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	Covered within the Subcommittee's oversight responsibility within the Charter	G			Charter

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resources that limit its ability to carry out its responsibilities effectively.					
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 Subcommittee ToR
Meeting at least annually with the chief audit executive in sessions without senior management present.	The Charter allows private meetings with the Subcommittee or just the Chair. Hasn't yet happened.	A	Review guidance Plan arrangements	HolAS March 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 Subcommittee	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 Subcommittee is explicit in the Charter	G			Charter Reports to Subcommittee

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Providing opportunities for the chief audit executive to meet with the audit committee without senior management present.	The Charter allows private meetings with the Subcommittee or just the Chair. Hasn't yet happened.	A	Review guidance Plan arrangements	HolAS March 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 executive to remove or minimise them or ensure safeguards are operating effectively.	One impairment is contained in the Charter i.e. the HolAS/Internal Audit Service role in fraud and corruption	G			Charter
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	G	See above	See above	Charter
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.	Not currently in place.	A	Arrange for feedback from Chair of Subcommittee &	AD Finance TBC	Comments received

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			Senior Management		
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.	Contained within the Charter	G			Charter
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 Subcommittee 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.	Contained in Charter	C			Charter
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
Where internal audit is fully outsourced, senior management should ensure that an appropriate individual from the provider is nominated as the	Not applicable. Leicestershire County Council is the Servicing Authority	N/A			N/A

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chief audit executive and meets the qualification requirements.					
<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 .	This guidance has not been shared with the Subcommittee	R	Review with Senior Management the scope of guidance and training required for the Subcommittee	HolAS April 2026	Training and guidance provided in time for the October meeting.
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, plans, engagement reporting and the annual conclusion, and quality reports.	Not LCC practice to agree on any workplans with any Committees it services. Subcommittee workplan contains all the internal audit requirements	G			Workplan

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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.	<p>It is unknown whether there is a documented assurance framework/map for ESPO setting out other sources of assurance.</p> <p>Because ESPO is a smaller organisation it may not require a documented assurance framework/map.</p>	A	Discuss requirement with Senior Management i.e. Director or ESPO and the Consortium Treasurer and Secretary	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.	Contained 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.	G			Charter
The audit committee should have oversight of the annual governance statement before final approval	<p>As ESPO is not a Local Authority it has no requirement to prepare an Annual Governance Statement (AGS) following the CIPFA/LASAAC Code of Practice in Local Authority Accounting. However, recognising that such a document is a useful tool in demonstrating good corporate governance to its stakeholders, and the Management Committee, the AGS is prepared and reviewed by the Subcommittee at its October meeting</p> <p>.</p>	G			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 Subcommittee regarding management's responses to risk that the Internal Audit function determines may be unacceptable or acceptance of a risk that is beyond ESPO'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 states the Subcommittee 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 but covered in the Charter where the Subcommittee can escalate governance concerns to Management Committee for review.	G			ToR Charter
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.	Contained in the Charter	G			

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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 Subcommittee. CIPFA is launching a self-assessment tool in January	A	Conduct assessment against GIAS (UK public sector) and report in October 2026	HolAS May 2026	HolAS Annual Report
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 (Subcommittee Oversight)	G			Charter HolAS Annual Report

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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 (Subcommittee Oversight)	G			Charter HoIAS 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 October 2024, the Subcommittee 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 options and their recommendations to the audit committee.	The next EQA is not due until 2028-29	N/A			

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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 October 2026	HolAS May 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 Subcommittee has delegated authority.	G			Committee Annual Report