

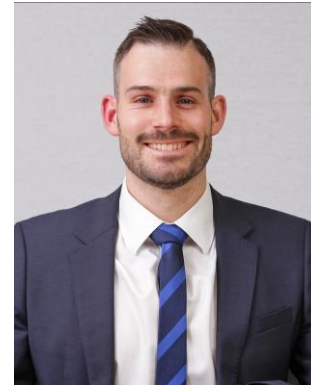
Internal Audit Charter

July 2026

*“Internal Audit’s **mission** is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight”.*



*Neil Crittenden
Chief Executive*



*Mark Lunn
Assistant Director of Finance (Audit)*

Definitions

For the purposes of this Charter the following definitions of Internal Audit Standards apply at the Council:

Governing Board:	The Council's Audit Committee
Senior Management:	The Council's Corporate Management Team (CMT)
Departmental Management:	Directors, Assistant Directors or nominated audit contact
Chief Audit Executive (CAE):	Assistant Director of Finance (Audit)

Purpose

Internal Audit's **purpose** is to provide independent, objective assurance and consulting services designed to add value and improve the organisation's operations.

Scope of Internal Audit Activities

- The scope of the Internal Audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments on the adequacy and effectiveness of governance, risk management, and control processes.
- Internal Audit may provide consultancy services to support management in enhancing operational efficiency and effectiveness.
- Internal Audit is equipped to conduct investigations into suspected fraud or corruption.
- The CAE will report regularly to Senior Management and the Governing Board on the results of Internal Audit and the work Internal Audit performs.

Authority

The Council is required by law to have an internal audit of its governance, risk and control processes under the Accounts and Audit Regulations 2015.

The Governing Board will establish, maintain, and assure that the Internal Audit activity has sufficient authority to fulfil its duties by:

- Approving the Internal Audit Charter that provides authority that:
 - Internal Audit will have free and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
 - Internal Audit can require personnel to provide explanations as are considered necessary in the completion of Internal Audit activity.
 - The CAE will have unrestricted access to, communicate and interact directly with, the Governing Board without management present.

Responsibility

The Chief Audit Executive will:

- Submit at least annually a risk based Internal Audit plan for approval by the Governing Board.
- Communicate with Senior Management and the Governing Board the impact of resource limitations on the plan.
- Commit to adhering to the Global Internal Audit Standards.
- Communicate the results of Internal Audit's work and performance with Senior Management and the Governing Board.
- Coordinate with other assurance providers.
- Ensure the Internal Audit function maintains its operational independence and objectivity.

Senior Management will:

- Ensure active engagement with Internal Audit by adhering to the timescales within the audit working protocol.
- Provide prompt feedback and responses to audit inquiries and reports to facilitate swift resolution of issues.
- Ensure the regular and timely completion of audit recommendation actions, with supporting updates via the Internal Audit app, to inform Audit Committee of progress.
- Be an advocate for and promote a culture that values and supports audit activities, ensuring all colleagues understand the importance of Internal Audit.
- Actively foster an open, honest, and transparent culture by encouraging open dialogue, providing clear communication channels, and ensuring that all feedback is valued and acted upon.

Responsibility Continued

Departmental Management will:

- Support the day-to-day delivery of the departmental audits in accordance with the audit working protocol.
- Ensure feedback and responses to audit inquiries and reports are resolved promptly and within assigned fieldwork timeframes.
- Ensure colleagues understand the importance of the audit activity, scope of the review and timeframe for completion.
- Raise any matters directly with the lead auditor that may impede the review either during the planning process or fieldwork stage.
- Provide feedback on the quality of the service received from Internal Audit, to support the Unit's continuous improvement process.

Accountability

- Where an audit is unable to proceed as approved by the Audit Committee, the CAE will obtain evidence to support a decision to defer or cancel approved audits.
- In all instances where the audit is considered high risk, this will be reported to Senior Management.

Quality Assurance and Improvement Programme

Internal Audit will establish a quality assurance framework to:

- provide a system for monitoring and evaluating our effectiveness and conformance with the standards.
- ensure continuous improvement within the Internal Audit service.
- ensure compliance with professional standards, code of ethics and the Council's codes of conduct.
- facilitate the CAE's statement on conformance with the international standards for the professional practice of internal auditing.

Internal Audit maintain a quality assurance and improvement programme which covers all aspects of the Internal Audit activity including its evaluation of conformance to relevant standards. This evaluation will be undertaken annually and reviewed by the Director of Finance.

The CAE will report periodically the results of its quality assurance and improvement program to Senior Management and the Governing Board and obtain an external assessment of the activity at least once every five years.

Independence & Objectivity

To provide for Internal Audit's independence, the CAE reports directly to the:

- Governing Board
- Senior Management
- Chief Executive via Head of Paid Service meetings

Internal Audit supports the discharge of statutory responsibilities, and those responsibilities set out in the constitution for the:

- Director of Finance
- Monitoring Officer
- Head of Paid Service

Although line managed by the Director of Finance, the CAE reports directly to the Governing Board and has free and full access to the Chief Executive, Chair of the Audit Committee and Leader of the Council. It should be noted the CAE has a dual role at DCC managing the Insurance & Risk function. Where internal audits are completed in this area the CAE will not be involved in any aspect of the audit with Audit Managers reporting directly to the Director of Finance.

Internal Audit has an impartial, unbiased attitude and will avoid conflicts of interest. Internal Audit remains free of conditions that threaten the ability to carry out its activities in an unbiased matter. If independence or objectivity is impaired in fact or appearance, the CAE will disclose the details of the impairment to the appropriate parties (Section 151 officer, the Chair of the Audit Committee or both dependent upon the nature of the impairment). Safeguards will be put in place to ensure Internal Audit has no direct operational responsibility or authority over any of the activities audited.

It is a requirement for the CAE to confirm at least annually the independence of Internal Audit to the Governing Board, which will be achieved through the Annual Audit Report.

Audit Working Protocol

Purpose:

To ensure the delivery of a high-quality Internal Audit function that aligns with professional best practices and maintains the confidence of Senior Management and the Governing Board.

The Governing Board will be kept informed of audit progress through:

- Regular reporting on the outcomes and progress against the approved audit plan.
- Monitoring of audit performance indicators and feedback from questionnaires.
- Reporting on the outcomes of external quality assessments.

Senior Management will engage with Internal Audit through:

- Monthly progress updates to departments, with significant findings elevated to the Corporate Management Team (CMT) on a quarterly basis, including continuous audit outcomes.
- Internal Audit attendance at departmental management meetings to set and support the audit plan.

Relevant Departmental Management will support the delivery of audit engagements through:

- Attendance at initial planning meetings to agree on the scope, key contacts, and Terms of Reference for each assignment.
- Reviews being conducted in accordance with the approved Terms of Reference.
- Weekly audit engagement meetings.
- Timely and effective communication throughout the audit engagement.
- Ensuring that recommendation tracking is subject to regular monitoring and update.

Internal Audit will deliver audit engagements across the Council by:

- Adhering to the Working Protocol.
- Complying with auditing standards and agreed timescales
- Escalating concerns or issues with delivery to Senior Management.

Phase	Process
Planning ↓	• Meet with Departmental Management.* • Scope audit review including initial walkthrough of the process.** • Draft Terms of Reference. • Approve Terms of Reference five working days prior to fieldwork.
Fieldwork ↓	• Audit delivered in accordance with Terms of Reference.*** • Hold weekly meetings with audit contact to discuss progress including the identification of critical and high-risk findings. • Audit fieldwork subject to quality review.
Report ↓	• Draft report issued within 10 working days of fieldwork completion. • Management response within 15 working days of receiving draft report.

*Departmental management/ nominated key contact as determined by Senior Management.

**An audit may not progress to the fieldwork stage if significant control weakness or information gaps are identified during the planning phase and will therefore move direct to the draft report phase.

***To achieve this, it is essential that departmental staff are available to support the review and provide access to relevant information per the agreed Terms of Reference timeframe.