



Title of Report:	Updated Internal Audit Charter
Committee Report Submitted To:	Audit Committee
Date of Meeting:	17th December 2025
For Decision or For Information	For Information
To be discussed In Committee	No

Linkage to Council Strategy 2021-2025	
Strategic Theme	Cohesive Leadership
Outcome	Improve Service Delivery
Lead Officer	Audit Risk and Governance Manager

Budgetary Considerations	
Cost of Proposal	Nil
Included in Current Year Estimates	YES/NO
Capital/Revenue	Revenue
Code	51003
Staffing Costs	Internal staff costs

Legal Considerations	
Input of Legal Services Required	No
Legal Opinion Obtained	No

Screening Requirements	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals.		
Section 75 Screening	Screening Completed:	Yes/No	Date:
	EQIA Required and Completed:	Yes/No	Date:
Rural Needs Assessment (RNA)	Screening Completed	Yes/No	Date:
	RNA Required and Completed:	Yes/No	Date:
Data Protection Impact Assessment (DPIA)	Screening Completed:	Yes/No	Date:
	DPIA Required and Completed:	Yes/No	Date:

1.0 Purpose of Report

- 1.1 To seek Audit Committees approval for the revised Internal Audit Charter in line with Global Internal Audit Standards (GIAS).

2.0 Background

- 2.1 The purpose of the internal audit function is to strengthen Council's ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight and foresight.
- 2.2 The Global Internal Audit Standards (GIAS) dictate that an internal audit charter must formally define the internal audit function's purpose, authority and responsibility within the Council. The standards dictate that the chief audit executive (Audit Risk and Governance Manager) must periodically review the Internal Audit Charter and present it to senior management and the board (Audit Committee) for approval.
- 2.3 The Internal Audit Charter is attached (Annex 1) for Members consideration. The Internal Audit Charter establishes the position of internal audit activity within each Council along with reporting lines. It is a formal document that defines the purpose, authority and responsibility of internal audit activities.

One of the key roles which demonstrate the Audit Committee's oversight is the approval of the Internal Audit Charter. The Causeway Coast and Glens Charter has been reviewed for 2025-26 to ensure it reflects the requirements of the new Global Internal Audit Standards (GIAS).

The Global Internal Audit Standards came into effect in the public sector in the UK from 1st April 2025; they replaced the Public Sector Internal Audit Standards. The Global Internal Audit Standards will be complemented by CIPFA's Application Note and Code on the Governance of Internal Audit.

The Chief Audit executive is responsible for reviewing the Internal Audit Charter and presenting it to Audit Committee annually for review and approval in line with the Global Internal Audit Standards (GIAS). Final approval for the Internal Audit Charter resides with the board, in the case of Causeway, Coast and Glens Borough Council the Audit Committee.

3.0 Recommendation

- 3.1 It is recommended that Audit Committee approve the Internal Audit Charter for 2025-26 as attached in Annex 1 to this report.

Annex 1

Internal Audit Charter Causeway Coast and Glens Borough Council

Policy Number	Internal Audit Charter
Version Number	1
Author	Audit Risk and Governance Manager

Date of Screening of Policy	N/a
EQIA Recommended?	N/a
Date Adopted by Council	January 2026
Policy Review Date	February 2027

Internal Audit Charter

Contents

		<u>Page No</u>
1.	Introduction	3
2.	Purpose of Internal Audit	3
3.	Internal Audit Mandate	3
4.	Definitions	4
5.	Audit Committee Responsibilities	4
6.	Chief Audit Executive Responsibilities	5
7.	Scope and Types of Internal Audit Services	8
8.	Management Responsibilities	9
9.	Independence, Organisational Position and Reporting	9
10.	Quality Assurance and Improvement Programme	10
11.	Fraud and Corruption	10
12.	Approval and changes to Internal Audit Charter	11

1. Introduction

The Internal Audit Charter is a formal document that defines the Internal Audit purpose, authority and responsibility in accordance with the Global Internal Audit Standards (GIAS).

The Internal Audit Charter establishes the Internal audit activity's position within the organisation, including the nature of the Chief Audit Executive's functional reporting relationship with the board (Audit Committee), authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of the Internal Audit activities.

2. Purpose of Internal Audit

The purpose of the Internal Audit function is to strengthen the Council's ability to create, protect and sustain value by providing the Audit Committee and management with independent, risk based, and objective assurance, advice, insight and foresight.

The internal audit function enhances Council's:

- Successful achievement of its objectives.
- Governance, risk management and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The Council's Internal Audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the Standards, the Application Note and Code of Practice which are set in the public interest.
- The Internal Audit function is independently positioned with direct accountability to the Audit Committee.
- Internal Auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

The Council's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The chief audit executive will report annually to the Audit Committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

3. Internal Audit Mandate

The mandate for Internal Audit is set out in section 6 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 which states: (1) 'A local government body must undertake an adequate and effective internal audit of its accounting records and of its system of risk management, internal control and governance processes using internal auditing standards in force from time to time.'

The Local Government (Accounts and Audit) (Amendment) Regulations (Northern Ireland) 2015 directs that:

'A local government body shall ensure that its financial management is adequate and effective and that it has sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk'.

Authority

Within the Council, the Internal Audit section draws authority from its direct reporting relationship to the Audit Committee, including unrestricted access to the Chair of the Audit Committee.

The Senior Management Team, with support from the Audit Committee, authorise the internal audit service 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.
- Obtain assistance from the necessary personnel of Council and other specialised services from within or outside Council to complete internal audit services.

4. Definitions

The Council has adopted the following definitions set out in the Global Internal Audit Standards 2024 Glossary:

- **Internal Audit:** An independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation establish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- **Assurance Services:** Services through which internal auditors perform objective assessments to provide assurance. The nature and scope of assurance services are determined by Internal Audit.
- **Advisory Services:** Services through which internal auditors provide advice to an organisation's stakeholders without providing assurance or taking on management responsibilities. The nature and scope of advisory services are subject to agreement with relevant stakeholders.
- **Independence:** Freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.

In addition, key roles laid out in the Global Internal Audit Standards are defined within the Council as follows:

- The Board role is undertaken by the Audit Committee
- The Chief Audit Executive is fulfilled by the Audit, Risk and Governance Manager
- Senior Management is fulfilled by the Senior Management Team (SMT)
- The Chief Financial Officer is fulfilled by the Head of Finance

5. Audit Committee Responsibilities

To establish, maintain and ensure that Council's internal audit function has sufficient authority to fulfil its duties, the Council will ensure:

- discuss with the Chief Audit Executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the IA function
- ensure the Chief Audit Executive has unrestricted access to and communicates and interacts directly with the Audit Committee, including in private meetings without senior management present
- discuss with the Chief Audit Executive and senior management other topics that should be included in the Internal Audit charter
- participate in discussions with the Chief Audit Executive 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
- approve the Internal Audit charter, which includes the internal audit mandate and the scope and types of Internal Audit services
- review the Internal Audit charter annually with the Chief Audit Executive to consider changes affecting the organisation, such as the employment of a new Chief Audit Executive or changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter annually
- approve the risk-based Internal Audit plan
- provide input to the Internal Audit function's human resources administration and budgets
- provide input to senior management on the appointment and removal of the Chief Audit Executive, ensuring adequate competencies and qualifications and conformance with the Global Internal Audit Standards.
- review and provide input to senior management on the Chief Audit Executive's performance
- receive communications from the Chief Audit Executive about the Internal Audit function including its performance relative to its plan
- ensure a Quality Assurance and Improvement Programme (QAIP) has been established and review the results annually
- make appropriate inquiries of senior management and the Chief Audit Executive to determine whether scope or resource limitations are inappropriate.

6. Chief Audit Executive Responsibilities

Ethics and Professionalism

The chief audit executive will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
 - Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
-

- Encourage and promote an ethics-based culture in the Council.
- Report organizational behavior that is inconsistent with the Council's ethical expectations, as described in applicable policies and procedures.

Objectivity

The chief audit executive will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the chief audit executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

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.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for Council.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Council employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the chief audit executive, Audit Committee, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Internal audit staff are required to declare any conflicts of interest prior to the commencement of any audit work. The terms of reference for each audit assignment will include confirmation that there are no real or perceived impairments to the independence and objectivity of the Internal Auditor in relation to the work proposed. This also applies when Internal Auditors are involved in undertaking any internal investigations or consultancy work.

Managing the Internal Audit Function

The chief audit executive has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the Council and senior management. Discuss the plan with the Audit Committee and senior management and submit the plan to the Audit Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit Committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in Council's business, risks, operations, programs, systems, and controls.
- Communicate with the Council and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and laws and/or regulations.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Committee and senior management and for each engagement as appropriate.
- Ensure 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 fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact Council and communicate to the Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to 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 Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the chief audit executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit Committee. The Audit Risk and Governance Manager and the Northern Ireland Audit Office (NIAO) have a relationship where internal and external audit can rely on each other's works, subject to the limits determined by their responsibilities, enabling them to evaluate, review and only re-perform testing where necessary.

Communication with the Audit Committee and Senior Management

The chief audit executive will report to the Audit Committee and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee that could interfere with the achievement of Council's strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond Council's risk appetite.

7. Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organization, including all of Council's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for Council.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of Council's strategic objectives are appropriately identified and managed.
 - The actions of Council's officers, directors, management, employees, and contractors or other relevant parties comply with Council's policies, procedures, and applicable laws, regulations, and governance standards.
 - The results of operations and programs are consistent with established goals and objectives.
 - Operations and programs are being carried out effectively, efficiently, ethically, and equitably.
-

- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Council.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

8. Management Responsibilities

Internal Audit can only provide an effective independent and objective service if it receives the full co-operation of management. Management will cooperate with Internal Audit on audits and provide access to records, systems and personnel as required within a reasonable timeframe following the request.

Assurance engagements will be subject to a written terms of reference and report. Advisory and agile engagements will be agreed in writing (for example via email or written terms of reference) and a relevant output agreed (for example full report/summary findings, focused feedback or an action plan).

Draft reports will be shared with management for agreement as to the factual accuracy of draft findings raised, and awareness of Internal Audit recommendations designed to address the control weaknesses identified.

It is management's responsibility to agree to either:

- accept and fully implement all Internal Audit recommendations
- agree to address the risks identified by adopting an alternative approach to that recommended by Internal Audit or
- accept the risk associated with not implementing Internal Audit recommendations with supporting rationale.

When a draft audit report is delivered, management are required to provide agreed management actions to all Internal Audit findings raised and supporting recommendations, including specifying responsibility and anticipated dates for the implementation of these actions.

Management is also responsible for ensuring that agreed management actions are implemented and effectively sustained.

The Global Internal Audit Standards also require the Chief Internal Auditor to report to both senior management and the Audit Committee, details of management's response to risk that may be unacceptable to the Council. Consequently, any Internal Audit findings where management has accepted the risk will be highlighted in Internal Audit reports.

9. Independence, Organisational Position and Reporting

The chief audit executive will be 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.

The chief audit executive will report functionally to the Audit Committee and administratively to the Director of Corporate Services. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The chief audit executive will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the chief audit executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The chief audit executive will disclose to the Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

10. Quality Assurance and Improvement Programme

The chief audit executive will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the chief audit executive will communicate with the Audit Committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments.

External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside Council; qualifications must include at least one assessor holding an active Certified Internal Auditor

11. Fraud and Corruption

In line with the Council's Anti-Fraud Bribery and Corruption policy, management is responsible for prevention and detection of fraud or corruption. Internal audit will assist management in their discharge of this responsibility and be alert in its work to risks and exposures that could allow fraud, corruption, or bribery.

Internal audit should be informed of all suspected or detected fraud, corruption or impropriety so that auditors can consider the adequacy of the relevant controls and evaluate the implication of fraud and corruption on the internal control environment.

12. Approval and Changes to the Internal Audit Charter

The final approval of the Charter, which will be subject to annual review by Internal Audit, resides with the Audit Committee (board).

Circumstances may justify a follow-up discussion between the chief audit executive, Audit 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.
 - A significant reorganisation within the Council.
 - Significant changes in the chief audit executive, Audit Committee, and/or senior management.
 - Significant changes to the Council's strategies, objectives, risk profile, or the environment in which the Council operates.
 - New laws or regulations that may affect the nature and/or scope of internal audit services.
-