

Audit Charter **2024/25**

Live from **1 April 2024**

Annual evolution changes to this policy are shown in red text each year

Internal Audit

Author: Simon Milne & Ruth Hodges, Deputy Chief Internal Auditors
Version: V**2024**
Review Date: March **2025**



1. Purpose Statement

- 1.1 The Public Sector Internal Audit Standards (PSIAS) provide a consistent framework for Internal Audit Services operating across the public sector. The PSIAS require Internal Audit to periodically review its Charter
- 1.2 The Internal Audit Charter describes the purpose, authority, responsibilities and scope of the Council's Internal Audit Section.

2. Who the Charter applies to

- 2.1 The Audit Charter will affect employees (particularly those within Internal Audit), Councillors and Statutory Officers.

3. This Charter replaces

- 3.1 This Charter replaces the Audit Charter 2023/2024.

4. Approval process

- 4.1 This Charter requires approval by the Chief Financial Officer (CFO) and by the Council's Audit and Governance Committee.

5. The Charter

- 5.1 The Public Sector Internal Audit Standards (PSIAS) require all internal audit activities to implement and retain an 'Internal Audit Charter'.
- 5.2 The PSIAS are supplemented with a Local Government Application Note (LGAN) produced by the Chartered Institute of Public Finance & Accountancy (CIPFA) in collaboration with the Chartered Institute of Internal Auditors (CIIA). The LGAN provides sector-specific requirements for local government organisations within the UK Public Sector.
- 5.3 The PSIAS encompass the mandatory elements of the CIIA's International Professional Practices Framework (IPPF) as follows:
 - Definition of Internal Auditing,
 - Code of Ethics, and
 - International Standards for the Professional Practice of Internal Auditing (including interpretations and glossary).
- 5.4 The headings of each section of this Charter refer to specific sections and standards of the PSIAS for reference purposes and also takes into account the PSIAS core principles:
 - Demonstrates integrity.
 - Demonstrates competence and due professional care.
 - Is objective and free from undue influence (independent).
 - Aligns with the strategies, objectives, and risks of the organisation.
 - Is appropriately positioned and adequately resourced.
 - Demonstrates quality and continuous improvement.
 - Communicates effectively.
 - Provides risk-based assurance.
 - Is insightful, proactive, and future-focused.
 - Promotes organisational improvement.

For an internal audit function to be considered effective, all core principles should be present and operating effectively.

6. Definition (Standard 1010)

- 6.1 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.

7. Purpose (Standard 1000)

Internal Audit Charter

- 7.1 The purpose of the Internal Audit Charter is to formally define the Internal Audit Service's purpose, authority and responsibility.

Internal Audit Purpose

- 7.2 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems and governance arrangements. Internal Audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.
- 7.3 The Council's Internal Audit Service should contribute to the strengthening of the control environment and therefore contribute to the achievement of the organisation's objectives.
- 7.4 This is achieved through Internal Audit providing a combination of assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary.

Scope & Objectives of Internal Audit

- 7.5 The Internal Audit Service structurally sits within the Audit & Management Assurance Team within Finance.
- 7.6 The scope and objectives of the Internal Audit Service is to:
- Appraise and report on the adequacy of internal controls across the whole organisation as a contribution to the proper, economic, efficient and effective use of resources. This includes:
 - i. the completeness, reliability and integrity of information, both financial and operational,
 - ii. the systems established to ensure compliance with policies, plans, procedures, laws and regulations,
 - iii. the extent to which assets and interests are accounted for and safeguarded from loss,
 - iv. the economy, efficiency and effectiveness with which resources are employed, and
 - v. whether operations are being carried out as planned and objectives and goals are being met.
 - Promote good governance arrangements and monitor progress made against governance actions.
 - Support the risk management process within the Council.
 - Advise on internal controls, risks or governance arrangements.
 - Support where necessary on relevant corporate / service projects or reviews.

- Add value through advice, facilitation and training (subject to there being no impact on core assurance work, the maintenance of independence and the availability of skills and resources).
- Be proactive in countering fraud and corruption.
- Provide a corporate fraud investigation service.
- Support the work of the Audit and Governance Committee.
- Provide assurance over the financial operation of the Council's maintained schools.
- Provide assurance on government funds allocated to nurseries, pre-schools and childminders.
- Provide an Internal Audit service for partnerships as directed by the Council.
- Provide grant certification work as directed by the Council and/or external bodies.

7.7 The detailed work of Internal Audit is set out within the risk based Internal Audit Plan which is designed to support the Chief Internal Auditor's Annual Internal Audit Opinion and Council's Annual Governance Statement (AGS).

7.8 In conducting its work, and if appropriate to do so, Internal Audit may choose to place reliance on the work of other assurance providers (e.g. External Audit, inspection agencies etc), to avoid duplication of effort and to maximise resources.

8. Authority (Standards 1000, 1010)

Accounts and Audit (Amendment) Regulations 2021

8.1 Regulation 5 of the Accounts and Audit (Amendment) Regulations 2021 requires the Council to *"undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, and taking into account public sector internal auditing standards or guidance."* The Regulations also add that authorities are to *"make available such documents and records and supply such information and explanations as are considered necessary by those conducting the internal audit"*.

Local Government Act 1972

8.2 Internal Audit also assists the Section 151 Officer (Chief Finance Officer) in discharging their delegated responsibilities under Section 151 of the Local Government Act 1972 which requires the Council to *"make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs"*.

Financial Regulations

8.3 Part E (Internal Control, Audit and Risk Management) of the Council's Financial Regulations support the authority given by Accounts and Audit (Amendment) Regulations 2021 and the Local Government Act 1972.

8.4 Part B Section 12 of the Financial Regulations states that *"The CIA has rights of access to information and data held by officers or councillors of the Council at all reasonable times and is responsible for the overall co-ordination and deployment of external and internal audit resources at the Council. He/she also has the right to report on any relevant matter of concern to senior management and councillors of the Council outside normal line management arrangements should he/she deem this necessary in protecting the interests of the Council and/or local taxpayers."*

8.5 For clarity, the above authority may extend to partner organisations if required.

9. Responsibilities (Standard 1000)

Chief Internal Auditor (CIA)

- 9.1 The CIA is defined by PSIAS as the role of a person in a senior position responsible for effectively managing the Internal Audit Service in accordance with the Internal Audit Charter and the mandatory elements of PSIAS.
- 9.2 The CIA is designated by the Chief Finance Officer (CFO) as part of his/her Service Scheme of Delegation of the Council's Constitution and plays a key role in providing assurance to Councillors, the CFO, the Head of Paid Service (HPS) and the Statutory Officers Group about the probity, practical deployment and effectiveness of financial management of the Council.

The CIA is responsible for:

- Managing the Internal Audit Service and determining the scope and methods of audit activity.
- Ensuring that Internal Audit staff operate within current auditing and ethical standards of the professional bodies of which Internal Audit are members.
- Ensuring Internal Audit staff have an impartial, unbiased attitude and avoid conflicts of interest.
- Preparing an Internal Audit Charter and annual Internal Audit Plan in consultation with the Audit and Governance Committee for approval.
- Ensuring that the Internal Audit Service is appropriately resourced in terms of numbers, grades, qualification levels and experience to meet its objectives.
- Ensuring a system of audit work supervision is in place.
- Ensuring effective liaison between Internal and External Audit functions.
- Providing an annual opinion on the overall adequacy and effectiveness of the Council's control environment for Councillors' consideration.
- Notifying External Audit of any matter that they would rightly expect to be informed of in order to support the function of an effective and robust external audit service.
- Determining the nature of any investigation work required in respect of any allegation of wrongdoing, and/or any other action required.
- Requiring any Councillor or staff of the Council to provide any information or explanation needed in the course of an investigation subject to the lawful limits set out in relevant legislation.
- Referring investigations to the Police in consultation with the CFO and Monitoring Officer (MO); under normal circumstances the relevant service manager would also be consulted.
- Referring cases directly to the Police, in consultation with the CFO and MO, if it is believed an internal enquiry would compromise the integrity of the investigation and /or otherwise prejudice the interests of the Council or the general public.

Audit and Governance Committee

- 9.3 For the purpose of the PSIAS, the Council's Audit and Governance Committee will act as the 'Board' defined by the standards. Audit and Governance Committee provides independent assurance of the adequacy of the risk management framework and the internal control environment. It provides independent review of BCP Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

9.4 The Audit and Governance Committee are responsible for the following (please see the Audit and Governance Committee Terms of Reference for a full list of responsibilities):

- To approve the Internal Audit Charter.
- To approve the risk-based Internal Audit Plan, including Internal Audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- To approve significant interim changes to the risk-based Internal Audit Plan and resource requirements.
- To consider reports from the Head of Internal Audit on Internal Audit's performance during the year, including the performance of external providers of internal audit services. These will include:
 - a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.
 - b) regular reports on the results of the Quality Assurance Improvement Programme (QAIP)
 - c) reports on instances where the internal audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS.
- To consider the Head of Internal Audit's annual report, with specific reference to:
 - a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.
 - b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.
- To consider summaries of specific internal audit reports as scheduled in the forward plan for the Committee or otherwise requested by Councillors.
- To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- To contribute to the QAIP and in particular to the external quality assessment of internal audit that takes place at least once every 5 years.
- To commission work from the Internal Audit Service with due regard to the resources available and the existing scope and breadth of their respective work programmes and the forward plan for the Committee.
- To consider the arrangements for corporate governance including reviews of the Local Code of Corporate Governance and review and approval of the Annual Governance Statement (AGS).
- To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- To consider arrangements for counter-fraud and corruption, including 'whistle-blowing' including approval of the Anti-Fraud & Corruption Policy and the outcomes of any investigations in relation to this policy.
- To liaise with the national body (currently Public Sector Audit Appointments (Ltd)) (PSAA) over the appointment of the Council's External Auditors.
- To support the independence of External Audit through consideration of the External Auditor's annual assessment of its independence and review of any issues raised by PSAA.
- To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance.

Chief Finance Officer, Section 151 Officer (CFO)

9.5 The CFO (S151) will be responsible for:

- Advising on effective systems of internal control to ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with statutes, regulations, and other relevant statements of best practice.
- Conducting an annual review of the effectiveness of the system of internal control and publishing the results of this within the AGS for inclusion in the Council's Annual Statement of Accounts.
- Maintaining an adequate and effective Internal Audit Service in accordance with the Accounts and Audit (Amendment) Regulations Act 2021 and further to Section 151 of the Local Government Act 1972.
- Ensuring that the rights and powers of Internal and External Auditors and fraud investigators are upheld at all times across the organisation.
- Ensuring that the statutory requirements for External Audit are complied with and that the External Auditor is able to effectively scrutinise the Council's records.
- Ensuring that audit plans and resulting activities are reported to the Audit and Governance Committee.
- Developing, maintaining and implementing an Anti-Fraud and Corruption Policy (and in conjunction with Human Resources a Whistleblowing Policy) that stipulates the arrangements to be followed for preventing, detecting, reporting and investigating suspected fraud and irregularity.
- Advising on the controls required for fraud prevention and detection.
- Appointing a Money Laundering Reporting Officer and Deputy to ensure that systems are in place to counter opportunities for money laundering and that appropriate reports are made.
- Ensuring that effective preventative measures are in place to reduce the opportunity for bribery occurring in accordance with statutory requirements of the Bribery Act.
- Preparing the Council's Risk Management Strategy and its promotion throughout the Council and for advising on the management of strategic, financial and operational risks.

Senior Management

9.6 For the purpose of the PSIAS, senior management is defined as the strategic leadership teams. In BCP Council this is the Corporate Management Board (CMB) and Directors Strategy Group (DSG).

Managers and employees

9.7 Managers and employees are responsible for:

- Implementing effective systems of internal control including adequate separation of duties, clear authorisation levels, and appropriate arrangements for supervision and performance monitoring.
- Maintaining sound systems of internal control and implementing agreed Internal and External Audit recommendations within agreed timescales.
- Taking corrective action in respect of any non-compliance by staff with relevant rules, regulations, procedures and codes of conduct.
- Planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their objectives, standards and targets.

- Ensuring that auditors (Internal and External) have access to all documents and records for the purposes of the audit and are afforded all facilities, co-operation and explanation deemed necessary.
- Cooperating in the production of annual audit plans by highlighting any areas of risk that may benefit from audit review.
- Ensuring the proper security and safe custody of all assets under their control.
- Reporting cases of suspected cases of fraud or irregularity to the CIA immediately for investigation and complying with the Council's Whistleblowing Policy.
- Complying with the Council's Anti-Fraud and Corruption Policy.
- Ensuring that there are sound systems of internal control within their respective service areas for fraud prevention and detection.
- Reporting any vulnerabilities or suspicions of money laundering in accordance with guidance issued by the Money Laundering Reporting Officer.
- Maintaining local staff registers of interests, gifts and hospitality within their service areas.

10. Reporting Lines (Standard 1000)

- 10.1 The CIA reports directly to the CFO (S151). Section 11.5 of this document also applies to the CIA's reporting lines.
- 10.2 The CIA will report to the Audit and Governance Committee on a regular basis.

11. Code of Ethics and Independence & Objectivity (Standard 1100)

Code of Ethics

- 11.1 All Internal Auditors will conform to the CIA's Code of Ethics. Where members of the Internal Audit Service have attained membership with other professional bodies such as the Institute of Chartered Accountants in England and Wales (ICAEW) or CIPFA, those officers must also comply with their relevant bodies' ethical requirements. In addition to this, all Internal Auditors will have regard to the "Seven Principles of Public Life", known as the Nolan Principles. (www.public-standards.gov.uk)
- 11.2 Each member of the Service will receive a copy of the Code of Ethics and sign up to an annual declaration to confirm that they will work in compliance with the Code of Ethics as well as the Council's standards and policies such as the Council's Codes of Conduct. Where potential areas of conflict may arise during the year, the Auditor will also be required to disclose this. It is critical that all Auditors maintain high standards of integrity, independence, objectivity, confidentiality and competence.
- 11.3 Where an Internal Auditor's conduct does not comply with these standards or codes, disciplinary action may be taken, either by the Council or by the individual's professional body.

Independence and Objectivity (1100)

- 11.4 Other functions such as **Health & Safety**, Emergency Planning, Business Resilience, Risk Management and Insurance operate within the Audit & Management Assurance Section and are managed by the CIA. This presents an inherent conflict of interest risk for the CIA for the audit of those areas. Therefore, Internal Audit engagements of these areas will be overseen by the Deputy Chief Internal Auditor (DCIA).
- 11.5 The CIA (and DCIA when overseeing the areas outlined in 11.4) has direct access and freedom to report in his/her name and without fear or favour to all officers, Senior

Management and Councillors (including the Chair of the Audit and Governance Committee) and particularly to those charged with governance.

- 11.6 Internal Auditors must remain independent; therefore, Auditors will be independent of the activities audited to enable staff to perform their duties in a way that allows them to make impartial, objective and effective professional judgements and recommendations. As such, Audit staff will not ordinarily have any operational responsibilities or involvement in system design unless approved by the CIA. Further to this, audit staff will not assess specific operations for which they have had any responsibility within the previous year.
- 11.7 The CIA will report annually to the CFO (S151) and the Audit and Governance Committee that independence and objectivity has been maintained. If this is not the case, disclosure will be made, this for example may be as a result of resource limitations, conflicts of interest or restricted access to records.

12. Proficiency & Due Professional Care (Standard 1200)

Proficiency (1210)

- 12.1 Each job role within the Internal Audit structure will detail skills and competencies within the approved role profile, job description and person specification. In line with Council policy and the PSIAS, each member of the Service will be assessed against these predetermined competencies and annual objectives. Any development and training plans will be regularly reviewed, monitored and agreed with officers. This assessment will also take into account competency changes as needed i.e. to reflect changing technology and legislation.
- 12.2 Auditors maintain a record of their continual professional development in line with their professional body.
- 12.3 The CIA will hold a professional qualification from the Chartered Institute of Internal Auditors, Consultative Committee of Accountancy Bodies or equivalent.

Due professional care (1220)

- 12.4 Internal Auditors must exercise due professional care by considering the:
- Extent of work needed to achieve the engagement's objectives.
 - Relative complexity, materiality or significance of matters under review.
 - Adequacy and effectiveness of governance, risk management and control processes.
 - Probability of significant errors, fraud, or non-compliance.
 - Cost of assurance in relation to potential benefits.

13. Quality Assurance & Improvement Programme (Standard 1300)

- 13.1 To enable the CIA to assess the Internal Audit Service's conformance to the PSIAS and to aid in the annual assessment of Internal Audit's efficiency and effectiveness and identify opportunities for improvement, a QAIP is in place (see Annexe 5). The QAIP includes both internal and external assessments.
- 13.2 Assessment against the QAIP will form part of the annual assessment of the effectiveness of internal audit (contained within the Annual Auditors Report) which is published to the CFO (S151) and the Audit and Governance Committee.
- 13.3 Where there are instances of non-conformances to the PSIAS this is reported to the CFO (S151) and Audit and Governance Committee. Any significant deviations will be detailed within the AGS.

Internal Assessments (1311)

- 13.4 Annual self-assessments will be carried out on the Internal Audit Service to confirm that it adheres to the PSIAS. The Local Government Application Note will be used to assist the self-assessment. The self-assessment will be included in the Annual Internal Audit Report and will be annually reported to the Audit and Governance Committee.
- 13.5 All Auditors have access to an up to date audit manual (audit process document), the Internal Audit Charter, Council policies, the PSIAS and LGAN as well as other references. In addition, the CIA shares journals, publications and other relevant articles. Where staff are members of bodies such as the CIIA further guidance is available.
- 13.6 Targets and performance indicators are set for individual auditors as well as for the team. These are agreed with the CFO (S151) and the Audit and Governance Committee.
- 13.7 In addition to the QAIP, progress made against the annual Audit Plan and any emerging issues (i.e. fraud risks or governance issues) is reported regularly to the CFO (S151) and the Audit and Governance Committee.
- 13.8 Ongoing assessment of staff is carried out through regular one to one meetings, stakeholder feedback from post audit questionnaires and formally in the annual performance conversation process.

External Assessments (1312)

- 13.9 The PSIAS stipulates that external assessment must be carried out at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.
- 13.10 The arrangement and scope of any such review will be agreed with the Audit and Governance Committee and the Independent Assessor.

14. Managing the Internal Audit Activity (Standard 2000)

- 14.1 Internal Audit adds value to the Council by considering strategies, objectives and risks to offer ways to enhance governance, risk management, control processes and by providing objective assurance on these activities.

Planning (2010)

- 14.2 The CIA develops an annual risk based Internal Audit Plan, which can be updated to reflect changing risks and priorities of the organisation, to enable the production of the annual internal audit opinion.
- 14.3 The plan will consider:
- The need for specialist auditor skills, where they are not available already.
 - Contingency time for ad hoc reviews or fraud investigations.
 - Sufficient time for audit management including audit planning, development of the annual opinion and attendance at meetings and maintenance of audit policies and procedures (Standard 2040).
 - Staff training and development needs.
 - Liaison time with other assurance providers to share information (standard 2050), such as the External Auditor.
 - Assurances provided by other bodies (as detailed in the Council's Assurance Framework).
- 14.4 The CIA reports the risk based Internal Audit Plan and resource requirements to the CFO (S151) and the Audit and Governance Committee annually for review and approval.

Resource Management (2030)

- 14.5 For the Internal Audit Service to fulfil its responsibilities, it must be appropriately staffed in terms of numbers, professional qualifications, skills and experience. Resources must be effectively deployed to achieve the approved risk-based plan. The mix of available knowledge, skills and other competencies will be considered once the risk-based plan is drafted to ensure they are sufficient to deliver the plan.
- 14.6 It is the responsibility of the CIA to report to the CFO (S151) and the Audit and Governance Committee on any resource concerns that may impact upon the delivery of the annual audit opinion.
- 14.7 If necessary, the CIA will engage additional (specialist) resources.
- 14.8 Employment of staff will be in compliance with the Council's Human Resources policies. External resources will be procured in line with the Council's Financial Regulations.

Policies & Procedures (2040)

- 14.9 The CIA will establish and maintain an audit manual which will outline the policies and procedures to guide the Internal Audit Service.

Strategy for an Insightful, Proactive, and Future-focused Service

- 14.10 As part of the management of the Internal Audit Service, the CIA will ensure continual development of the function to improve quality, performance and efficiency. Additionally, the Service will take opportunities to embrace new technology and ways of working, and ensure it is well positioned to respond to internal and external challenges.
- 14.11 During 2023/24, improvements included:
- Implementation of a new in-house Internal Audit Management system which has produced ongoing system support and maintenance savings.
 - Implementation of actions and progression on the Data Analytics Strategy.
 - Recruitment of three internal audit apprentices to address the difficulties in recruiting professionally qualified and experienced Internal Auditors.
- 14.12 Looking ahead to 2024/25, this will include:
- Further development of the new Internal Audit Management system to assist with audit planning processes.
 - Further progress implementation of actions on the Data Analytics Strategy.
 - Ensure robust training and support is in place for the development of the new Internal Audit Apprentices.
 - Ensure planned changes to the professional internal audit standards are reflected in BCP Internal Audit processes.
 - Consideration of how the use of artificial intelligence can help improve the efficiency and effectiveness of the Internal Audit service.

15. Nature of the Work (Standard 2100)

Governance (2110)

- 15.1 Internal Audit will assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:
- Promoting appropriate ethics and values within the organisation.
 - Ensuring effective organisational performance management, accountability and improvements to strategic and operational processes to meet the Council's objectives.

- Communicating risk and control information to appropriate areas of the organisation.
- Coordinating the activities of and communicating information among the Audit and Governance Committee, External and Internal Audit and management.

Risk Management (2120)

- 15.2 Internal Audit evaluates the effectiveness and contributes to the improvement of risk management processes.
- 15.3 In accordance with the PSIAS, Internal Audit:
- Evaluates risk exposures relating to the Council's governance, operations and information systems regarding the:
 - Achievement of the organisation's strategic objectives.
 - Reliability and integrity of financial and operational information.
 - Effectiveness and efficiency of operations and programmes.
 - Safeguarding of assets.
 - Compliance with laws, regulations, policies, procedures and contracts.
 - Addresses risk consistent with the engagement's objectives and are alert to the existence of other significant risks.
 - Incorporates knowledge of risks gained from consulting engagements into their evaluation of the organisation's risk management processes.
 - Assists management in establishing or improving risk management processes but refrain from assuming any management responsibility by actually managing risks.

Internal Control (2130)

- 15.4 Internal Audit assists the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.
- 15.5 Internal Audit evaluates the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems regarding the:
- Achievement of the organisation's strategic objectives.
 - Reliability and integrity of financial and operational information.
 - Effectiveness and efficiency of operations and programmes.
 - Safeguarding of assets.
 - Compliance with laws, regulations, policies, procedures and contracts.
- 15.6 Internal auditors will incorporate knowledge of controls gained from consulting engagements into evaluation of the organisation's control processes.

16. Engagement Planning (Standard 2200)

Planning Considerations & Engagement Objectives (2201 & 2210)

- 16.1 Audit work is undertaken using a risk-based audit approach, which will consider the probability of significant errors, fraud and non-compliance. A preliminary risk assessment will be prepared for each audit engagement to consider the activity's strategies and objectives, the risks of the activity not meeting its objectives, the effectiveness of governance, risk management and control processes. The engagement objectives will be based on the results of this assessment.
- 16.2 For all audit engagements (including engagements for external parties and consulting engagements) a terms of reference will be prepared, discussed and agreed with relevant managers. The terms of reference should establish the objectives, scope and timing for the audit assignment and its resources and reporting requirements.

Engagement Scope & Engagement Resource Allocation (2220 & 2230)

- 16.3 The scope prepared in the terms of reference will consider the relevant systems, records, personnel and premises.
- 16.4 The scope of any engagements will be sufficient to address the objectives. However, if there are any reservations regarding the scope during an engagement, these will be raised with the client and the CIA (or delegated officer) to determine if the scope needs to be amended.
- 16.5 Engagements will be allocated and carried out by Internal Auditors with the right mix of knowledge and skills to effectively complete the engagement. Auditors will be given sufficient resources to undertake the engagement.

Engagement Work Programme (2240)

- 16.6 Work programmes will be developed based on the engagement's objectives. Work programmes will include the process for identifying, analysing, evaluating and documenting the audit work during the engagement.

Data Analytics

- 16.7 The use of Data Analytics will be considered for all appropriate audit engagements in line with the Internal Audit Data Analytics Strategy (Annexe 6).

17. Performing the Engagement (Standard 2300)

- 17.1 Auditors are required to identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives. This evidence supports their conclusions, professional judgements and recommendations and therefore must be factual and accurate. This data is held in compliance with the Council's retention policies.
- 17.2 Access to the engagement records will be controlled. The Information Governance Team will be consulted on the release of all records to external parties.
- 17.3 Each audit engagement will be overseen by the relevant Audit Manager.

18. Communicating Results (Standard 2400)

Criteria for Communication (2410)

- 18.1 The results of all engagements are reported, including the objective, scope, all material facts, conclusions, recommendations, action plans, and any limitations and where appropriate contain the Internal Auditor's opinion. Reports will be issued in a timely manner, in accordance with the Terms of Reference, subsequent to the completion of the work programme. Any significant variance in the timeframe for the report being issued will be agreed by the CIA or DCIA.
- 18.2 Where results of engagements are released to external parties, a description of the limitations on distribution and use of the results will be included.
- 18.3 The CIA has the overall responsibility for reviewing and approving the final engagement communication. However, Audit Managers are delegated this duty in most instances. Final Reports will be communicated to the correct officers/Councillors to ensure that the results are given due consideration.
- 18.4 Final engagement communication may be in the form of an email where considered appropriate; however, this will be agreed with the CIA or DCIA before issuing.

- 18.5 Table 1 provides the levels of opinion that can be provided for an audit engagement, with a short description:

Table 1

Opinion	Description
Substantial Assurance	There is a sound control framework which is designed to achieve the service objectives, with key controls being consistently applied.
Reasonable Assurance	Whilst there is basically a sound control framework, there are some weaknesses which may put service objectives at risk.
Partial Assurance	There are weaknesses in the control framework which are putting service objectives at risk.
Minimal Assurance	The control framework is generally poor and as such service objectives are at significant risk.

- 18.6 Table 2 provides a description of the three priority levels given to recommendations, together with an expected timeframe for implementation; the framework for scoring recommendations is contained within the audit manual.

Table 2

Priority	Description
High	<p>High priority recommendations have actual / potential critical implications for achievement of the Service's objectives and/or a major effect on service delivery.</p> <p>Agreed actions should be urgently implemented by the Service within 3 months of the issue of the final audit report and the associated risk(s) added to the Service Risk Register.</p> <p><i>Recommendations will be followed-up by Internal Audit as they fall due.</i></p>
Medium	<p>Medium priority recommendations have actual / potential significant implications for achievement of the Service's objectives and/or a significant effect on service delivery.</p> <p>Agreed actions should be implemented by the Service within 9 months of the issue of the final audit report and formal consideration should be given to adding the associated risk(s) to the Service Risk Register.</p> <p><i>Recommendations will be followed-up by Internal Audit as part of the next audit review or within 12 months after the implementation due date (whichever is sooner). Where a revised target date has been agreed, this will be followed-up by Internal Audit as the recommendation falls due.</i></p>
Low	<p>Low priority recommendations have actual / potential minor implications for achievement of the Service's objectives and/or a minor effect on service delivery.</p> <p>It rests with the Service to implement these actions.</p> <p><i>Recommendations will not be routinely followed up by Internal Audit, however, action taken to implement may be assessed on an ad hoc basis.</i></p>

- 18.7 Contents of draft reports are discussed with managers to confirm factual accuracy. Significant issues will be brought to the attention of management during the course of engagements to allow for immediate action.
- 18.8 Managers are required to give timely responses to each recommendation, detailing the responsible officer for each action and the target date for completion.
- 18.9 All **audit reports (including audit opinions)** are **sent to the relevant Corporate Director (and member of the Corporate Management Board)**, and all audit opinions are reported to Audit and Governance Committee. Audit reports with 'Minimal' assurance will be provided in full to the Audit and Governance Committee and 'Partial' assurance audit reports will be provided in a summary format.

Errors or Omissions (2421)

- 18.10 If final audit reports contain a significant error, the CIA (or delegated officer) will communicate the corrected information to all parties who received the original communication.

Engagement Disclosure of Non-conformance (2431)

- 18.11 Where a non-conformance to either the Code of Ethics or the PSIAS impacts on a specific audit engagement, then the communication of the results must disclose the:
- Principle or rule with which full conformance was not achieved.
 - Reasons for non-conformance.
 - Impact of non-conformance on the engagement and the results.
- 18.12 Instances of non-conformance will be reported to the Audit and Governance Committee.

Annual Internal Audit Opinion (2450)

- 18.13 The CIA will prepare an Annual Internal Audit Opinion Report that will be used by the Council to inform the AGS.
- 18.14 The Annual Internal Audit Opinion Report will conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control by giving an overall opinion, summary of the work undertaken to support this opinion (including any reliance place on work by other assurance providers).
- 18.15 The Annual Internal Audit Opinion Report will include a statement on the conformance with the PSIAS and the results of the QAIP.

19. Monitoring Process (Standard 2500)

- 19.1 The CIA will establish a follow-up process to ensure that management actions have been effectively implemented or that Senior Management has accepted the risk of not taking action.
- 19.2 Non-implemented audit recommendations will follow the Internal Audit escalation process. (See Annexe 2)

20. Communicating the Acceptance of Risks (Standard 2600)

- 20.1 Where management does not intend to address risks mitigated by High or Medium priority audit recommendations, there must be a request in writing to the CIA and the Statutory Officers Group to approve this. All accepted risks will be reported to Audit & Governance Committee (see Annexe 2).

21. Review of the Internal Audit Charter

21.1 In accordance with the PSIAS this Charter will be reviewed and updated (annually as a minimum) to meet the Council's changing risks and priorities.

Internal Audit Charter proposed by:

.....
CIA Date

Internal Audit Charter approved by:

.....
CFO (Section 151 Officer) Date

.....
Chair of the Audit and Governance Committee Date

22. Further information and evidence

Annexe 1 – Glossary & Acronyms

Annexe 2 – Escalation Policy for Non-Implemented Internal Audit Recommendations

Annexe 3 – Consultees and document control

Annexe 4 – Equality Impact Assessment

Annexe 5 – Internal Audit Quality Assurance and Improvement Programme

Annexe 6 – Internal Audit Data Analytics Strategy 2022-25

GLOSSARY & ACRONYMS

Annual Governance Statement – The purpose of the annual governance statement is for the Council to report publicly on its arrangements for ensuring that its business is conducted in accordance with the law, regulations and proper practices and that public money is safeguarded and properly accounted for. This includes how the authority has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

Annual Internal Audit Opinion - The rating, conclusion, and/or other description of results provided by the Chief Internal Auditor addressing, at a committee level, governance, risk management, and/or control processes of the Council. An overall opinion is the professional judgment of the Chief Internal Auditor based on the results of a number of individual engagements and other activities for a specific time interval.

Assurance activity - An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the Council. Examples may include financial, performance, compliance, system security, and due diligence engagements.

Audit Engagement - A specific internal audit assignment, task, or review activity, such as an internal audit, control self-assessment review, fraud examination, or consultancy. An engagement may include multiple tasks or activities designed to accomplish a specific set of related objectives.

Chartered Institute of Internal Auditors - The professional association for internal auditors in the UK and Ireland.

Code of Ethics - The Code of Ethics of The Institute of Internal Auditors (IIA) are principles relevant to the profession and practice of internal auditing, and Rules of Conduct that describe behaviour expected of internal auditors. The Code of Ethics applies to both parties and entities that provide internal audit services. The purpose of the Code of Ethics is to promote an ethical culture in the global profession of internal auditing.

CCAB – Consultative Committee of Accountancy Bodies.

CFO – Chief Finance Officer.

CIA – Chief Internal Auditor. (The Head of Audit & Management Assurance in BCP Council)

CIIA – Chartered Institute of Internal Auditors.

CIPFA – Chartered Institute of Public Finance and Accountancy.

CMIIA – Chartered Member of the Institute of Internal Auditors.

Consultancy activity - Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve the Council's governance, risk management, and control processes without the internal auditor assuming management responsibility.

Control Environment - The attitude and actions of the board and management regarding the importance of control within the organization. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes the following elements:

- Integrity and ethical values.
- Management's philosophy and operating style.
- Organizational structure.
- Assignment of authority and responsibility.
- Human resource policies and practices.
- Competence of personnel.

Controls - Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organises, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

DCIA – Deputy Chief Internal Auditor.

Governance - The combination of processes and structures implemented by the board to inform, direct, manage, and monitor the activities of the Council toward the achievement of its objectives.

HPS – Head of Paid Service.

ICAEW - Institute of Chartered Accountants in England and Wales.

Internal Audit Charter - The Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The Internal Audit Charter establishes the internal audit activity's position within the Council; authorises access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

LGAN – Local Government Application Note.

MO – Monitoring Officer.

Public Sector Internal Audit Standards (PSIAS) - The Public Sector Internal Audit Standards:

- define the nature of internal auditing within the UK public sector.
- set basic principles for carrying out internal audit in the UK public sector.
- establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations, and
- establish the basis for the evaluation of internal audit performance and to drive improvement planning.

QAIP – Quality Assurance and Improvement Programme.

Risk Assessment - A preliminary assessment of the risks relevant to the activity under review.

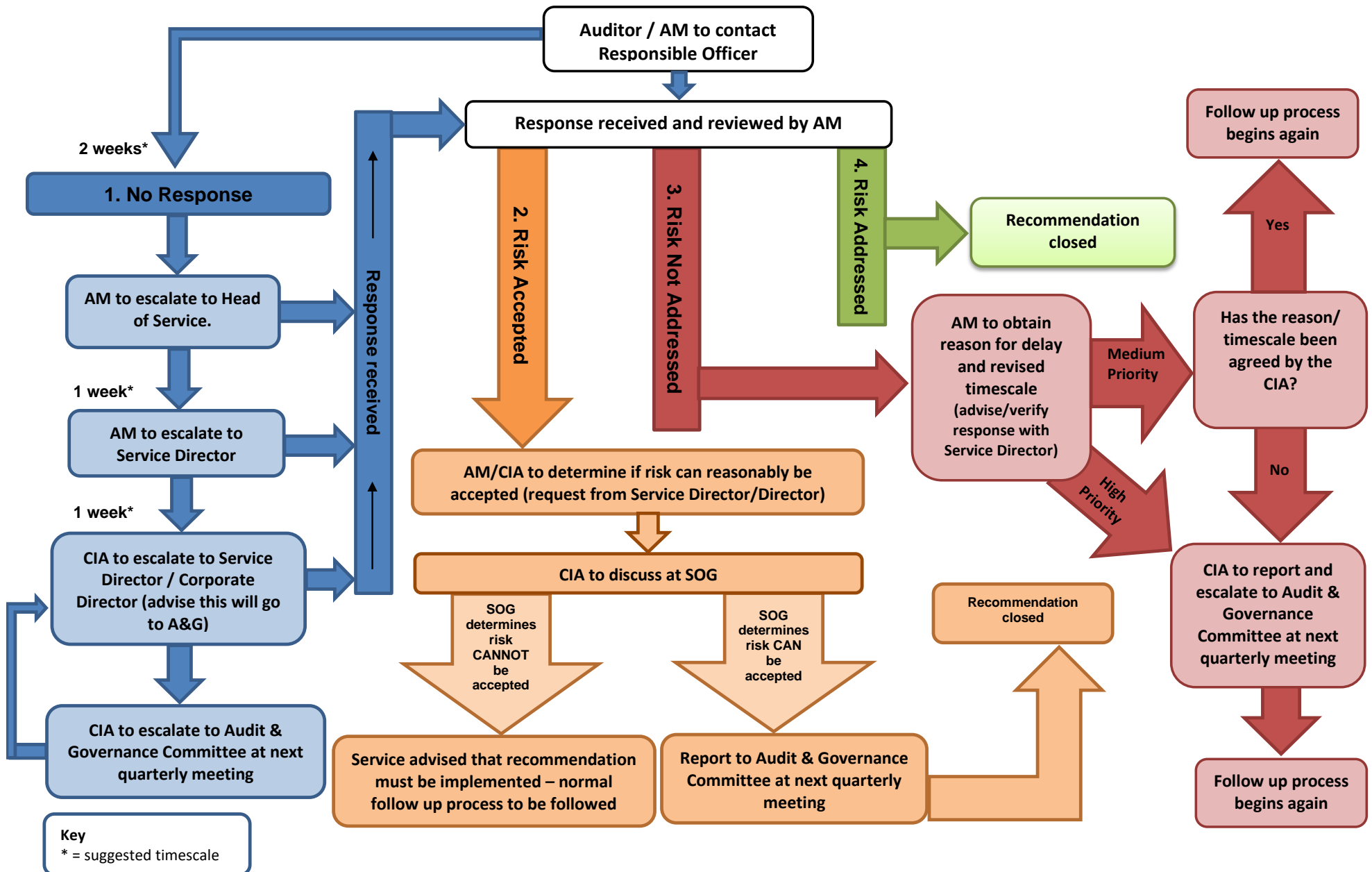
Risk Management - A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the Council's objectives.

Risks - The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

S151 – Section 151 Officer.

Work programme - The process of collecting, analysing, interpreting, and documenting audit testing during an audit engagement.

ESCALATION POLICY FOR NON-IMPLEMENTED INTERNAL AUDIT RECOMMENDATIONS



NOTES:

Risk Addressed:

Recommendation has been implemented satisfactorily and/or suitable controls have been put in place to mitigate or reduced the risk to an acceptable level.

Risk Not Addressed:

Partial/Incorrect implementation of recommendation resulting in risk not being mitigated or reduced to an acceptable level and therefore still represents a threat to the Service Unit not achieving its objectives.

Risk Accepted:

The Service Director decides not to implement the recommendation and has accepted a level of risk that may be unacceptable to the organisation.

GLOSSARY

AM – Audit Manager

CIA – Chief Internal Auditor

SOG – Statutory Officer's Group

Consultees

The following individuals/groups have been consulted during this year's evolution of this Charter:

Name
Internal Audit
Statutory Officers Group
Audit and Governance Committee

Equalities Impact Assessment

Assessment date	Reviewed as part of this years' evolution 20/03/2024 (screening tool – no formal assessment required) as per Annexe 4
-----------------	-----------------------------------------------------------------------------------------------------------------------

Document Control

Approval body	Audit and Governance Committee
Approval date	11 April 2024
V1 – April 2019	New Charter created (please note any version changes in the future will be shown in red text)
V2 – June 2020	<ul style="list-style-type: none"> Added appendix of the escalation process. Update to reflect Audit and Governance Committee responsibilities in line with new Terms of Reference. Update to reflect changes to Service and Job title naming. Update to reflect responsibilities in line with updated Financial Regulations. Update to reflect changes to audit processes. Update Accounts & Audit Regulations reference from 2015 to 2020
V2021 – April 2021	<ul style="list-style-type: none"> Expected timeframe for implementation of High and Medium Priority recommendations added (para 18.6 table 2) Expanded Medium 'Recommendations will be followed-up by Internal Audit as part of the next audit review <u>or within 12 months after the implementation due date (whichever is sooner)</u>' (para 18.6 table 2) Reformatted to follow corporate policy template Appended EIA screening tool.
V2022 – April 2022	<ul style="list-style-type: none"> Legislation reference update to Accounts and Audit (Amendment) Regulations from 2020 to 2021 Added PSIAS core principles Defined 'senior management' in the document Included conflict of interest risk inherent in the Chief Audit Executive (Head of Audit and Management Assurance) having non-audit functions Quality Assurance & Improvement Programme added at Annexe 5 Escalation process enhanced to include regular reporting to Audit and Governance of non-implemented High Recommendations Clarified Low priority Recommendations will not be routinely followed up by Internal Audit, however, action taken to implement may be assessed on an ad hoc basis.
V2023 – March 2023	<ul style="list-style-type: none"> New section on Strategy added into section 14

	<ul style="list-style-type: none"> • Reference to consideration of Data Analytics added into section 16 Engagement Planning • Updated/clarified risk accepted process and escalation diagram in section 20 and Annexe 2 • Annexe 5 - Appendix 1 2D – Target customer satisfaction survey satisfaction score increased from 3 to 4 or above • Annexe 6 – Added Internal Audit Data Analytics Strategy 2022-25.
V2024 – April 2024	<ul style="list-style-type: none"> • Health & Safety function added as area that is managed by the CIA in paragraph 11.4. • Update of service strategy in section 14 including actions taken to improve the service during the past year and planned actions for next year. • Added in paragraph 18.6 Table 2 that for Medium Priority recommendations, where a revised target date has been agreed, these will be followed-up by Internal Audit as the recommendations fall due. • Added in paragraph 18.9 that all audit reports are sent to the relevant Corporate Director (and member of the Corporate Management Board). • Equality Impact Assessment conversation screening tool in Annexe 4 refreshed (no changes). • Update of Annexe 6 Internal Audit Data Analytics Strategy on actions completed and actions planned for 2024/25.

Equality Impact Assessment: conversation screening tool

Policy/Service under development/review:	Internal Audit Charter 2024/25
What changes are being made to the policy/service?	Annual refresh of the Charter
Service Unit:	Finance
Persons present in the conversation and their role/experience in the service:	Simon Milne, Deputy Chief Internal Auditor Jon Cockeram, Deputy Service Equality Champion
Conversation dates:	20/03/2024
Do you know your current or potential client base? Who are the key stakeholders?	The Audit Charter will affect employees (particularly those within Internal Audit), Members and Statutory Officers.
Do different groups have different needs or experiences in relation to the policy/service?	The Charter does not create different needs for different groups. No issues have been identified as a result of the changes to this Charter
Will the policy or service change affect any of these service users?	The Charter lays out the roles and responsibilities of Internal Audit, the Chief Internal Auditor, the Audit and Governance Committee, the Section 151 Officer and managers & employees
[If the answer to any of the questions above is 'don't know' then you need to gather more evidence and do a full EIA. The best way to do this is to use the Capturing Evidence form]	
What are the benefits or positive impacts of the policy/service change on current or potential service users?	No benefits or positive impacts have been identified
What are the negative impacts of the policy/service change on current or potential service users?	No negative impacts have been identified
Will the policy or service change affect employees?	Yes, the Charter affects employees by laying out their roles & responsibilities in relation to Internal Audit
Will the policy or service change affect the wider community?	This Charter does not affect the wider community
What mitigating actions are planned or already in place for those negatively affected by the policy/service change?	No negative implications identified, so no mitigating actions required
Summary of Equality Implications:	No equality implications have been identified as a result of the changes to this Charter. As such, it is not considered necessary for this to go through the EIA panel



INTERNAL AUDIT QUALITY ASSURANCE & IMPROVEMENT PROGRAMME

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) requires that the Chief Executive Auditor (referred to in this document as the Head of Audit and Management Assurance – HAMA) develops and maintains a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity including consultancy.
- 1.2 A QAIP is designed to enable an evaluation of the internal audit activity's conformance with the Standards and whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.
- 1.3 All internal audit staff have a responsibility for maintaining quality.
- 1.4 The QAIP includes the following:
 - Internal Assessments – Ongoing performance monitoring of the Internal Audit Activity to ensure effectiveness of the Internal Audit Team (Paragraph 2) and periodic self-assessments to evaluate conformance with the Code of Ethics and Public Sector Internal Audit Standards (Paragraph 3).
 - External Assessments - assessments of the audit activity to evaluate conformance with the Code of Ethics and Public Sector Internal Audit Standards (Paragraph 4).
- 1.5 In designing the BCP's Quality Assurance and Improvement Programme due regard was given to the PSIAS and IIA QAIP Framework (Paragraph 5).

2. Ongoing Performance Monitoring

- 2.1 Ongoing performance monitoring is an integral part of the day-to-day supervision, review and measurement of the internal audit activity. Ongoing monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools and information considered necessary to evaluate conformance with the Code of Ethics and the PSIAS.

INTERNAL AUDIT RESOURCES

- 2.2 The structure of the Internal Audit Service will be periodically reviewed to ensure that it remains appropriately resourced in terms of numbers, grades, qualification levels and experience to meet its objectives.

- 2.3 All Auditors will hold a relevant professional qualification, be studying towards one or will have equivalent audit experience.

INTERNAL AUDIT DELIVERY

- 2.4 **Engagement Supervision / Reviews** – Audit engagements are supervised by either an Audit Manager (AM) or Deputy Chief Internal Auditor (DCIA). All work programmes and/or working papers are reviewed by an AM or deputy CIA during and after the engagement. Review and approval of all draft and final audit reports are undertaken by the AM and all partial / minimal assurance reports are reviewed by the deputy CIA and HAMA. Audit engagement rotations are made where desirable to ensure new ideas are injected into audits to improve quality. Evidence of supervision / reviews are kept on file.

- 2.5 Monthly one-to-one meetings (with Auditors and Audit Managers) and fortnightly team catch-up meetings include discussions on audit progress and audit engagement issues.

- 2.6 **Audit Processes** – Various policy and procedure documents have been produced and made available to all auditors to assist with performing the internal audit activity and maintain quality including:

- Internal Audit Charter
- Internal Audit Process Manual
- Internal Audit process templates and process videos
- Internal Audit Data Retention Policy.

Audit processes are regularly reviewed. Any changes to processes are updated and recorded in the audit manual and/or Audit Charter where required.

- 2.7 **Stakeholder Feedback** – Internal Audit Satisfaction Surveys are requested for each audit engagement. Survey results are monitored by the Deputy Chief Internal Auditors (DCIAs) and appropriate action taken in respect of any issues raised.
- 2.8 **Recommendation Follow-ups** – Audit recommendations are logged to monitor and ensure that management actions have been effectively implemented or that senior management have accepted the risk of not taking action.
- 2.9 **Performance Conversation Appraisals (PCA)** – Annual PCAs are undertaken in respect of all staff within the Internal Audit Service. These reviews support Internal Audit in implementing appropriate training programmes for all auditors to ensure that they continue to deliver a professional service in line with current best practice. PCAs also include a retrospective review of performance on audits and a review of the SMART objectives set.
- 2.10 **Training** – Monthly one-to-one meetings are held with Auditors and Audit Managers to assess staff training needs and monitoring. Formal records of training are held on each individual auditor's one-to-one document.

PERFORMANCE TARGETS

- 2.11 Internal Audit's performance against its service objectives will be managed by setting and monitoring performance targets as set out in Appendix 1. Where performance levels are not being met, an action plan will be put in place to address these concerns.

3. Periodic Self-Assessments

3.1 Periodic self-assessments are designed to assess conformance with the PSIAS.

3.2 Periodic assessments will be conducted through:

- Completion of an annual checklist by DCIA to determine Internal Audit's conformance with the Public Sector Internal Audit Standards.
- A detailed review of individual PSIAS standards carried out by an Audit Manager on rolling basis, aiming to cover all standards within a five-year period.
- Results from the checklist and reviews above are reported in the CIAs Annual Report & Opinion and the Audit and Governance Committee meetings.

3.3 The level of conformance of the internal audit activity with the PSIAS is measured using Conforms / Partially Conforms / Not Conforming assessment criteria. The HAMA will determine if Internal Audit overall conforms to the PSIAS taking into account any areas of partial or non-conformance.

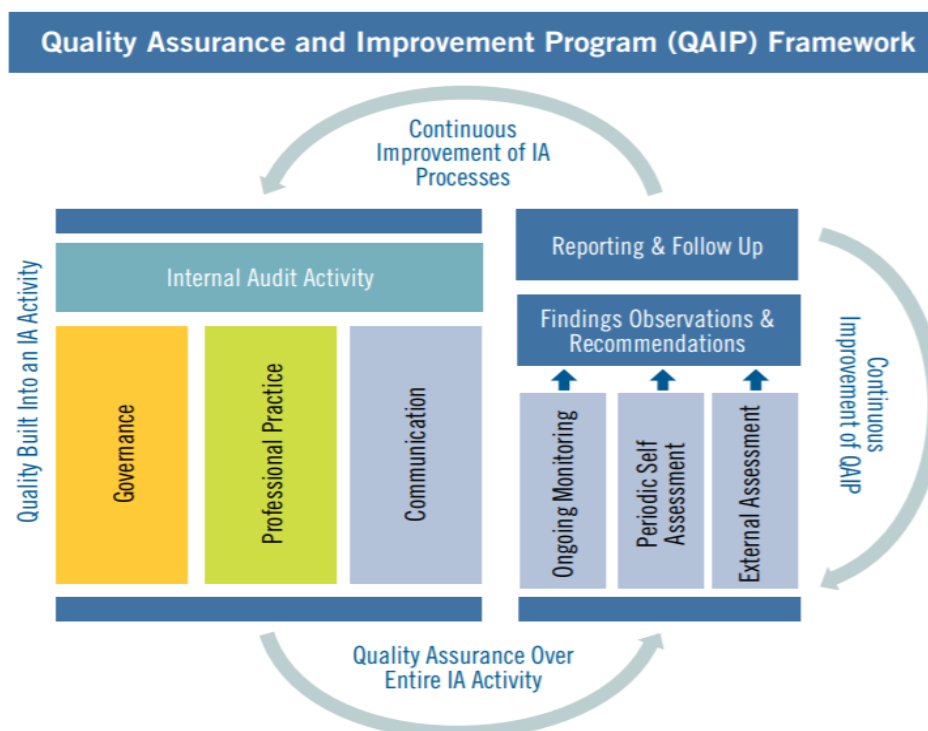
4. External Assessments

4.1 BCP Internal Audit will ensure that an external review is undertaken every five years (as required by PSIAS). The scope of the external review will be approved by the Audit and Governance Committee and confirmed with the relevant assessor prior to the assessment taking place. The results of the assessment will be communicated to the Audit and Governance Committee. An action plan to address any issues raised from the external reviews will be put in place and presented to the Audit and Governance Committee.

5. Background information and reference:

IIA practice guide-Quality-Assurance-and-Improvement-Program 2012

Diagram 1 Program (QAIP) Framework



6. Document Control

Title	Internal Audit Quality Assurance and Improvement Programme
Owner (job title)	Nigel Stannard, Head of Audit & Management Assurance
Authors (job title)	Simon Milne & Ruth Hodges, Audit Managers, Deputy Chief Internal Auditors (DCIAs)
Current version	V2024
Effective from date	1 April 2024
Approval By	Audit and Governance Committee
Approval date	11 April 2024
Review Frequency	Annually
Next Review Date	April 2025

INTERNAL AUDIT SERVICE OBJECTIVE:

To provide an independent and objective assurance and consulting activity designed to add value and help the Council achieve its objectives by ensuring there is a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

CSF1: Internal Audit is adequately resourced to allow the CIA to conclude on their Annual Opinion				
REF	PERFORMANCE TARGET	REPORTED TO*	MONITORING PROCESS	MONITORING FREQUENCY
1A	To complete at least 90% of the annual audit plan.	A&G (Quarterly) SOG (Quarterly) CIA Report (Annual)	<ul style="list-style-type: none"> Internal Audit Monitoring Sheet – Audit Managers regularly update audit statuses and available auditor resources. Monitored by the DCIAs and communicated to the HAMA monthly through 2-2-1 meetings. 	Ongoing Monthly
1B	All auditors to complete their allocated audits within the required timescales (both within total days allocated and target key dates).	DCIA / HAMA (at least Monthly)	<ul style="list-style-type: none"> Internal Audit Plan Monitoring Sheet – Audit Managers regularly update target dates, budgeted vs actual time spent and audit statuses. Individual engagement performance is reported to and considered by the HAMA. Audit Manager or DCIA oversight during/end of audit engagements including through 1-2-1 meetings. Annual Performance conversation appraisals will review the year end position. 	Ongoing Ongoing Ongoing Annually
CSF2: Internal Audit provides an effective and efficient service				
2A	All auditors to complete their allocated audits to a professional standard.	DCIA / HAMA	<ul style="list-style-type: none"> Audit Manager or DCIA oversight during/end of audit engagements including 1-2-1 meetings. Annual Performance conversation appraisals will review the year end position. 	Ongoing Annually
2B	All auditors to ensure a provision of timely and professional ad hoc support and advice.	DCIA / HAMA	<ul style="list-style-type: none"> Professional standard of ad hoc support and advice reviewed at 1-2-1 meetings. Annual Performance conversation appraisals will review the year end position. 	Monthly Annually
2C	100% of recommendations accepted for implementation by management (or risk acceptance agreed).	A&G (Annually via CIA Report) SOG (Accepted Risks only)	<ul style="list-style-type: none"> Client agreement of Draft Audit Report and Recommendations. 	Ongoing
2D	100% of customer satisfaction surveys received rate the service as good (score of 4) or above.	A&G (Annually) DCIA / HAMA	<ul style="list-style-type: none"> Satisfaction Survey results are recorded on the Teams Dashboard and Internal Audit Monitoring Sheet. Individual engagement satisfaction surveys are reported to and considered by the HAMA. 	Ongoing Ongoing

2E	100% of High and Medium recommendations are followed up within timescales stated in the Audit Charter.	A&G (Quarterly) DCIA / HAMA (Monthly)	<ul style="list-style-type: none"> Recommendation tracker is updated where follow-ups have been carried out. Overdue recommendations are monitored via the Recommendation Teams Dashboard and discussed with Audit Managers / DCIA at their 1-2-1. 	Monthly
2F	100% of High and Medium Recommendations comply with the Escalation Policy for non-implemented Internal Audit Recommendations.	A&G (Annually) DCIA / HAMA (Monthly)	<ul style="list-style-type: none"> Recommendations followed up but not implemented are escalated in compliance with the comply with Escalation Policy for non-implemented Internal Audit Recommendations. Monitored via Recommendation Teams Dashboard and discussed with Audit Managers / DCIA at their 1-2-1/2-2-1. 	Monthly
CSF3: Internal Audit staff are adequately skilled to provide a professional service				
3A	100% completion of Performance Conversation Appraisals within the Internal Audit Team.	DCIA / HAMA (Annually)	<ul style="list-style-type: none"> All staff receive a performance conversation appraisal (PCA), using the corporate template, during which employee behaviours and achievement of previous year objectives are discussed. In addition, objectives for the year ahead are agreed. 	Annually
3B	100% Completion of Mandatory Training as required.	DCIA / HAMA	<ul style="list-style-type: none"> Records of mandatory training are logged centrally. Mandatory training is discussed and monitored at 1-2-1 meetings. 	Ongoing Monthly
3C	Completion of individual staff CPD requirements for Audit Managers, DCIA and HAMA.	DCIA / HAMA	<ul style="list-style-type: none"> Monthly one to one meetings are held to assess staff training which includes CPD monitoring for Audit Managers. 	Monthly

*KEY: A&G – Audit and Governance Committee
SOG – Senior Officers Group
HAMA – Head of Management Assurance (Chief Internal Auditor (CIA)
DCIA – Deputy Chief Internal Auditor

A. Purpose

Data analytics is the process of examining data sets in order to find trends and draw conclusions about the information they contain.

The purpose of this strategy is to detail how Internal Audit will increase its use of Data Analytics over the next 3 years to support the effective and efficient delivery of assurance. The aim is for Internal Audit to move away from being simply “Data Analytics Aware”, moving more towards “Data Analytics Enabled”.

BCP Council is increasingly collecting and holding a vast range of data on their service users, staff and other stakeholders. As part of the new organisational design, data and insight will be key elements of the proposed increase of automation of services and the speed and ease with which our customers can get the outcome they need.

Data analytics is a critical tool to add to the auditors’ toolkit to assist in the credibility of assurance work, and the maximisation of audit findings and value. Data analytics are relevant at all stages of the audit journey; developing the audit plan, planning individual audit engagements to ensure they are focused on what is important, providing assurance at the execution phase of audits through to strategic sample testing and 100% testing of data sets and supporting the production of value-added audit reports.

The strategy supports Internal Audit’s conformance with the Public Sector Internal Audit Standards in respect of Internal Audit’s independence of the control framework.

B. Background

The expectations and the environment within which Internal Audit operates is changing. Increasingly processes are becoming more data driven, more automated and there is less human involvement in decision making, resulting in a reliance on data quality in decision making.

Internal Audit therefore needs to adapt, change and embrace new ways of providing assurance, moving with the organisation and supporting it by adding value through data driven assurance practices.

Internal Audit has an opportunity to achieve this through the use of data analytics to assist in the identification of risks and provision of insight into the organisation.

Whilst it is management’s responsibility to ensure that risks are appropriately mitigated, Internal Audit can focus its use of data analytics to identify areas or transactions where controls do not exist or are not operating effectively.

Internal Audit aims to support the organisation in making better, more accurate decisions through delivery of this type of assurance, driving change and mitigating risks of poor decision making through improving reliability of data.

C. Why Data Analytics?

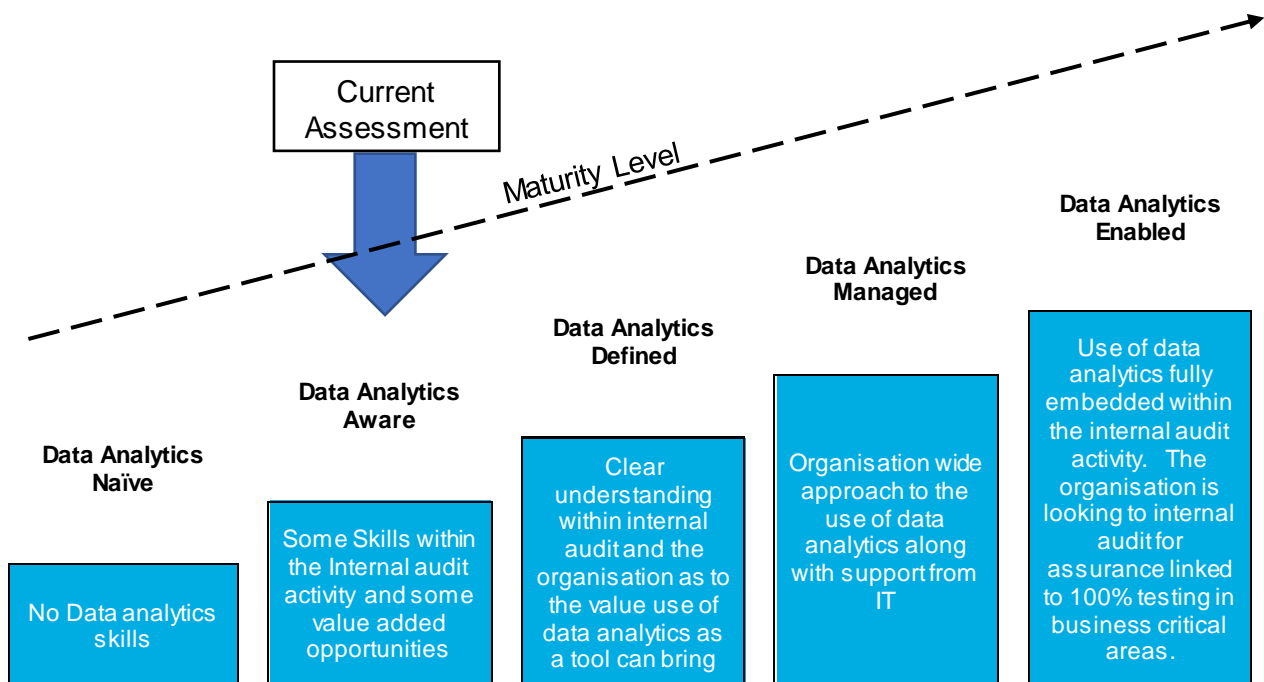
Benefits			
Increased Data Availability	Efficient and Effective	Increased Assurance	Gain New Insights
<ul style="list-style-type: none"> Information is available more readily from modern systems Council moving towards single data set (ERP System) Modern working practices and technology increasing data availability 	<ul style="list-style-type: none"> Less manual testing Whole population testing Larger datasets able to be reviewed 	<ul style="list-style-type: none"> Continuous and periodic monitoring Wider coverage allows greater assurance Supporting organisational decision making 	<ul style="list-style-type: none"> Trends and outliers Unexpected outcomes Potential areas of fraudulent activity identification

Process		
Assess Risk	Analyse	Report, Insight, Follow up
<ul style="list-style-type: none"> Scenarios Values Data Quality 	<ul style="list-style-type: none"> Integrity checks Data matching Trend Analysis 	<ul style="list-style-type: none"> Dashboards Predictive and Targeted analysis

D. Where are we now and the plan forward

The diagram below is a recognised scale for assessing maturity of an audit function to Data Analytics*. Whilst the ultimate goal is to reach the upper end of the scale (Enabled), it is recognised that incremental steps will need to be taken to embed Data Analytics within the systems and processes that are currently in place.

Data Analytics Maturity Model;



Based on the above maturity levels Internal Audit can be assessed as 'Aware'. Internal Audit should strive to move up this scale and improve their internal practices and moving more towards "Data Analytics Enabled".

* IIA Definition of the path to maturity

E. Actions

BCP Internal Audit, based on the above analysis therefore have the following actions for implementing improvements to Internal Audits Data Analytics process:

Action	Responsible Officer	Target Date/Status
2022/23 ACTIONS		
Determine responsible officers for data analytics within Internal Audit	Deputy CIAs	Completed
Identify key datasets from audit plan universe	Audit Managers	Completed
Determine relevant dataset owners and build necessary relationships	Audit Managers	Completed
Identify technology/tool(s) that team will use for data analytics	Deputy CIAs Audit Manager	Completed
Determine competencies and skill gaps within the team and provide necessary training.	Deputy CIAs	Training Ongoing
To consider data analytics as part of all audits (add to audit planning document)	Deputy CIAs	Completed
2023/24 ACTIONS		
To build data analytics into the 2022/23 Audit Plan, allocate appropriate resource to deliver assurance outside of traditional audit engagements.	Deputy CIAs	Completed
To communicate with key stakeholders (clients and audit officers) Internal Audits data analytics strategy.	Deputy CIAs Audit Managers	Stakeholder engagement ongoing
Consider reporting format to management of output from Data Analytics	Deputy CIAs Audit Managers	Completed
To deliver assurance through data analytics for all relevant key financial systems	Audit Managers	Completed for some key financial systems
2024/25 ACTIONS		
To deliver assurance through data analytics for further key financial systems	Audit Managers	March 2025
To deliver assurance through data analytics for other dataset areas (areas to be determined)	Deputy CIAs Audit Managers	March 2025 (as part of 2024/25 audit plan)

Ascertain information held within the “Data Lake” and how we might use this information within Data Analytics	Deputy CIAs	March 2025 (work underway)
To review overall progress on Data Analytics Strategy and produce update strategy for 2025-2028	Deputy CIAs	March 2025

These actions will be reviewed annually throughout the strategy period.