



INTERNAL AUDIT MANDATE AND CHARTER

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Mandate and Charter

This document comprises the Mandate and Charter, as defined below by the Global Internal Audit Standards (UK Public Sector), for Angus City Council's Internal Audit Service. It will be reviewed annually and presented to the Scrutiny and Audit Committee for final approval.

For Local Government GIAS (UK Public Sector) comprises:

- The Global Internal Audit Standards (GIAS) – issued in January 2024 <https://www.theiia.org/en/standards/2024-standards/global-internal-audit-standards/>
- The Application Note; Global Internal Audit Standards in the UK Public Sector – issued December 2024, <https://www.cipfa.org/policy-and-guidance/standards/global-internal-audit-standards-in-the-uk-public-sector> and
- Cipfa's Code of Practice on the Governance of Internal Audit (the Cipfa Governance Code), issued February 2025 [CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government](#)

The GIAS (UK Public Sector), has the following five Domains. Each Domain includes principles, under which the individual Standards sit.

Domain I :Purpose of Internal Auditing

Domain II: Ethics and Professionalism

Domain III: Governing the Internal Audit Function

Domain IV: Managing the Internal Audit Function

Domain V: Performing Internal Audit Services

Definitions

The Council has adopted the following definitions from GIAS:

Internal audit function – A professional individual or group responsible for providing an organisation with assurance and advisory services.

Assurance Services - Services through which internal auditors perform objective assessments to provide assurance. Examples of assurance services include compliance, financial, operational/performance, and technology engagements. Internal auditors may provide limited or reasonable assurance, depending on the nature, timing, and extent of procedures performed.

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. Examples include advising on the design and implementation of new policies, processes, systems, and products; providing forensic services; providing training; and facilitating discussions about risks and controls. "Advisory services" are also known as "consulting services."

Internal auditing – An independent, objective assurance and advisory service 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 governance, risk management, and control processes.

Independence - The freedom from conditions that may impair the ability of the internal audit function to carry out internal audit responsibilities in an unbiased manner.

Internal audit mandate –The internal audit function’s authority, role, and responsibilities, which may be granted by the board and/or laws and regulations.

Internal audit charter – A formal document that includes the internal audit function’s mandate, organisational position, reporting relationships, scope of work, types of services, and other specifications.

In addition key roles defined in GIAS are filled as follows in Angus Council:

Chief Audit Executive (CAE) - Service Leader -Internal Audit

Board – Scrutiny and Audit Committee (the Committee)

Senior management – Corporate Leadership Team

Purpose of Internal Auditing

GIAS defines the Purpose of Internal Auditing in Domain I as follows:

“Internal auditing strengthens the organisation’s ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal auditing enhances the organisation’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.

Internal auditing is most effective when:

- It is performed by competent professionals in conformance with the Global Internal Audit Standards, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.”

Authority

Internal Audit’s authority derives from The Local Authority Accounts (Scotland) Regulations 2014 (The Regulations).

The Regulations require all Scottish Local Authorities to operate a professional and objective internal auditing service, which must be delivered in accordance with recognised standards. The standards and practices applied in the UK for all public sector internal audit providers, in-house, shared or outsourced, are Global Internal Audit Standards in the UK Public Sector (GIAS (UK Public Sector)). These apply from 1 April 2025 and replace the previously applicable Public Sector Internal Audit Standards (PSIAS).

The Regulations also

- outline internal auditors' rights to access the organisation's accounting and other records, and to receive information and explanations necessary for the purposes of internal auditing, and
- require a local authority from time to time to assess the efficiency and effectiveness of its internal auditing, in accordance with the relevant standards and practices and to use the findings as part of its consideration of the systems of internal control.

The nature of the assurance services provided by Internal Audit include, but are not limited to the following:

- Risk based audit
- Developing systems audit
- Compliance audits
- Value for money / best value audits
- Quality assurance audits
- Fraud/irregularity investigations
- Advisory reviews

The scope of Internal Audit allows for unrestricted coverage of the Council's activities. In addition, Internal Audit through the Service Leader – Internal Audit, where they deem necessary, will have unrestricted access to:-

- The Chief Executive
- The Scrutiny and Audit Committee and all members
- Individual Chief Officers
- All Council employees

All internal audit staff shall have authority to:-

- enter any Council premises or land.
- have full, free and unrestricted access to, and remove, all records, documents and correspondence which, in the view of the Service Leader – Internal Audit (or nominated representatives), are considered to relate to any matter which may have audit or assurance implications for the Council.
- be provided with full access to any computer system and personal computer or other computer storage device/ media in the ownership of the Council.
- require explanations considered necessary from any employee, including Chief Officers.
- require any employee, or agent of the Council, to produce cash, stores, assets or any other property under his control or to which he has access.

Internal audit will safeguard all information obtained in performing its work and will only use it for the purposes of an audit, investigation or advisory work. Internal audit will not disclose any information held unless this is authorised or there is a legal or professional requirement to do so.

Internal audit resources will be managed and monitored within the Council's overall budget setting and monitoring arrangements. Changes in circumstances that impair resources to an extent that may compromise achievement of the Mandate will be reported to CLT and the Committee.

All employees and members are requested to assist Internal Audit in fulfilling its roles and responsibilities.

Role and Responsibilities

The Service Leader – Internal Audit will develop and implement a strategy for the internal audit function which will be reviewed periodically with the Committee and senior management.

As part of the Council's governance and assurance framework the main objective of Internal Audit is to provide, in terms of the GIAS (UK Public Sector), a high quality, independent audit service to the Council which:

- Supports the delivery of the authority's strategic objectives by providing risk-based and objective assurance on the adequacy and effectiveness of governance, risk management and internal controls.
- Champions good practice in governance through assurance, advice and contributing to the authority's annual governance review.
- Advises on governance, risk management and internal control arrangements for major projects, programmes and system changes.

Right of access to other bodies funded by the Council should be set out in the conditions of funding to ensure Internal Audit has access to the authority's collaborative and arm's-length arrangements.

Internal Audit will also:-

- Support the Director of Finance in discharge of their Section 95 Officer duties.
- Support the Director - Legal and Democratic Services in discharge of their Monitoring Officer duties.
- Provide advisory services to directorates.
- Provide a counter fraud function.
- Investigate any allegations of fraud or irregularity.
- Advise on internal control implications of new systems and provide a project assurance service.
- Support the Council and Senior Management during key transformational/ change projects.

The standards defined in this document will also apply to any work which may be carried out to provide assurance services to parties external to the Council.

The existence of internal audit does not diminish the responsibility of management to ensure that resources are properly applied in a manner and on the activities intended and the internal control arrangements are sufficient to address the risks facing their services.

Periodic Assessment

Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the GIAS (UK Public Sector), ongoing performance monitoring and external assessment.

Self-assessment results will be reported to Senior Management and the Committee in the Service Leader – Internal Audit's Annual Report to the Committee.

External assessments will be conducted at least every five years in accordance with GIAS (UK Public Sector). Review arrangements and findings will be reported to the Committee. The scope of the review will be agreed with the Convener of the Committee.

The Service Leader – Internal Audit is responsible for providing periodic self-assessment on the internal audit activity as regards its performance against its objectives, ability to fulfil the Audit Mandate and performance relative to the Annual Plan. This will be reported in progress reports to Committee throughout the year and in the Service Leader – Internal Audit's Annual Report.

Ethics and Professionalism

Internal audit will conform with the GIAS (UK Public Sector).

This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Other professional guidance will also be adhered to as applicable to guide operations. In addition, Internal Audit will adhere to the Council's relevant policies and procedures and Internal Audit's standard operating procedures manual.

A programme of Continuous Professional Development (CPD) is maintained for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies.

Internal auditors will

- conform with the GIAS (UK Public Sector) principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, confidentiality and the Nine Principles of Public Life in Scotland
- understand, respect, meet, and contribute to the legitimate and ethical expectations of the Council and be able to recognise conduct that is contrary to those expectations
- encourage and promote an ethics-based culture in the Council
- report organisational behaviour that is inconsistent with the Council's ethical expectations, as described in applicable policies and procedures.

Organisational Position and Reporting Relationships

The Service Leader – Internal Audit is the senior officer responsible to the Committee for the provision of a full independent core assurance internal audit service. The Service Leader – Internal Audit is directly employed by the Council, and will discharge their responsibility through a directly employed team, comprising both Internal Audit and Counter-Fraud staff. Specialist support for computer audit, and general audit if required, will be procured via an external tendering exercise.

The Service Leader – Internal Audit will be the Chief Audit Executive for the purposes of the GIAS (UK Public Sector). In relation to this the Service Leader – Internal Audit will report functionally to the Committee, and administratively to the Chief Executive. In this context functional reporting means the Committee will: -

- Approve the Audit Mandate and Charter
- Approve the Internal Audit risk based internal audit plan, ensuring there are no inappropriate limitations on scope
- Receive reports from the Service Leader – Internal Audit on the results of Internal Audit activity or other matters the Service leader – Internal Audit determines necessary, including an annual conclusion regarding governance, risk management and control.

It is recognised the administrative reporting line does not have authority over the scope or reporting of results of Internal Audit activity. Ultimate authority in this regard vests in the Service Leader – Internal Audit, who reports in their own name and retains final right of edit over all Internal Audit reports.

The Service Leader – Internal Audit will also have open access to the Chief Executive and Corporate Leadership Team. The Service Leader – Internal Audit will be responsible to the Committee for all elements of core assurance internal audit planning, delivery and reporting and provision of an annual report and conclusion on governance, risk management and internal control.

The Service Leader – Internal Audit, and the Manager – Internal Audit are required to hold a professional qualification and be suitably experienced.

Independence and Objectivity

To maintain the internal auditors' independence and objectivity, Internal Audit activity will remain free from interference by any element in the organisation, including matters of engagement selection, scope, procedures, frequency, timing, and communication.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, manage risks, prepare records, or engage in any other activity that may impair internal auditor's judgment.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Service Leader – Internal Audit will confirm to the Committee, at least annually, the organisational independence of the internal audit activity. Any interference experienced will be disclosed by the Service Leader – Internal Audit to the Committee and the implications discussed.

Scope of work

The scope of internal auditing covers the entire breadth of the Council, and encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Council's governance, risk management, and internal control processes in relation to the Council's defined goals and objectives.

Internal Audit is responsible for evaluating all processes ('audit universe') of the entity including governance processes and risk management processes. In doing so, Internal Audit maintains a proper degree of co-ordination with external audit and other assurance providers as appropriate.

Based on its activity, Internal Audit is responsible for reporting significant risk exposures and control issues identified to the Committee and to Senior Management (the Council's Corporate Leadership Team), including fraud risks, governance issues, and other matters needed or requested by the committee.

Internal Audit resource may be used to support advisory services, related to governance, risk management and control, but not to the detriment of provision of core assurances. It may also evaluate specific operations at the request of the Committee or senior management, as appropriate.

Fraud and Corruption

Managing the risk of fraud and corruption is the responsibility of management. Management is also responsible for developing, implementing and maintaining systems of internal control to guard against fraud or irregularity and ensure probity in systems and operations. Internal Audit will assist management by reviewing the controls and procedures in place.

Audit procedures alone cannot guarantee that fraud and corruption will be detected, nor does Internal Audit have the responsibility for prevention and detection of fraud. However, when planning and undertaking assignments individual auditors will be alert to risks and exposures that could allow a fraud, irregularity or corrupt practice to take place.

Financial Regulations lay out the responsibilities of Council Chief Officers, Managers and other staff in relation to any suspicion of fraud or irregularity. The role of Internal Audit is to fully investigate any suspicion of fraud, irregularity or corrupt practice and report in accordance with the Fraud Response Plan.

Internal Audit Plan

At least annually, the Service Leader – Internal Audit will submit an internal audit plan that includes risk assessment criteria to the Committee for review and approval. The Service Leader – Internal Audit will communicate the impact of any resource limitations and significant interim changes to senior management and the Committee.

The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology and will take into account the requirement placed upon the Service leader -Internal Audit to deliver an annual internal audit conclusion on the overall adequacy and effectiveness of the organisation's governance, risk management and control framework. In compiling the plan input from senior management and the Committee and any other relevant parties will be sought. Prior to submission to the Committee for approval the plan will be submitted to the Corporate Leadership Team for comment. Any significant deviation from the approved internal audit plan will be communicated through the periodic activity reporting process to the Committee.

Audits will be only allocated to staff who have the appropriate skills, experiences and competence.

Reporting and Monitoring

A written report will be prepared and issued by the Internal Audit Service Leader or Manager following the conclusion of each Internal Audit engagement and will be distributed as appropriate for management responses and comment. Internal Audit results will also be reported to the Committee.

The Internal Audit report may include management's response and corrective action taken, or to be taken, in regard to the specific findings and recommendations. Management's response should include an action owner, a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented. Agreed actions will be monitored using the Council's Performance Management system. Action owners should update the Council's Performance Management System with progress of implementation.

Internal Audit will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain open until evidentially cleared.

Approved by the Scrutiny & Audit Committee on 22 April 2025