

Introduction	The Council has an independent and objective internal audit function, which operates across the Council and provides audit services to key partners in the Northamptonshire and Cambridgeshire Pension Funds, and the Northamptonshire Children’s Trust (NCT). The Internal Audit team includes assurance, advice, certification, internal control review, and fraud investigation services.
Purpose and mission	The purpose of Internal Audit is to assist the Council, elected members, the Executive Leadership Team, relevant boards, and officers in delivering their objectives, to appropriately manage the key risks, and help to improve the effectiveness of governance, risk management and internal control processes. We provide independent, objective assurance and consulting services designed to add value and improve operations.
Authority	<p>To ensure the authority of the Internal Audit function the following arrangements are in place:</p> <ul style="list-style-type: none"> • The function is headed by the Head of Audit and Risk Management, who reports to the Executive Director of Finance • The Head of Audit and Risk Management attends and reports to the Audit and Governance Committee, the Executive Leadership Team and the Executive Performance Board as required <p>The Audit and Governance Committee ensures internal audit has sufficient authority to fulfil its duties and will:</p> <ul style="list-style-type: none"> • Approve the internal audit charter • Approve the risk-based internal audit plan • Approve the internal audit budget and resource plan • Receive communication from the Head of Audit and Risk Management on internal audit’s performance relative to its plan and other matters <p>The Council cannot place any restrictions on the work of Internal Audit. Staff engaged on audit work, either directly by the Council or one of our partners:</p> <ul style="list-style-type: none"> • Have full, free, and unrestricted access to all functions, records, personnel or property pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information • Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports
Independence and objectivity	The Internal Audit service is independent and remains free from all conditions that threaten the ability of the internal auditors to carry out their responsibilities in an unbiased manner. This includes audit selection, scope, procedures, frequency, timing, and report content. Details of any impairment, in fact or appearance, will be reported by the Head of Audit and Risk Management to the Executive Director of Finance and the Chair of the Audit and Governance Committee.

	<p>To ensure this independence or objectivity internal auditors provide advisory rather than decision making or operational services, remaining independent of the activities we audit and rotating staff across audits.</p> <p>Internal audit will:</p> <ul style="list-style-type: none"> • Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties • Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or processes being examined • Make balanced assessments of all available and relevant facts and circumstances • Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgements
Organisational status	<p>The assurance levels are considered in conjunction with the Three Lines of Defence model (provided as Appendix 1). The Three Lines of Defence model demonstrates the relationship between the functions involved in assurance:</p> <ul style="list-style-type: none"> • 1st line of defence – the functions that own and manage the risks • 2nd line of defence – the functions that oversee or specialise in the compliance or management of risk • 3rd line of defence – the functions that provide independent assurance <p>This is supported by review of relevant external inspection reports.</p>
The Audit Approach	<p>Internal audit work will include objective examinations of evidence for the purpose of providing independent assessments of the adequacy and effectiveness of governance, risk management, and control processes. Assessments include evaluating whether:</p> <ul style="list-style-type: none"> • Risks relating to the achievement of the Council’s strategic objectives are appropriately identified and managed • The actions of the Council’s officers and elected members comply with our policies, procedures and applicable laws, regulations and governance standards • Operations or programmes are being carried out effectively and efficiently
Responsibilities	<p>Internal audit is responsible for operating under the policies of the Council and in line with professional standards and best practice. We conduct our work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors, and further guided by the Public Sector Internal Audit Standards. Under these core principles we will always:</p> <ul style="list-style-type: none"> • Demonstrate integrity, competence and due professional care • Be objective and free from undue influence

	<ul style="list-style-type: none"> • Align with strategies, objectives, and risks of the Council • Demonstrate quality and continuous improvement • Produce risk-based assurance and promote organisational improvement <p>Officers are responsible for agreeing the scope of internal audit work and for implementing agreed actions. The Executive Leadership Team supports internal audit and ensures that there is direct access and freedom to report findings and actions. Management will notify Internal Audit of any changes to key systems, legislation, processes, or staff to enable us to consider any potential impact on the audit plan and support the completion of an annual service assessment questionnaire.</p> <p>Deliverables and the timeline for audit activity will be agreed as part of the terms of reference and work programme, which will be shared with management. Where information is delayed or not provided during audit activity, we reserve the right to issue a report specifying the impact of gaps in evidence and the assurance level provided will reflect this.</p>
Audit planning and reporting	<p>We will produce an outline annual plan reflecting the Council’s aims, objectives, and associated risks and in consultation with senior management and detailed quarterly plans. These plans will be approved and reviewed on a regular basis by the Audit and Governance Committee, and changes discussed with the Executive Director of Finance. Updates and progress reports will be made to the Audit and Governance Committee in line with their terms of reference. An annual report is provided giving an opinion on the Council’s system of internal control. This opinion forms part of the Annual Governance Statement.</p> <p>Delivery of internal audit activity is guided by our engagement standards, which ensure:</p> <ul style="list-style-type: none"> • Terms of reference are agreed in advance for each audit to ensure that all parties agree what the audit will cover. Reasonable notice is given about the start and process of each audit, and we will work to minimise disruption to operational teams. We reserve the right to make unannounced visits if significant control risks are identified. • Audit reports include an opinion on the adequacy of the control environment and the compliance achieved operationally in the area reviewed, detail actions for improvement and agree management responsibility and the timeline for improvement delivery. Audits resulting in limited assurance opinions are reported to the Executive Leadership Team and discussed with relevant operational managers at the Audit and Governance Committee. <p>Assurance audits give an assurance assessment providing an indication of the relative impact of the service on the Council’s governance and effectiveness. Audit assurance levels are:</p> <ul style="list-style-type: none"> • Control environment

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<p>Quality assurance</p>	<p>All audit documentation is subject to internal review to ensure consistency and clarity of reporting, and to identify areas for improvement in our internal processes.</p> <p>Internal Audit are governed by the Public Sector Internal Audit Standards and are subject to external assessment on a 5 year-basis.</p> <p>The Head of Audit and Risk Management reports periodically to senior management and the Audit and Governance Committee regarding our conformance to the Standards.</p>																								

Appendix 1: Three Lines of Defence Model (Source: Institute of Internal Audit)

