

Report to Audit Committee

Internal Audit Charter 2026/27

Portfolio Holder: Councillor Abdul Jabbar MBE, Deputy Leader and Cabinet Member Finance, Corporate Services and Sustainability

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26 March 2026

Reason for Decision

To advise Audit Committee Members of the proposed Internal Audit Charter for 2026/27.

Executive Summary

The work of Internal Audit at Oldham Council is governed by the Global Internal Audit Standards (GIAS) 2024 and UK Local Government Application Note 2024. These Standards are mandatory for all Internal Auditors working in the UK public sector.

The 2026/27 Internal Audit Charter is in line with the requirements of the GIAS standards and is attached at Appendix 1 to this report.

Recommendations

Members of the Audit Committee are requested to approve the Internal Audit Charter, effective from 1 April 2026.

Internal Audit Charter 2026/27

1 Background

- 1.1 The Accounts and Audit (England) Regulations 2015 require every Local Authority to undertake an effective system of Internal Audit to evaluate the effectiveness of the Authority's risk management, control and governance processes. This should be carried out with regard to the Global Internal Audit Standards (GIAS) 2024 and UK Local Government Application Note 2024.
- 1.2 The Standards cover all aspects of best practice in Internal Audit in governing, planning, performing, monitoring and reporting the work of Internal Audit.

The Standards are organised into five domains:

- 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.

The Standards are mandatory for all internal auditors working in the UK public sector. Conformance with the Standards is conformance with best practice in Internal Audit.

- 1.3 The Head of Audit and Counter Fraud reviews the Internal Audit Charter each year in line with the latest standards and guidance. The proposed 2026/27 Internal Audit Charter is attached as Appendix 1. The proposed 2026/27 Internal Audit Charter is based on a model Charter produced by the authors of the GIAS 2024, the Institute of Internal Auditors (IIA), in order to ensure that it is in full conformance with the GIAS 2024 Standards. It is tailored to Oldham Council's internal structures, and contains an additional paragraph (4.6) brought forward from the 2024/25 Internal Audit Charter covering potential conflicts of Interest for the Head of Internal Audit to ensure that, should this occur, alternative arrangements for management of any conflicts are clear.

2. Options/Alternatives

- 2.1 Members may either approve the proposed Internal Audit Charter 2026/27 or propose an alternative approach.

3. Preferred Option

- 3.1 That Members approve the proposed Internal Audit Charter 2026/27.

4. Consultation

- 4.1 N/A

5 Financial Implications

- 5.1 N/A

6. Legal Services Comments

- 6.1 N/A
- 7 **Cooperative Agenda**
- 7.1 N/A
- 8 **Human Resources Comments**
- 8.1 N/A
- 9. **Risk Assessments**
- 9.1 N/A
- 10 **IT Implications**
- 10.1 N/A
- 11 **Property Implications**
- 11.1 N/A
- 12 **Procurement Implications**
- 12.1 N/A
- 13 **Environmental and Health & Safety Implications**
- 13.1 N/A
- 14 **Equality, community cohesion and crime implications**
- 14.1. N/A
- 15 **Equality Impact Assessment Completed**
- 15.1 N/A.
- 16 **Key Decision**
- 16.1 N/A
- 17 **Key Decision Reference**
- 17.1 N/A
- 18 **Background Papers**
- 18.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act.
 - File Ref: Background papers are provided at Appendix 1
 - Officer Name: John Miller

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19 **Appendices**

19.1 **Appendix 1: Oldham Council Internal Audit Charter 2026/27.**

Oldham Council Internal Audit Function

Internal Audit Charter 2026/27

Internal Audit Charter 2026/27

Section	Internal Audit Charter Contents
1	Purpose
2	Mandate
3	Audit Committee Oversight and Internal Audit Resources
4	Head of Internal Audit & Counter Fraud Roles and Responsibilities
5	Scope and Types of Internal Audit Services

Internal Audit Charter 2026/27

1 April 2026

1. Purpose

- 1.1 The purpose of the internal audit function is to strengthen Oldham Council's ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.
- 1.2 The internal audit function enhances Oldham Council's:
- Successful achievement of its objectives.
 - Governance, risk management, and control processes.
 - Decision-making and oversight.
 - Reputation and credibility with its stakeholders.
 - Ability to serve the public interest.
- 1.3 Oldham Council's internal audit function is most effective when:
- Internal auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards 2024 and UK Local Government Application Note 2024, which are set in the public interest.
 - The internal audit function is independently positioned with direct accountability to the Audit Committee.
 - Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards 2024 and UK Local Government Application Note 2024

- 1.4 Oldham Council's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards 2024 and UK Local Government Application Note 2024. The Head of Internal Audit & Counter Fraud will report annually to the Audit Committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement programme.

2. Mandate

Authority

- 2.1 Oldham Council's internal audit function mandate is found in The Accounts and Audit Regulations 2015, which state:
- 5.(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.*

(2) *Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—*

(a) make available such documents and records; and

(b) supply such information and explanations;

as are considered necessary by those conducting the internal audit.

(3) *In this regulation “documents and records” includes information recorded in an electronic form.*

2.2 The internal audit function’s authority is created by its direct reporting relationship to the Audit Committee. Such authority allows for unrestricted access to the Audit Committee.

2.3 The Audit Committee authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function’s objectives.
- Obtain assistance from the necessary personnel of Oldham Council and other specialised services from within or outside Oldham Council to complete internal audit services.

Independence, Organisational Position, and Reporting Relationships

2.4 The Head of Internal Audit & Counter Fraud is positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. (See “Mandate” section.) The Head of Internal Audit & Counter Fraud will report functionally to the Audit Committee and administratively (for example, day-to-day operations) to the Executive Director of Resources and Management Board comprising the Chief Executive, Monitoring Officer and Senior Officers of the Council. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee, when necessary, without interference and supports the internal auditors’ ability to maintain objectivity.

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

- 2.6 The Head of Internal Audit hereby confirms the organisational independence of the internal audit function.

Changes to the Mandate and Charter

- 2.7 Circumstances may justify a follow-up discussion between the Head of Internal Audit & Counter Fraud, Audit Committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:
- A significant change in the Global Internal Audit Standards 2024 and UK Local Government Application Note 2024.
 - A significant reorganisation within the organisation.
 - Significant changes in the Head of Internal Audit & Counter Fraud, Audit Committee, and/or senior management.
 - Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
 - New laws or regulations that may affect the nature and/or scope of internal audit services.

3. Audit Committee Oversight and Internal Audit Resources

- 3.1 The oversight role and responsibilities of the Audit Committee are set out in the Audit Committee's Terms of Reference which form part of the Council's Constitution which is reviewed periodically.
- 3.2 The Head of Audit and Counter Fraud will report to the Council's Audit Committee if it is believed there are insufficient resources available to enable the Internal Audit Service to achieve the purpose and objectives of the Annual Audit Plan, provide the Annual Internal Audit Opinion, and enable the Audit Committee to discharge the Committee's responsibilities as set out in the Committee's Terms of Reference.
- 3.3 The Head of Audit and Counter Fraud concludes that there are sufficient Internal Audit resources to deliver an effective Internal Audit service to the Council in 2026/27.

4. Head of Internal Audit & Counter Fraud Roles and Responsibilities

Ethics and Professionalism

- 4.1 The Head of Internal Audit & Counter Fraud will ensure that internal auditors:
- Conform with the Global Internal Audit Standards 2024 and UK Local Government Application Note 2024, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.

- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behavior that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

Objectivity

- 4.2 The Head of Internal Audit & Counter Fraud will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Head of Internal Audit & Counter Fraud determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.
- 4.3 Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.
- 4.4 Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:
- Assessing specific operations for which they had responsibility within the previous year.
 - Performing operational duties for Oldham Council or its affiliates.
 - Initiating or approving transactions external to the internal audit function.
 - Directing the activities of any Oldham Council employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.
- 4.5 Internal auditors will:
- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the Head of Internal Audit & Counter Fraud, Audit Committee, management, or others.
 - Exhibit professional objectivity in gathering, evaluating, and communicating information.
 - Make balanced assessments of all available and relevant facts and circumstances.
 - Take necessary precautions to avoid conflicts of interest, bias, and undue influence.
- 4.6 Where any potential conflict of interest, or threat to independence or objectivity, is identified in respect of any audit assignment, this will be addressed by re-allocation of the audit assignment, or management or supervision of the assignment, so as to remove the conflict

or threat to independence. Including by-passing the Head of Audit and Counter Fraud in favour of another senior officer having direct oversight of any area of audit focus where the Head of Audit and Counter Fraud themselves is conflicted

Managing the Internal Audit Function

4.7 The Head of Internal Audit & Counter Fraud has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the Audit Committee and senior management. Discuss the plan with the Audit Committee and senior management and submit the plan to the Audit Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit Committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in Oldham Council's business, risks, operations, programmes, systems, and controls.
- Communicate with the Audit Committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards 2024 and UK Local Government Application Note 2024 and any applicable laws and/or regulations.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Committee and senior management periodically and for individual engagements as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards 2024 and UK Local Government Application Note 2024 and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact Oldham Council and communicate to the Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to Oldham Council's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards 2024 and UK Local Government Application Note 2024. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Head of Internal Audit & Counter Fraud cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit Committee.

Communication with the Audit Committee and Senior Management

- 4.8 The Head of Internal Audit & Counter Fraud will report annually to the Audit Committee and senior management regarding:
- The internal audit function's mandate.
 - The internal audit plan and performance relative to its plan.
 - Significant revisions to the internal audit plan.
 - Potential impairments to independence, including relevant disclosures as applicable.
 - Results from the quality assurance and improvement programme, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards 2024 and UK Local Government Application Note 2024 and action plans to address any internal audit function deficiencies and opportunities for improvement.
 - Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee that could interfere with the achievement of Oldham Council's strategic objectives.
 - Results of assurance and advisory services.
 - Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond Oldham Council's risk appetite.

Quality Assurance and Improvement Programme

- 4.9 The Head of Internal Audit & Counter Fraud will develop, implement, and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function. The programme will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards 2024 and UK Local Government Application Note 2024, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The programme also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address any internal audit function deficiencies and opportunities for improvement.
- 4.10 Annually, the Head of Internal Audit & Counter Fraud will communicate with the Audit Committee and senior management about the internal audit function's quality assurance and improvement programme, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside Oldham Council.

5. Scope and Types of Internal Audit Services

- 5.1 The scope of internal audit services covers the entire breadth of the organisation, including all of Oldham Council's activities, assets, and personnel. The scope of internal audit activities also encompasses, but is not limited to, objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on

the adequacy and effectiveness of governance, risk management, and control processes for Oldham Council.

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

5.3 Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of Oldham Council's strategic objectives are appropriately identified and managed.
- The actions of Oldham Council's officers, directors, management, employees, and contractors or other relevant parties comply with Oldham Council's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programmes are consistent with established goals and objectives.
- Operations and programmes are being carried out effectively, efficiently, ethically, and equitably.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Oldham Council.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.