

Agenda Item No _____

Internal Audit Plan 2025/26, Charter and Mandate

Summary: This report provides details of the Internal Audit Plan 2025/26, and the Charter and Mandate.

Conclusions: The 2025/26 Internal Audit Plan 2025/26 has been developed and agreed with management addressing corporate risks and priorities.

Recommendation: That the Committee is requested to review and approve:

- The Internal Audit Plan 2025/26 and Internal Audit Charter and Mandate.

Cabinet member(s): Ward(s) affected:

All

All

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1. Background

- 1.1 The Committee receives the Internal Audit Plan for review and approval along with the Charter and this time the Mandate for Internal Audit. This report forms part of the overall reporting requirements to assist the Council in discharging its responsibilities in relation to the internal audit activity.
- 1.2 A new planning approach was adopted this year as outlined in the report on page 3 and an audit and risk universe established. The Plan is flexible and will be subject to quarterly reviews to meet the changing needs of the Council as necessary Overall Position.
- 1.3 The Internal Audit Plan 2025/26 was established with management and is shown within the report. A new Charter and Mandate has been written following changes in internal auditing standards to include the Mandate (authority) for Internal Audit, following the template for the Public Sector, available through the professional body for internal audit.
- 1.4 The principles of the Charter, which set outs the purpose, independence, organisational position and reporting relationships of Internal Audit, Audit Committee's oversight, and the roles and responsibilities of the Head of Internal Audit, are similar to the previous version in its content, with the Mandate being the addition to the document.

2. Overall Position

2.1 The attached report contains:

- The Internal Audit Plan 2025/26, which details rationale and overarching scope for each audit in the Plan.
- The Internal Audit Charter and Mandate which outlines the purpose, independence, organisational position and reporting relationships of Internal Audit, Audit Committee's oversight, and the roles and responsibilities of the Head of Internal Audit.

3. Conclusion

3.1 The attached report provides the Council with an Internal Audit Plan that will ensure key business risks will be addressed by Internal Audit, thus ensuring that appropriate controls are in place to mitigate such risks and also ensure that the appropriate and proportionate level of action is taken.

3.2 The risk-based internal audit plans will add value to the Council, have a defined and specific scope for each review and ensure that risks in relation to the service area are being reviewed by Internal Audit, thus enabling best practice to be followed.

4. Recommendation

1) That the Committee is requested to review and approve:

- The Internal Audit Plan 2025/26 and Internal Audit Charter and Mandate.

Appendices attached to this report:

Appendix A – Internal Audit Plan 2025/26

Appendix B – Internal Audit Charter and Mandate

EASTERN INTERNAL AUDIT SERVICES



NORTH NORFOLK DISTRICT COUNCIL

Internal Audit Plan 2025/26

Head of Internal Audit: Teresa Sharman

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Approach to internal audit planning 2025/26

Introduction

Annually the Head of Internal Audit is required to provide an annual opinion on the Council's framework of governance, risk management and control, to those charged with governance to support the Council's Annual Governance Statement (AGS).

To achieve this, a risk-based internal audit plan is developed, and audits are carried out.

What do the Standards say?

Creating a plan

In accordance with the Global Internal Audit Standards (GIAS): -

'The chief audit executive must create an internal audit plan that supports the achievement of the organisation's objectives. The chief audit executive must base the internal audit plan on a documented assessment of the organisation's strategies, objectives, and risks. This assessment must be informed by input from the board (Audit Committee) and senior management as well as the chief audit executive's understanding of the organisation's governance, risk management and control processes. This assessment must be performed at least annually.'

'The Internal Audit Plan must: -

- Consider the Internal Audit Mandate and the full range of agreed-to internal audit services.
- Specify internal audit services that support the evaluation and improvement of the organisation's governance, risk management, and control processes.
- Consider coverage of information technology governance, fraud risk, the effectiveness of the organisation's compliance and ethics programme, and other high-risk areas.
- Identify the necessary human, financial, and technological resources necessary to complete the plan.
- Be dynamic and updated timely in response to changes in the organisation's business, risk operations, programmes, systems, controls, and organisational culture.'

Review, revise and changes to the Plan

'The chief audit executive must review and revise the Internal Audit Plan as necessary and communicate timely to the board (Audit Committee) and senior management: -

- The impact of any resource limitations on Internal Audit coverage.
- The rationale for not including an assurance engagement in a high-risk area of activity in the Plan.
- Conflicting demands for services between major stakeholders, such as high-priority requests based on emerging risks and requests to replace planned assurance engagements with advisory engagements.
- Limitations on scope or restrictions on access to information.'

'The chief audit executive must discuss the internal audit plan, including significant interim changes with the board (Audit Committee) and senior management. The plan and significant changes to the plan must be approved by the board (Audit Committee).'

Audit universe and risk assessment

The Standards require an organisational risk assessment to be completed at least annually as the basis for the plan. This year, reliance has been placed on the Council's risk information as detailed in its Risk Register.

Our approach to preparing the Council Internal Audit Plan is to develop an audit and risk universe based on an understanding the Council's corporate priorities, corporate risks, and key outcomes. The risk universe is the Council's corporate risks and any high operational risks, and the audit universe is the Council's corporate priorities and its business services, processes, programmes, and systems. Each audit in the Plan links back to a corporate risk or corporate priority where relevant.

Appendix 1 shows the top-level audit and risk universe, and not all the corporate risks, corporate priorities and areas within each service business area; therefore, only red and amber corporate risks and corporate priorities are detailed.

Audit planning

A new audit planning model was agreed with the Executive Leadership Team (ELT) which comprises Directors and Assistant Directors, and a subsequent workshop session was held with them to develop the Council's Internal Audit Plan.

Discussion focused on areas such as: -

- Performance with key performance indicators as at quarter 2 this year and the associated level of risk to their achievement.
- The importance of the service or process to the Council i.e., whether it is a statutory or critical service, for legal or regulatory requirements or to meet corporate priorities.
- New and existing programmes and projects.
- Whether assurance is received from other parties.
- When Internal Audit last looked at the service, project, programme or system and what level of assurance was given.
- Whether there were new systems in place or proposed.
- The performance of the service.
- Changes to laws and regulations.
- Council concerns with systems or processes.
- The involvement of third parties.
- Materiality in monetary terms.
- Whether the audit would predominantly addressing financial, compliance, operational or other objectives.

Essential, high, medium, or low assurance requirements

Audits were categorised and prioritised as either an essential, high, medium, or low assurance requirement for completion in the year based on a consideration of the factors as follows: -

- Whether the audit was critical to the success of the Council's corporate priorities for the year;
- Criticality of the service or process;
- Existence of new or changed processes;
- The need for regulatory compliance and / or service statutory requirement;
- The level of current risk;
- Management need for assurance;
- Existence of unresolved issues or under performance; or
- The existence of other assurance sources.

It is expected that audit work will comprise essential, high and some medium assurance requirements which will be met through assurance or advisory work, unless due to changing circumstances. the level of assurance requirement reduces.

It is not expected that there will be time to address low assurance requirements as part of this year Internal Audit Plan.

An overarching scope was discussed for each audit, which will be confirmed when the audit is completed. Whether the work would be advisory, or assurance work was also considered along with when would be best to complete the audit in the year, avoiding known peak work periods where possible.

The resulting plan is shown in **Appendix 2** and details where audit work links back to the Council's corporate priorities and strategic risks. Only those corporate risks, corporate priorities and service business areas where audits are proposed are shown in Appendix 2 and not all the audit and risk universe.

Flexible plan

To ensure that the plan is flexible to meet the needs of the Council in response to changes in the business, risk operations, programmes, systems, controls, and organisational culture, the Internal Audit Plan will be reviewed with the ELT quarterly and updated accordingly, including whether the assurance requirement category remains valid.

Changes to the Plan will be outlined to the Audit Committee in the quarterly Progress Report for them to review and agree.

Internal Audit resources

What to the Standards say?

'The chief audit executive manages resources to implement the internal audit function's strategy and achieve its plan and mandate.

Managing resources requires obtaining and deploying financial, human, and technological resources effectively. The chief audit executive needs to obtain the resources required to perform internal audit responsibilities and deploy the resources according to the methodologies established for the internal audit function.'

Financial

The budget for 2025/26 remains the same as 2024/25.

Staffing

The role of the Head of Internal Audit and contract management is provided by South Norfolk Council through the Eastern Internal Audit Service (EIAS) Consortium to the district councils for Breckland, Broadland, North Norfolk, and South Norfolk, Great Yarmouth Borough Council, the Broads Authority and from April 2022, Norwich City Council. All Councils are bound by a Partnership Agreement.

The delivery of the internal audit plans for each Council is provided by an external audit contractor, who reports directly to the Head of Internal Audit at South Norfolk Council. Following a successful procurement exercise the new contract with TIAA Ltd commenced from 1 April 2022 and ends on 31 March 2027, with the option to extend for a further term of two plus two.

The contract does not include any exclusivity rights to the appointed contractor and in 2024/25 two further contractors were engaged with to complete some audit work, BDO and the Shared Internal Audit Service at Hertfordshire County Council. This will continue in 2025/26.

Other than the Head of Internal Audit, staffing within EIAS include a Senior Internal Auditor and a Trainee Internal Auditor is to be appointed from April 2025 who also complete audits.

A mix of in-house staffing and external contractors provides a variety of daily rates, enabling overall value for money clients whilst having access to a variety of specialist auditors and more capacity at peak times. Further details on the strategy for human resources will be in the new Internal Audit Strategy that is being developed, but a more hybrid approach to staffing resources to deliver internal audit plans is likely to be the way forward, with, at next procurement round, two contractors appointed.

Technology

Further details on the strategy for technology will be in the new Internal Audit Strategy that is being developed, but the use of data for continuous auditing through data analytics and audit need is one aspect that is being considered. Currently, data analytics is used for full population testing in some audits. The use of AI is not yet formalised in audit work.

Corporate Priorities and Risks				
Our greener future	Developing our communities	Meeting our housing need	Investing in our local economy & infrastructure	A strong, responsible & accountable Council
<p>Continue our journey to net-zero.</p> <p>Tackle environmental waste and pollution.</p> <p>Protect and transition or coastal environments</p>	<p>Engaged and supported individual and communities</p> <p>Promote health, wellbeing and independence for all</p> <p>Increase accessibility and inclusion for all</p> <p>Promote culture, leisure and sports activities.</p>	<p>Address housing need</p> <p>Tackle the impact of second homes and holiday lets.</p> <p>Promote best use of housing stock and good housing standards.</p>	<p>An environment for business to thrive in.</p> <p>Infrastructure to support growth.</p> <p>Skills for jobs.</p>	<p>Quality customer service.</p> <p>Maximising opportunities,</p> <p>Effective and efficient services.</p>
<p>CR 002 Flooding, erosion and loss of assets and delivery of services - Lack of ability to maintain coast defences and / or to</p>		<p>CR 010 Housing Delivery - Non delivery of housing targets</p>		<p>CR 015 Medium Term Financial Plan - Reduced funding to fund current service levels and produce a balanced budget. Use of reserves is not</p>

Corporate Priorities and Risks				
Our greener future	Developing our communities	Meeting our housing need	Investing in our local economy & infrastructure	A strong, responsible & accountable Council
<p>support local coastal adaption needs.</p> <p>CR 036 Cromer and Mundesley Coastal Management Schemes - Additional application made for Cromer. This may not be approved. Costs will increase as a result of delays. Difficulties and delays in receiving consents will have an impact on timescales and costs.</p>				<p>sustainable strategy to bridge income/ expenditure.</p>
<p>CR 034 Not achieving the Net Zero 2030 target - Not delivering the Climate Action Plan or parts of it. Current Climate Action Plan will not achieve net zero target. Contractors</p>				<p>CR 008 Loss of Information - Loss of information assets.</p>

Corporate Priorities and Risks				
Our greener future	Developing our communities	Meeting our housing need	Investing in our local economy & infrastructure	A strong, responsible & accountable Council
unable to deliver services with net zero carbon. All Council input not achieved. Failing to secure contracts that do not result in net zero.				

Business Service Areas			
Place & Climate Change	Communities	Corporate Support	Resources
Planning Policy, Development Mgmt. Conservation and Landscape Enforcement, Property Information Economic Growth, Coastal Mgmt. Climate & Environment, Housing Strategy	Environmental Protection & Services, Public Protection Civil Contingences Leisure & Localities Housing Options and Adaptations Health & Communities Benefits	Communications & PR Elections HR	Legal Democratic Services ICT Finance Revenues Estates & Assets Property Services

Internal Audit Plan 2025/26

Appendix 2

Audit Area	Corporate Priority / Last Review & Opinion	Statutory Area? (Y/N)	Corporate Risk / Corporate Priority Link	Rationale for the audit	Overarching audit scope	Type of Work	Audit Priority
Service Business Areas							
Corporate Support - Steve Blatch							
Human Resources	2022/23 - Substantial	N	CP - A strong, responsible & accountable Council CO: Effective & Efficient Delivery - Creating a culture that empowers and fosters an ambitious, motivated workforce. Action: Produce an Organisational Development Plan for the Council which seeks to address the staff recruitment and retention challenges.	Draft OD Plan has been to CLT; some revisions to complete. There are implications and impacts when there are staffing shortages and problems with recruiting. The Council needs to have a more flexible and agile workforce. At times, service areas are not willing to share staff and staff members are not willing to work for another area for a variety of reasons and staff are not sufficiently skilled either.	Advisory work on corporate resilience to deliver services, looking at how the Council can be more agile with its workforce to ensure services are delivered, what the blockages might be to staff moving around the Council and suggestions on how these could be addressed.	Advisory	Essential
Resources - Tina Stankley							
Project Management Framework	2021/22 - Reasonable 2022/23 - Advisory assurance	N		Three strategic boards now in place Major Projects Oversight, Decarbonisation Oversight and Productivity and Performance Oversight). How effective are these?	Assurance on how effective these Boards are and are they delivering their terms of reference.	Assurance	Low
Risk Management	2024/25 - Limited	N		Assurance required for annual opinion	Assurance on a risk mgmt. area - TBC	Assurance	Essential
Legal, Governance and Democratic Services - Cara Jordan							
Data Protection	2024/25 - Substantial	N	CR 008 Loss of Information - Loss of information assets. CP - A strong, responsible & accountable Council CO: Effective & Efficient Delivery - Ensuring strong governance is at the hear of all we do.	An external review from EELGA into our IT service provision has taken place and recommendations are being actioned.			Monitor
Democratic Services (covering member expenses and allowances, interests, attendance, committee decision making etc.)	2022/23 - Substantial (Member interests & Code of Conduct, decision making)	N		Recent resource issues in this area has led to experience and knowledge losses. Recruitment ongoing and support in place. Therefore, risks exist around delivery of service.	Assurance on service delivery with limited and new staff in place.	Assurance	Medium
Corporate Governance (covering AGS, and Code of Governance)	2021/22 - Reasonable (AGS)	N		Assurance required for annual opinion	Assurance on a governance area - TBC	Assurance	Essential

Audit Area	Corporate Priority / Last Review & Opinion	Statutory Area? (Y/N)	Corporate Risk / Corporate Priority Link	Rationale for the audit	Overarching audit scope	Type of Work	Audit Priority
IT - Cara Jordan							
AI		N		AI is a tool the Council needs to be considering.	Advisory work on the Council's readiness to incorporate the use of AI into its service delivery and for staff to use.	Advisory	High
Applications review: HR system		N		New system is being procured; an Applications audit once in place will be beneficial.	Assurance on the governance of the application (user access and sign on, role set up, Admin role, connections to the network, user account mgmt etc.)	Assurance	Medium
Finance - Daniel King							
Key Financial Controls	2023/24 - Reasonable	N		Annual key controls on finance areas required.	Assurance on the key controls in the accounts payable, accounts receivable, income and accountancy services areas.	Assurance	High
Accountancy Services (incl. control accounts, banking, bank reconciliations, journals)	2023/24 - Limited	N					
Accounts Payable	2023/24 - Reasonable	N					
Income	2023/24 - Reasonable	N					
Accounts Receivable	2023/24 - Reasonable	N					
Fixed Asset Management		N		Looking to use the Civica module for asset mgmt. but the coding structure will need to be reviewed; will be using 2024/25 data.		Monitor	
Budget Setting and Control		N	CR 015 Medium Term Financial Plan - Reduced funding to fund current service levels and produce a balanced budget. Use of reserves is not sustainable strategy to bridge income/ expenditure. CP - A strong, responsible & accountable Council CO: Effective & Efficient Delivery - Managing our finances and contracts robustly to ensure best value for money.	To support the MTFPs, some review of budget mgmt., and any potential overspending in year, the reasons for this and what is being done to address this, would be beneficial.	Assurance on how budgets are managed and monitored to identify and address any potential or actual overspending in year.	Assurance	High
Procurement	2023/24 - Reasonable	N		Introduction of the new Procurement Act in February 2025. Audit to review compliance with this would be useful.	Assurance on the Council's compliance with the new Procurement Act to include assurance on the process for updating the Contracts Register.	Assurance	Medium

Audit Area	Corporate Priority / Last Review & Opinion	Statutory Area? (Y/N)	Corporate Risk / Corporate Priority Link	Rationale for the audit	Overarching audit scope	Type of Work	Audit Priority
Commercial Assets - Daniel King							
Commercial Estates (leasing, rents etc.)	2019/20 - Reasonable 2024/25 - TBC	N	CP - A strong, responsible & accountable Council CO: Investing in projects which deliver financial returns and/or contribute to our wider objectives around Net Zero, business and jobs, community facilities and infrastructure. Action: Review the Council's approach to Asset Commercialisation to reflect the findings of the Corporate Peer Challenge in seeking to realise new and emerging opportunities around the use of the Council's land and property assets through preparing a revised Asset Management Strategy by September 2024.	There was a recommendation from the Peer review that a trading company be set up to manage the assets, but this is not a route that NNDC wanted to take. Need to put in place a new asset management strategy.		Monitor	
Property Services (cover fabric of building and works mgmt. i.e., maint. and improvements of all assets incl. safety checks on Council owned properties like TA, toilets, play parks etc.)	2019/20 - Reasonable 2022/23 - Position Statement 2023/24 (FU of Pos Statement Temp Accomm)	N		System is being re-procured. Current system is Concerto. Contract end in June 2025. Service review in coming months.	Assurance on the effectiveness and efficiency of controls within Property Services to ensure that Council owned properties and assets are adequately maintained in line with any relevant laws, regulations and policies.	Assurance	High
Organisational Resources - Steve Hems							
Customer Services	2021/22 - Substantial	N	CP - A strong, responsible & accountable Council CO: Developing our self service options so that customers can do business with us 24/7 to enable the most efficient transactions. Action: Undertake a review of our Customer Service provision by September 2024 to ensure that we continue to meet the needs of our residents whilst embracing new technology and digital platforms so as to increase access to council services 24/7 through self-service	The Customer Services Team have continually updated processes and introduced new technology as part of the process of continuous improvement. The complaints process has been updated and will shortly be ready for adoption in readiness for the introduction of a new complaints code of practice from the LGSCO. A wider service review to be completed to fully address the action.		Monitor	

Audit Area	Corporate Priority / Last Review & Opinion	Statutory Area? (Y/N)	Corporate Risk / Corporate Priority Link	Rationale for the audit	Overarching audit scope	Type of Work	Audit Priority
People Services - Karen Hill							
Housing Benefits and Council Tax Support	2022/23 - Substantial	N		Procurement processes completed; staying with Civica. A new CT Support Scheme is being implemented and there is a lot of work to do by April 2025. An audit after this would be beneficial.	Assurance on the new CT Support Scheme and whether this is being applied in practice, focusing on the changes as a result of the new scheme and change of circumstances.	Assurance	Medium
Homelessness - TA, Housing Options and Strategy	2023/24 - Reasonable	Y	CP - A strong, responsible & accountable Council CO: Delivering services that are value for money and meet the needs of our residents. Action: Undertake a Value for Money Review of the Council's Temporary Accommodation provision in light of rising numbers of homeless households being accommodated in Bed and Breakfast accommodation.	High priority area. Have recommendations and actions from Shelter to implement. Need a wider discussion at first review of Audit Plan around this area to identify if there are any key areas for audit. Government looking to put homelessness monies this into the settlement funding. VFM review of TA done in this area, in house and then a more in depth review from EELGA; are completing the recommendations now. Report to be taken as assurance initially.		Monitor	
Environmental and Leisure - Emily Capps							
Leisure	2024/25 - Reasonable	N	CP - Developing our Communities CO:: Developing further the leisure facilities provided across the District. Action: Explore external funding to support a business case to provide a mains electricity supply to allow further development of facilities at Holt Country Park. Business case to be prepared by March 2025. Action: Develop clear business cases, project investment proposals and timescales to provide 3G pitches at Cromer, Fakenham and North Walsham aligned with external funding opportunities – business cases to be prepared by June 2024.	External funding explored but none available. Proposal is to fund from S106 monies. Business case in place, awaiting agreement from landowner. Cromer has funding for the 3G pitch. At Fakenham, an application is being done; this is linked to the FLASH project. At North Walsham, this can progress when the lease is signed; FA is requesting a higher level of facilities to go with the pitches which increases the cost.		Monitor	

Audit Area	Corporate Priority / Last Review & Opinion	Statutory Area? (Y/N)	Corporate Risk / Corporate Priority Link	Rationale for the audit	Overarching audit scope	Type of Work	Audit Priority
Markets and Towns	2016/17 - Substantial	N	<p>CP: Investing in our local Economy & Infrastructure CO: Working with our Market and Resort Towns to reinforce their roles as local service centres, centres of employment, financial services and business activity, served by public transport. Action: Work with partners in Fakenham to retain banking and post office services in the town centre, through establishing a banking hub facility by September 2024. Action: Work with the local community and partners in Stalham through the Government's High Street Task Force programme to develop a series of interventions to improve the town centre environment and levels of footfall and activity for delivery of the period April 2024 – March 2027.</p>	<p>Difficult to progress currently.</p> <p>Completed – A town team has been established. There is no further funding for additional projects.</p>		Monitor	
Parks and Open Spaces and Woodland Management	2015/16 - Reasonable	N	<p>CP - Our Greener Future CO: Continue our journey to Net Zero - Protecting and enhancing the special landscape and ecological value of North Norfolk whilst improving the biodiversity of the district. Action: Undertaking a review of our open spaces maintenance regimes with the objective of increasing carbon efficiency and encouraging areas of increased biodiversity by September 2024 and implement new arrangements from the 2025 growing season.</p> <p>CP - Developing our Communities CO: Ensuring that people feel well informed about local issues, have opportunities to get involved, influence local decision making, shape their area and allow us to continue to improve services they receive. Action: Produce and publish a Rural Strategy and Action Plan by June 2024.</p>	<p>This has not been progressed due to a lack of capacity and may be removed as an action. An audit of country park provision / woodland management would be beneficial.</p>	<p>Assurance on whether we are effectively managing our country park provision and woodlands.</p>	Assurance	Low

Audit Area	Corporate Priority / Last Review & Opinion	Statutory Area? (Y/N)	Corporate Risk / Corporate Priority Link	Rationale for the audit	Overarching audit scope	Type of Work	Audit Priority
Waste Management Contract with SERCO (refuse collection, street cleansing, recycling, commercial waste collection, bulky items, garden waste collection service, clinical waste and grounds maintenance)	2021/22 - Reasonable 2024/25 - TBC (Food Waste)	Y	CP - Our Greener Future CO: Using the National Waste and Resources Strategy implementation and any additional funding available to maximise recycling and reduce waste through the introduction of new streams, such as food waste collections for every household. Action: Increase the percentage of household waste collected which is recycled through programmes of education and public awareness and the development of a Business Case by March 2025 for the introduction of a food waste collection service in the 2025/26 civic year.	A significant part of this is the introduction of food waste collections for households in 2026. An audit on preparedness may be beneficial. Audit taking place in 2024/25 on trade and garden waste.		Monitor	
Environmental Health (food health & safety, pest control, dog warden, licensing (taxis, premises, alcohol))	2021/22 - Reasonable	Y	CP - A strong, responsible & accountable Council CO: Delivering services that are value for money and meet the needs of our residents. Action: Monitor progress towards the objectives detailed in the new Medium-Term Financial Strategy (November 2023) through continuously reviewing service delivery arrangements so as to realise efficiencies and ensure value for money service provision in meeting the needs of our residents, businesses and visitors. Two detailed service area reviews will be completed each year starting with IT and Licensing.	There has been a significant increase in taxi licences to process, approx 200 vehicles a year. Would be useful to see how Team is managing the processing of this area. The Licensing service review by EELGA is now underway. The IT one is complete and actions are being looked at.	Assurance on the effectiveness and efficiency of controls within the licencing process to ensure that licences are issued on time, correctly and in line with relevant policies, laws and regulations.	Assurance	Medium
Private Sector Housing - private rental and enforcement	2024/25 - Limited	Y		Need to address recommendations from the last audit first and then do another audit.		Monitor	
HMOs	2024/25 - Limited	Y		Need to address recommendations from the last audit first and then do another audit.		Monitor	
Civil Contingencies and Business Continuity	2023/24 - Limited	N		Most recommendations now complete. Audit in 2026/27.		Monitor	

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Planning - Russell William							
Building Control	2022/23 - Reasonable	Y		LABC have just completed an audit; awaiting report but LABC have identified areas around capacity and training. Lots of changes have taken place. Competition in market to do this service. An audit would be beneficial.	Assurance on the effectiveness and efficiency of controls within the building control process to ensure that activities, are completed in line with relevant policies, laws and regulations and timely , to include monitoring and recording of activities. To be amended when the LABC report received.	Assurance	High
Development Management Planning & planning enforcement)	2022/23 - (Planning) Reasonable	Y	CP - A strong, responsible & accountable Council CO: Continuing a service improvement programme to ensure our services are delivered efficiently. Action: To continue improvements to our Planning Service under the Planning Service Improvement Strategy introduced in March 2023 and to deliver the action plan by July 2024, with the intention of providing exemplary customer service to planning service users, improving performance monitoring and reporting, web pages, training for members and staff, review of appeal decision notices and pre-application processes and refining validation list requirements.	No concerns. Good progress is now being made on the Plan actions and the matter is being considered by Overview and Scrutiny Committee on 16th October 2024. The O&S report includes a detailed progress update on all outstanding elements of the Plan.		Monitor	
Local Plan		Y	CP - Our Greener Future CO: Continue our journey to Net Zero - Protecting and enhancing the special landscape and ecological value of North Norfolk whilst improving the biodiversity of the district. Action: Complete the work on the production and examination of the North Norfolk Local Plan and formally adopt the Plan by September 2024.	Delayed due to the Election but should be ready to be adopted in October 2025 but this is dependant on the Inspector's response; the Local Plan is with them currently. If the Inspector does not believe the Local Plan will achieve the housing targets then we will have to start again.		Monitor	

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Sustainable Growth - Robert Young							
Economic Growth	2022/23 - Position Statement	N	<p>CP: Investing in our local Economy & Infrastructure</p> <p>CO: Ensuring an adequate supply of serviced employment land and premises to support local business growth and inward investment.</p> <p>Action: Based on previously commissioned surveys, develop a pipeline project proposal by December 2024 which seeks to increase the supply of serviced land or advance factory premises at Fakenham, Holt or North Walsham and can be delivered at pace if external funding can be secured for such an investment.</p> <p>CO: Influencing issues of water scarcity and constraints in the local electricity distribution network.</p> <p>Action: With partners, develop Energy Infrastructure and Water Resources Plans for the district by March 2025 and lobby for these key infrastructure constraints in the district to be addressed by statutory undertakers so that businesses and developers are not disadvantaged in taking forward investment plans in the district.</p>	<p>Liaison with relevant stakeholders in relation to potential sites are ongoing.</p> <p>Growth Strategy and Action Plan for the District - strategy completed; implementation is ongoing.</p>		Monitor	

Audit Area	Corporate Priority / Last Review & Opinion	Statutory Area? (Y/N)	Corporate Risk / Corporate Priority Link	Rationale for the audit	Overarching audit scope	Type of Work	Audit Priority
Coastal Management	2019/20 - Substantial 2024/25 - TBC	N	<p>CR 002 Flooding, erosion and loss of assets and delivery of services - Lack of ability to maintain coast defences and / or to support local coastal adaption needs.</p> <p>CR 036 Cromer and Mundesley Coastal Management Schemes - Additional application made for Cromer. This may not be approved. Costs will increase as a result of delays. Difficulties and delays in receiving consents will have an impact on timescales and costs.</p> <p>CP - Our Greener Future CO: Continuing our programme of investment in coastal and resort infrastructure and amenities, building on the progress made in recent years.</p>	Lots of change to CPE being dissolved but audit taking place in 2024/25 - await outcome of audit.		Monitor	
Environmental Charter	2021/22 - Reasonable 2024/25 - TBC		<p>CR 034 Not achieving the Net Zero 2030 target - Not delivering the Climate Action Plan or parts of it. Current Climate Action Plan will not achieve net zero target. Contractors unable to deliver services with net zero carbon. All Council input not achieved. Failing to secure contracts that do not result in net zero.</p> <p>CP - Our Greener Future CO: Continue our journey to Net Zero.</p>	Significant funds needed to make the building net zero. Biggest difficulty is decarbonising the waste contract - electric vehicles do not have the range for a rural district and the infrastructure at depot to recharge electric vehicles is not adequate. Next steps are to review the objectives and net zero strategy and action plan - may need more offsetting projects. Wait outcome of 2024/25 audit.	Potential audit when new strategy and a plan in place.	Monitor	

EASTERN INTERNAL AUDIT SERVICES



NORTH NORFOLK DISTRICT COUNCIL

Internal Audit Charter and Mandate

Head of Internal Audit: Teresa Sharman

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Purpose

Purpose

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

The internal audit function enhances the Council's: -

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

The Council's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the Chartered Institute of Internal Auditor's (CIIA) Global Internal Audit Standards, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the Audit Committee.
- Auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

- The Council's internal audit function will adhere to the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The chief audit executive (Head of Internal Audit) will report annually to the Audit Committee.

Internal and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

Mandate

Authority

The Council's internal audit function mandate is found in the Accounts and Audit Regulations 2015, which states: - Internal Audit

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.

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.

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 the Council and other specialized services from within or outside the Council to complete internal audit services.

Independence, Organizational Position, and Reporting Relationships

The chief audit executive will be 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 chief audit executive will report functionally to the Audit Committee and administratively (for example, day-to-day operations) to the Chief of Staff at South Norfolk 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.

The chief audit executive 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 chief audit executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence.

The chief audit executive will disclose to the Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function’s effectiveness and ability to fulfil its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the chief audit executive, Audit Committee and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to: -

- A significant change in the Global Internal Audit Standards.
- A significant reorganisation within the organisation.
- Significant changes in the chief audit executive, 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.

Audit Committee Oversight

Oversight

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

- Discuss with the chief audit executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the chief audit executive has unrestricted access to and communicates and interacts directly with the Audit Committee, including in private meetings without senior management present.
- Discuss with the chief audit executive and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with the chief audit executive and senior management about the “essential conditions,” described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter annually with the chief audit executive to consider changes affecting the organisation, such as the employment of a new chief audit executive or changes in the type, severity, and interdependencies of risks to the organization; and approve the internal audit charter annually.
- Approve the risk-based internal audit plan.
- Advocate to senior management that sufficient budget and staffing resources are provided to the internal audit function to fulfil its mandate and accomplish its internal audit plan.
- Provide feedback to senior management on the appointment and removal of the chief audit executive, ensuring adequate competencies and qualifications and conformance with the Global Internal Audit Standards.

- Review and provide feedback to the Chief of Staff at South Norfolk Council on the chief audit executive's performance.
- Receive communications from the chief audit executive about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established and review the results annually.
- Make appropriate inquiries of senior management and the chief audit executive to determine whether scope or resource limitations are inappropriate.

Chief Audit Executive Roles and responsibilities

Ethics and Professionalism

The chief audit executive will ensure that internal auditors: -

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organization.
- Report organisational behaviour that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.

Objectivity

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

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

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

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for the Council or its affiliates.

- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any the Council employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will: -

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

Managing the Internal Audit Function

The chief audit executive has the responsibility to: -

- At least annually, develop a risk-based internal audit plan that considers the input of the 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 the Council's business, risks, operations, programs, 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 and laws and/or regulations.

- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Committee and senior management periodically and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfil the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the 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 the Council's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the chief audit executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit Committee.

Communication with the Audit Committee and Senior Management

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

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.

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

Quality and Assurance Improvement Programme

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

Annually, the chief audit executive will communicate with the Audit Committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Council; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

Scope and type of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organisation, including all of Council's activities, assets, and personnel.

The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for the Council.

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

Internal audit engagements may include evaluating whether: -

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

Approval

Approval of Charter and Mandate

Approved by the Governance, Risk and Audit Committee at its meeting on 25th March 2025