

Report to: Audit Committee

Date: 21 November 2025

By: Chief Finance Officer

Title of report: CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government

Purpose of report: To update Audit Committee on the new Code of Practice for the Governance of Internal Audit in UK Local Government (the Code) and to report on the results of East Sussex County Council's self-assessment against it, along with any actions arising.

RECOMMENDATIONS: Audit Committee is recommended to consider the contents of the report and appendices, and note:

- 1) the results of the self-assessment against the new Code; and
 - 2) the action plan formulated in response.
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1. Background

- 1.1 The statutory basis for Internal Audit in local government is provided in the Accounts and Audit Regulations 2015, which require a local authority to "*undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes*", taking into account relevant professional standards.
- 1.2 With effect from 1 April 2025, these Standards are Global Internal Audit Standards (GIAS) (and the Application Note: GIAS in UK Public Sector), which include essential conditions for the governance of internal audit. The Code of Practice has therefore been developed to provide a framework for how these conditions can be met within the specific context of UK local government, including roles and responsibilities of the Audit Committee, senior management and those charged with governance towards internal audit.
- 1.3 CIPFA (Chartered Institute of Public Finance and Accountancy) has developed the Code in order to support authorities in establishing and maintaining their internal audit arrangements and providing oversight and support for internal audit. The Code is designed to work alongside the new GIAS, which were reported to Audit Committee in September 2025. It also forms part of the broader governance framework, informing the Annual Governance Statement (AGS) and supporting the principles set out in the Financial Management Code and the suite of annual reports presented at this Audit Committee meeting.
- 1.4 CIPFA highlights that effective arrangements for the governance of internal audit, as well as effective internal audit, are vital parts of an authority's governance arrangements and therefore require local authorities to explain how they comply with the Code within their annual governance statement.

2. Supporting Information

- 2.1 A full copy of the self-assessment against the new Code is attached to this report as Appendix A and includes details of any potential actions arising from it. As can be seen,

the organisation is generally conforming with the majority of the Code with the exception of a small number of areas, none of which are considered significant and all of which can be addressed relatively quickly and easily. The full Code is attached at Appendix B.

2.2 These actions relate to the following areas:

- The need for the Council to explain how it complies with the new Code within its AGS. Given the April 2025 implementation date, this will be addressed with the 2025/26 AGS;
- The requirement for the Chair of the Audit Committee to provide feedback on the Chief Internal Auditor's job description and performance evaluation;
- The need for the Audit Committee to include its conclusions as to the effectiveness of Internal Audit as part of its own annual report to those charged with governance.

2.3 In all 3 cases, management will be working with the Audit Committee to implement the necessary actions by the end of 2025/26.

3. Conclusion and Recommendations

3.1 Audit Committee is recommended to consider the contents of this report and appendices and to note the results of the assessment against the Code and the action plan in response to this.

IAN GUTSELL
Chief Finance Officer

BACKGROUND DOCUMENTS

None