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Approved by:	Audit Committee

1. Purpose

The purpose of Internal Audit is to add value and improve esure’s operations through independent, objective assurance and consulting activities. Internal Audit assists management to achieve objectives by systematically evaluating the effectiveness of risk management, control and governance processes and identifying areas for improvement.

2. Commitment to adhering to Standards

Internal Audit undertakes its work in accordance with The Institute of Internal Auditors Global Internal Audit Standards and the Chartered Institute of Internal Auditors Code of Practice. This is confirmed annually to the Audit Committee.

Guidance issued by the Chartered Institute of Internal Auditors in respect of ‘Effective Internal Audit in the Financial Services Sector’ will also be followed as appropriate.

Ongoing conformance to these requirements will be maintained through a Quality Assurance and Improvement Programme (QAIP) including an annual internal assessment and periodic (at least once every five years) external assessments.

Any instances of non-conformance will be reported to the Audit Committee Chair.

3. Role and Scope

The role of Internal Audit is to develop risk-based audit plans that provide an assessment of the design and effectiveness of governance arrangements, risk management systems and internal control frameworks across the esure Group.

To fulfil this role, Internal Audit shall:

- Develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organisation, designed to achieve a long-term or overall objective and including a vision, strategic objectives, and supporting initiatives.
- Validate the key risks to esure’s operations, using information from key stakeholders including Risk Management and Compliance functions;
- Identify and evaluate controls established to manage key risks;

- Review established policies, procedures and processes to provide assurance that they are designed appropriately and are operating effectively to achieve objectives;
- Make recommendations for improvements, aligned to a digital first and data led mindset
- Undertake audit engagements as agreed by the Audit Committee; and
- Report to the Audit Committee and Management on findings of audit engagements

4. Authority

The Chief Audit Officer (CAO) reports directly to Chair of the Audit Committee, with a reporting line to the Chief Executive Officer in respect of day to day operations. To ensure that Internal Audit has sufficient authority to fulfil its duties, the Audit Committee will:

- Approve the Internal Audit Charter and review it on an annual basis;
- Approve the annual risk based Internal Audit plan and any significant changes to the plan;
- Approve decisions in respect of the appointment of a Chief Audit Officer as well as Internal Audit's budget and resource plan;
- Review reports in respect of progress against agreed audit plans; and
- Ensure that the scope and resource of the Internal Audit remains appropriate to support esure in its management of risk and achievement of objectives.

The Audit Committee authorises the Internal Audit function to:

- Have full, free and unrestricted access to all functions, records, property and personnel pertinent to the scope of audit engagement (subject to handling information confidentially in line with established security principles);
- Allocate assurance resource, determine scope of audit engagements and audit methodology to deliver audit objectives; and
- Obtain internal or external support to ensure appropriate resource is available to deliver audit engagements including specialist and technical resource as required.

5. Independence and Objectivity

The independence of the Internal Audit function is established through its direct reporting line to the Audit Committee. To maintain its independence, Internal Audit shall have free and unrestricted access to the Chair of the Audit Committee, as well as the Chair of the Board, should this be required.

Internal Audit should not have any operational responsibility for any activities across esure's operations and is not authorised to perform any tasks that contribute to day to day control procedures.

The independence of Internal Audit should be confirmed to the Board at least annually. Any impairments or conflicts that emerge that could impact the independence or objectivity of Internal Audit should be reported to the Chair of the Audit Committee as soon as they arise.

6. Responsibility

6.1 Audit Planning

The Chief Audit Officer will submit, at least annually, to the Audit Committee, a risk based Internal Audit Plan for review and approval.

Audit plans will comprise audits across the esure group (audit universe) focusing on the higher risk areas, identified through knowledge of the business objectives, key activities and key risks; previous audit history; horizon scanning and discussions held with the Exec and Senior Leadership Team.

Audit plans will also take into consideration any 2nd line assurance activity and any external reviews recently undertaken or planned in the year ahead.

The agreed plan will be communicated to the Board and Senior Management once approved. Any proposed changes to the plan (e.g. as a result of emerging risks or issues) will be referred to the Audit Committee for review and approval.

6.2 Audit Delivery

Internal Audit will be responsible for agreeing audit scopes and Terms of Reference with management and accountable executive owners.

Internal Audit will engage with management ahead of each review confirming the detail and timing of audits, as well as access to personnel and information required to deliver the work.

Audit fieldwork shall be conducted in a professional and timely manner with findings discussed and validated with management as the audit progresses.

6.3 Audit Reporting

Internal Audit shall report the findings of Internal Audit engagements to management through Internal Audit Reports using the report gradings and findings ratings provided in Appendix I.

Internal Audit reports will be issued to the Audit Committee once finalised and included in periodic reporting to the Committee.

6.4 Audit Follow Up

Internal Audit shall develop and maintain a follow up programme to monitor action taken by management in response to audit findings and recommendations. A log of follow up activity will be maintained, and Internal Audit will be responsible for the formal acceptance and closure of agreed actions within agreed target dates. The CAO has the authority to amend target dates, where requested by management. Changes to High priority action target dates must be discussed with the Audit Committee Chair at the earliest reasonable opportunity.

If an agreement cannot be reached in respect of the closure of agreed actions, this will be ultimately referred to the Audit Committee to assess the associated risks and confirm or challenge acceptance.

6.5 Audit Procedures

Responsibilities will be carried out in line with the following:

- Internal Audit Methodology;
- and
- Quality Assurance and Continuous Improvement Programme

7. Quality Assurance and Improvement

The CAO will establish and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of Internal Audit Activity. This will include an evaluation of Internal Audit’s conformance with International Standards and the IIA Code of Ethics.

8. Review and Approvals

Chief Audit Officer	Date 19 November 2024
Audit Committee Chair	Date: 19 November 2024
Chief Executive Officer	Date: 19 November 2024

Appendix I: Internal Audit Report Gradings and Findings Ratings

Report Gradings

Level of Assurance	Opinion
Substantial	The control environment is generally strong. Key controls are in place and working effectively, although some enhancements or improvements may be required.
Adequate	The control environment is generally satisfactory, subject to some remedial activity being required.
Partial	The control environment requires improvement, and weaknesses in controls have been identified. Remedial actions are required to address the weaknesses identified
Limited	The control environment is unsatisfactory. Material control weaknesses identified, either by nature or value, requiring the need for significant and urgent remedial action

Findings Ratings

Priority	Impact
High	Control weakness or deficiency that could result in a highly material or critical impact, in nature or value. Remedial action should be taken urgently.
Medium	Control weakness or deficiency exists that could result in a reasonably material impact, in nature or value. Remedial action should be taken at the earliest opportunity.
Low	Control weakness or deficiency exists that could result in a relatively minor impact or reduction in performance or efficiency. Remedial action should be prioritised accordingly
Improvement Opportunity	Opportunities to improve efficiency or ways of working. Action to be taken at management discretion. These are not tracked by Internal Audit.