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## **Audit and Governance Committee**

**31 March 2025**

### **Internal Audit Plan 2025/26**

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**Report of: Janet Witkowski, Acting Governance, Compliance and Monitoring Officer**

**Report Reference No: AG/38/24-25**

**Ward(s) Affected: All**

**For Decision or Scrutiny: Decision**

### **Purpose of Report**

- 1 The purpose of this report is for the Committee to receive and approve the proposed Internal Audit Plan for 2025/26 (Appendix A). This report supports the Committee's responsibility, as set out in their Terms of Reference, to approve the risk based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

### **Executive Summary**

- 2 The preparation and delivery of the annual Internal Audit Plan, annual opinion on the arrangements for governance, risk and internal control, and the assurances these provide to the Annual Governance Statement (AGS) are key indicators and contributors for the Council's corporate objectives as an open and enabling organisation.
- 3 The Council's Internal Audit Charter, which has been developed to ensure compliance with the Public Sector Internal Audit Standards (PSIAS), requires the preparation of a risk based internal audit plan which considers the need to produce an annual internal audit opinion. The opinion is a key source of assurance for the AGS which is approved by the Audit and Governance Committee and signed by the Council's Chief Executive and Leader.

## RECOMMENDATIONS

The Audit and Governance Committee is recommended to:

1. Approve the Internal Audit Plan 2025/26.
2. Note that the plan details priority work during quarters 1 and 2 along with additional areas for consideration during quarters 3 and 4. Progress against the plan and the priorities for the last 6 months of 2025/26 will be reported back as part of the regular updates to the Committee.

## Background

- 4 All principal local authorities subject to the Accounts and Audit Regulations 2015 must make provision for internal audit in accordance with the PSIAS. The PSIAS state that the provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the Head of Audit Risk and Assurance (as “Chief Audit Executive”) to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.
- 5 With effect from 1 April 2025, the Global Internal Audit Standards (GIAS) come into effect and, in response, CIPFA have developed a new Application Note: Global Internal Audit Standards in the UK Public Sector (2025). This accepts the GIAS as the standards for the professional practice of Internal Audit in England in local government. However, the Application Note (2025) makes some minor amendments which are applicable for councils. The Application Note (2025) will replace the PSIAS and the previous Application Note (2013).
- 6 CIPFA have also issued a Code of Practice for the Governance of Internal Audit in UK Local Government to further support local authorities in implementing the new standards.
- 7 Whilst the new standards come into effect on 1 April 2025, Internal Audit teams will not be expected to demonstrate full conformance on this date. An action plan, setting out how the Council’s Internal Audit arrangements will be revised to achieve conformance with the standards will be provided to a future meeting of the Committee; this will be presented alongside the results of the external assessment against the Public Sector Internal Audit Standards.
- 8 The planning process and risk assessment is detailed in Appendix A. The process ensures internal audit resources continue to focus on

areas where assurance provides the most value, particularly during periods of change.

- 9 For planning purposes, the 2025/26 plan is based on current internal audit resources with adjustments made where necessary to reflect any changes in resource during the year.
- 10 Proposed audit activities identified through the development and consultation process are matched against the internal audit resources available and prioritised accordingly. The proposed risk-based summary internal audit plan for 2025/26 is included at Appendix A.
- 11 In accordance with the PSIAS, the plan is fixed for a period of no longer than one year. It details the assignments to be carried out, their respective priorities, (by differentiating between core assurance work and other work), and the estimated resources required. The Corporate Leadership Team (CLT) has been consulted on the plan prior to presentation to the Committee.
- 12 The plan will be reviewed and refined during the year. Minor changes to the plan will be agreed by the Head of Audit Risk and Assurance. Any significant matters impacting upon the completion of the plan or the ability to provide the annual opinion will be reported to CLT and the Audit and Governance Committee.
- 13 In accordance with the Internal Audit Charter, the Committee is asked to review and approve the proposed internal plan 2025/26. In doing so, Members should consider whether the:
  - (a) Scale and breadth of activity is sufficient to allow Internal Audit to provide an independent and objective audit opinion that can be used to inform the AGS.
  - (b) Level of resources in any way limits the scope of Internal Audit or prejudices the ability to deliver a service consistent with the PSIAS.
  - (c) Level of non-assurance work has an adverse impact on the core assurance work

## **Consultation and Engagement**

- 14 In preparing the Internal Audit Plan 2025/26, consultation has been undertaken to identify the expectations of senior management, external audit, and other key stakeholders (as detailed in Appendix A).

## Reasons for Recommendations

- 15 The Internal Audit Charter, developed in accordance with the PSIAS requires the production of an annual internal audit plan. The plan sets out the anticipated range and volume of work which is required to deliver the annual internal audit opinion on the organisation's arrangements for governance, risk, and control.
- 16 The requirement to approve the annual internal audit plan is within the Audit and Governance Committee's Terms of Reference

## Other Options Considered

1. No other options are applicable.

Option	Impact	Risk
Do nothing	Failure to provide Audit and Governance Committee with the annual internal audit plan for review and approval	Failure to comply with the Public Sector Internal Audit Standards/ Global Internal Audit Standards in the UK Public Sector.

## Implications and Comments

### *Monitoring Officer/Legal*

- 17 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that authorities "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.
- 18 The guidance accompanying the Regulations recognised that with effect from 1st April 2013, the Public Sector Internal Audit Standards (PSIAS) represent "proper internal audit practices". The PSIAS apply to all internal audit service providers within the UK public sector.
- 19 As previously referred to, consideration will need to be given to the new Global Internal Audit Standards (GIAS) and Application Note: Global Internal Audit Standards in the UK Public Sector (2025) to ensure compliance in 2025/26.

## *Section 151 Officer/Finance*

- 20 In accordance with the PSIAS, the Audit and Governance Committee should ensure that the function has the necessary resources and access to information to enable it to fulfil its mandate and is equipped to perform in accordance with appropriate professional standards for internal auditors.
- 21 The Internal Audit Plan 2025/26 has been prepared, based on current resources, to cover work required to deliver an annual audit opinion. This will be compared to resource availability as part of implementing the plan and then in monitoring progress against the plan.
- 22 Should additional capacity be required to undertake areas of specialism, or to support the delivery of the plan, additional resources would be required. This may require procurement of specialist support which would be procured in line with the Council's procedure rules, or through additional capacity to the team being provided.
- 23 If an imbalance between the two arises the Committee will be informed of proposed solutions. Matters that jeopardise the delivery of the audit plan or require significant changes to it will be identified, addressed, and reported to the Committee.

## *Policy*

- 24 There are no direct implications for policy

<b>Commitment 1: Unlocking prosperity for all</b>	<b>Commitment 2: Improving health and wellbeing</b>	<b>Commitment 3: An effective and enabling council</b>
		The provision of effective internal audit supports this Commitment.

## *Equality, Diversity and Inclusion*

- 25 There are no direct implications for equality, diversity and inclusion.

## *Human Resources*

- 26 The current Internal Audit team comprises an Internal Audit Manager (acting up), 1 Principal Auditor (acting up), 3 Senior Auditors and 2 Auditors equating to 6.3 FTE (full time equivalent).
- 27 The Internal Audit Manager post continues to be filled through a longstanding acting up arrangement by a Principal Auditor. A Principal

Auditor vacancy also continues to be filled through an acting up arrangement by a Senior Auditor. The substantive Principal Auditor and Senior Auditor posts remain vacant

### *Risk Management*

- 28 Delivery of an appropriately balanced and focused Internal Audit Plan supports the Council's ability to effectively and efficiently identify and manage its risks, with the implementation of recommended actions designed to deliver improvements in governance and the control environment

### *Rural Communities*

- 29 There are no direct implications for rural communities.

### *Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

- 30 There are no direct implications.

### *Public Health*

There are no direct implications for public health.

### *Climate Change*

- 31 There are no direct implications for climate change.

<b>Access to Information</b>	
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Appendices:	Appendix A – Internal Audit Plan 2025/26
Background Papers:	Public Sector Internal Audit Standards (PSIAS) Global Internal Audit Standards (GIAS) Application Note: Global Internal Audit Standards in the UK Public Sector (2025). The Accounts and Audit Regulations 2015