

REPORT TITLE: INTERNAL AUDIT ANNUAL CONCLUSION 2025-26

16 JULY 2026

REPORT OF CABINET MEMBER: Cllr Neil Cutler, Deputy Leader and Cabinet Member for Finance and Transformation

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WARD(S): ALL WARDS

PURPOSE

In accordance with the Global Internal Audit Standards in UK Public Sector and the Council's Internal Audit Charter, the Chief Internal Auditor is required to provide a written report reviewing the effectiveness of Council's framework of risk management, internal control and governance which can be used to inform the production of the Annual Governance Statement.

The Internal Audit Annual Conclusion 2025-26 provides the Chief Internal Auditor's opinion on the effectiveness of the framework of governance, risk management and control and summarises audit work from which that opinion is derived.

RECOMMENDATIONS:

1. The Audit & Governance Committee are invited to consider and note the Internal Audit Annual Conclusion for 2025-26 attached as Appendix 1.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

- 1.1 Internal audit plays a vital role in supporting the Council accomplish plan outcomes by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.2 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.
- 1.3 The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the Council Plan Outcomes.

2 FINANCIAL IMPLICATIONS

- 2.1 Internal audit is provided through the Southern Internal Audit Partnership. The internal audit plan for 2025-26 comprised 295 audit days and was delivered within the agreed budget.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The Accounts and Audit Regulations 2015 require local authorities to “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”.

4 WORKFORCE IMPLICATIONS

- 4.1 There are no additional workforce implications arising from the content of this report.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 There are no property and asset implications arising from the content of this report.

6 CONSULTATION AND COMMUNICATION

- 6.1 The contents of this report were discussed with the Executive Leadership Board.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 There are no environmental implications arising from the content of this report.

8 PUBLIC SECTOR EQUALITY DUTY

- 8.1 None.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 None required.

10 RISK MANAGEMENT

Risk	Mitigation	Opportunities
Financial Exposure	Internal Audit supports the Council to ensure proper financial management, effective and transparent governance, risk management and control through its audit activities and assurance service.	Enhancement of the Council's reputation through the strengthening of the effectiveness of risk management, control and governance processes.
Exposure to challenge		
Innovation		
Reputation		
Achievement of outcome		

- 10.1 The Southern Internal Audit Partnership follow a risk-based audit approach in which risks and controls associated with the achievement of defined business objectives are identified and both the design and operation of the controls in place to mitigate key risks are assessed and tested, to ascertain the residual risk to the achievement of managements' objectives. Any audit work intended to provide an audit opinion was undertaken using this approach.

11 SUPPORTING INFORMATION:

- 11.1 Under the Accounts and Audit (England) Regulations 2015, the Council is responsible for:
- Ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of functions and includes arrangements for the management of risk; and

- Undertaking an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.

11.2 In accordance with the Global Internal Audit Standards in the UK Public sector and the Council's Internal Audit Charter, the Chief Internal Auditor is required to provide a written report reviewing the effectiveness of Council's framework of risk management, internal control and governance which can be used to inform the production of the Annual Governance Statement.

11.3 The Internal Audit Annual Conclusion for 2025-26 (attached as Appendix 1) provides the Chief Internal Auditor's opinion and summarises the audit work from which that opinion is derived.

12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 No alternative options have been considered as this report is a requirement under relevant legislation and standards.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

AG164 Internal Audit Annual Conclusion 2024-25

AG165 Internal Audit Charter and Risk-Based Plan 2025-26

AG181 External Quality Assessment – Final Report

Other Background Documents:-

None.

APPENDICES:

AG187 Internal Audit Annual Conclusion 2025-26 (Appendix 1)