

REPORT TITLE: APPROVAL OF THE INTERNAL AUDIT PLAN AND INTERNAL  
AUDIT CHARTER 2025-26

25 FEBRUARY 2025

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

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WARD(S): ALL WARDS

PURPOSE

The purpose of this report is to provide an update to Members on the preparations of the Internal Audit Plan 2025-26 and Internal Audit Charter 2025-26.

RECOMMENDATIONS:

1. That delegated authority be granted to the Director (Finance) in consultation with the Chair of the Audit and Governance Committee to endorse the Internal Audit Plan 2025-26 and the Internal Audit Charter 2025-26 prior to formal approval by the Audit and Governance Committee at the next available Committee meeting.

## 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. Subject to completing the full planning process, it is anticipated that the audit plan will comprise a total of 295 audit days and the associated cost for 2025-26, excluding any inflationary adjustment for nationally agreed pay awards (if applicable), will be £106,790. The plan will remain fluid throughout the year to meet the changing needs of the Council.

### 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 both the Director (Legal) and Director (Finance) prior to publication.

## 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

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
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		

## 11 SUPPORTING INFORMATION:

- 11.1 The Global Internal Audit Standards in the UK Public Sector will come into effect from 1 April 2025. In accordance with those Standards the Chief Internal Auditor is required to produce an Internal Audit Plan 2025-26 (Standards 9.4) and Internal Audit Charter 2025-26 (Standards 6.2) for agreement by the Executive Board and approval by the Audit and Governance Committee.

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

- 11.2 The Internal Audit Plan is a document developed by the Chief Internal Auditor that defines the engagements and other internal audit services anticipated to be provided during the forthcoming year.
- 11.3 The Chief Internal Auditor is currently in the process of meeting with the Council's management teams and undertaking it's audit needs assessment to

develop an appropriately focused and risk based Internal Audit Plan for 2025-26.

- 11.4 On conclusion of our planning meetings and wider audit needs assessment it is intended that the plan will be submitted to the Council's Executive Board for agreement later this month.
- 11.5 In accordance with the Global Internal Audit Standards in the UK Public Sector and the Audit and Governance Committee's own Terms of Reference there is a requirement for the Audit and Governance Committee to 'approve the risk-based internal audit plan'.

### **Internal Audit Charter**

- 11.6 The Internal Audit Charter is a formal document that includes the internal audit functions mandate, organisational position, reporting relationships, scope of work, types of service and other key specifications.
- 11.7 The Chief Internal Auditor is in the process of adapting the existing Internal Audit Charter to align with the new requirements of the Global Internal Audit Standards in the UK Public Sector.
- 11.8 Whilst the existing Internal Audit Charter has predominantly been prepared it would be of greatest value to review alongside the Internal Audit Plan.
- 11.9 In accordance with the Global Internal Audit Standards in the UK Public Sector the Audit and Governance Committee are required to 'approve the Internal Audit Charter'

### **Timings**

- 11.10 The scheduling of the Audit and Governance Committee has necessarily been tailored to enable sign off of the Statement of Accounts 2023-24.
- 11.11 Due to the Chief Internal Auditor's desire to develop an Internal Audit Plan that is relevant, of maximum value and aligned to the Council's current risks exposures, regrettably, the timing of the February Audit and Governance Committee is not optimal to have completed the internal audit planning process.
- 11.12 To ensure a robust internal audit planning process can be completed and review of the Internal Audit Charter can be appropriately aligned, it is proposed in the recommendation to this report that following agreement of the Internal Audit Plan 2025-26 and Internal Audit Charter 2025-26 by the Executive Board in February / March the documents are passed to the Chairman of the Audit and Governance Committee to endorse, enabling internal audit to commence delivery of the Internal Audit Plan from 1 April 2025. The Internal Audit Plan 2025-26 and Internal Audit Charter 2025-26

would then be presented to the Audit and Governance Committee's next available meeting for formal review and approval.

- 11.13 It is important to note that the plan is a fluid document and remains open to change over the course of the year to ensure internal audit are reactive to the changing needs and risks of the organisation, as such observations from the Audit and Governance Committee can be fully considered and incorporated at that time.

## 12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 None.

### BACKGROUND DOCUMENTS:-

#### Previous Committee Reports:-

AG127 Internal Audit Plan 2024-25

AG128 Internal Audit Charter 2024-25

AG151 Implementation of the Global Internal Audit Standards

#### Other Background Documents:-

None.

### APPENDICES:

None.