

Internal Audit Plan 2025/26**1. Introduction****1.1 Background**

The Internal Audit Plan sets out the proposed coverage for Internal Audit work in 2025/26. The mandate for the plan is derived from the Public Sector Internal Audit Standards ('the Standards') produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) in collaboration with the Chartered Institute of Internal Auditors (IIA).

The Standards require the periodic preparation of a risk-based plan, which must be linked to a strategic high-level statement of how the service will be delivered and developed in accordance with the Internal Audit Charter and how this links to the Council's objectives and priorities.

The core work of Internal Audit is derived from the statutory responsibility in the Accounts and Audit Regulations 2015 that requires the Council 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". The Standards and the Local Government Application Note constitute proper practices so as to satisfy the requirements for larger relevant bodies as set out in the Regulations.

The Governance, Audit and Standards Committee (the designated 'audit board') should review and assess the annual internal audit work plan, although the development of the risk-based plan remains the responsibility of the Chief Audit and Control Officer after consultation with senior management and the Committee.

1.2 Internal Audit Charter

Internal Audit will govern itself by adhering to the Standards, which are based upon the Institute of Internal Auditors' mandatory guidance including the *Definition of Internal Auditing*, the *Code of Ethics* and the *International Standards for the Professional Practice of Internal Auditing*. Supplementary guidance issued and endorsed by the relevant internal audit standard setters as applicable to local government will also be adhered to along with the Council's relevant policies and procedures and the internal audit manual. Non-conformance with the Standards shall be reported to the Deputy Chief Executive and the Governance, Audit and Standards Committee.

1.3 Aims of the Plan

Internal Audit activity is planned at all levels of operation in order to establish priorities, achieve objectives and ensure the efficient and effective use of audit

resources. The Internal Audit Plan will support an opinion based on an assessment of the design and operation of the internal control environment and the adequacy and effectiveness of controls noted from risk-based audit assignments carried out during the year. The aim of the plan is to:

- Deliver a risk-based audit programme through a detailed risk assessment of systems and services across the Council
- Be proactive in looking at what risks the Council is facing and trying to minimise the impact of these risks through audit work
- Add value by providing practical, value-added recommendations in areas of significant risk and by working with senior management in attempting to save resources and enhance controls wherever possible
- Provide assurance to senior management and the Governance, Audit and Standards Committee.

1.4 Developing the Plan

The Internal Audit Plan is designed to support the Chief Audit and Control Officer's annual opinion on the overall adequacy and effectiveness of the control environment. The required basis for forming this opinion is:

- An assessment of the design and operation of the overall internal control environment, governance and risk management arrangements
- An assessment of the adequacy and effectiveness of controls, based upon the results of the risk-based audit assignments that are reported during the course of year.

It follows that an effective risk-based audit plan should focus resources into areas of principal risk. The plan has been prepared in accordance with the requirements of the Internal Audit Charter and has been informed by:

- A review of the risks contained within the Strategic Risk Register, Horizon Scanning documents and Business Plans;
- Consideration of progress made with the actions generated by the Annual Governance Statement process;
- Consultation with Chief Officers and other senior managers to identify key auditable areas based on an assessment of corporate priorities and current and anticipated future issues and risks; and
- An understanding of the challenges to the Council to deliver its objectives within legislation and the current environment.

Based on the foregoing, the Chief Audit and Control Officer prioritises audit work for inclusion within the Internal Audit Plan as follows:

- High Priority – audits of areas where there exists significant current or ongoing risk to the Council and/or a satisfactory audit review has not been completed in the previous 12-18 months.

- Medium Priority – audits of areas where there exists moderate current or ongoing risk to the Council and/or a satisfactory audit review has not been recently (approximately 3 years) completed.
- Low Priority – audits of areas where there exists low current or ongoing risk to the Council and/or a satisfactory audit review has been recently completed.

The allocations set out in the plan for each review will include time spent on researching and preparing the audit programme, terms of reference, completing site work, testing and the drafting and reviewing of the audit report. The timings assume that the expected key controls are in place and working effectively. Further substantive testing may be required should an assessment of key controls provide limited assurance and additional time may be required to carry out such testing.

The Internal Audit Plan will be regularly reviewed. If additional risks are identified and/or there are changes to priorities during the year, the plan will be reconsidered in conjunction with the Deputy Chief Executive. Any significant changes to the plan will be reported back to the Governance, Audit and Standards Committee for approval.

1.5 Resourcing the Plan

The net resources available in 2025/26 are 305 audit days.

The amount of assurance work proposed is set at 207 days. This is at a similar level to the planned assurance work that was delivered in 2024/25, taking into account an ongoing increased allowance for training in support of an apprenticeship one Senior Internal Auditor is currently undertaking. The coverage in terms of the number of high risk assurance audits proposed to be delivered will be similar.

In accordance with an action identified in the Strategic Risk Register, and at the request of the Strategic Risk Management group, it is intended to perform a review of the arrangements for project management within individual relevant departments across the Council. A provision of 20 days has been made within the Audit Plan for this to be incorporated alongside regular planned audits.

A further eight days will be provided to support the Council and its wholly owned leisure company, Liberty Leisure Limited, with assurance work primarily relating to the new pavilion at Hickings Lane in Stapleford.

In addition, the plan includes 40 days for corporate fraud and corruption prevention activity. Cabinet approved the latest Fraud and Corruption Policy in November 2023. The Council's approach to fraud and corruption

establishes that Internal Audit takes a prominent role in leading and co-ordinating anti-fraud and corruption activities. Internal Audit will be supported in this by engaging specialist fraud investigation services as necessary from local authority partners.

Finally, 50 days are allocated towards other audit-related work including follow-up activity, financial appraisals of potential contractors, tenants and similar entities, consultancy work and provision for special investigations as they arise.

1.6 Reporting and Relationships

The Internal Audit Charter establishes the reporting and relationships, including the reporting arrangements for individual assignments and for the periodic reporting of activities to the Governance, Audit and Standards Committee. The relationships with elected Members; Chief Officers and Senior Management Team; the external auditors; and other assurance providers are also determined in the Charter.

In accordance with the Standards, the Chief Audit and Control Officer will deliver a formal assessment of the design and operation of the overall internal control environment, governance and risk management arrangements and an opinion on the adequacy and effectiveness of controls, based upon the results of the risk-based audit assignments reported during the year. This opinion will be formally recorded in the Internal Audit Annual Review Report to be presented to the Governance, Audit and Standards Committee.

Internal Audit will bring to the attention of the Deputy Chief Executive and the Committee any significant internal control issues that it feels should be declared in the Council's Annual Governance Statement.

1.7 Performance Monitoring

The work of Internal Audit is regularly reviewed to provide assurance that it complies with the Standards, conforms to other relevant professional standards and meets the requirements of the Internal Audit Charter.

Service delivery will be monitored as part of a quality assurance and improvement programme. This will include the regular reporting of progress to the Governance, Audit and Standards Committee, self-assessment and external quality assessment against the Standards and assessment of client feedback.

2. Summary of Audit Day Allocations

The following table summarises the allocation of days to each department.

| | <u>Audit Days</u> |
|---|-----------------------|
| Chief Executive's Department | |
| - Housing | 35 |
| - Human Resources | 8 |
| - Communities | 8 |
| - Public Protection | 8 |
| - Corporate | 12 |
| Deputy Chief Executive's Department | |
| - Revenues, Benefits and Customer Services | 30 |
| - Finance Services | 22 |
| - Asset Management and Development | 18 |
| Executive Director's Department | |
| - Payroll | 8 |
| - Environmental Services | 18 |
| - ICT and Corporate Services | 15 |
| Monitoring Officer's Department | |
| - Democratic Services | 5 |
| Project Management Reviews | 20 |
| Assurance Work | <u>207</u> |
| Liberty Leisure Limited | 8 |
| Corporate Counter Fraud Activities | 40 |
| Other (including follow-up work, financial appraisals, consultancy and provision for special investigations) | 50 |
| Net Audit Days | <u>305</u> |

3. Detailed Internal Audit Plan

The following tables provide a detailed breakdown of the audits planned for 2024/25.

| CHIEF EXECUTIVE'S DEPARTMENT | Priority | Days |
|---|-----------------|-------------|
| Housing | | |
| Housing Disrepair | High | 10 |
| Housing Lettings | High | 10 |
| Rents | High | 10 |
| Tenant Engagement | Medium | 5 |
| | | |
| Human Resources | | |
| Human Resources | High | 8 |
| | | |
| Communities | | |
| Anti-Social Behaviour | Medium | 8 |
| | | |
| Public Protection | | |
| Licensing | Medium | 8 |
| | | |
| Corporate | | |
| Corporate Governance | High | 2 |
| Major Projects Dashboard | High | 5 |
| Bramcote Leisure Centre – Governance Review | High | 5 |
| | | |
| Total Chief Executive's Department | | 71 |

| DEPUTY CHIEF EXECUTIVE'S DEPARTMENT | Priority | Days |
|--|-----------------|-------------|
| Revenues, Benefits and Customer Services | | |
| Benefits | High | 10 |
| NNDR (Business Rates) | High | 10 |
| Council Tax | High | 10 |
| | | |
| Finance Services | | |
| Creditors and Purchasing | High | 10 |
| Income Receipting System | High | 5 |
| Treasury Management | Medium | 5 |
| Key Reconciliations | Medium | 2 |
| | | |
| Asset Management and Development | | |
| Fire and Asbestos Risk Management | High | 10 |
| Capital Works | High | 8 |
| | | |
| Total Deputy Chief Executive's Department | | 70 |

| EXECUTIVE DIRECTOR'S DEPARTMENT | Priority | Days |
|--|-----------------|-------------|
| Payroll | | |
| Payroll | High | 8 |
| Environmental Services | | |
| Kimberley Depot (Compliance) | Medium | 5 |
| Waste Management (Garden Waste) | Medium | 8 |
| Climate Change | Medium | 5 |
| ICT and Corporate Services | | |
| Information Management | Medium | 10 |
| Surveillance | Medium | 5 |
| Total Executive Director's Department | | 41 |
| MONITORING OFFICER'S DEPARTMENT | Priority | Days |
| Democratic Services | | |
| Committee Management System | Medium | 5 |
| Total Monitoring Officer's Department | | 5 |
| LIBERTY LEISURE LIMITED | Priority | Days |
| General | | |
| Hickings Lane Pavilion | High | 8 |
| Total Liberty Leisure Limited | | 8 |