

Appendix**Internal Audit Plan 2026/27****1. Introduction****1.1 Background**

The Internal Audit Plan sets out the proposed coverage for Internal Audit work in 2026/27. The mandate for the plan is primarily derived from the *Global Internal Audit Standards* and the *Application note: Global Internal Audit Standards in the UK Public Sector*, published by the Institute of Internal Auditors (IIA) and the Chartered Institute of Public Finance and Accountancy (CIPFA) respectively ('the Standards').

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 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 and supplementary guidance issued and endorsed by the IIA and CIPFA along with the Council's relevant policies and procedures and the internal audit manual. Material non-conformance with the Standards shall be reported to the Interim Deputy Chief Executive and Section 151 Officer 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 Interim Deputy Chief Executive and Section 151 Officer. 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 2026/27 are 335 audit days.

The amount of assurance work proposed is set at 235 days. This is at a slightly higher level to the planned assurance work that was delivered in 2025/26, taking into account the anticipated completion of an apprenticeship one Senior Internal Auditor is currently undertaking.

A further 10 days will be provided to support the Council and its wholly owned leisure company, Liberty Leisure Limited, with assurance work primarily relating to operations across the company's three sites.

In addition, the plan includes 40 days for corporate fraud and corruption prevention activity. 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 Interim Deputy Chief Executive and Section 151 Officer 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>
Interim Chief Executive's Department	
- Communities	8
- Environment	18
- Housing	66
- Human Resources	8
- ICT and Corporate Services	8
- Payroll	8
- Planning and Economic Development	5
- Public Protection	26
- Corporate	10
Interim Deputy Chief Executive's Department	
- Asset Management and Development	18
- Finance Services	17
- Revenues, Benefits and Customer Services	30
Monitoring Officer's Department	
- Democratic Services	13
Assurance Work	<u>235</u>
Liberty Leisure Limited	10
Corporate Counter Fraud Activities	40
Other (including follow-up work, financial appraisals, consultancy and provision for special investigations)	50
Net Audit Days	<u>335</u>

3. Detailed Internal Audit Plan

The following tables provide a breakdown of the audits planned for 2026/27.

Interim Chief Executive's Department	Priority	Days
Communities		
Community Engagement	Medium	8
Environment		
Waste Management (Trade and Residual)	Medium	8
Transport and Fleet Management	Medium	10
Housing		
Rents	High	10
Lettings	High	10
Shared Ownership	Medium	8
Tenancy Records Management	High	10
Fire Risk Management	High	10
Asbestos Risk Management	High	10
Tenancy Sustainment	Medium	8
Human Resources		
Human Resources	High	8
ICT and Corporate Services		
Business Support (Invoicing)	Medium	8
Payroll		
Payroll	High	8
Planning and Economic Development		
Planning Income	Medium	5
Public Protection		
Licensing	Medium	8
Environmental Health	Medium	10
Public Sector Housing Enforcement	Medium	8
Corporate		
Corporate Governance	High	2
Major Projects Dashboard	High	8
Total Interim Chief Executive's Department		157

Interim Deputy Chief Executive's Department	Priority	Days
Asset Management and Development		
Housing Acquisitions	High	10
Commercial Property Income	High	8
Finance Services		
Creditors and Purchasing	High	10
Treasury Management	Medium	5
Key Reconciliations	Medium	2
Revenues, Benefits and Customer Services		
Benefits	High	10
NNDR (Business Rates)	High	10
Council Tax	High	10
Total Interim Deputy Chief Executive's Department		65
Monitoring Officer's Department		
Democratic Services		
Complaints Reporting and Responses	Medium	8
Process Improvement Follow-Up	Medium	5
Total Monitoring Officer's Department		13
Liberty Leisure Limited		
Leisure Centre Operations		
Leisure Centre Operations	High	10
Total Liberty Leisure Limited		10