

**REPORT TO:** Audit and Governance Board

**DATE:** 19 March 2025

**REPORTING OFFICER:** Head of Audit, Procurement and Operational Finance

**PORTFOLIO:** Corporate Services

**SUBJECT:** Internal Audit Plan – 2025/26

**WARD(S)** Borough-wide

1.0 **PURPOSE OF THE REPORT**

1.1 This report seeks the Board’s approval for the planned programme of internal audit work for 2025/26.

2.0 **RECOMMENDATION: That the Board reviews and approves the Annual Internal Audit Plan for 2025/26.**

3.0 **SUPPORTING INFORMATION**

3.1 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.”

3.2 In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit must “establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals.”

3.3 The Internal Audit Plan therefore sets out the proposed programme of internal audit work for the year ahead, and forms part of the Council’s wider assurance framework.

3.4 The methodology used to develop the Audit Plan is outlined below:

- The plan has been structured to ensure broad coverage, enabling the Head of Internal Audit to provide a robust overall opinion on the Council’s risk management, control, and governance arrangements.
- It is acknowledged that providing full coverage of all Council systems, services, and risks annually is neither practical nor necessary.
- Senior management across all directorates have been consulted and given the opportunity to highlight priority areas, helping to shape the planned coverage.

- Consideration has been given to the Council's Corporate Risk Register to ensure key risks receive appropriate assurance.
- Relevant assignments from the 2024/25 Audit Plan that were not completed have been carried forward into the 2025/26 Audit Plan.
- Planned coverage has been agreed with the Council's Section 151 Officer to ensure it supports the discharge of their statutory responsibilities.
- The plan serves as a statement of intent but remains flexible to accommodate changes in the organisational risk environment and internal audit resources throughout the year.
- Capacity has been allocated within the Audit Plan to respond to management requests for special investigations, consultancy, and other advisory services.

- 3.5 In defining the scope of individual audit assignments, the Council's existing assurance framework and Transformation Programme will be considered. This approach will help ensure that internal audit resources are focused on areas of highest risk or where gaps and weaknesses exist in other assurance arrangements.
- 3.6 The draft Audit Plan for 2025/26 is attached as an appendix. It outlines the role and scope of internal audit, how internal audit is resourced and delivered, reporting arrangements, and the planning methodology. Additionally, it includes a detailed list of planned audit engagements for 2025/26, along with an outline of their proposed scope.
- 3.7 The Audit Plan includes 1,050 planned audit days, based on a forecast staffing establishment of 5.6 FTE. This reflects a reduction of 1.2 FTE from 2024/25 due to a planned restructure following a previously agreed budget saving proposal.
- 3.8 Performance against the Audit Plan will be monitored throughout the year, with regular progress reports provided to the Audit and Governance Board. Any significant issues that may impact the delivery of the plan or require substantial adjustments will be identified, addressed, and reported to the Board, as necessary.
- 3.9 Internal Audit will liaise as necessary with the Council's external auditor, Grant Thornton, to minimise duplication and to ensure efficient and effective deployment of the overall audit resource.

#### 4.0 **POLICY IMPLICATIONS**

4.1 The delivery of the Audit Plan will help ensure that the policies and procedures established by the Council are implemented effectively and remain appropriate. There are however no direct policy implications arising from this report.

#### 5.0 **FINANCIAL IMPLICATIONS**

5.1 Internal audit work supports the Council in strengthening its financial control arrangements while also promoting the efficient, effective, and economical use of resources.

5.2 The proposed internal audit plan and the resources needed to deliver it do not result in any additional resource implications for the Council.

#### 6.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

##### 6.1 **Improving Health, Promoting Wellbeing and Supporting Greater Independence**

Internal audit work supports the delivery of all the Council's priorities by promoting probity, integrity, accountability, efficiency and effective management of public funds.

The Audit Plan has been designed to ensure assurance over the adequacy of measures in place to mitigate risks that could impact the achievement of the Council's priorities.

##### 6.2 **Building a Strong, Sustainable Local Economy**

See 6.1

##### 6.3 **Supporting Children, Young People and Families**

See 6.1

##### 6.4 **Tackling Inequality and Helping Those Who Are Most In Need**

See 6.1

##### 6.5 **Working Towards a Greener Future**

See 6.1

##### 6.6 **Valuing and Appreciating Halton and Our Community**

See 6.1

#### 7.0 **RISK ANALYSIS**

7.1 Internal audit is a crucial part of the Council's overall internal control system. An effective internal audit service helps to promote best practices and drive improvements in the management of risk.

7.2 The Public Sector Internal Audit Standards require the Head of Internal Audit to review and adjust the Audit Plan as needed to reflect changes in the organisation's business, risks, operations, programs, systems, and controls. As a result, adjustments to the planned work may be necessary throughout the year. Minor changes will be agreed upon with the Director - Finance, while any significant issues that could affect the completion of the plan or require substantial changes will be reported to the Board.

8.0 **EQUALITY AND DIVERSITY ISSUES**

8.1 None

9.0 **CLIMATE CHANGE IMPLICATIONS**

9.1 None

10.0 **LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

Public Sector Internal Audit Standards