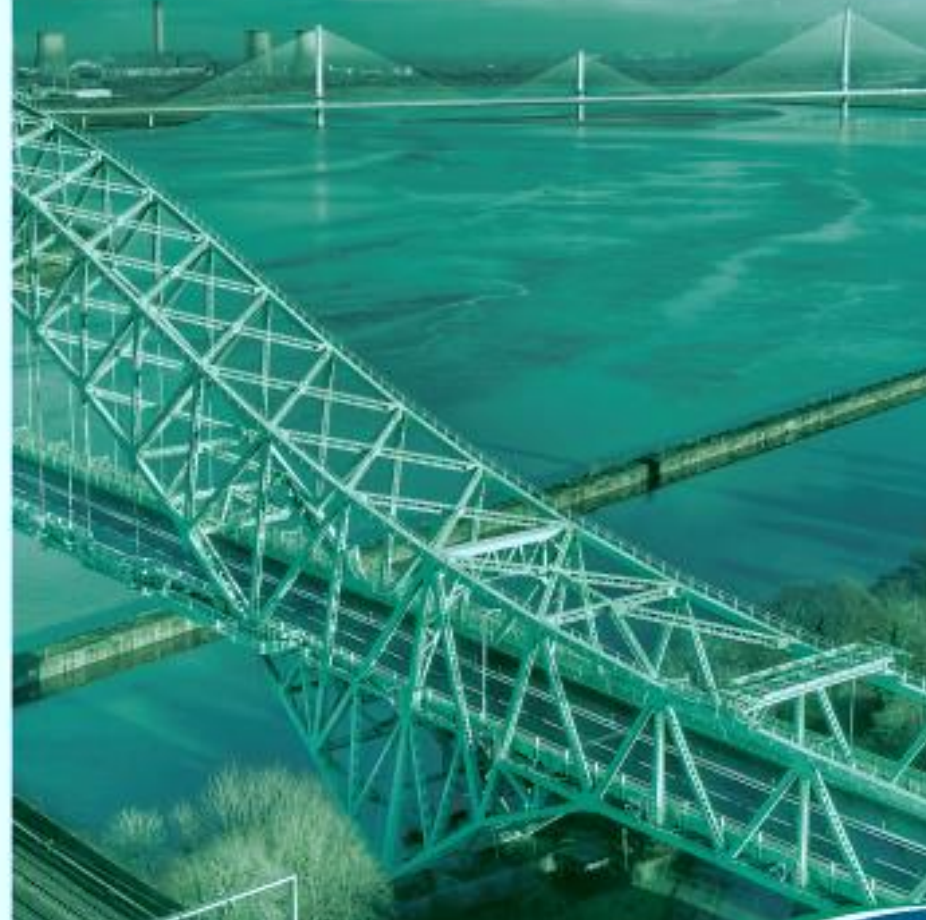


Internal Audit Plan 2025/26



1 INTRODUCTION

1.1 This document summarises the results of Internal Audit's planning work. It sets out details of the:

- Responsibilities and scope of internal audit
- Resourcing and delivery of the Council's internal audit service
- Arrangements for reporting internal audit work
- Proposed programme of work for 2025/26 (the audit plan)

1.2 The audit plan for 2025/26 has been prepared in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS). The PSIAS represent mandatory best practice for all internal audit service providers in the public sector.

1.3 The Council has adopted the PSIAS definition of internal auditing:

'Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.'

1.4 In accordance with PSIAS, the mission of internal audit is to 'enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.'

1.5 Internal audit work contributes to ensuring that the Council seeks continuous improvement and is a resilient organisation. It also helps to provide assurance that the Council delivers a reliable and effective service to the people it serves. As such, internal audit work supports the Council in achieving all its corporate aims and objectives.

1.6 The PSIAS require that the internal audit service is delivered and developed in accordance with the [Internal Audit Charter](#). The provisions contained within the Charter are also set out in section 6.2 of Finance Standing Orders.

2 INTERNAL AUDIT – RESPONSIBILITIES & SCOPE

2.1 Responsibilities of internal audit

The internal audit function is responsible for:

- Reviewing and developing the Council's governance processes. Specifically, this includes:
 - Promoting appropriate ethics and values within the Council
 - Supporting effective organisational performance management and accountability
 - Communicating risk and control information to appropriate areas of the organisation
 - Coordinating the activities of, and communicating information among, the Audit and Governance Board, external audit, internal audit and management
- Evaluating the effectiveness of the Council's risk management processes and contributing to their improvement
- Assisting in the maintenance and development of an effective control environment by providing robust independent assurance over its operation.

2.2 Responsibilities of management

Management is responsible for establishing and maintaining adequate control systems. Internal audit recommendations can help reduce risk and improve controls, but their implementation cannot eliminate risk entirely.

2.3 Responsibilities of the Audit and Governance Board

In regard to internal audit, the Audit and Governance Board is responsible for:

- Approving, but not directing, internal audit's strategy and plan
- Monitoring the performance of internal audit
- Reviewing summary internal audit reports and the main issues arising, and seeking assurance that action has been taken where necessary
- Receiving and considering the Head of Internal Audit's annual report.

2.4 Responsibilities for fraud prevention and detection

The primary responsibility for preventing and detecting fraud lies with management. This includes fostering a zero-tolerance environment, identifying fraud risks, and implementing appropriate controls to prevent and detect fraudulent activity.

2 INTERNAL AUDIT – RESPONSIBILITIES & SCOPE

Internal Audit is not responsible for detecting fraud. However, as part of each assignment, it assesses the potential for fraud and reviews how the Council manages fraud risks.

The Council has a dedicated Investigations Team that works alongside Internal Audit, handling all fraud-related and HR investigatory work. These activities are not included in the audit plan, and their outcomes are reported separately to the Audit and Governance Board.

2.5 Scope of internal audit activities

The scope of internal audit work includes:

- The entire control environment of the Council, comprising financial and non-financial systems.
- Reviewing controls that protect the interests of the Council in its dealings with partnerships in which the Council has an involvement.

Internal audit may also provide assurance services to parties outside the Council with the prior agreement of the Audit and Governance Board.

3 INTERNAL AUDIT – RESOURCING & DELIVERY

3.1 Resource requirements

The level of resource required to deliver an effective internal audit service to the Council has been assessed based on the need to provide adequate audit coverage of the Council's:

- Business critical systems
- Risk management and governance arrangements
- Grant certification work
- Front line services
- Support services
- Procurement and contract management activity
- Information management arrangements
- Schools

Account has also been taken of the need to be able to resource:

- Unplanned work which may arise during the year
- Follow up work to provide assurance that previously agreed actions are implemented
- Provision of advice and consultancy

3.2 Delivery of the internal audit service

The 2025/26 audit plan will be delivered by an experienced and suitably qualified in-house team of approximately 5.8 FTE auditors. This resource level is considered sufficient to provide a robust annual internal audit opinion to the Board.

If required, additional external support may be sought to assist with planned audit work. Where possible, the Internal Audit team will also collaborate with audit colleagues from other local authorities to strengthen the approach and delivery of specific assignments.

3.3 Mitigation of any potential impairment to independence and objectivity

The Internal Audit team is managed by the Head of Audit, Procurement & Operational Finance, who also has management responsibility for the following functions:

- Purchase to Pay
- Procurement
- Income control (collection and reconciliation of income)
- Insurance

3 INTERNAL AUDIT – RESOURCING & DELIVERY (Continued)

- Corporate appointeeships and deputyships
- Direct Payments
- Financial assessments (Adult social care)
- Social care provider payments
- Income Recovery

The arrangements previously approved by the Board to mitigate any potential impairment to independence and objectivity in auditing these areas remain in place (see following link [Safeguarding Internal Audit Independence](#)).

3.4 Approach to placing reliance on other sources of assurance

When planning specific audit assignments, other sources of assurance may be considered to optimise the use of audit resources. Any necessary work to place reliance on these sources will be determined on a case-by-case basis and referenced in the resulting audit report.

3.5 Assurance services to other organisations

A small amount of assurance work is to be undertaken for Manchester Port Health Authority (MPHA), which is the governing body for the Manchester Ship Canal and River Weaver. This is a longstanding arrangement governed by a service level agreement. Halton Borough Council is one of the funding authorities of MPHA.

Assurance work will also be carried out on the Connect2Halton joint venture company, which the Council established in 2024 in partnership with Commercial Services Group Limited.

4 INTERNAL AUDIT – REPORTING

4.1 Distribution of internal audit reports




At the conclusion of each audit assignment, a draft report is issued to the manager responsible for the area which has been audited. A final report containing management responses to any issues identified is subsequently distributed as follows:

- Chief Executive
- Director – Finance (s151 officer)
- Executive Director, Director, and Head of Service responsible for the area reviewed
- External Audit
- Portfolio Holder – Corporate Services

4.2 Overall assurance opinion

Each audit report includes an overall assurance rating for the audited area. This rating is based on the information gathered during the audit and reflects an assessment of the effectiveness of the risk management, control, and governance processes in place.

The range of assurance ratings in internal audit reports is set out as follows:

 Limited	Significant gaps, weaknesses, or non-compliance were identified. Improvements are needed in governance, risk management, and control to manage risks more effectively and support the achievement of objectives in the audited area.
 Adequate	The system of governance, risk management, and control is generally sound. However, some issues, non-compliance, or areas for improvement were identified that may pose a risk to achieving objectives in the audited area.
 Substantial	A robust system of governance, risk management, and control is in place, with internal controls operating effectively and consistently to support the achievement of objectives in the audited area.

4 INTERNAL AUDIT – REPORTING (Continued)

4.3 Grading of recommendations

Recommendations made in individual internal audit assignments are categorised according to the following priorities:

High	The audit finding is essential to the management of risk within the area under review
Medium	The audit finding is important to the management of risk within the area under review
Low	The audit finding relates to an issue of good practice that the auditor considers would deliver better outcomes

4.4 Reporting to elected members

Throughout the year regular internal audit progress reports are presented to the Audit and Governance Board summarising the outcomes of internal audit work and any significant matters identified. Such matters may include risk exposures, governance weaknesses, performance improvement opportunities, and value for money issues.

4.5 Annual audit opinion

An annual report is presented to the Audit and Governance Board, including the Head of Internal Audit's overall opinion on the Council's risk management, control, and governance processes. This opinion serves as a key source of assurance for the Council's Annual Governance Statement and is based on the collective findings from internal audit work conducted throughout the year.

5 INTERNAL AUDIT – PLANNING METHODOLOGY (Continued)

5.1 Requirements of the Public Sector Internal Audit Standards

The PSIAS state that the ‘chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals.’

5.2 Development of the Audit Plan

In developing the audit plan, account has been taken of:

- Planned work deferred from the 2024/25 audit plan that is still considered important
- Senior management’s views on risk in their areas of responsibility
- The results of previous internal audit work
- The Council’s assurance framework, including the work of external audit
- Work being undertaken as part of the reimagine Halton Transformation Programme
- Known changes to the Council’s business, operations, systems, and controls
- Issues identified in the Corporate Risk Register (as at June 2024)
- The requirement to ensure sufficient and wide ranging coverage in order to provide a robust annual audit opinion

5.3 Links to the Council’s Corporate Priorities

Achieving corporate priorities relies on the Council’s efficient and effective use of resources, along with robust and transparent governance arrangements. The delivery of the audit plan therefore supports all Council priorities by promoting probity, integrity, accountability, efficiency, and the effective management of public funds.

The plan outlines a series of risk-based assignments designed to provide assurance on the adequacy of measures in place to mitigate risks that could impact the Council’s priorities. Where applicable, each assignment is linked to relevant risks identified in the Council’s Corporate Risk Register. A summary of the Corporate Risk Register is attached at Appendix A for reference.

5.4 Budgeted time allocations

A budgeted time allocation has been set for each assignment in the audit plan. However, the exact resource requirement for each assignment cannot be predicted with certainty, as the time needed will depend on the scope agreed with management.

The plan represents the best estimate of how the Council’s internal audit resources will be deployed, but it may be necessary to adjust the budgeted allocations for specific assignments throughout the year.

In total, the 2025/26 Audit Plan comprises 1,050 days of audit work.

5 INTERNAL AUDIT – PLANNING METHODOLOGY (Continued)

5.5 Timing and prioritisation of audit work

The intention is to complete all planned work within the year. However, the timing and prioritisation of work will consider the following factors:

- The need to finalise any incomplete work from the 2024/25 Audit Plan
- The prioritisation of reviews deferred from the 2024/25 Audit Plan
- Input from management regarding the timing of work in service areas
- Other factors relevant to the timing of specific assignments
- Any urgent unplanned work that may arise
- Changes in the availability of audit resources

5.6 Significant interim changes to planned work

The audit plan will be kept under review during the year and it may be necessary to make revisions to planned work in order to respond to changes in priorities or changes in the level of internal audit resources. As in previous years, minor changes will be agreed with the Director – Finance. Any significant changes will be reported to the Audit and Governance Board.

6 SUMMARY INTERNAL AUDIT PLAN – 2025/26

A high-level summary of the planned allocation of internal audit resources for 2025/26 is shown in the following table:

Planned allocation of Internal Audit resources	Days
Adults Directorate	195
Chief Executive's Directorate	130
Children's Directorate	100
Environment & Regeneration Directorate	125
Public Health Directorate	40
Grants	165
Corporate support	105
Schools	120
Follow up audits	15
Contingency	50
External work	5
Total	1,050

The individual assignments to be completed are summarised in more detail in the following section.

7 DETAILED INTERNAL AUDIT PLAN – 2025/26

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Adults Directorate	Debt Recovery – Adult Social Care clients	Adult Social Care client debt remains substantial, with the total outstanding debt currently around £6 million. Aged debt is particularly challenging to recover and adversely affects the Council's cash flow and the interest earned on its balances.	Billing and recovery procedures relating to Adult Social Care client debt.	Risks 2, 8B
Adults Directorate	Telecare service	The Council's telecare service is a chargeable service that provides support and assistance to vulnerable persons in their own homes by using information and communication technology. Fees and charges for the service were uplifted in 2024/25 with a view to generating additional income of £170k.	The audit will focus on assessment, charging and billing for the service.	Risks 1A, 2, 8B
Adults Directorate	Care Homes	Spending for the Council's care homes is projected to exceed the budget by £1.159m by the end of the 2024/25 financial year. Staffing pressures are continuing, with high vacancy levels leading to a heavy reliance on overtime and agency staff.	The audit will focus on staffing arrangements in the homes examining recruitment, retention, rotas and use of agency staff.	Risks 1A, 2, 8B, 11
Adults Directorate	Housing Solutions	The Housing Solutions team provide an emergency homeless service, and a range of housing related services, including assessment of entitlement to housing for people who are homeless or threatened with homelessness. The team is currently experiencing an increase in homelessness presentations.	The audit will examine the Council's compliance with homelessness legislation in relation to assessment of entitlement to housing.	Risks 1A, 2, 8B, 11
Adults Directorate	Commissioned Services - Contract monitoring	The Council commissions a range of adult social care services from external providers.	The audit will assess the effectiveness of the arrangements for monitoring and managing the performance and quality of services commissioned from external providers.	Risks 1A, 2, 8B, 11

7 DETAILED INTERNAL AUDIT PLAN – 2025/26

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Adults Directorate	Domiciliary Care Contract	The Council has recently retendered the provision of its domiciliary care contract and is moving from a single provider to four main providers from April 2025. Domiciliary care is a material area of expenditure and is a key service for a significant number of vulnerable residents.	The audit will examine the contract management arrangements for the new contracts and the associated arrangements to reconcile payments due to the providers.	Risks 1A, 2, 8B, 11
Chief Executive's Directorate	Payroll	The payroll system provides material disclosures for the financial statements. The value of transactions processed through the system exceeds £100m pa. Last audited in 2019.	High level review evaluating and testing the effectiveness of the key controls within the payroll system	Risks 8B, 11
Chief Executive's Directorate	Data classification	The Council has a duty to protect the data that it collects and processes. Data classification is the process of organising and categorising data based on its sensitivity. Once the data is classified according to sensitivity and significance, appropriate data loss prevention measures can be implemented to reduce the risk of data loss.	The audit will assess the Council's progress in identifying the various types of data it handles, developing a data classification scheme, appropriately classifying and labelling data, implementing security controls, and educating employees on data management best practices.	Risk 6
Chief Executive's Directorate	Solar Farm project	The Council has approved plans for a new solar microgrid at the former St Michael's Golf Course. The project is expected to generate approximately four megawatts of electricity, which will be used to power several Council buildings, including the newly constructed leisure centre. The scheme is estimated to cost approximately £10.8 million.	A current contract audit approach will be adopted and the audit will examine the arrangements relating to contract funding, contract management, risk management, and interim payments.	Risks 8B, 11

7 DETAILED INTERNAL AUDIT PLAN – 2025/26

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Chief Executive's Directorate	Connect2Halton Joint Venture	During 2024/25, the Council established a joint venture company, Connect2Halton, with Commercial Services Group (a company wholly owned by Kent County Council). The joint venture company specialises in temporary, fixed-term, contract and casual recruitment and was established to help control the Council's increasing spend on temporary workers.	The audit will assess the governance arrangements for the joint venture, ensuring that effective frameworks are in place for decision-making, conflict management, transparency, performance oversight, risk management, and overall alignment with the joint venture's objectives.	Risks 4B, 7B, 8B, 11
Chief Executive's Directorate	Risk management	In March 2024, the Council's external auditor made a key recommendation that the Council should improve its risk management arrangements. In September 2024, the LGA Corporate Peer Challenge team also made a similar recommendation about the Council developing the role of risk management.	The audit will review the progress made in developing the Council's risk management arrangements following recommendations made by the Council's external auditor and the LGA Corporate Peer Challenge.	All risks in the Corporate Risk Register
Children's Directorate	Children in Care Placements	Out-of-borough residential care costs remain the primary budget pressure for the Children and Families Department, with costs escalating year-on-year. The number of young people in residential placements remains high, the complexity of care needs is increasing, and placement costs continue to rise significantly. The audit was initially scheduled for 2024/25 but was delayed due to capacity constraints.	The audit will examine the approval, commissioning, procurement and monitoring arrangements for children in residential placements in order to provide assurance that the arrangements balance suitable provision with cost.	Risks 3A, 3B, 8B, 11
Children's Directorate	Home to School Transport	School Transport is the primary budget pressure for the Education, Inclusion and Provision Department with an expected overspend of over £800k in the current financial year.	An audit of Home to School Transport was last completed in November 2021, highlighting several recommendations relating to policy and financial management. These were scheduled for follow-up in 2024/25. However, due to the ongoing financial challenges within the service, a more in-depth review will now be included in the 2025/26 Audit Plan.	Risks 3A, 3B, 8B, 11

7 DETAILED INTERNAL AUDIT PLAN – 2025/26

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Children’s Directorate	Direct Payments	The number of children with disabilities receiving direct payments continues to grow significantly, with over 315 children now being supported. However, direct payments present an increased risk due to the greater flexibility in how the allocated funds are used.	The audit will assess the adequacy of the policy governing the use of direct payments and evaluate the effectiveness of the oversight arrangements to prevent misuse.	Risks 3A, 3B, 8B, 11
Environment and Regeneration Directorate	Leisure Centre	In February 2025, the Council opened the new leisure centre on Moor Lane, which had been built at a cost of over £30 million. The leisure centre replaces Kingsway Leisure Centre which is now closed and is to be demolished.	The audit will examine income collection and reconciliation, security and banking of cash, management of health and safety risks, and security.	Risks 8B, 11
Environment and Regeneration Directorate	Management of Trees and Woodland	Councils have a responsibility to properly maintain trees and plants in all public spaces, from streetscapes to parks and woodland. Maintenance of existing tree stock must be carried out according to the relevant legislation, and health and safety guidance. The inspection, pruning and/or removal of some trees is necessary to protect people, buildings, and surrounding infrastructure.	The audit will review the Council’s approach to the safeguarding the community and built environment from the risks associated with trees in public places. This will include reviewing: <ul style="list-style-type: none"> • Policies and procedures relating to tree inspection and maintenance • Management information on the tree population • Inspection and maintenance routine 	Risk 9
Environment and Regeneration Directorate	Waste Management	As a unitary authority, the Council serves as both a Waste Collection Authority and a Waste Disposal Authority. Kerbside collection of general waste, recycling, and bulky items is carried out using Council-operated vehicles. From April 2026, all councils in England will be legally required to provide a separate, weekly food waste collection service for all households.	The audit will assess the effectiveness and efficiency of the Council’s household waste collection and disposal arrangements. It will provide assurance on key areas such as route planning, staffing, vehicle requirements, and disposal processes.	Risk 8B, 11

7 DETAILED INTERNAL AUDIT PLAN – 2025/26

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Environment and Regeneration Directorate	Brindley Extension project	The Brindley extension project is a £5.6m capital scheme designed to allow greater access for the community, creating more space within the building and to relocate the library. It is also a key part of the Runcorn Town Deal project.	A current contract audit approach will be adopted to the audit which will examine the arrangements relating to contract funding, contract management, risk management and interim payments.	Risks 8B, 11, 12
Public Health Directorate	Commissioned services	Public Health's role is to help people living and working in Halton to live long lives in good health. The team places a particular emphasis on preventative measures and the promotion of wellbeing initiatives. In fulfilling their role, the team commissions a wide range of services from various different providers.	The audit will select a sample of commissioned services and review the adequacy and effectiveness of the contract management arrangements in place.	Risks 4A, 4B, 4C, 8B, 11
Grants	Various grant claims and returns	A general provision is included for a range of grant claims for which the Head of Audit is required to sign a declaration confirming that the amounts claimed are eligible and in accordance with the conditions of grant.	Grant claim assurance and certification work	Risks 8B, 11, 12
Corporate Support	Annual Governance Statement	There is a statutory requirement for the Council to produce an Annual Governance Statement.	Internal Audit will have input to the work of the Corporate Governance Group which develops the Annual Governance Statement.	No specific linkage to the Corporate Risk Register. However, it is a statutory requirement that the Council produces an Annual Governance Statement.
Corporate Support	Corporate Complaints - Stage 2	The Council has a formal corporate complaints procedure to enable individuals to express their dissatisfaction about Council services that they have received and for identified failings to be remedied. Internal Audit is responsible for undertaking Stage Two investigations of complaints that have not been resolved by the service manager at Stage One of the complaint procedure.	Stage Two complaint investigations will be undertaken as required. Internal Audit will undertake an independent internal review of unresolved Stage One complaint issues and of complaints that are of a more serious or complex nature.	No specific linkage to the Corporate Risk Register but effective management of complaints is a key part of the Council's governance arrangements.

7 DETAILED INTERNAL AUDIT PLAN – 2025/26

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Corporate Support	Council Constitution	The Council Constitution is reviewed annually to ensure that it is updated to reflect changes to the Council's governance arrangements, legislative requirements, policies and procedures.	Internal Audit will contribute to a working party that meets each year to review and propose changes to the Council's Constitution.	No specific linkage to the Corporate Risk Register but contributes to the maintenance of the Council's governance arrangements.
Corporate Support	General advice / attendance at working groups etc.	Throughout the year the Internal Audit function receives regular requests from client departments for advice and support	Reactive advisory and consultancy work, and input to working groups as required	No specific link to the Corporate Risk Register; however, advice and guidance from Internal Audit contributes to maintenance of the Council's risk management, control and governance arrangements.
Corporate Support	Reporting to Audit and Governance Board	The Council Constitution requires Internal Audit to report to the Audit & Governance Board.	Attendance at, and preparation of reports for, the Audit & Governance Board on internal audit and governance related matters.	No specific linkage to the Corporate Risk Register but contributes to the maintenance of the Council's risk management, control and governance arrangements.
Schools	Six schools to be audited during 2025/26	The Council operates an annual programme of school audits. A risk-based approach is adopted to selecting the schools to be audited.	An audit programme has been developed for school audits, which will be tailored to each school as required.	No specific link to Corporate Risk Register. However, the completion of school audits provides assurance over the risk management, control and governance processes in place across the Council's schools.
Follow up of audit recommendations	Various	Follow up work is completed to provide assurance that previously agreed internal audit recommendations are implemented.	Coverage to be determined on the audit recommendations falling due for implementation.	Follow up work provides assurance that recommendations made to improve the Council's risk management, control and governance processes are implemented. Links to the risk register will vary according to the follow up work completed.

Area	Assignment	Context	Internal Audit Focus	Reference to Corporate Risk Register
Contingency	Not known at this stage	A general contingency is provided to allow Internal Audit to respond to requests for audit work that arise during the year.	Not known at this stage	Not known at this stage
External work	Manchester Port Health Authority	The Council undertakes annual fee earning assurance work as part of an SLA with Manchester Port Health Authority.	To be agreed with Manchester Port Health Authority.	Not applicable

8 HALTON BOROUGH COUNCIL – RISK REGISTER SUMMARY

Risk Reference	Risk Description
1A	Failure to deliver quality services to vulnerable adults could negatively affect their health and wellbeing
1B	Adult Social Care Charging Reforms, likely to cause a shortfall in funding to meet the full cost of care
2	Failure to support and protect the safeguarding of adults could adversely impact on their health, safety and opportunity to reach their potential
3A	Children’s Services – Safeguarding
3B	Children’s Services – Finance
4A	Failure to respond to Public Health threats
4B	Public Health workforce pressures
4C	Compromise to sexual health contract provision
5	Risk of adverse business impact as a result of the failure of key business systems brought about by cyber incidents
6	Data Protection: Risk of breach of data caused by mishandling of personal data
7A	Reduced capacity to sustain the delivery of services and respond to emergency situations in line with Council Priorities
7B	Reduced capacity to continue service provision across various services due to recruitment and / or retention difficulties
8A	The Council’s funding available from Government grant and / or locally raised business rates / council tax, is not sufficient to meet increasing service demands
8B	Total council spending for the year exceeds available budget provision
9	A failure to monitor and appropriately manage the risks created by global, national and local events
10	Changes to Government arrangements and other public sector organisations could potentially lead to a deterioration of local services
11	Failure to prevent and detect fraud and / or corruption

8 HALTON BOROUGH COUNCIL – RISK REGISTER SUMMARY

Risk Reference	Risk Description
12	Failure to maximise and identify funding opportunities in light of government cuts
13	Risk to electoral process by criminals / nation-state actors