

INTERNAL AUDIT PLAN 2025/26 (Q3/4)

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Wards affected:	All Wards
Appendices (attached):	Appendix 1 – Internal Audit Plan 2025-26 (Q3/4)

Summary

This report provides the Audit & Scrutiny Committee with the Internal Audit Plan for 2025-26 (Q3/4).

Recommendation (s)

The Committee is asked to:

- (1) To provide input to and approve the Internal Audit Plan 2025-26 (Q3/4) as set out in Appendix 1.

1 Reason for Recommendation

- 1.1 In accordance with constitutional requirements the Audit & Scrutiny Committee oversees internal audit activity helping to ensure efficient and effective independent assurance arrangements are in place. The approval of the Internal Audit Charter and Internal Audit Plan is integral to this.

2 Background

- 2.1 The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

'A relevant authority 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.'

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- 2.2 From 1 April 2025, the 'standards or guidance' in relation to internal audit are those laid down in the Global Internal Audit Standards (GIAS), Application Note: Global Internal Audit Standards in the UK Public Sector (Application Note) and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements shall be referred to as the Global Internal Audit Standards in the UK Public Sector (the Standards).
- 2.3 The Southern Internal Audit Partnership have made all necessary adaptations to its processes, procedures and practices to ensure it is best placed to conform with these requirements with effect from 1 April 2025.
- 2.4 The Standards (6.2) require all internal audit providers to implement and maintain an 'Internal Audit Charter'. The internal audit charter is defined as 'a formal document that includes the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications'.
- 2.5 Standard 11.3 (Communicating Results) references the possibility that a Chief Internal Auditor may be required to make a conclusion at the level of the organisation about the effectiveness of governance, risk management and/or control. Section 10B of the Application Note makes it a mandatory requirement in the UK public sector, for the Chief Internal Auditor to prepare such an overall conclusion at least annually in support of wider governance reporting. This overall conclusion must encompass governance, risk management and control. The requirement for an overall conclusion must also inform planning carried out under GIAS Standard 9.4 (Internal Audit Plan).
- 2.6 In accordance with the Standards (9.4) there is a requirement that internal audit must create a risk-based internal audit plan that supports the achievement of the organisation's objectives. The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to fulfil the audit mandate and delivery of the internal audit strategy.
- 2.7 The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:
- The framework of internal control, risk management and governance is appropriate and operating effectively; and
 - Risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.

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3 Internal Audit Risk-Based Plan 2025-26 (Q3/4)

- 3.1 To ensure internal audit focus remains timely and relevant, the Southern Internal Audit Partnership has moved to a six monthly planning process for the Council. All auditable areas of review remain subject to ongoing assessment and discussion with management and Audit & Scrutiny Committee.
- 3.2 The proposed risk based internal audit plan for 2025-26 (Q3/4) is attached at Appendix 1 and has been developed at a strategic level providing a value adding, and proportionate level of assurance aligned to the Council's strategic outcomes. It is based on a range of inputs including review of the Council's strategic risk register, sector knowledge and discussions with senior management.
- 3.3 Internal audit focus should be proportionate and appropriately aligned, and as such, only high and medium priority reviews identified during the planning process are incorporated within the Internal Audit Plan. The exception to this is where 'mandatory' audits (for example to certify the accuracy of grant claims to meet funding requirements) or specific management requests have been raised and sufficient capacity is available.
- 3.4 The audit plan will remain fluid to ensure internal audit's ability to react to the changing needs of the Council. As detailed within SIAPs Horizon Scan, one such area that provides volatility to the public sector landscape is the new legislation associated with Local Government Reorganisation (LGR) and Devolution. SIAP will follow developments closely and through discussions in our regular meetings with management we will provide support and identify where the plan needs to be adjusted to include any new and emerging risks. It should be recognised that any additions to the plan must be able to clearly demonstrate a contribution to the audit conclusion on risk management, control and governance.
- 3.5 Any changes to the plan (including advisory assignments) will be transparently reported to the Strategic Leadership Team and the Audit & Scrutiny Committee during the course of the year for approval as part of our regular Progress Reports.
- 3.6 The Internal Audit Charter ensures the Chief Internal Auditor has sufficient resource necessary to fulfil the requirements and expectations to deliver an internal audit conclusion.
- 3.7 Significant matters that jeopardise the delivery of the plan, or require changes to the plan will be identified, addressed and reported to the Audit & Scrutiny Committee, through regular progress reports.

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- 3.8 The endorsement and sponsorship of the plan at member / Strategic Leadership Team level will assist in providing the engagement and buy-in of staff at an operational level to ensure the outcome of audit reviews are optimised.

4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

- 4.1.1 None for the purposes of this report.

4.2 Crime & Disorder

- 4.2.1 None for the purposes of this report.

4.3 Safeguarding

- 4.3.1 None for the purposes of this report.

4.4 Dependencies

- 5.4.1 None

4.5 Other

- 4.5.1 None for the purposes of this report.

5 Financial Implications

- 5.1 There are no financial implications in this report.

- 5.2 **Section 151 Officer's comments:** None arising from the contents of this report.

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6 Legal Implications

- 6.1 There are no legal implications arising from this report.
- 6.2 **Legal Officer's comments:** The council is required by statute (under the Regulations 3 & 5 of the Accounts and Audit Regulations 2015 and section 151 of the Local Government Act 1972) to have an adequate and effective internal audit function. Regulation 3 of the Accounts and Audit Regulations 2015 requires the council to ensure that it has a sound system of internal control which (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and (c) includes effective arrangements for the management of risk. Regulation 5 of the Accounts and Audit Regulations 2015 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.

7 Policies, Plans & Partnerships

- 7.1 **Council's Key Priorities:** The following Key Priorities are engaged:
- 7.1.1 Effective Council: Engaging, responsive and resilient Council.
- 7.2 **Service Plans:**
- 7.2.1 The matter is not included within the current Service Delivery Plan.
- 7.3 **Climate & Environmental Impact of recommendations:**
- 7.3.1 No relevance for the purpose of this report.
- 7.4 **Sustainability Policy & Community Safety Implications:**
- 7.4.1 No relevance for the purpose of this report.
- 7.5 **Partnerships:**
- 7.5.1 The council's arrangements with partners, such as shared services, are considered within the remit of Internal Audit.

8 Background papers

Previous reports:

- 8.1.1 Audit and Scrutiny Committee (2025) *Internal Audit Plan 2025-2026 (Q1/2) and Internal Audit Charter 2025-2026*, 27th March 2025.
Online available: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MIId=1523>