

INTERNAL AUDIT CHARTER AND ANNUAL AUDIT PLAN 2026-27

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Wards affected:	(All Wards);
Appendices (attached):	Appendix 1 - Internal Audit Charter 2026-27 Appendix 2 – Internal Audit Plan 2026-27

Summary

As required by the Global Internal Audit Standards in UK Public Sector this report presents the Internal Audit Charter and the Internal Audit Plan 2026-27. The Internal Audit Charter (Appendix 1) is a formal document that includes the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications. The Internal Audit Plan (Appendix 2) is a document, developed by the Chief Internal Auditor, that identifies the engagements and other internal audit services anticipated to be provided during a given period.

Recommendation (s)

The Committee is asked to:

- (1) To provide input to and approve the Internal Audit Charter 2026-27 as set out in Appendix 1.**
- (2) To provide input to and approve the Internal Audit Plan 2026-27 as set out in Appendix 2.**

1 Reason for Recommendation

- 1.1 In accordance with the Global Internal Audit Standards in the UK Public Sector the Chief Internal Auditor is required to present to the Audit & Scrutiny Committee for approval the Internal Audit Charter and Internal Audit Plan.

2 Background

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

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'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.'

- 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 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.'
- 2.4 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).
- 2.5 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.
- 2.6 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.

Internal Audit Charter 2026-27

- 2.7 The Internal Audit Charter is reported to the Audit & Scrutiny Committee annually for review and approval. There have been no amendments to last year's Internal Audit Charter. A copy is attached as Appendix 1.

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Internal Audit Plan 2026-27

- 2.8 The proposed risk based internal audit plan for 2026-27 is attached at Appendix 2 and has been developed at a strategic level providing a value adding, and proportionate level of assurance aligned to the Council's key priorities. It is based on a range of inputs including review of the Council's strategic risk register, sector knowledge and discussions with management teams.
- 2.9 This is a unique year for the Council taking them through to vesting day (1 April 2027). We have worked with management to ensure the audit plan is positioned to add optimum value to the organisation during what will be a challenging period of significant change and uncertainty.
- 2.10 The audit plan will remain fluid to ensure internal audit's ability to react to the changing needs of the Council. Any additions to the plan must be able to clearly demonstrate a contribution to the audit conclusion on risk management, control and governance.
- 2.11 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.
- 2.12 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.
- 2.13 The internal audit plan is tailored to support the organisation through to vesting day, however, it is recognised that a significant level of organisational capacity / resource will be necessarily focused on LGR readiness in addition to delivering business-as-usual operations potentially impacting capacity to support internal audit delivery.
- 2.14 Should we feel the delivery of the plan is compromised in any way we will report this to Senior Management and the Audit & Scrutiny Committee through our regular progress report(s).
- 2.15 The endorsement and sponsorship of the plan(s) 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.

3 Risk Assessment

Legal or other duties

3.1 Equality Impact Assessment

3.1.1 None for the purposes of this report.

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3.2 Crime & Disorder

3.2.1 None for the purposes of this report.

3.3 Safeguarding

3.3.1 None for the purposes of this report.

3.4 Dependencies

3.4.1 None for the purposes of this report.

3.5 Other

3.5.1 None for the purposes of this report.

4 Financial Implications

4.1 There are no financial implications in this report.

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

5 Legal Implications

5.1 There are no legal implications arising from this report.

5.2 **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.

6 Policies, Plans & Partnerships

6.1 **Council's Key Priorities:** The following Key Priorities are engaged:

6.1.1 Effective Council: Engaging, responsive and resilient Council.

6.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.

6.3 **Climate & Environmental Impact of recommendations:** not applicable.

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6.4 **Sustainability Policy & Community Safety Implications:** not applicable.

6.5 **Partnerships:** not applicable.

6.6 **Local Government Reorganisation Implications:** not applicable.

7 Background papers

7.1 The documents referred to in compiling this report are as follows:

Previous reports:

- None

Other papers:

- None.