

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Internal Audit - Audit Plan 2025/26
Meeting date	29 May 2025
Status	Public Report
Executive summary	<p>This report was originally brought to Audit & Governance Committee on 20 March 2025. Following queries raised at the Committee, a separate report has been brought to this Committee. The report below is an updated version of the March report.</p> <p>To comply with the Global Internal Audit Standards (GIAS), and the Application Note / CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government, this report outlines the BCP Assurance Framework and the Internal Audit Plan for 2025/26.</p> <p>The final Internal Audit Plan for 2025/26 has been produced. Completion of the plan will enable the Head of Audit & Management Assurance to provide an annual conclusion on the Councils' governance, risk management and control arrangements.</p> <p>The allocated budget resource for 2025/26 is considered adequate to deliver the Internal Audit Charter and Audit Plan for 2025/26.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <ul style="list-style-type: none">• approve the Internal Audit Plan 2025/26 including the detailed breakdown of quarter 1 audits• note the 2025/26 budget for the Internal Audit service, which was approved by Council as part of the 2025/26 Council Budget setting and Medium Term Financial Plan update in February 2025
Reason for recommendations	<p>To comply with Global Internal Audit Standards and Application Note / CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government through the production and approval by the Audit & Governance Committee of the Internal Audit Plan and BCP Assurance Framework.</p>

Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
Corporate Director	Graham Farrant, Chief Executive
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Wards	Council-wide
Classification	For Decision and Information

Background

1. Auditors working in the UK public sector must follow the requirements of the Global Internal Audit Standards (GIAS) subject to the interpretations and additional requirements set out in the Application Note which both came into effect from the 1 April 2025.
2. The standards include 'essential conditions' for the governance of internal audit which are provided in CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government which also came into effect from the 1 April 2025.
3. The GIAS and supporting guidance require Internal Audit to create and revise as necessary an Internal Audit Plan. The plan should also be approved by the Audit & Governance Committee and the Internal Audit service budget (as previously approved by Council) should be noted.
4. This report was originally brought to Audit & Governance Committee on 10 March 2025. Following queries raised at the Committee, a separate report has been brought to this Committee. This report is an updated version of the March report; the two key changes are reference to the Assurance Framework has been removed as this was agreed at the last Committee, and the Quarter 1 proposed audits (Appendix B) has been updated with additional information.

Internal Audit Plan 2025/26

5. The Internal Audit Plan 2025/26 (high level allocation of resource and delivery approach) is unchanged from that presented to the Audit & Governance Committee on the 27 January 2024 and reproduced below, with comparison to the 2024/25 Audit Plan:

AUDIT ACTIVITY	2024/25 PLAN DAYS	2025/26 PLAN DAYS	Difference (Days)	Difference (Reason)
CORE AUDIT & ASSURANCE WORK				
HIGH LEVEL RISKS	740	860	+120	Additional resource from Council Tax SPD project transfer and reduction in apprentice training
KEY FINANCIAL SYSTEMS	160	160		
KEY ASSURANCE FUNCTIONS	195	195		
COUNTER FRAUD RISKS	160	180	+20	
SCHOOLS	50	50		
PLANNING, ADVICE, FOLLOW UP	270	270		
TOTAL	1,575	1,715	+140	
OTHER AUDIT WORK				
INVESTIGATIONS	100	100		No change
CONTINGENCY WORK	20	20		
GRANT CERTIFICATION WORK	45	45		
FINANCIAL REGULATIONS COMPLIANCE	20	20		
BCP TRANSFORMATION & EFFICIENCY	35	35		
TOTAL	220	220	-	
CORPORATE ASSURANCE WORK				
CORPORATE FRAUD	260	125	-135	Transfer of council tax single person discounts review project to revenues service
FREE EARLY EDUCATION FUNDING AUDITS	50	50		
OTHER CORPORATE ASSURANCE WORK	30	30		
TOTAL	340	205	-135	
GOVERNANCE WORK				
CORPORATE MANAGEMENT & LIAISON	70	70		No change
MEMBER LIAISON	65	65		
AGS (Annual Governance Statement)	75	75		
TOTAL	210	210	-	
IA SERVICE MANAGEMENT WORK				
MANAGEMENT & MEETINGS	285	280	-5	Staff FTE reduction during year
AUDIT DEVELOPMENT	80	80		
PERFORMANCE MANAGEMENT	45	45		
TOTAL	410	405	-5	
NON-PRODUCTIVE TIME				
LEAVE	535	520	-15	Less bank holidays & staff reduction during year.
SICK/DOWNTIME	55	55		
TRAINING & CPD	320	200	-120	Apprentice training completed during year.
TOTAL	910	775	-135	
TOTAL DAYS	3,665	3,530	-135	Staff FTE reduction during year

6. The 'Core Audit & Assurance Work' (1,715 days) is detailed further at Appendix A and shows all planned work across each individual Service Area.
7. A further breakdown of the audits that are planned to be carried out in quarter 1 of 2025/26 is shown at Appendix B. Following the queries raised at the March Committee, additional information has been included (IA Risk Score, Reason for Inclusion, Link to Corporate / Service Risks, Link to Corporate Strategy) have been included. Committee are asked to consider whether this information is of benefit to them.
8. Internal Audit have updated the Anti-Fraud & Corruption Work Plan (see Appendix C) which outlines planned work to prevent, detect and investigate fraud and corruption during 2025/26.
9. Consultation is being finalised with Corporate and Service Directors and External Audit on the Audit Plan.
10. The proposed work in the 2025/26 Audit Plan has been designed to enable the Head of Internal Audit to provide an annual conclusion on the Council's governance, risk management and control arrangements. The Audit Plan has been designed with flexibility in mind to accommodate any changes in BCP services that may occur throughout the organisation.
11. Monitoring of the Audit Plan completion and any changes will be brought to this committee on a quarterly basis. Audit & Governance Committee are asked to agree the proposed 2025/26 Audit Plan.

Options Appraisal

12. An options appraisal is not applicable for this report.

Summary of financial implications

13. The BCP Internal Audit Team budgeted cost for 2025/26 is £776,000. This budget is inclusive of all direct costs including supplies and services but does not include the apportionment of central support costs (which are budgeted in aggregate and apportioned to services as a separate exercise). These numbers are also inclusive of the Head of Audit & Management Assurance who manages other teams.
14. The allocated budget resource for 2025/26 is considered adequate to deliver the Internal Audit Charter 2025 and 2025/26 Audit Plan. Audit & Governance Committee are asked to note the budget for the Internal Audit service which has been previously approved by Council as part of the 2025/26 Budget setting and Medium Term Financial Plan update in February 2025.

Summary of legal implications

15. This report gives an opinion on the adequacy and effectiveness of the risk, control and governance systems in place.

Summary of human resources implications

16. There are 13.8 full-time equivalent (FTE) Internal Audit staff members planned to be employed as part of the 2025/26 Audit Plan inclusive of the Head of Audit & Management Assurance. It is the opinion of the Chief Internal Auditor that these resources are sufficient to provide Audit & Governance Committee and the Council's Corporate Management Board with the assurances required.
17. This represents a decrease of 0.55 FTE from 2024/25 resulting from a planned minor restructure of the team resulting in a decrease in audit apprentice positions from three to two during the year, which will be offset by the addition of two new career auditor roles.
18. As previously reported, one of the Audit Managers left the Council during May. A recruitment process is underway to appoint a replacement. An update on this and any implications for the delivery of the audit plan will be brought to the July Committee.

Summary of sustainability impact

19. There are no direct sustainability impact implications from this report.

Summary of public health implications

20. There are no direct public health implications from this report.

Summary of equality implications

21. There are no direct equality implications from this report.

Summary of risk assessment

22. The risk implications are set out in the content of this report.

Background papers

None

Appendices

Appendix A- Core Audit Plan 2025/26

Appendix B - Audits Planned for Quarter 1

Appendix C - Anti-Fraud & Corruption Work Plan 2025/26