

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Assurance Framework & Internal Audit Planning Consultation
Meeting date	15 January 2026
Status	Public Report
Executive summary	<p>To comply with the Global Internal Audit Standards (GIAS) and to ensure early consultation with the Audit & Governance Committee, this report outlines the BCP Assurance Framework and the 2026/27 Internal Audit Plan proposed approach.</p> <p>The Assurance Framework (Appendix A) has been updated with some minor changes to reflect current organisational structure and 'Ethics' has been added as a new Key Assurance Function.</p> <p>The proposed 2026/27 Internal Audit Plan approach shows the amount of resource required to provide core audit & assurance work (includes high level risks, key assurance functions and key financial systems audits). Other work (includes investigations) is also planned to be carried out alongside corporate assurance (includes corporate fraud) and governance work (includes annual governance statement).</p> <p>The main change for the 2026/27 Internal Audit Plan is a reduction in overall available resource of 220 days. This reflects the planned conversion of three Apprentice posts into two Auditor roles during 2025/26 and the appointment of a replacement Audit Manager on a part-time basis. This brings the team back to the position prior to the appointment of apprentices with a higher level of experienced and skilled staff.</p> <p>The proposed 2026/27 Internal Audit Plan approach has been designed to comply with the GIAS and enable the Head of Internal Audit to provide an annual conclusion on the Councils' governance, risk management and control arrangements.</p>
Recommendations	<p>It is RECOMMENDED that Audit & Governance Committee:</p> <ul style="list-style-type: none"> (a) Agree the BCP Assurance Framework (b) Consider and comment on the proposed 2026/27 Audit Plan approach including high level allocation of resource (c) Note that the Internal Audit Plan is delivered within the Finance base budget approved as part of the wider Council's budget setting process
Reason for recommendations	To comply with Global Internal Audit Standards including the Application Note for the public sector, and CIPFA's Code of

	<p>Practice for the Governance of Internal Audit in UK Local Government.</p> <p>To set out the Council's Assurance Framework.</p> <p>To ensure Audit & Governance Committee are informed of the proposed 2026/27 Internal Audit Plan approach.</p>
Portfolio Holder(s):	Cllr Mike Cox, Deputy Leader of the Council, Vice-Chair of Cabinet and Cabinet Member for Finance
Corporate Director	Aidan Dunn, Chief Executive
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Wards	Council-wide
Classification	For Information

Background

1. The authority for setting standards for internal audit in the United Kingdom public sector rests with the Relevant Internal Audit Standard Setters (RIASS) which for local government is the Chartered Institute of Public Finance and Accountancy.
2. The RIASS have determined that the Global Internal Audit Standards (GIAS) issued by the Institute for Internal Auditors (IIA) are a suitable basis for the practice of internal auditing in the UK public sector, subject to interpretations and requirements set out in the 'Application Note'.
3. The Application Note provides UK public sector-specific context, interpretations of GIAS requirements in the specific circumstances expected to apply across the UK public sector and some additional requirements which the RIASS consider essential for the practice of internal audit in the UK public sector.
4. Auditors working in the UK public sector must follow the requirements of the GIAS subject to the interpretations and additional requirements set out in the Application Note, and also CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government which all came into effect from the 1st April 2025.
5. On 27 November 2025, the Audit & Governance Committee received an overview of the process for developing the Internal Audit Plan, including the methodology used to select audits for inclusion in the annual plan, to support its review and approval.

Assurance Framework

6. The Council's Assurance Framework (Appendix A) assists the Audit & Governance Committee with their role of providing independent assurance to the Council on the effectiveness of the Council's governance arrangements, risk management framework and internal control environment.
7. It also contributes to the Council's Annual Governance Statement (AGS), which evaluates the effectiveness of the governance framework and provides an additional source of assurance to the Audit & Governance Committee

8. For each of the key assurance functions identified, it shows the 'first line' (those with management responsibility for implementing risk management and governance processes), the 'second line' (corporate and management oversight, including advice, expertise and compliance), and the 'third line', Internal Audit. It also shows where some external assurance sources exist.
9. The Assurance Framework has been updated with some minor changes to reflect current organisational structure arrangements and some additional external assurance providers (regulators) have been added.
10. The new GIAS, introduced in April 2025, places an enhanced emphasis on ethics by requiring auditors to assess the organisation's ethical culture. As a result, a new Key Assurance Function: **Ethics** has been added to the Assurance Framework. This function covers the principles, values, and standards that guide how the Council behaves and makes decisions and supports the [Nolan Principles](#). It consolidates existing Internal Audit assurance work under a single heading and includes arrangements such as:
 - Code of Conduct (officers and members) & supporting Council Procedures (e.g. equality & diversity, bullying & harassment)
 - Corporate structures (e.g. declarations of interests, gifts & hospitality)
 - Whistleblowing (including policies/procedures and reporting)
 - Counter Fraud (including policies/procedures, training and reporting)
 - Appraisals (including policies/procedures, training and compliance reporting)
 - Complaints (including policies/procedures, training and corporate oversight)
11. The GIAS, and more specifically the Application Note, state that in the UK public sector, the Head of Internal Audit must prepare an overall conclusion on the organisation's governance, risk management and control arrangements, at least annually, in support of wider governance reporting. The Assurance Framework identifies the sources of assurance that will be used to form the basis of the annual conclusion.
12. The GIAS also state that the Head of Internal Audit must co-ordinate with internal and external providers of assurance services and consider relying on their work. The Assurance Framework sets out the way Internal Audit consider other assurance providers and this forms part of the planning process for undertaking audit reviews across the Council. Coordination of services minimizes duplication of efforts and highlights gaps in coverage of key risks.
13. Audit & Governance Committee are asked to agree the updated Council's Assurance Framework.

Proposed Audit Plan 2026/27 – High level allocation of resource

Best Practice Compliance

14. The Internal Audit planning process is informed by the Council's Assurance Framework and compliance with GIAS as detailed above. The audit plan also considers the purpose, authority and responsibilities of the Internal Audit team as described in the Audit Charter.
15. According to the GIAS standards, the Head of Internal Audit must:
 - create an internal audit plan that supports the achievement of the organisation's objectives
 - base the internal audit plan on a documented assessment of the organisation's strategies, objectives and risks
 - ensure the internal audit plan is informed by input from the board and senior management
 - develop a budget that enables the successful implementation of the internal audit strategy and achievement of the internal audit plan

- ensure that human resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan

The arrangements outlined in the rest of this report below are designed to meet these requirements.

16. Internal Audit identify, document and risk assess the audit universe (i.e. the auditable areas of the Council), which includes consideration of the following areas:

- Risks to achieving the Council's Priorities and Objectives as stated in the Corporate Strategy
- Risks to delivering key Council projects, including those overseen by the Corporate Strategy Delivery Board
- Risks identified in the Corporate Risk Register and in Service / Directorate Risk Registers, including consideration of the risk framework/maturity of the organisation
- Risks to achieving Service / Directorate Priorities and Objectives as stated in business plans and other service documentation
- Council overall governance arrangements including the annual governance statement, local code of governance and decision records/reports
- Other sources of data, including financial/performance/procurement/ partnerships information, assets held, business continuity arrangements, corporate ethics activities, IT governance and systems, last audit/investigation findings, other internal/external reports and legislation.

17. The relative priority of planned audit work, based on the audit risk assessment, helps to determine which High Level Risk audits will be undertaken during the year.

18. Assurance work is planned to be carried out across a range of High Level Risk areas at corporate, directorate and service areas, as well as Key Assurance Functions (compliance with corporate policies), Key Financial Systems, Counter Fraud and Other areas (see core audit and assurance work in table below).

19. The proposed work in the draft 2026/27 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.

20. The table below outlines the Audit Plan days for 2026/27, with comparison to the 2025/26 Audit Plan.

21. The primary change for 2026/27 is a reduction in overall resources (220 days). This is partly due to the conversion of three apprentice posts to two full time Auditor Level I posts during 2025/26. This takes the team back to the position prior to the appointment of the apprentices, which was always intended to be a temporary measure to facilitate the recruitment of auditors in a challenging market. The remaining reduction in overall resource is due to the appointment of a replacement Audit Manager on a part-time basis.

AUDIT ACTIVITY	DETAIL	A	B	C	
		2025/26 Original Plan Days	2026/27 Plan Days	Difference vs Original Plan (Days) (B-A)	Reason for Difference
CORE AUDIT & ASSURANCE WORK					
HIGH LEVEL RISKS	As per audit risk assessment using Corporate Strategy, Corporate & Directorate Risk Registers and other sources	860	765	-95	Staff FTE reduction
KEY FINANCIAL SYSTEMS	Financial systems with significant value / materiality	160	180	+20	Different system coverage
KEY ASSURANCE FUNCTIONS	As identified on Assurance Framework (Appendix A)	195	170	-25	Some coverage now in high level risks
COUNTER FRAUD RISKS	As per Internal Audit's Counter Fraud Risk Register	180	180	0	
SCHOOLS	As per Internal Audit's Schools Risk Assessment	50	50	0	
OTHER	Including audit planning, advice and follow ups	270	270	0	
TOTAL		1,715	1,615	-100	
OTHER AUDIT WORK					
INVESTIGATIONS	Fraud/management investigations	100	105	+5	
CONTINGENCY WORK	Other audit reviews as requested and carry forwards	20	25	+5	
GRANT CERTIFICATION WORK	Head of Internal Audit certification as required per grant conditions	45	30	-15	Less grants
FINANCIAL REGULATIONS COMPLIANCE	Responding to requests for support and advice and instances of breaches	20	25	+5	Supporting Procurement & Contracts Board
VALUE FOR MONEY WORK	Specific reviews to ensure resources are used economically, efficiently and effectively	35	20	-15	BCP Transformation work ceased
TOTAL		220	205	-15	
CORPORATE ASSURANCE WORK					
CORPORATE FRAUD	Includes service support on right to buy applications, housing tenancy and blue badge fraud referrals	125	95	-30	Less service support needed
FREE EARLY EDUCATION FUNDING AUDITS	Assurance on funds allocated to providers	50	50	0	
OTHER CORPORATE ASSURANCE WORK	Includes ill health pension review role	30	15	-15	Removal of Charter Trustees work
TOTAL		205	160	-45	

GOVERNANCE WORK					
CORPORATE MANAGEMENT & LIAISON	Work with External Audit and Senior Management	70	55	-15	Less staff network support
MEMBER LIAISON	Audit & Governance Committee work	65	80	+15	Increased level of meetings
AGS (Annual Governance Statement)	Preparation & monitoring of the Council's Annual Governance Statement and Local Code of Governance	75	75	0	
TOTAL		210	210	0	
IA SERVICE MANAGEMENT WORK					
MANAGEMENT & MEETINGS	Staff management and meetings, including 1-2-1s and recruitment	280	270	-10	Staff FTE reduction
AUDIT DEVELOPMENT	Development of computerised audit management system, audit techniques (e.g. data analytics) and associated processes	80	80	0	
PERFORMANCE MANAGEMENT	Monitoring/reporting on team performance and quality assurance processes	45	45	0	
TOTAL		405	395	-10	
NON-PRODUCTIVE TIME					
LEAVE	Including bank holidays	520	535	+15	More bank holidays offset by staff FTE reduction
SICK/DOWNTIME	Including service interruption from equipment/technology failure	55	50	-5	
TRAINING & CPD	Including staff appraisals and qualification training	200	140	-60	No apprentice training
TOTAL		775	725	-50	
TOTAL DAYS		3,530	3,310	-220	Staff FTE reduction

Audit Plan Delivery

22. The Core Audit & Assurance Work audits will generally be completed on a Directorate basis covering a selection of Key Assurance Function areas, any appropriate Financial Systems, High Level Risks and relevant Counter Fraud work determined by the relative priority of the audits identified during the annual planning process. This approach enables Internal Audit to prioritise work within and between each Directorate and be able to respond to any changes in the Council's business, risks, operations, programmes, systems and controls.
23. In 2026/27, as the Council navigates a challenging financial and economic environment, it will continue to seek efficiencies, maximise opportunities, and implement innovative ways of working. To support this, a flexible audit approach will be adopted. The Audit Plan for 2026/27 will remain dynamic, with timely updates to reflect changes in the Council's risks, controls, systems, projects, and organisational culture.
24. Internal Audit will facilitate organisational change by proactively identifying emerging risks, providing expert advice on process and control enhancements, and supporting management in sustaining robust governance arrangements. Throughout the year, real-time assurance will be delivered, underpinned by the application of advanced data analytics and continuous assurance activities in alignment with the Internal Audit Strategy.

Audit Plan Consultation/Agreement

25. This proposed Audit Plan approach for 2026/27 has been discussed and agreed with senior management via the Statutory Officers Group.
26. Following this consultation with Audit & Governance Committee, the Corporate Directors and Service Directors will be consulted to inform the plan and capture any emerging risks/pertinent issues.
27. Following the full consultation process the final 2026/27 Audit Plan will be brought back to this Committee for formal approval in March 2026 which will include a detailed breakdown of audit days required in each Directorate and a list of provisional audits for quarter one of 2026/27.
28. Any impact on the delivery of the Audit Plan arising from resource constraints, competing stakeholder priorities, changes to planned high-risk audit areas, or limitations in audit scope will be reported to the Committee through quarterly progress updates. Furthermore, any material amendments to the Audit Plan will be subject to discussion and formal agreement with senior management and the Audit & Governance Committee.
29. Audit & Governance Committee are asked to consider and comment on the proposed 2026/27 Audit Plan approach.

Options Appraisal

30. See audit plan approach option above.

Summary of financial implications

31. The Audit Plan is delivered within the Finance base budget approved as part of the wider Council's budget setting process. The 2026/27 Audit Plan outlined above assumes the 2026/27 Internal Audit budget will be approved broadly on the same basis as 2025/26 (£818,500) and allowing for inflationary growth only.
32. The budget includes the resources necessary for the function's operation, including training and acquisition of technology and tools (as considered as part of the Internal Audit Strategy). This level of resource is considered sufficient to enable the Head of

Internal Audit to provide an annual conclusion on the Councils' governance, risk management and control arrangements.

33. Spend against the Internal Audit budget will be regularly reviewed and any variances reported as part of Internal Audit activity quarterly reporting to Audit & Governance Committee.
34. In accordance with GIAS in the UK Public Sector, the Head of Internal Audit considers that the level of financial resources is sufficient to fulfil its mandate and deliver the 2026/27 Audit Plan, and therefore an alternative financial resource strategy is not considered necessary.

Summary of legal implications

35. There are no direct legal implications from this report.

Summary of human resources implications

36. There will be 13.0 budgeted full-time equivalent (FTE) Internal Audit staff planned for the 2026/27 Audit Plan, inclusive of the Head of Audit & Management Assurance who manages several other teams and an Auditor who specialises in corporate fraud prevention, detection and investigation.
37. All Internal Audit staff are subject to a formal competency assessment and undergo regular professional development training to ensure skills are kept up to date and to provide succession planning. The team has all of the necessary technical expertise, experience and relevant qualifications to carry out the function effectively and to achieve the Internal Audit Plan. The only exception is for some technical IT audit areas, for which a specialist contractor is externally procured each year.
38. It is the opinion of the Head of Internal Audit that these human resources are appropriate and sufficient to achieve the internal audit plan and provide Audit & Governance Committee and the Council's Corporate Management Board with the assurances required.

Summary of sustainability impact

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

Summary of public health implications

40. There are no public health implications from this report.

Summary of equality implications

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

Summary of risk assessment

42. This report ensures compliance with the Global Internal Audit Standards and Application Note for the public sector.

Background papers

None

Appendices

Appendix 1 – BCP Assurance Framework