

AUDIT AND GOVERNANCE COMMITTEE



Report subject	Internal Audit - Audit Charter & Audit Plan 2026/27
Meeting date	19 March 2026
Status	Public Report
Executive summary	<p>This report sets out the Internal Audit Charter and the Audit Plan for 2026/27. Approval of these documents by the Audit & Governance Committee is a requirement of the Global Internal Audit Standards (GIAS).</p> <p>Some minor amendments have been made to the Internal Audit Charter (Appendix A) which includes an updated Internal Audit Strategy and an updated Data Analytics Strategy.</p> <p>The final Internal Audit Plan for 2026/27 has been produced which includes some very minor amendments from the version provided to the Audit & Governance Committee in January 2025 alongside further details on how the resource will be allocated as described in the Core Audit Plan 2026/27 (Appendix B), Provisional audits for 2026/27 (Appendix C) and the Anti-Fraud & Corruption Plan 2026/27 (Appendix E).</p> <p>The proposed 2026/27 Internal Audit Plan approach has been designed to enable the Head of Internal Audit to provide an annual conclusion on the Councils' governance, risk management and control arrangements as required by the GIAS.</p> <p>The allocated budget resource for 2026/27 is considered adequate to deliver the Internal Audit Charter and Audit Plan for 2026/27.</p>
Recommendations	<p>It is RECOMMENDED that Audit & Governance Committee:</p> <ul style="list-style-type: none"> • approve the Internal Audit Charter and agree that the Chair signs the document to record this approval (this may be a virtual sign off using email) • approve the Internal Audit Plan 2026/27 including the detailed breakdown of quarter 1 audits • note the 2026/27 budget for the Internal Audit service which was approved by Council as part of the 2026/27 Council Budget setting and Medium Term Financial Plan update in February 2026.
Reason for recommendations	To comply with Global Internal Audit Standards and Application Note for the public sector.
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance

Corporate Director	Aidan Dunn, 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.
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.
3. Audit & Governance Committee are required to approve the Internal Audit Charter, which includes the internal audit mandate and the scope and types of internal audit services under the GIAS and supporting guidance.
4. The GIAS and supporting guidance requires 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 under the GIAS.

Internal Audit Charter 2026/27

5. The Internal Audit Charter (Appendix A) describes the purpose, authority, responsibilities and scope of the Council's Internal Audit Section.
6. An annual review has been undertaken of the Charter and the following minor amendments have been made:
 - Internal Audit Strategy (Charter Appendix C) updated with some revised objectives/actions and a new objective to ensure efficient and effective provision of assurance to A&G Committee through further integration and reliance on appropriate sources of assurance.
 - Data Analytics Strategy (Charter Appendix D) actions updated to reflect work carried out during the previous year.
 - Quality Assurance & Improvement Programme (Charter Appendix H) updated performance target to ensure all previous year audit work is fully completed by 30 June (was 31 July).
 - Medium priority recommendations to be reported to the Audit & Governance Committee after one year (previously 18 months) under the Follow Up Process and Escalation Process (Charter Appendix F).
 - The Equality Impact Assessment conversation screening tool (Charter Appendix A) reviewed and refreshed (no changes required).
7. The Audit & Governance Committee are asked to approve the amended Charter.

Internal Audit Plan 2026/27

8. The Internal Audit Planning Consultation 2026/27 (high level allocation of resource and delivery approach) was presented to the Audit & Governance Committee on the 15 January 2026 for comments and feedback. A minor change has been made in the allocation of time to between High Level Risks and Key Assurance Functions to reflect how safeguarding audits are planned to be undertaken as highlighted in the table below:

AUDIT ACTIVITY	2026/27 PLAN DAYS (Reported to Jan A&G)	2026/27 PLAN DAYS (Updated)	Difference (Days)
CORE AUDIT & ASSURANCE WORK			
HIGH LEVEL RISKS	765	755	-10
KEY FINANCIAL SYSTEMS	180	180	
KEY ASSURANCE FUNCTIONS	170	180	+10
COUNTER FRAUD RISKS	180	180	
SCHOOLS	50	50	
PLANNING, ADVICE, FOLLOW UP	270	270	
TOTAL	1,615	1,615	0
OTHER AUDIT WORK			
INVESTIGATIONS	105	105	
CONTINGENCY WORK	25	25	
GRANT CERTIFICATION WORK	30	30	
FINANCIAL REGULATIONS COMPLIANCE	25	25	
VALUE FOR MONEY WORK	20	20	
TOTAL	205	205	-
CORPORATE ASSURANCE WORK			
CORPORATE FRAUD	95	95	
FREE EARLY EDUCATION FUNDING AUDITS	50	50	
OTHER CORPORATE ASSURANCE WORK	15	15	
TOTAL	160	160	-
GOVERNANCE WORK			
CORPORATE MANAGEMENT & LIAISON	55	55	
MEMBER LIAISON	80	80	
AGS (Annual Governance Statement)	75	75	
TOTAL	210	210	-
IA SERVICE MANAGEMENT WORK			
MANAGEMENT & MEETINGS	270	270	
AUDIT DEVELOPMENT	80	80	
PERFORMANCE MANAGEMENT	45	45	
TOTAL	395	395	-
NON-PRODUCTIVE TIME			
LEAVE	535	535	
SICK/DOWNTIME	50	50	
TRAINING & CPD	140	140	
TOTAL	725	725	-
TOTAL DAYS	3,310	3,310	-

9. This report provides further information of the allocation of these days, in particular the 'Core Audit & Assurance Work' (1,615 days), as detailed at Appendix B, shows all planned work across each individual Service Area.
10. The (provisional) planned individual audits for the whole of 2026/27 are shown at Appendix C which includes calculated risk scores, reason for inclusion in the audit plan, links to organisational risks/corporate strategy and provisional timings.
11. Appendix D sets out how the proposed 2026/27 Internal Audit Plan provides coverage of the risks included in the current Corporate Risk Register.
12. The Anti-Fraud & Corruption Work Plan is provided at Appendix E which details all planned work to prevent, detect and investigate fraud and corruption during 2026/27, consisting of Counter Fraud Risks (180 days), Investigations (105 days) and Corporate Fraud work (95 days).
13. Consultation is being finalised with Senior Management, Corporate and Service Directors and External Audit on the Audit Plan.
14. 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.
15. 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 2026/27 Audit Plan.

Options Appraisal

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

Summary of financial implications

17. 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 revised (£824,400) and allowing for inflationary growth only.
18. 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.
19. 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.
20. 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

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

Summary of human resources implications

22. 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.

23. 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.
24. 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

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

Summary of public health implications

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

Summary of equality implications

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

Summary of risk assessment

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

Background papers

None

Appendices

Appendix A – Internal Audit Charter 2026/27

Appendix B – Core Audit Plan 2026/27

Appendix C – Provisional audits for 2026/27

Appendix D – Coverage of Corporate Risks by the Proposed 2026/27 Internal Audit Plan

Appendix E – Anti-Fraud & Corruption Work Plan 2026/27