AUDIT AND GOVERNANCE COMMITTEE

Report subject	**Chief Internal Auditor's Annual Opinion Report 2025/26**
Meeting date	30 July 2026
Status	Public Report
Executive summary	It is the opinion of the Chief Internal Auditor that during the 2025/26 financial year: • arrangements were in place to ensure an adequate and effective framework of governance, risk management and internal controls (internal control environment), and that where weaknesses were identified there were appropriate action plans in place to address them; • the systems and internal control arrangements were generally effective and that agreed policies and regulations were generally complied with; • adequate arrangements were in place to deter and detect fraud; • there was an appropriate and effective risk management framework; • managers were aware of the importance of maintaining internal controls and accepted recommendations made by Internal Audit to improve controls; • the Council's Internal Audit service was effective and compliant with regulations and standards as required of a professional internal audit service; • the arrangements, in respect of the Chief Internal Auditor, were consistent with all of the five principles set out in the CIPFA publication "The Role of the Head of Internal Audit in Public Sector Organisations".
Recommendations	**It is RECOMMENDED that:** **the Audit & Governance Committee note the Chief Internal Auditor's Annual Report and Opinion on the overall adequacy of the internal control environment (governance processes, risk management and internal control arrangements) for BCP Council.**
Reason for recommendations	The Chief Internal Auditor's Annual Report and Opinion for BCP Council provides assurance on the effectiveness of the Council's control environment (governance processes, risk management and internal control arrangements) as required by the Global Internal Audit Standards.

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 Information

Background

1. The Chief Internal Auditor's Annual Report and Opinion for BCP Council was produced in compliance with the Global Internal Audit Standards (and supporting 'Application Note' for the public sector and CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government), which requires the Head of Audit & Management Assurance, in his role as Chief Internal Auditor, to provide an overall internal audit opinion at least annually on the adequacy and effectiveness of
    - Governance processes
    - Risk management
    - Internal control arrangements

2. The Audit & Governance Committee must consider the Council's Chief Internal Auditor's Annual Report and Opinion before its consideration of the Council's Annual Governance Statement.

3. It should be noted that the title 'Chief Internal Auditor' is interchangeable with the terms 'Head of Internal Audit', 'Chief Audit Executive' and 'Head of Audit & Management Assurance' used in this report or in other relevant publications, guidance or standards.

The Chief Internal Auditor's Consideration & Opinion Summary

4. The Chief Internal Auditor's Annual Report and Opinion 2025/26 for BCP Council is provided at Appendix A.

5. In summary, it is the opinion of the Chief Internal Auditor for BCP Council that:
    - arrangements were in place to ensure an adequate and effective framework of governance, risk management and internal control (internal control environment) and that where weaknesses were identified there was an appropriate action plan in place to address them;
    - the systems and internal control arrangements were generally effective and that agreed policies and regulations were generally complied with;
    - adequate arrangements were in place to deter and detect fraud;
    - there was an appropriate and effective risk management framework;
    - managers were aware of the importance of maintaining internal controls and accepted recommendations made by Internal Audit to improve controls;

- the Council's Internal Audit service was effective and compliant with all regulations and standards as required of a professional internal audit service;
- the arrangements at the Council in respect of the Chief Internal Auditor were consistent with all of the five principles set out in the CIPFA publication "The Role of the Head of Internal Audit in Public Sector Organisations".

Options Appraisal

6. An options appraisal is not appropriate for this report.

Summary of financial implications

7. The total actual net cost, for the 2025/26 financial year, of the Internal Audit team was £824,314; compared against the budget of £824,400, this resulted in a net underspend of £86 (the required budgeted vacancy factor savings of 5% was met by an Audit Manager post being filled on a part-time basis). The costs above were inclusive of the Head of Audit & Management Assurance who managed several other teams and an Auditor who specialises in corporate fraud investigation, detection and prevention.

Summary of legal implications

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

Summary of human resources implications

9. There were 13.3 full-time equivalent (FTE) Internal Audit staff members employed across the Council during 2025/26 which is slightly less than the budget of 13.8 FTE due to an Audit Manager post being filled on a part-time basis during the year. This resource is 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.

10. It is the opinion of the Chief Internal Auditor that these resources were sufficient to provide Audit & Governance Committee and the Council's Corporate Management Board with the assurances outlined in this report.

Summary of sustainability impact

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

Summary of public health implications

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

Summary of equality implications

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

Summary of risk assessment

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

Background papers

None

Appendices

Appendix A – Chief Internal Auditor's Annual Report and Opinion 2025/26
Including Annexe 1, 2 and 3