



Internal Audit Plan 2025/26

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Lead Member/Relevant Portfolio Holder	N/A

Corporate Priority:	All
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No

1 Summary

- 1.1 The report provides Members with a copy of the draft Internal Audit Plan for 2025/26 and the Internal Audit Charter and Mandate for review and formal approval, in line with the requirements of the Global Internal Audit Standards.

2 Recommendations

That Committee

- 2.1 **Review and approve the Internal Audit Plan for 2025/26 (Appendix A).**
- 2.2 **Review and approve the Internal Audit Charter and Mandate (Appendix B).**
- 2.3 **Approve delegated authority for the Director for Corporate Services, in consultation with the Chair of the Audit and Standards Committee, to agree significant amendments to the Plan during the financial year, if required.**

3 Reason for Recommendations

- 3.1 To approve the Internal Audit plan and Charter and Mandate, in line with the Global Internal Audit Standards.

4 Background

- 4.1 The Audit and Standards Committee is responsible for overseeing the delivery of the Internal Audit service.

5 Main Considerations

5.1 Basis for the plan

5.1.1 The Global Internal Audit Standards (section 9.4) state that the ‘chief audit executive must create an internal audit plan that supports the achievement of the organisation’s objectives’ and ‘the chief audit executive must base the internal audit plan on a documented assessment of the organisation’s strategies, objectives, and risks. This assessment must be informed by input from the board and senior management as well as the chief audit executive’s understanding of the organisation’s governance, risk management, and control processes’.

5.1.2 The Global Internal Audit Standards require that the internal audit plan must:

- a) Consider the internal audit mandate and the full range of agreed-to internal audit services.
- b) Specify internal audit services that support the evaluation and improvement of the organisation’s governance, risk management, and control processes.
- c) Consider coverage of information technology governance, fraud risk, the effectiveness of the organization’s compliance and ethics programs, and other high-risk areas.
- d) Identify the necessary human, financial, and technological resources necessary to complete the plan.
- e) Be dynamic and updated timely in response to changes in the organisation’s business, risks operations, programs, systems, controls, and organisational culture.

5.1.3 In order to ensure that the Audit Plan for 2025/26 addresses the Council’s key risks and adds value, the Chief Internal Auditor has identified and prioritised the areas for coverage by:

- a) Reviewing the Council’s Risk Registers and Corporate Strategy;
- b) Analysing coverage of Internal Audit reviews over the last four years and the assurance opinions provided following each review, to identify any assurance gaps or areas where follow up work would be of value;
- c) Horizon scanning for changes in legislation / regulations; upcoming projects or funding and potential emerging risks for the year ahead;
- d) Identifying any other sources of assurance for the Council’s key risks, which may reduce the added value of an Internal Audit review and where work could be aligned with other assurance providers;
- e) Identifying areas of the Audit Universe (a list of potential areas for audit review across the Council) which have not been subject to Internal Audit review during the last four years;
- f) Discussion and consultation at the Audit and Standards Committee on the planning process and areas where Members require assurances from Internal Audit during 2025/26. Members were invited to refer potential risk areas for coverage to the Chief Internal Auditor or Chair of the Audit and Standards Committee and a workshop took place in February 2025 to brief Members on the potential areas for audit coverage; and

g) Meetings with members of Senior Leadership Team to discuss key risks and emerging risk areas for the year ahead and any areas where Internal Audit support would be beneficial either in an assurance or consultancy role.

- 5.1.4 All potential audit coverage identified has then been risk assessed and prioritised for inclusion in the Audit Plan, in consultation with Senior Leadership Team. This has been based on risk, other sources of assurance available and potential value added from a review during this period, along with the accumulated assurances gained by the internal audit service to date.
- 5.1.5 Following this consultation and review, a Draft Internal Audit Plan has been compiled and is provided in Table 1 of Appendix A. This list has been consulted upon with the Chair and Vice Chair of the Audit and Standards Committee.
- 5.1.6 The Global Internal Audit Standards require that ‘the chief audit executive must discuss the internal audit plan, including significant interim changes, with the board and senior management. The plan and significant changes to the plan must be approved by the board’.
- 5.1.7 Under the Global Internal Audit Standards, ‘the chief audit executive must review and revise the internal audit plan as necessary and communicate timely to the board and senior management:
- a) The impact of any resource limitations on internal audit coverage.
 - b) The rationale for not including an assurance engagement in a high-risk area or activity in the plan.
 - c) Conflicting demands for services between major stakeholders, such as high-priority requests based on emerging risks and requests to replace planned assurance engagements with advisory engagements.
 - d) Limitations on scope or restrictions on access to information.
- 5.1.8 If the risk environment changes during 2025/26 the Audit Plan can be amended, and these assignments can be re-assessed for possible coverage. A reserve list has also been provided, which reflects other risk areas considered for inclusion in the plan and the proposed approach to these areas. Should any of the planned assignments be removed from the plan, or reserve areas become of greater priority due to changes in the risk environment, this list will inform any plan amendments.
- 5.1.9 To ensure that the Internal Audit activities are consistently focused upon the Council’s key risks, the plan will remain subject to ongoing review by the Chief Internal Auditor throughout the year and will be subject to regular consultation with senior management. To enable the Internal Audit team to be responsive and amend the planned activities to address any new or emerging risk areas as required, it is recommended that a mechanism be agreed to allow for approval of any significant changes to the Audit Plan between Audit and Standards Committee meetings. Significant changes would include cancelling or postponing planned assignments related to significant risks or critical strategic objectives amendments. If the delegation is approved, such changes would be agreed by the Director for Corporate Services, in consultation with the Chair, and reported at the subsequent meeting of the committee.

5.2 **Plan coverage**

- 5.2.1 The plan includes a range of audit assignments which seek to add value and provide assurance. There is a requirement to conduct the fundamental coverage of key financial

controls, governance and policy compliance on an annual basis as these must inform the annual Audit Opinion and provide the necessary assurances to the Council's s151 Officer.

- 5.2.2 In providing risk-based assurances over the Council's processes and controls, a range of audits have been proposed which relate to key risk areas identified through consultation and review of risk registers. These will provide targeted reviews of areas where assurance over the design and effectiveness of controls is a priority.
- 5.2.3 In assessing priority areas for audit coverage, consideration is given to key risks where other sources of assurance are already available.
- 5.2.4 The coverage includes audits of areas funded by both the General Fund (general and special expenses) and the Housing Revenue Account (HRA). A number of the audits are cross cutting in this regard as they will cover activity relating to both areas. There are also a number of audits specific to grant funded projects.
- 5.2.5 In order to provide some flexibility and the opportunity to actively engage with, and support the development of robust controls, governance mechanisms and risk management, an allocation of days for ad hoc advice has been included within the support days. This time can be used for ad-hoc queries and advice, in addition to providing some contingency and flexibility where emerging risks require prompt audit engagement. This will also provide the opportunity for regular dialogue between Internal Audit and the service leads, highlighting potential changes in risk profiles and raising the profile of the service with officers.
- 5.2.6 The Internal Audit service provides support and advice to the Council on counter fraud activity. The audit team do not deliver against a set counter fraud plan but are available to provide specialised support and guidance as needed.
- 5.2.7 Liaison with senior officers will continue throughout the year to ensure that the risks identified are consistent with their understanding and assessment of assurance and support needs and that this is reflective of the first and second lines of assurance within business areas. Any changes required to the plan based on a reassessment of risk or alternative sources of assurance will be agreed with the s151 Officer, in consultation with the Chair of the Audit and Standards Committee and reported at the subsequent Committee meeting.

5.3 Internal Audit Charter and Strategy

- 5.3.1 The Internal Audit Charter has been reviewed to align with the Global Internal Audit Standards and to incorporate feedback from the recent external quality assessment.
- 5.3.2 The Global Internal Audit Standards require the Chief Internal Auditor to develop an Internal Audit Charter, defined as "a formal document that includes the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of services, and other specifications." According to Standard 6.2, the Charter must also include the Purpose of Internal Auditing and the internal audit function's commitment to adhering to the Global Internal Audit Standard.

6 Options Considered

- 6.1 No other options were considered.

7 Consultation/Engagement

- 7.1 The Audit and Standards Committee and Senior Leadership Team have been consulted in the development of the internal audit plan coverage for 2025/26.

8 Next Steps – Implementation and Communication

- 8.1 The Internal Audit plan will form the schedule of work for the Internal Audit service for 2025/26 and regular progress reports will be brought to the Audit and Standards Committee throughout the financial year.

9 Financial Implications

- 9.1 There are no financial or other resource implications arising directly from this report.

Financial Implications reviewed by: Interim Assistant Director for Resources

10 Legal and Governance Implications

- 10.1 The Accounts and Audit Regulations 2015 require 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". Adoption of the recommendations in this report will assist in ensuring that the Council meets this requirement.

Legal Implications reviewed by: Monitoring Officer.

11 Equality and Safeguarding Implications

- 11.1 There are no equalities or safeguarding implications arising directly from this report.

12 Data Protection Implications (Mandatory)

- 12.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no risks/issues to the rights and freedoms of natural persons.

13 Community Safety Implications

- 13.1 There are no community safety implications arising directly from this report.

14 Environmental and Climate Change Implications

- 14.1 There are no environmental and climate change implications arising directly from this report.

15 Other Implications (where significant)

- 15.1 There are no other implications arising directly from this report.

16 Risk & Mitigation

- 16.1 The annual Internal Audit report forms part of the evidence that supports the Council's Annual Governance Statement and provides assurance over the adequacy and effectiveness of the Council's internal controls to manage the key risks and inform risk management arrangements.

17 Background Papers.

- 17.1 None

18 Appendices

- 18.1 Appendix A – Internal Audit Plan 2025/26
18.2 Appendix B – Internal Audit Charter and Mandate