



Internal Audit Plan 2025/26

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Internal Audit Plan 2025/26

1. Introduction

- 1.1 This report sets out the proposed work of Internal Audit at Melton Borough Council for 2025/26 for review and approval by the Audit and Standards Committee.
- 1.2 Internal Audit provides independent assurance designed to add value and support the Council in achieving its priorities and objectives. To deliver this, Melton Borough Council commissions 265 days for delivery of the Internal Audit service on an annual basis.
- 1.3 The provision of assurance services is the primary role for Internal Audit in the public sector. This role requires the Chief Internal Auditor to provide an annual Internal Audit opinion based on an objective assessment of the framework of governance, risk management and control.
- 1.4 Internal Audit also provide consultancy services which are advisory in nature and are generally performed at the specific request of the organisation, with the aim of improving governance, risk management and control and contributing to the overall opinion. Any proposed consultancy/advisory work is clearly specified as such on the Audit Plan.
- 1.5 The Global Internal Audit Standards require the internal audit plan to:
- 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 organisation'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.

2. The Audit Plan

- 2.1 The Audit Plan covers the two key component roles of Internal Audit:
- The provision of an independent and objective opinion to the Section 151 Officer and the Audit and Standards Committee on the degree to which risk management, control and governance support the achievement of Council objectives; and
 - The provision of an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance arrangements.
- 2.2 Central to the organisation, is the core delivery of the Council's objectives and corporate plan. The risk based audits are focused upon providing independent assurance over the controls in place to support delivery of those objectives.
- 2.3 In order to protect the Council in delivering these objectives, it is essential that the Council's key corporate controls and policies are operating effectively to prevent the risk

of financial loss, failure to comply with legislation, lack of accountability and reputational damage. These controls and policies cover both financial and non-financial systems and processes. These policies and controls must be complied with by all service areas to secure the Council's ongoing stability and service delivery.

2.4 Further protecting and underpinning the Council's ongoing delivery of its objectives are robust counter fraud controls and good governance. Without these, the Council would be exposed to the risk of fraud and corruption (both internally and externally), uninformed or non-transparent decision making, loss of accountability and direction, poor risk management and failure to embed and demonstrate ethical behaviours and values.

2.5 As such, the Audit Plan is designed to deliver independent, objective assurance on each of these areas – which are vital to the successful delivery of the Council's objectives and services.

Value for money

2.6 In addition to assurance over governance, risk management and controls, the Audit Plan should also provide assurance over the Council's delivery of value for money. Assurance over value for money is embedded within each audit assignment.

2.7 Some of the corporate level audits will provide specific assurances in relation to the value for money requirements.

Fraud risks

2.8 In the scoping of every audit assignment, consideration is given to any fraud risks associated with the processes under review. These are specifically considered for any relevant audit coverage.

2.9 In addition, the Internal Audit team also support with pro-active counter fraud work and are available to provide ad-hoc advice and assistance should any concerns be raised. The Council's whistleblowing policy provides Internal Audit as a point of contact for raising concerns and, should any investigation work be required, the team includes officers with the skillset and experience to deliver fact finding investigation work.

Housing revenue account / general fund

2.10 The audit plan covers activity funded both by the general fund and the Housing Revenue Account. It should be noted that the cross-cutting audit work, such as budgetary control, covers both general fund and Housing Revenue Account activity.

3. Planning process

3.1 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:

- Reviewing the Council's Risk Registers and Corporate Plan;
- Considering the sources of assurance listed against each of the Council's risk entries, which may reduce the added value of an Internal Audit review and where work could be aligned with other assurance providers;
- Horizon scanning for changes in legislation / regulation and emerging risk areas for the year ahead;

- 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;
- Report on the audit planning process to Audit and Standards Committee in November 2024, including a chance to consult the Committee on any areas where assurance was specifically sought;
- Workshop held with the Audit and Standards Committee members in February 2025 to discuss potential areas to prioritise for audit coverage; and
- Meeting 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.

3.2 The process has also incorporated consideration of potential audits which can be undertaken by drawing upon similar emerging themes from all councils with whom North Northamptonshire Council's Internal Audit team works.

3.3 Following this consultation and review, a draft Internal Audit Plan has been compiled and is provided in Table 1.

3.4 In order to ensure the Audit Plan addresses the Council's key risks and that the service is able to respond to any in year changes to the organisation's business, risks, operations, programs or systems, it is vital that the content of the Plan be subject to ongoing review throughout the financial year. To enable the service to be responsive and ensure all audit resources are used effectively and add maximum value, it is recommended that arrangements be agreed to allow changes to the Plan to be made between Audit and Standards Committee meetings, involving consultation between the Chief Internal Auditor, the S151 Officer and Chair of the Audit and Standards Committee.

3.5 Also provided is a 'reserve list' showing the other potential areas for coverage which were considered in the drafting of the Plan but were assessed as lower priority. Should the risk environment change, which impacts on the relevance of the planned audit work, these can be considered as potential areas for alternative audit work – depending on any wider risk implications. The details of those areas are provided in Table 2, which explains the proposed plan for seeking assurances, should the audit coverage not be included in 2025/26.

Resources

3.6 The audit assignments are delivered by a team of audit staff including a mix of highly regarded professional qualifications (including CIPFA, ACCA and IIA) and extensive experience in the public and private sector. Absences and resource gaps/vacancies can be filled by the wider team, providing the resilience and stability of the delegated service.

3.7 Efforts are constantly made to ensure all clients benefit from the delegated arrangement and this work with multiple local authorities. This includes achieving efficiencies in delivering assignments, sharing of knowledge and experience and opportunities to deliver cross-cutting reviews.

3.8 Every year, all members of the team complete a declaration form to ensure and maintain independence and objectivity in conducting all assignments. As such, the Chief Internal Auditor can confirm the service's independence. The delegated service model also enables the Chief Internal Auditor to allocate audits to various officers over time, to avoid risks associated with over familiarity.

3.9 On an annual basis, the Chief Internal Auditor completes a self-assessment of the Internal Audit service against the Public Sector Internal Audit Standards. In doing so, the Chief Internal Auditor must consider whether the resource base and mix is adequate and would highlight to the S151 officer and Audit and Standards Committee if there were any concerns that the resources in place could not provide the required coverage to inform the annual Assurance Opinion.

Table 1: Draft Internal Audit Plan 2025/26

Corporate objectives	Internal Audit Assignments (including assurances sought and basis for inclusion)	Audit days	Risk entries *1	Initial timing	Client lead
Theme 1: Healthy communities and neighbourhoods	Private sector housing To provide assurance over the Council's compliance with regulations and Council policy in working with owners, landlords, letting agents and tenants. To include review of compliance with the latest Housing Health & Safety Rating System (HHSRS) for damp and mould and implications of the Renters Rights Bill.	15	REG02 REG04	Q2	Director for Place and Prosperity
	Preparedness for new Waste regulations To provide assurance over planning work for changes in the provision of waste services including procurement implications and project planning.	12	PL2 HC6	Q4	Director for Housing and Communities
	Anti-social behaviour To provide assurance over the consistent handling of ASB referrals by the Safer Communities service and those relating to ASB in social housing, in light of the national Housing Ombudsman spotlight report and national focus on this area.	12	HC15	Q3	Director for Housing and Communities
Theme 2: High quality council homes and landlord services	Landlord health and safety To provide rolling assurances over compliance regimes to ensure safety of properties - including damp and mould cases.	7	HRA6	Q2	Director for Housing and Communities
	Housing allocations and homelessness To provide assurance on improvements made to control framework following 2024/25 audit coverage.	10	HC7	Q2	Director for Housing and Communities
Theme 3: Tourism and town centre regeneration and vitality	Levelling Up Fund To provide assurance over accurate record keeping for spend, compliance with funding terms and conditions, and effective application of monies to realise expected benefits and outcomes. Timing to be determined, based on progress with plans/spend.	15	SG6	Q3	Director for Place and Prosperity
Theme 4: Sustainable growth and infrastructure	Asset management To provide assurance on the Council's asset management arrangements. To include assurances on compliance regimes for corporate assets and the robust management of leased assets.	18	CPA02 CPA13	TBC	Director for Place and Prosperity
	Asset development programme To continue embedded assurance support to this high value project – giving timely independent assurance over the project management arrangements.	10	CPA05	TBC	Director for Place and Prosperity
Theme 5: Right conditions to support delivery	Leicestershire ICT Partnership To provide assurance over the management of key risks associated with the ICT partnership. To conduct this audit on behalf of the Steering Group and all partner councils. Scope to be confirmed.	22	SG2 SG5	Q3	Director for Corporate Services

Corporate objectives	Internal Audit Assignments (including assurances sought and basis for inclusion)	Audit days	Risk entries *1	Initial timing	Client lead
	Business Improvement District To provide assurance over the delivery of the BID income collection work.	10	-	Q1	Director for Corporate Services
	Risk management To provide assurance over the embedding and compliance with the Council's risk management arrangements.	10	All	Q2	Director for Corporate Services
	Key financial controls To provide assurance over the design and compliance with key controls across the Council's key financial systems – on a cyclical basis.	15	SRR SG1 CS2 CS7 FRR	Q4	Director for Corporate Services
	Procurement compliance To provide assurance over compliance with the Council's Contract Procedure Rules and the Procurement Act 2023 in the procurement of goods and services.	12	CPA15	Q4	Director for Corporate Services
Theme 6: Engaging and connected Council	Information governance and requests To provide assurance over compliance with the data protection legislation and the procedures in place for timely and compliant handling of requests under the Freedom of Information Act and Environmental Information Regulations.	12	SG5 CS8	Q3	Director for Corporate Services
Support to Melton Borough Council	Ad hoc advice and support – including Local Government Reform Time available to provide advisory support and ad hoc audit work, if required, including in relation to Local Government Reform.	5			
	General support - Including support and reporting to Audit & Standards Committee, management support and engagement, ad-hoc advice and assistance, annual Internal Audit report, follow ups on audit recommendations and partnership working with external auditors.	30			
Management & development of Internal Audit	Development and management of Internal Audit service in line with the Global Internal Audit Standards, including annual standards assessment, continuous improvement, internal audit charter and manual, management, training and development of the team and performance reporting.	20			
Total days		235			

*1 Risk reference key:
SRR – Strategic risk register entry
HC – Housing & communities risk register
HRA – Housing Revenue Account risk register
REG – regulatory services risk register
CPA – Corporate assets risk register
PP – Planning policy risk register
PLAD – Planning risk register
CS – Corporate services risk register

Table 2: Reserve list 2025/26

Risk area
<p>Development management To provide assurance on the Council's handling of planning applications, in line with expected timescales and policies.</p>
<p>Decision making and delegations To provide assurance that decisions are being made and recorded in line with the Council's Constitution and appropriate, recorded use of delegations. To follow work of internal governance review and provide assurance over outcomes of this work.</p>
<p>Medium term financial planning To provide assurances over the processes in place to inform the medium-term financial strategy and linking this to associated strategies.</p>
<p>Ethical governance To provide assurance over the Council's policies, procedures and activity to support ethical governance and culture across the organisation.</p>
<p>Tenant data profile project To provide assurances over the delivery of this project within timeframes and to expected standards.</p>
<p>Cemetery management To provide assurance that the Council is fulfilling its responsibilities to ensure the safe maintenance of cemetery sites.</p>
<p>S106 monitoring To provide assurance over the controls operating for the agreement of s106 agreements and the effective monitoring and application of s106 monies.</p>