

Audit and Standards Committee

20 March 2025

Internal Audit Plan 2025-26

Recommendations

That the Audit and Standards Committee:

1. Endorses the proposed Internal Audit Strategy and Plan for 2025-26 at Appendix A.
2. Endorses the revised Internal Audit Charter at Appendix B and authorises the Chair of the Audit and Standards Committee to sign the Charter in conjunction with the Chief Executive and Chief Audit Executive.

1. Executive Summary

Internal Audit Plan 2025/26

- 1.1 The Council has a duty to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account relevant auditing standards.
- 1.2 The role of internal audit is primarily to provide reasonable assurance to the organisation and ultimately the taxpayers that the Council maintains an effective control environment that enables it to manage its significant business risks. Internal Audit does this *by providing risk-based and objective assurance, advice and insight*. In addition to providing assurance, the audit service also undertakes proactive consultancy and advisory work designed to add value and offer insights that will improve the effectiveness of risk management, control and governance processes e.g. acting as a critical friend when process changes are being developed.
- 1.3 To ensure the best use of limited audit resources audit work needs to be carefully planned. In accordance with best practice, the Committee's role is to review and approve the annual internal audit work plan. The plan is developed in consultation with senior managers and takes account of the organisations aims, strategies, key objectives, associated risks, and risk management processes (as required by internal audit standards). It also considers those topics which have not recently been audited or which feature in the corporate risk register or which, when last audited, received a low opinion. Care has been taken to explicitly link the internal audit plan with critical risks.

- 1.4 Based upon the discussions to date and our professional judgement, an indicative priority and an estimated number of days has been allocated to each potential topic. This considers a range of factors including when the topic was last audited, complexity of the topic, and the level of change. The list of potential topics arising from the planning process is included in the attached audit plan document (Appendix A) together with those topics we are unable to cover during the year based on existing level of resources. The aim is to give a high-level overview of audit areas. The Committee will note that as in past years whilst we are able to cover key aspects of very high-risk areas, we are not able to cover lower rated risks. The Committee can accept a plan on this basis, provided this matches its “risk appetite” for independent assurance, also recognising that management have the prime accountability for managing processes and risks (and therefore assurances can be obtained directly from them where necessary).
- 1.5 Good practice requires us to recognise that the plan should be responsive to changes in risks during the year and it will therefore be reviewed at intervals throughout the year to ensure it remains relevant.

Internal Audit Charter to reflect new Internal Audit Standards

- 1.6 From April 2025, new Internal Audit standards will replace the existing Public Sector Internal Audit Standards. The new standards are designated as Global Internal Audit Standards in the UK Public Sector. Conformance with these new standards has required the re-writing of the Internal Audit Charter.
- 1.7 The Internal Audit Charter sets out the purpose and mandate for Internal Audit by reference to the Global Internal Audit Standards and the Accounts and Audit Regulations 2015. The Charter also covers the Audit and Standards Committee Oversight function, roles and responsibilities and the scope and types of services to be provided. The Charter must be formally agreed and approved by the organisation and periodically reviewed.
- 1.8 The draft new Charter follows a recommended template to ensure that the wording of the new standards is appropriately included. Because the structure and headings of the re-written charter are new, it is difficult to set out the changes for comparison however the key points of change are as follows:
- The Context section has been replaced by the Mandate which is a requirement of the new standards. This highlights the requirements for Internal Audit in the Accounts and Audit Regulations 2015
 - The previous section on Independence is now broader, covering Independence, Organisational Position and Reporting Relationships
 - The section on Audit and Standards Committee Oversight is now more detailed, although there are no significant changes in content
- 1.9 The Internal Audit function was externally assessed in 2023 as conforming with all of the existing standards. A detailed self-assessment will be undertaken during 2025/26 but it is expected that with one exception the new standards will also be met. The exception relates to the position of the Internal Audit Manager in the Council management structure. The details and

mitigations are set out in the revised Internal Audit Charter which is at (Appendix B).

2. Financial Implications

- 2.1 There are no direct financial implications of this report, although the Audit Plan is a key element in assuring the Council of the adequacy of its control environments in relation to protecting our resources and finances. There can be financial implications of actions required to implement audit recommendations.

3. Environmental Implications

- 3.1 The proposed plan includes one audit relating to the environmental agenda, providing independent assurance and advice.

4. Supporting Information

- 4.1 Appendix A sets out the full Audit Plan for 2025-26.

5. Timescales associated with the decision and next steps

- 5.1 Delivery of this Audit Plan will be contained to the financial year 2025-26.

Appendices

Appendix A - Internal Audit Strategy and Plan 2025-26

Appendix B – Proposed revised Internal Audit Charter

Background papers

None

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