

Internal Audit Strategy 2025-26

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1. Introduction

- 1.1 The Internal Audit Service is an independent and objective internal team that provides assurance and advice to all levels of management and elected members on the quality of operations within the Council. We particularly focus on governance, risk management and control arrangements.
- 1.2 Internal Audit will continue to deliver its services, in accordance with the new Global Internal Audit Standards (GIAS) in the UK Public Sector and the Internal Audit Charter, which sets out its purpose, authority and principal responsibilities.
- 1.3 The Internal Audit Strategy for 2025-26 will aim to support the council in making the best use of its resources and considers strategic risks and the corporate priorities. In previous years the strategy has included the annual Internal Audit plan, but the new legislation states that the Internal Audit plan can be taken as a separate document within the first three months of the new financial year. Therefore, it is my intention to schedule the Internal Audit Plan for 2025/26 to be presented at the Governance and Audit Committee meeting scheduled for the 11 June 2026 as a separate document.
- 1.4 The GIAS in the UK Public Sector states that the Chief Internal Auditor (CIA) must develop a strategy to obtain sufficient resources and inform the Governance and Audit Committee on the structure of the Internal Audit team and detail any resource shortfalls within the team. During the last financial year one of the Career Pathway – Senior Auditors secured a new position, which has meant the team are currently holding a vacancy. This vacancy has been discussed with the Head of Service (HoS)- Finance and Audit and it has been decided that the vacancy remain unfilled while the HoS – Finance and Audit assesses the service.

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1.5 The Internal Audit structure comprises five full-time equivalent (FTE) members of staff, comprising the CIA, 1 Career Pathway Principal Auditor, 2 Career Pathway Senior Auditors and 1 Auditor. This equates to 928 days available for productive assurance work. The number of productive days does not include “non-productive” days such as annual leave, training, illness, management (e.g. 121s) and team meetings.

2. High-Level Audit Plan

2.1 The Audit Plan 2025-26 takes into account:

- The Council’s corporate and service risk registers;
- New work around major savings proposals/non-strategic savings;
- Looking at providing services with process reviews/advisory work around potential savings expected in the financial year 2025-26;
- Corporate assurance requirements, including the Annual Governance Statement;
- The outcome of previous audits and of reviews by other assurance providers;
- Discussions with service management teams; and
- Planned work deferred from 2024-25.

2.2 The plan remains flexible to ensure that it reflects any emerging or changing risks and priorities of the Council. It will be regularly reviewed with services and updated as necessary to ensure it remains valid and appropriate, so that Internal Audit resource is deployed effectively. As a minimum, the plan will be reviewed after six months.

2.3 The draft Internal Audit Plan for 2025/26 will be completed and agreed with the HoS Finance and Audit and will then go to Corporate Executive Team (CET)

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and Cabinet for consideration. It will then be presented at the Governance and Audit Committee on 11 June 2025 for approval.

3. Counter-Fraud and Corruption Work including NFI

- 3.1 Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. As per the Internal Audit Charter, Internal Audit is not responsible for managing the risk of fraud – this lies with the Council's senior management.
- 3.2 Internal Audit will continue to investigate instances of potential fraud and irregularities referred to them by management and will also carry out pro-active counter-fraud and corruption testing of systems considered to be most at risk of fraud. This is informed by CIPFA's "Code of Practice on Managing the Risk of Fraud and Corruption". Notable areas of fraud nationally include Housing Benefit, Council Tax, Housing and Tenancy, Procurement, Insurance, Abuse of Position, Blue Badges and Direct Payments (Social Care).
- 3.3 Audit Wales facilitates a national data matching exercise; National Fraud Initiative (NFI) every two years. Work on the 2022-23 has been completed and a report is currently being finalised and will be sent to all Governance and Audit Committee members. All the data required for the 2024/25 exercise has been uploaded and is now ready for the team to review. This piece of work will be completed over the next 12 months and will be reported to the Governance and Audit Committee in the Internal Audit Update Report.
- 3.4 Internal Audit captures details of referrals where there are allegations/suspensions of fraud or corruption taking place and this is reported to the Governance and Audit Committee as part of the Internal Audit Update Report. An Annual Fraud section will be included as part of the Internal Audit Annual Report to summarise and reflect on the work that has taken place during 2024/25.

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- 3.5 The Council has purchased a new E-learning module called Focus on Fraud Awareness and this is currently being tested and will go live to staff in May 2025.

4. Partnership Working with Other Auditors

- 4.1 We continue to work to develop effective partnership working arrangements with other Local Authority Audit services. We participate in Audit networks, locally and nationally, which provide for a beneficial exchange of information and practices. This often improves the effectiveness and efficiency of the Audit process through avoiding instances of “re-inventing the wheel”, particularly in new areas of work that have been covered in other authorities. We continue to maintain an effective working relationship with the Council’s external Auditors, Audit Wales, with whom we meet regularly to exchange information and minimise potential duplication.

5. Proposed Audit Priorities for 2025-26

- 5.1 This year’s audit plan will be developed through discussions with CET, Cabinet and HoS and aligned with the corporate priorities and corporate and service risk registers and the council’s risk appetite.
- 5.2 Any significant deviation from the approved Internal Audit plan will be communicated to senior management and the Governance and Audit Committee through the Internal Audit Update Report.
- 5.3 All audit areas identified as high priority within the plan will be undertaken together with annual audits of financial areas for the Section 151 Officer with particular focus on key changes around savings proposals, process reviews and advisory work. Audit areas rated as medium priority will be kept under review and any changes or emerging risks will be captured and the audit plan updated as necessary.

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5.4 A summary brief for each audit area will be recorded, to provide the reason for including the review in the Internal Audit Plan 2025/26. A detailed scope of work will be developed and agreed with management prior to the start of each review. This is to ensure that key risks to the operation or function can be considered during the review.

6. Internal Audit Performance

6.1 Internal Audit will continue to use the following performance measures from 1 April 2025 to measure its customer service and its efficiency and effectiveness in following up action plans and ensuring that agreed improvement is delivered by services following an internal audit review.

Service Standards	Target
Internal Audit will discuss, agree and send services the Internal Audit Project Scoping Document before it commences work.	100%
At the conclusion of its work, Internal Audit will hold a closing meeting with all relevant people to discuss the outcome of its work, and then send services a draft report as soon as possible after that meeting.	Average Days (less than 10)
Internal Audit will issue a final audit report as soon as possible after agreeing the report and its action plan with services.	Average Days (less than 5)
Using performance management system (Verto), Internal Audit will monitor and report on the % of agreed improvement actions that have been implemented by services to show that Internal Audit's service is effective in helping to deliver improvement.	75%

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7. GIAS in the UK Public Sector

7.1 The CIA must develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program includes two types of assessments:

- External assessments. (Standard 8.4 External Quality Assessment.)
- Internal assessments. (Standard 12.1 Internal Quality Assessment.)

7.2 At least annually, the CIA must communicate the results of the internal quality assessment to the committee and senior management. The results of the external quality assessments must be reported when completed. In both cases, such communications include:

- The Internal Audit function's conformance with the Standards and achievement of performance objectives.
- If applicable, compliance with laws and/or regulations relevant to internal auditing.
- If applicable, plans to address the Internal Audit function's deficiencies and opportunities for improvement.