

Bath & North East Somerset Council

MEETING:	Audit Committee	
MEETING DATE:	30th April 2025	AGENDA ITEM NUMBER
TITLE:	Internal Audit Plan - 2025/2026	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Internal Audit Plan 2025/26		
Appendix 2 – Internal Audit Charter		

1. THE ISSUE

- 1.1 This report outlines the Annual Audit and Assurance Plan 2025-26 which forms the principal work of the Internal Audit service for the new financial year. Also attached is the Audit Charter for the Internal Audit Service for information in Appendix 2.

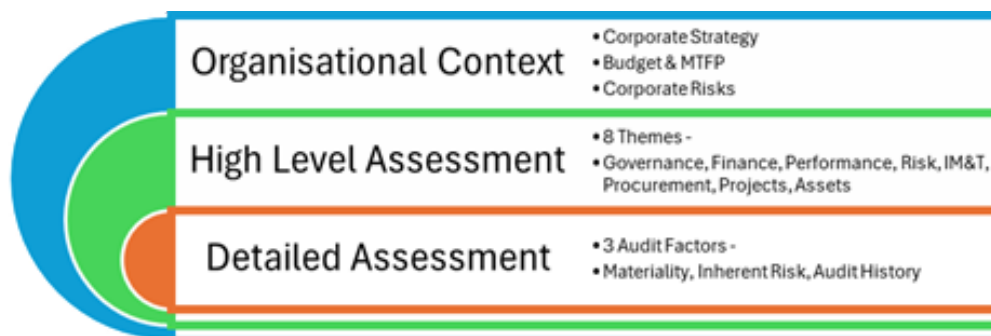
2. RECOMMENDATION

- 2.1. The Audit Committee is asked to approve the Internal Audit Plan 2025/26 (Appendix 1)

3. THE REPORT

3.1 INTERNAL AUDIT PLAN 2025/26

- 3.1.1. The Public Sector Internal Audit Standards require Internal Audit to prepare a risk-based plan, and this is attached at Appendix 1. The plan is formulated using the Reasonable Assurance Model the essential elements of the model are as follows –



Notwithstanding the assessment, specific circumstances (such as a significant reputational issue or request of the S151 Officer or Executive Leadership Team) may on occasion mean that a low scoring or new topic is nevertheless included in the Plan, e.g., historically, Covid-19.

The plan process involved extensive consultation between January and end of March 2025 including the following key stakeholders –

- Section 151 Officer
- Senior Finance Managers
- Executive Leadership Team
- Statutory Officers
- Heads of Services
- Audit Committee

3.1.4 Resources available to deliver work will also inform the quantum of the plan. Our partnership arrangements also give us ongoing efficiency opportunities to reduce the amount of time spent on reviews and share best practice.

3.2. ONGOING REVIEW OF THE AUDIT PLAN

3.2.1. Whilst small in-year adjustments were required to the agreed audit plan for the previous financial year of 2024-25, the Internal Audit service will continue to ensure a fluid approach for audit coverage in the next financial year.

Therefore, whilst a full-year audit plan has been produced to cover the period 1st April 2025 – 31st March 2026, the plan will be kept under continual review and adjusted to cover any further unforeseen requirements over the first six months. A formal review of the annual plan then takes place at the six-month stage and, if necessary, the Committee are consulted on any likely changes that are required in order to adequately prioritise and resource the second half of the financial year.

3.3. INTERNAL AUDIT CHARTER & PROFESSIONAL STANDARDS

3.3.1. The Public Sector Internal Audit Standards (PSIAS) came into effect from 1st April 2013 and replaced the CIPFA Code of Practice for Internal Audit in Local Government, Central Government and the NHS.

The PSIAS was first revised with effect from 1st April 2017 and are based on the Institute of Internal Auditors' International Standards. The IIA have since released information on the new Global Internal Audit Standards on 9th January 2024 and these became effective 9th January 2025.

The new Standards guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the Internal Audit function. At the heart of the Standards are 15 guiding principles that enable effective internal auditing.

The objectives of the PSIAS are to:

- Define the nature of internal auditing within the UK public sector.

- Set basic principles for carrying out internal audit in the UK public sector.
- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations.
- Establish the basis for the evaluation of internal audit performance and to drive improvement planning.

A key requirement of the PSIAS is an Internal Audit Charter which defines the Internal Audit activities, purpose, authority and responsibility. The Internal Audit Charter establishes its position within the organisation; the nature of the Head of Audit and Assurance's functional reporting relationship with the Audit Committee; formally records its access to property, records and personnel; and defines the scope of Internal Audit activities.

As part of best practice, we present the Charter annually to the Audit Committee so that you are aware of how Internal Audit delivers its services and derives its authority and to re-confirm our independence.

Each year we will assess ourselves against the required standards and ensure a quality assurance and improvement programme (QA&IP) is in place requiring both internal and external assessment with an external assessment being required once every 5 years.

In 2023, we received the results of our conformation against these standards following an external review. The review concluded a rating of 'Generally Conforms', which is the top rating and means that Bath & North East Somerset Council's Internal Audit service has a charter, and policies and processes that are judged to be in conformance with the PSIAS / Core Principles and Code of Ethics.

4. STATUTORY CONSIDERATIONS

- 4.1. There are no specific statutory considerations related to this report. Accounts & Audit Regulations set out the expectations of provision of an Internal Audit service. This is supported by S151 of the Local Government Act and CIPFA Codes of Practice and the IIA professional standards for delivery of an adequate Internal Audit Service.

5. RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1. There are no direct resource implications relevant to this report.

6. RISK MANAGEMENT

- 6.1. A proportionate risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance. Significant risks to the council arising from an ineffective Internal Audit Service include lack of internal control, failures of governance and weak risk management. Specific risks include supplementary External Audit Fees, undetected

fraud and inadequate coverage of risks. Internal Audit assists the council in identifying risks, areas of improvement and recommending good practice.

- 6.2. The Audit Committee has specific responsibility for ensuring the Council's Risk Management and Financial Governance framework is robust and effective.

7. EQUALITIES

- 7.1. An equalities impact assessment has been considered using corporate guidelines and no significant issues have been identified.

8. CLIMATE CHANGE

- 8.1. There are no direct climate change implications related to this report.

9. OTHER OPTIONS CONSIDERED

- 9.1. No other options to consider related to this report.

10. CONSULTATION

- 10.1 The Council's Section 151 Officer has had the opportunity to input to this report and has cleared it for publication.

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Background papers	
Please contact the report author if you need to access this report in an alternative format	