

Bath & North East Somerset Council

MEETING:	Audit Committee	
MEETING DATE:	13 th May 2026	AGENDA ITEM NUMBER
TITLE:	Internal Audit Plan – 2026/2027	
WARD:	ALL	

AN OPEN PUBLIC ITEM

List of attachments to this report:

Appendix 1 – Internal Audit Plan 2026/27

Appendix 2 – Internal Audit Charter

1. THE ISSUE

- 1.1 This report outlines the Annual Audit and Assurance Plan 2026/27, which is attached as Appendix 1, and 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.

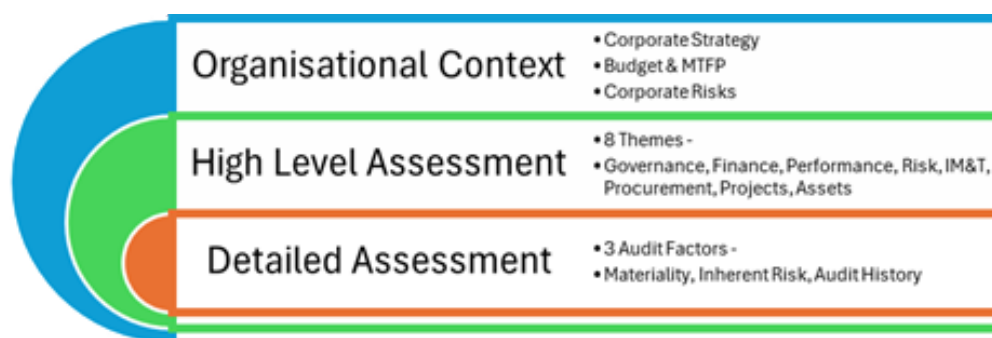
2. RECOMMENDATION

- 2.1. The Audit Committee is asked to approve the Internal Audit Plan 2026/27 (Appendix 1).

3. THE REPORT

3.1 INTERNAL AUDIT PLAN 2026/27

- 3.1.1. The Global Internal Audit Standards (GIAS) 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 and 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 consultation between January and end of March 2026 including the following key stakeholders:

- Section 151 Officer
- Senior Finance Managers
- Service Directors
- 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 2025/26, 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 2026 – 31st March 2027, 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.

3.2.2. It should also be noted that in addition to compiling and completing a list of 'planned audit reviews', Internal Audit will continue to:

- Provide support to the corporate governance framework within the Council including completing the Annual Governance review work required to publish the Council's Annual Governance Statement.
- Carry out fraud prevention work, including the co-ordination and investigation roles to complete the work required through the Cabinet Office Data Matching 'National Fraud Initiative'.
- Provide advice on request in relation to new or changed systems of internal control during the year including significant updates and revisions to key financial systems, processes, policies and procedures.
- Provide advice and support on request to Services on carrying out investigations in relation to financial irregularities. This may require, where requested, Audit staff to take on the Investigating Officer role in compliance with the disciplinary procedures.

3.3. INTERNAL AUDIT CHARTER & PROFESSIONAL STANDARDS

- 3.3.1. The Global Internal Audit Standards (GIAS) were introduced for the UK Public Sector in April 2025 and replaced the Public Sector Internal Audit Standards (PSIAS) as the mandatory standards for internal audit in the UK public sector.

In summary, the PSIAS were a sector-specific version of the previous Institute of Internal Auditors (IIA) framework, whilst GIAS is intended to be more prescriptive, risk-based, and focused on board oversight.

There are some changes required for Internal Audit as a result of the new standards, however it is generally recognised that an Internal Audit Service that conforms with the previous PSIAS will have most of the required practices already in place, especially in terms of undertaking audit assignments. The Committee will be aware that 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 meant that Bath & North East Somerset Council's Internal Audit service had a charter, and policies and processes that were judged to be in conformance with the PSIAS / Core Principles and Code of Ethics. We will now need to be reassessed against the GIAS requirements, requiring both internal and external assessment with the external assessment being required once every 5 years. Given the size and detailed nature of the GIAS (120 pages) and the associated self-assessment (144 pages), more details on the GIAS will be provided to the Audit Committee separately later this financial year.

As the Council's Internal Audit Service already conformed with the previous PSIAS, the primary changes to meet the GIAS therefore relate to minor amendments and updates to key documentation, in particular, the Internal Audit Charter, which defines the Internal Audit activity, 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 always 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. Therefore, attached as Appendix 2 is an updated Internal Audit Charter, which has been reviewed to ensure that it correctly reflects and references the new GIAS. None of the amendments are material, with the main changes relating to:

- Referencing the GIAS and Local Government Application Note, to replace PSIAS throughout;
- Including a new section at the start of the Charter (grey box) which explains its purpose and requirements under the GIAS;
- Section 1 'Internal Audit Purpose and Mission' has been updated to include specific references to the GIAS.

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 CIFPA 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 Director of Assurance, Risk and Pensions has had the opportunity to contribute to this report and has cleared it for publication.

Contact person	Peter Cann, Head of Audit & Assurance
Background papers	Appendix 1 - Annual Audit & Assurance Plan 2026/27 Appendix 2 - Audit Charter
Please contact the report author if you need to access this report in an alternative format	