

SUBJECT:	INTERNAL AUDIT STRATEGY AND PLAN 2025/26
DIRECTORATE:	CHIEF EXECUTIVE AND TOWN CLERK
REPORT AUTHOR:	AMANDA STANISLAWSKI, AUDIT MANAGER

1. Purpose of Report

- 1.1 The Internal Audit Section works to an annual plan which is agreed by the Audit Committee and Senior Management. This report provides the Audit Committee with the Audit Charter, Strategy and Plan for 2025/26 for comment and approval.

2. Background

- 2.1 The new Public Sector Internal Audit Standards (Standards) become effective from April 2025. As part of these a number of changes have been made to the documentation required to be presented and formally reviewed by the Audit Committee with a greater emphasis on consultation and engagement.
- 2.2 The first of these documents are those which support the planning process and the plan for 2025/26. As these are all linked they are being presented together.

3. Audit Charter

- 3.1 There was previously an Audit Charter in place which was periodically reported to both Senior Management and the Audit Committee. The standards require that this is more formally discussed to ensure that it represents the views of management and members. The Charter has been discussed and agreed with management and is now being presented to the Audit Committee.
- 3.2 The Charter has been revised to take into account the additional requirements of the standards and a revised copy is attached as Appendix A, with the revisions highlighted in yellow. The standards require that this document is periodically reviewed but it does not state the frequency of such a review, so it has been suggested that this document is reviewed bi-annually.

4. Audit Strategy

- 4.1 The standards require that there is a strategy in place which sets the vision and objectives of the Internal Audit Service. Whilst there was previously a strategy in place which was presented as part of the audit plan document, this has been fully revised to incorporate the new requirements and is now presented as a separate document in Appendix B.
- 4.2 The service has been presented with a number of challenges over the last few years with the loss of long standing members of staff and the dissolution of the partnership arrangement with Assurance Lincolnshire. This, alongside the new standards, has provided the opportunity to review the work undertaken by the service and consider

different ways of improving coverage and insight into the Council's operations. The strategy sets out the issues faced and the proposed changes to the work undertaken by the service.

4.3 The changes include:-

- Discontinuing the Key Control audits and replacing them with Health Checks, which are a self-assessment and evidence-based review followed up by further work if weaknesses are identified.
- Introducing spot check audits which are short audits covering certain specific processes either within services or Council wide. These will be used to check risk mitigations are in place, the assurance processes detailed as part of the assurance mapping exercise are in place and also to provide an insight into areas which are unlikely to be included on the plan due to their perceived low risk and high assurance.

5.0 Audit Plan

5.1 The plan has been developed using a combination of:-

- the Council's Combined Assurance work
- an assessment of risk - based on the significance and sensitivity of key activities
- consultation with Senior Management during the assurance mapping process
- reference to risk registers
- horizon scanning including reports from Mazars
- reference to the cyclical and ICT schedules

5.2 The audit plan, attached as Appendix C, has been compiled to ensure that it contains sufficient audits to support the Head of Internal Audit opinion within the current resources. It is based on increasing the number of audit days from 310 to 340, due to the dissolution of the partnership arrangement with Assurance Lincolnshire. There remains a significant proportion of time for training which includes the professional training of the Auditor and also the additional time required for them to complete the audits.

5.3 The plan should achieve a balance between setting out the planned work for the year and retaining flexibility to changing risks and priorities during the year. This is undertaken through a regular review of any changing activity and risks.

5.4 Appendix A of the draft audit plan provides the list of audits to be completed split into financial governance, governance and risk, critical activities, programme and project assurance, ICT and the standard areas covered every year. There is also another list in Appendix B which includes those which are important but which we do not have capacity to review this year.

5.5 We have consulted with management over the draft audit plan.

5.6 The Team currently comprises of a full-time Manager, Principal and Trainee Auditor and is supported by specialist IT audit contractors. The resources available are

sufficient and compare adequately with others. We use contractors as required to fill any gaps.

6. Organisational Impacts

6.1 Finance (including whole life costs where applicable)

The plan can be delivered within existing resources. There is already a budget in place for funding the IT audit work to be carried out by a specialist contractor.

6.2 Legal Implications including Procurement Rules

There are no direct legal implications arising as a result of this report.

6.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

There are no direct E and D implications arising as a result of this report.

7. Recommendations

7.1 Audit Committee are asked to review the Charter and the Strategy and confirm that they include the Committee's expectations of the Internal Audit Service and agree the revised approach.

7.2 Audit Committee are asked to review and agree the draft plan, identifying any amendments which it considers appropriate.

Is this a key decision? No

Do the exempt information categories apply? No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply? No

How many appendices does the report contain?

Three

List of Background Papers:

None

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