

Audit & Governance Committee  
12 March 2025

**Internal Audit Strategy and Annual Audit Plan 2025/26**

**Purpose of the report:**

The purpose of this report is to present the Internal Audit Strategy and Annual Internal Audit Plan for 2025/26 to the Committee.

Under-pinning the work of the Internal Audit Service in delivering the Annual Internal Audit Plan are the key principles and objectives as set out in the Internal Audit Strategy and Charter. These are presented alongside the Annual Internal Audit Plan for 2025/26 as good practice dictates that these should be updated and reviewed on an annual basis.

**Recommendations:**

The Committee is asked to consider the contents of this report and Appendices, and to approve the following:

- (i) The Internal Audit Strategy (Annex A).
- (ii) The Internal Audit and Corporate Fraud Plan (Appendix A).
- (iii) The Internal Audit Charter (Appendix B).

**Background:**

1. The statutory basis for Internal Audit in local government is provided in the Accounts and Audit Regulations 2015, which require a local authority to “*undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes*”.
2. The Accounts and Audit Regulations contain the expectation that Internal Audit will take into account public sector internal audit standards or guidance. It is therefore important to note that, with effect from 1 April 2025, the current Public Sector Internal Audit Standards (PSIAS) will be replaced by new Global Internal Audit Standards (GIAS). As explained in the Strategy, although the introduction of these new Standards is likely to require some updating of internal documentation, such as the Internal Audit Charter, the impact on our approach to internal audit activities and methodologies is not considered to be significant. Work is currently underway to complete a self-assessment against the new GIAS, details of which will be reported to CLT and Audit and Governance Committee during 2025/26, along with actions arising from it.

## Internal Audit Strategy and Annual Audit Plan

3. The Internal Audit Strategy details the priorities for delivering an effective internal audit and counter fraud service together with details of the quality assurance and performance management arrangements for the coming year.
4. Through approving the Internal Audit Strategy alongside the Annual Internal Audit Plan for 2025/26, the link between the work of Internal Audit and the high-level strategic vision of the Council is apparent.

### Development of the Internal Audit Plan

5. The Internal Audit Plan for 2025/26 is a risk-based programme of work, as set out at Appendix A. There are several core elements to the Plan that are likely to feature each year such as:
  - (i) Reviewing corporate governance arrangements to inform the Annual Governance Statement;
  - (ii) Grant certification; and
  - (iii) Counter fraud activity, including participation in the National Fraud Initiative (NFI)

In addition to these elements, Internal Audit also carries out testing on an annual basis of the Council's key financial systems.

6. Once these core elements of the Plan and follow up reviews are accounted for, the remaining audits shown in the proposed Plan have been included based on a risk priority which has been assessed following extensive consultation with senior officers members of the Audit and Governance Committee, along with consideration of risk registers and liaison with other local authority internal audit services.
7. The draft Plan was also presented at a meeting of the Corporate Leadership Team on 18 February 2025 and has been agreed by the Section 151 Officer at Resources Directorate Leadership Team in February 2025.
8. The Chief Internal Auditor is confident that the draft Internal Audit Plan at Appendix A provides sufficient coverage across the Council's activities to enable him to form an overall opinion on the adequacy of the Council's governance, risk management and internal control arrangements for the year.

### Resources

9. The Internal Audit planned available days are as follows:

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
<b>Plan Days</b>	1,817	1,761	1,817	1,817

10. The overall level of resource for 2025/26 has remained consistent when compared with the previous year. It is considered to be sufficient to allow Internal Audit to

deliver its risk-based plan in accordance with professional standards<sup>1</sup> and to enable the Chief Internal Auditor to provide his annual audit opinion. Additional resource, to recommence the delivery of a cyclical programme of schools' audit, was made available to Internal Audit in 2021/22 and continues into 2025/26. It is held as a ring-fenced allocation of 225 days in addition to the 1,817 days shown above. This is described in more detail in the Internal Audit Strategy.

### **Internal Audit Charter (Appendix B)**

11. Professional standards require Internal Audit to have a Charter that has been formally approved and is regularly reviewed. The Charter attached at Appendix B reflects the current Public Sector Internal Audit Standards but is likely to be updated and re-presented for approval during 2025 following the introduction of new Global Internal Audit Standards.

#### **Implications:**

12. There are no direct implications (relating to finance and value for money, equalities and diversity, risk management, or legal) arising from this report. The Annual Internal Audit Plan is designed to focus on key areas of risk and as such should help ensure effective risk management and support the achievement of value for money.

#### **Next steps:**

13. The Internal Audit Service will deliver the 2025/26 Internal Audit Plan over the coming 12 months and Internal Audit reports will be produced and distributed in line with the Reporting and Escalation Policy.
14. Quarterly updates on completed audit work and performance of the service will be reported to CLT and the Committee throughout the year.

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#### **Sources/background papers:**

None

#### **Annexes/Appendices:**

- Annex A - The Internal Audit Strategy
- Appendix A - The Internal Audit and Corporate Fraud Plan
- Appendix B - The Internal Audit Charter

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<sup>1</sup> Public Sector Internal Audit Standards (PSIAS)

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