

Slough Borough Council

Report To:	Audit & Corporate Governance Committee
Date:	30 April 2025
Subject:	Internal Audit Plan and Charter 2025/26
Chief Officer:	Annabel Scholes – Executive Director Corporate Resources (S151)
Contact Officer:	Ian Kirby – Head of Internal Audit
Ward(s):	All
Exempt:	No
Appendices:	Appendix 1 – Draft Internal Audit Plan 2025/26

1. Summary and Recommendations

- 1.1 This report presents, for approval, the draft Internal Audit Plan for 2025/26 for formal approval in line with the key Committee responsibilities.

Recommendations:

Committee is recommended to:

- a) Approve the draft Internal Audit Plan for 2025/26 attached at Appendix 1 taking account of the financial and human resource requirements to deliver it.
- b) Note the proposal to draw down £250,000 from the corporate contingency budget to ensure delivery of the 2025/26 Audit Plan.
- c) Approve the Charter and Mandate for Internal Audit as described within the Plan at Appendix 1.

Reason:

- 1.2 The Global Internal Audit Standards (GIAS), effective from 1 April 2025, together with the CIPFA Local Government Application Note, require the Chief Audit Executive (Head of Internal Audit) to establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals, and for the plan to receive input from senior management and the audit committee.
- 1.3 The Audit & Corporate Governance Committee is responsible for approving the Plan.

Commissioner Review

The GIAS are not just relevant to Internal Audit but the whole organisation. Which means Council, Senior Officers, Audit Committee and each line of defence, needs to work together to capture the opportunities the new Standards bring and use the new Standards to continue the Internal Audit transformation journey.

This annual review has aligned the Charter with the new Standards and following its approval, embedding the Charter will involve demonstrably integrating its provisions into the Council's culture and practices and ensuring it is understood and followed by everyone. The Charter has been used as a foundation for the 2025/26 internal audit activities and the commissioners welcome the resulting Internal Audit plan and key performance measures and targets.

The critical requirement for sufficient and appropriate Internal Audit resources, which can be effectively deployed in 2025/26 to achieve the plan, provide proactive assurance and advice on the Council's most pressing issues, should be kept under regular review.

2. Report

Introductory paragraph

2.1 The delivery of effective Internal Audit provides those charged with governance, including the Committee, with assurance that key controls are in place and operating effectively across the whole Council. The Plan covers services across the Council's structure and therefore impacts all of the Council's ambitions and priorities. Specifically, individual audits within the Plan have been aligned to one or more of the Council's five Corporate Plan (2023-27) principles of:

- (Being) Resident focused
- Providing financial sustainability
- Enabling residents and communities
- Strengthening partnerships
- Building trust.

Options considered

2.2 The Standards require the Head of Internal Audit to deliver a risk-based and resourced Internal Audit Plan for Slough Borough Council. There is a balance to be struck between the level of resources to be put in internal audit to resource an effective plan and resources to go into service delivery. This Plan is deemed to strike the right balance, although it will be reviewed and updates considered if risks change or there is a risk of non-delivery.

Background

2.3 The GIAS define the role of the Internal Audit function as "A professional individual or group responsible for providing an organisation with assurance and advisory services". Although this definition supersedes the previous Public Sector Internal Audit standards' definition, Internal Audit remains an "independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".

2.4 The GIAS require that the Chief Audit Executive (Head of Internal Audit) "must create an internal audit plan that supports the achievement of the organisation's objectives." The plan should be risk-based, to determine the priorities of the internal

audit activity, be consistent with the organisation's goals, and for the plan to receive input from senior management and the audit committee. The Head of Internal Audit must also review the plan on a regular basis and adjust it as necessary in response to changes in the organisation's business, risk profile, operations, programmes, systems and controls.

- 2.5 In addition to the alignment with Corporate Plan principles, the Plan is based upon an assessment of the risks as detailed in the Council's revised corporate risk dashboards. In addition, the Plan takes account of Internal Audit coverage during 2024/25, formal and informal discussions with the Chief Executive, Corporate Leadership Team, the Chair of Audit & Governance, the Executive Director of Corporate Services and the Interim Risk Manager.
- 2.6 The Plan balances the following requirements:
- The need to ensure the Plan is completed to a good practice level
 - The need to ensure the controls mitigating the key risks facing the organisation are in place and operating effectively
 - The need to appropriately review other strategic, operational and governance arrangements
 - The need to have uncommitted time available to deal with unplanned issues which may need to be investigated, and
 - To enable proactive, timely input to assist corporate and service developments.
- 2.7 The Plan is designed to provide a broader degree of Internal Audit coverage than that evidenced in previous years and identifies 49 audits totalling 630 days of direct audit time. All audits will have regard to management's arrangements for:
- Securing the proper, economic, efficient and effective use of resources
 - Achieving key objectives and priority outcomes
 - Preventing fraud and irregularity, and
 - Managing and controlling risks.
- 2.8 Progress against the Plan, and the content of the Plan itself including any changes, will be kept under review by the Head of Internal Audit. This ongoing review will be particularly important to ensure it continues to tackle topical issues and is aligned to the key risks facing the organisation.
- 2.9 Where there is a need for material changes to the Plan, a revised Plan will be re-submitted to the Audit & Corporate Governance Committee for approval. This Committee will also be advised of performance against the Plan along with key findings from individual audits.
- 2.10 The Plan is designed to enable Internal Audit to deliver an overall opinion on the effectiveness of the Council's risk management, internal control and governance arrangements. The work undertaken by Internal Audit in delivering the audit plan is one of the key sources of assurance on the Council's governance framework to the Chief Executive and Leader of the Council, who are jointly required to sign the Council's Annual Governance Statement.

4. Internal Audit & Counter Fraud Key Objectives 2025/26

3.1 In developing this Plan and providing a more stable Internal Audit service moving forward, Internal Audit has set a number of key objectives for 2025/26:

- To deliver the Internal Audit Plan to the input and quality performance targets set out in Appendix D
- To ensure audit recommendations are appropriate, based upon evidence and implemented in a timely manner
- To deliver and test internal audit services against the GIAS
- To exploit the audit management application, AuditBoard, to support the team's delivery of best practice internal audit services
- To further develop and, where appropriate, enhance the relationship with External Audit (Grant Thornton)
- To provide an impactful, quantifiable counter fraud service that raises fraud awareness, deters fraud from happening and investigates thoroughly when it does
- To consider partnership working, with other local authorities, where there is a demonstrable benefit for doing so.

4. Implications of the Recommendation

4.1 Financial implications

4.1.1 The delivery of the 2025/26 Internal Audit Plan is dependent on a level of resourcing that exceeds the approved base budget. To address this gap and ensure delivery of the 2025/26 Audit Plan, it is proposed to draw down £250,000 from the corporate contingency budget. This allocation provides an interim solution that allows time for a more sustainable long-term delivery model for Internal Audit to be developed.

4.1.2 Independent benchmarking indicates that comparable local authorities operate internal audit functions with an average of 9 FTEs, with variations depending on additional responsibilities such as risk or fraud. Even after adjusting for these differences, an estimated requirement of 7.5 FTE remains above Slough's current delivery model of 5.7 FTE. Although the current structure is sufficient to deliver the plan as drafted, it is not considered optimal, and further work is required to evidence the most appropriate level of resourcing for a council of Slough's scale and complexity.

A detailed options appraisal will be undertaken by the Head of Internal Audit to support a decision on the future operating model and associated funding requirements. This will be critical to ensuring value for money and audit assurance are maintained in future years, particularly given the Council's wider financial challenges. The future costs of the service will be included within the Council's Medium Term Financial Strategy.

4.2 Legal implications

4.2.1 Under the Accounts and Audit Regulations, the Council must undertake an effective internal audit programme to evaluate the effectiveness of risk management, control and governance processes, considering the GIAS and sector-specific guidance. The GIAS require the Head of Internal Audit to prepare a risk-based plan of internal audit activity designed to support an annual opinion on the effectiveness of the

systems of governance, risk management and internal control.

- 4.2.2 This Committee is responsible for approving a risk-based internal audit plan, any significant changes to it and providing an independent and high-level focus on the audit assurance and reporting arrangements that underpin good governance and financial standards.

4.3 Risk management implications

- 4.3.1 GIAS, together with the Local Government Application Note, require the Chief Audit Executive (Head of Internal Audit) to base the internal audit plan on “a documented assessment of the organisation’s strategies, objectives, and risks” and for the plan to receive input from senior management and the audit committee.

- 4.3.2 The Plan is based upon an assessment of the risks as detailed in the Council’s revised corporate risk dashboards, with specific audits clearly identifying which corporate risks underpin their inclusion.

- 4.3.3 In aiming to increase audit coverage audits are generally between 10 and 15 days in length. The risks, as with any audit, is that there is insufficient audit time on each assignment to provide absolute assurance on any given assignment.

Internal Audit will provide a ‘true and fair’ assessment based on available evidence and the limitations of testing and sample sizes.

- 4.3.4 The Plan assumes the availability of existing resources to the end of the 2025/26 financial year. Three members of the team have interim arrangements to the end of July. The risk being that if this level of resource is not available post-July then the Plan, as is, cannot be delivered.

4.4 Environmental implications

- 4.4.1 There are no direct environmental implications in this report.

4.5 Equality implications

- 4.5.1 Section 149 of the Equality Act 2010 requires public bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment, victimisation, and any other conduct prohibited by the Act.
- advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- foster good relations between people who share a protected characteristic and those who do not share it.

- 4.5.2 Having a comprehensive and cross directorate internal audit plan will help identify risks and issues of non-compliance with delivery of statutory services, many of which impact particular groups to a greater extent than the general population.