



Northumberland County Council

Audit Committee

Thursday, 27 March 2025

Strategic Audit Plan 2025/26

Report of Head of Internal Audit and Risk Management

1. Link to Key Priorities of the Corporate Plan

The work of Internal Audit contributes to the achievement of all priorities in the Council's Corporate Plan. In particular, it supports the "Achieving Value for Money" priority of the Corporate Plan 2023-26.

2. Purpose of report

The purpose of this report is to advise Audit Committee of the Strategic Audit Plan for 2025/26. This document outlines the planned work of Internal Audit during this period and is attached as **Appendix 1**.

3. Recommendations

3.1 It is recommended that Audit Committee:

- a) approves the Strategic Audit Plan 2025/26, attached as **Appendix 1**, and notes that prevailing risks and impact on assurance needed will continue to be kept under review by the Head of Internal Audit and Risk Management.
- b) approves the updated Internal Audit Charter and Mandate for 2025/26, attached as **Appendix 2**.

4. Background

4.1 The Strategic Audit Plan for 2025/26, which sets out in detail the planned Internal Audit coverage for the coming year, is attached to this report as Appendix 1. The Strategic Audit Plan helps to ensure that internal auditing can fulfil its prescribed definition as "an independent, objective assurance and advisory service 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".

- 4.2 Progress against the Strategic Audit Plan will be reported to Audit Committee throughout the year, along with any proposed revisions and key outcomes from work. A final outturn report and the Chief Internal Auditor's annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control will be reported to the Audit Committee in May 2026.
- 4.3 The Internal Audit team has a key role in helping the Council achieve its objectives by exploring areas of potential efficiency and matters of probity and internal control. Preparation of a Strategic Audit Plan ensures that Internal Audit resources are deployed in areas that will provide optimum benefit and value to the Council. The Plan will be kept under review to take into account any changes in governance arrangements and the control environment that occur during the year.
- 4.4 Internal Audit's 'Preparation of the Strategic Audit Plan – 2025/26' report presented to Audit Committee in January 2025 set out Internal Audit's approach to preparing the 2025/26 Strategic Audit Plan. The approach has been designed to ensure that:
- a) legislative responsibilities, professional standards and the Council's Finance and Contract Rules are fully complied with;
 - b) Internal Audit is independent in its planning and operation and has an unrestricted range of coverage of the Council's activities; and
 - c) resources are targeted at areas in which audit coverage will produce greatest benefit
- 4.5 The Plan is based on an assessment of the Council's objectives, risks facing the organisation, strengths and weaknesses in the internal control system and consultation with senior management and Audit Committee members.
- 4.6 The Council has a statutory responsibility to maintain "an adequate and effective internal audit" and the Strategic Audit Plan attached as **Appendix 1** has been prepared in accordance with this requirement.
- 4.7 The Global Internal Audit Standards (GIAS) and accompanying UK Public Sector Application Note, which, with effect from 1 April 2025, replace the Public Sector Internal Audit Standards (PSIAS), require that the Audit Committee, as the designated 'board' is required to approve the Internal Audit Charter. The Internal Audit Charter was most recently approved by Audit Committee in March 2024. The Internal Audit Charter has been reviewed and updated, to ensure that the exact requirements of the new GIAS are complied with. The updated Internal Audit Charter is attached as **Appendix 2**.
- 4.8 In January 2025 Audit Committee was advised of the introduction of new GIAS and of the implications of the updated standards for the Internal Audit service and Audit Committee. This report concluded that there were no areas of concern arising from the change in requirements. CIPFA has also recently concluded consultation on a Code of Practice for the Governance of Internal Audit in Local Government. A full self-assessment against the GIAS, accompanying UK Public Sector Application Note, and the CIPFA Code of Practice will be undertaken and reported to Audit Committee in June 2025, with an updated Improvement Action Plan.

5. Options open to the Audit Committee and reasons for the recommendations

Not applicable.

6. Implications

Policy	Effective internal audit is an essential part of the County Council's governance arrangements. Internal Audit examines the Council's systems of internal control, and the economy, efficiency and effectiveness with which resources are deployed. Based on an assessment of risk the Strategic Audit Plan sets out the planned areas in which this coverage will be focussed.
Finance and value for money	The audit of the Council's activities, as set out in the Strategic Audit Plan, promotes good financial governance and the importance of value for money. Effective control in these areas reduces the potential for financial loss through fraud, waste, and inefficiencies.
Legal	The Accounts and Audit Regulations 2015 require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards. The Public Sector Internal Audit Standards (and the Global Internal Audit Standards with effect from 1 April 2025) establishes the professional standards Internal Audit must apply when planning the use of its resources.
Procurement	There are no specific procurement implications within this report.
Human resources	There are no specific human resources implications within this report.
Property	There are no specific property implications within this report.
The Equalities Act: is a full impact assessment required and attached?	No - no equalities issues identified Equality Impact Assessment not required.
Risk assessment	The Strategic Audit Plan is prepared using a risk-based approach, thus ensuring that coverage is focussed on those areas of Council activity with high levels of risk to the achievement of key objectives.

Crime and disorder	Section 17 of the Crime and Disorder Act 1998 has been considered, and no implications have been identified. The work of Internal Audit is a key strand in the Authority's counterfraud arrangements, as set out in the Strategic Audit Plan.
Customer considerations	The Strategic Audit Plan 2025/26 has been based on a risk-based audit needs assessment following consultation with customers of our Service including the Audit Committee, Chief Executive, Executive Directors, relevant Service Directors and Heads of Service, the Cabinet Member for Corporate Services and the external auditor.
Carbon reduction	There are no specific carbon reduction implications within this report.
Health and wellbeing	There are no specific health and wellbeing implications within this report.
Wards	(All wards)

7. Background papers

Not applicable.

8. Links to other key reports already published

- The Global Internal Audit Standards, Institute of Internal Auditors, January 2024
- Application Note: Global Internal Audit Standards in the UK Public Sector, Chartered Institute of Public Finance & Accountancy, December 2024
- Public Sector Internal Audit Standards (PSIAS), Chartered Institute of Public Finance and Accountancy / Institute of Internal Auditors, revised April 2017;
- Local Government Application Note for the UK Public Sector Internal Audit Standards, Chartered Institute of Public Finance & Accountancy / Institute of Internal Auditors, February 2019;
- The Accounts and Audit Regulations 2015, April 2015;
- Northumberland County Council Constitution & Finance and Contract Rules;
- Audit Committee Report 29 January 2025 - Preparation of the Strategic Audit Plan 2025/26.

9. Author and Contact Details

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