

Brighton & Hove City Council

Audit, Standards and General Purposes Committee

Agenda Item 49

Subject: Internal Audit Strategy and Annual Audit Plan 2025/26

Date of meeting: 22nd April 2025

Report of: Director of Property and Finance (S151)

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Ward(s) affected: All

1. Purpose of the report and policy context

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

2. Recommendations

- 2.1 That Committee approves the Internal Audit Strategy and Internal Audit Plan, and notes the Internal Audit Charter.

3. Context and background information

- 3.1 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”*.
- 3.2 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, Standards and General Purposes Committee during 2025/26, along with actions arising from it.

- 3.3 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
- 3.4 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.
- 3.5 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:
 - Reviewing corporate governance arrangements to inform the Annual Governance Statement;
 - Grant certification; and
 - Counter fraud activity, including participation in the National Fraud Initiative (NFI)
- 3.6 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, along with consideration of risk registers and liaison with other local authority internal audit services.
- 3.7 The draft Strategy and Plan was also presented at a meeting of the Corporate Leadership Team on 18th March 2025
- 3.8 The Chief Internal Auditor is confident that the Internal Audit Plan 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.
- 3.9 Internal Audit and Counter Fraud planned available days for 2025/26 is 1860 which includes 450 days funded by the Housing Revenue Account (HRA) for investigation of tenancy fraud.

4. Analysis and consideration of alternative options

- 4.1 The 2025/26 audit plan will again be delivered in partnership with our colleagues from East Sussex County Council and Surrey County Council as part of Orbis Internal Audit. The service will be delivered predominantly by a sovereign team of staff based at Brighton & Hove City Council supplemented by two specialist teams (ICT and Corporate Fraud) who will undertake audit work across the Orbis partnership. There are also resources in place to allow for the delivery external IT and other specialist audits if required.

5. Community engagement and consultation

- 5.1 The process of compiling the Internal Audit plan has involved substantial consultations, including with members of the Corporate Leadership Team, heads of service and other senior management staff.

6. Conclusion

- 6.1 The Internal Audit Strategy and Internal Audit Plan, attached at Appendix 1, sets out proposals for maintaining an adequate and effective system of internal audit for 2025/26.

7. Financial implications

- 7.1 It is expected that the 2025/26 Internal Audit plan will be delivered within the proposed budgetary resources.
- 7.2 The strategy, audit plan and action taken in response to internal audit findings support the robustness and resilience of the Council's practices and procedures and support delivering of the Council's overall objectives.

Name of finance officer consulted: James Hengeveld Date consulted :27/03/2025

8. Legal implications

- 8.1 This report sets out the Council's plan for complying with Regulation 5 of the Accounts and Audit Regulations 2015 which requires the Council to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes.' It is within the delegated authority of the Council's Audit, Standards and General Purposes Committee to approve the Plan.

Name of lawyer consulted: Victoria Simpson Date consulted 25.3.25

9. Equalities implications

- 9.1 There are no direct equalities implications.

10. Sustainability implications

- 10.1 There are no sustainability implications.

11. Other Implications

- 11.1 There are no other implications.

Supporting Documentation

Appendices

1. Internal Audit Strategy and Internal Audit Plan 2025/26
2. Detailed Annual Internal Audit Plan 2025/26
3. Internal Audit Charter