



internal control in accordance with the proper practices in relation to internal control. Proper practice is defined by the Global Internal Audit Standards (GIAS) and CIPFA's Local Government Application Note to the PSIAS.

- 4.2 The GIAS requires Internal Audit to report periodically to senior management and the board on the Internal Audit activity's purpose, authority, responsibility, and performance relative to its plan.
- 4.3 The professional standards for Internal Audit require the Chief Audit Executive to establish a risk-based plan to determine the priorities of the Internal Audit activity, consistent with the organisation's goals. The Plan as a whole must enable the Chief Audit Executive to provide an overall opinion on risk management, governance, and control at the end of the financial year.

## **5 Internal Audit and Counter Fraud Progress Report Quarter 1 2025/26 and Proposed Internal Audit Plan Additions**

- 5.1 This Progress Report provides the Audit Committee with an accumulative summary view of the work undertaken by Internal Audit and Counter Fraud for the period July 2025 to September 2025, together with the resulting conclusions where appropriate.
- 5.2 The report also provides details of additions and amendments to be made to the Internal Audit Plan for 2025/26.
- 5.3 Whilst the Plan is drawn up annually, it is important that the Plan is flexible and respond to key risks; Internal Audit therefore in April 2025 sought approval of, and prioritised and scheduled audits for the first 6 months of 2025/26. The remaining identified potential reviews have been kept under consideration and discussed with Directors as part of the 6 monthly liaison and planning meetings. A further 8 audits are recommended for inclusion in the plan for 2025/26.
- 5.4 Relevant links to the Strategic Risk Register are shown within the Plan itself. Members will note that not all audits are linked to a specific risk; some are intended to provide assurance over core areas (for example financial audits), and some are included as the Council is undertaking change programmes. In line with the nature and scope of Internal Audit as set out in the Internal Audit Charter, it is important that, overall, the Plan balances all these assurance and consultancy needs.
- 5.5 The plan may be amended at any time to respond to emerging risks, with the approval of the Audit Committee.
- 5.6 The Internal Audit and Counter Fraud Progress Report, including additional audit proposals is attached at **[Annex 1]**.

## **6 Financial and Value for Money Considerations**

- 6.1 An adequate and effective Internal Audit function provides the Council with assurance on the proper, economic, efficient, and effective use of Council resources

in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the finances of the Council.

- 6.2 Fraud prevention and detection is an area subject to central government focus with initiatives such as the National Fraud Initiative and Local Government Counter Fraud and Corruption Initiative. The message coming from these initiatives is that effective fraud prevention and detection releases resources and minimises losses to the Council through fraud.

## **7 Risk Assessment**

- 7.1 This report, summarising the work of the Internal Audit function, provides a key source of assurance for the Council on the adequacy and effectiveness of its framework for governance, risk management and control.
- 7.2 Failing to have an efficient and effective Counter Fraud function could lead to an increased level of fraud. This report, summarising the work of the Counter Fraud function, provides a key source of assurance for the Council on the adequacy and effectiveness of its counter fraud arrangements.
- 7.3 The Internal Audit and Fraud Plan is intended to ensure that the work of the Internal Audit and Fraud Team is effectively directed. For this very reason, the process for preparing the Plan is itself informed by an assessment of the risks and audit needs of the Council. Members' endorsement of the Internal Audit and Fraud Plan for the year 2025/26 ensures that the status of the Plan is maintained.

## **8 Legal Implications**

- 8.1 The Accounts and Audit Regulations place a statutory requirement on local authorities to undertake an adequate and effective Internal Audit of systems of risk management, governance, and control in line with Internal Audit Standards.
- 8.2 The Council has a legal duty under s151 of the Local Government Act 1972 and the Accounts and Audit Regulations to ensure that there are appropriate systems in place to prevent and detect fraud.
- 8.3 The Local Government Act 1972 provides the Council with the ability to investigate and prosecute offences committed against them.

Background Papers	None
Annexes	Annex 1 – Internal Audit and Counter Fraud Progress Report