

**REPORT TITLE: INTERNAL AUDIT PLAN FOR 2025/26 (QUARTERS 3 & 4)**

<b>Meeting:</b>	<b>Corporate Governance &amp; Audit Committee</b>
<b>Date:</b>	<b>26 September 2025</b>
<b>Cabinet Member</b> (if applicable)	
<b>Key Decision Eligible for Call In</b>	<b>No No – Information report</b>
<b>Purpose of Report</b> To request approval for the Internal Audit Plan for the second half of 2025/26,	
<b>Recommendations</b> <ul style="list-style-type: none"> <li>• That the proposed audit plan for 2025/26 (October 2025 to March 2026) be approved.</li> <li>• The Committee notes the resourcing position and determines any further information that they require and actions that they may wish to take.</li> </ul>	
<b>Reasons for Recommendations</b> <ul style="list-style-type: none"> <li>• A risk-based audit plan is necessary to achieve maximum assurance from a limited level of resource.</li> </ul>	
<b>Resource Implications:</b> <ul style="list-style-type: none"> <li>• It is anticipated that the proposed internal audit plan can be delivered within the envisaged resource availability.</li> </ul>	
<b>Date signed off by <u>Strategic Director</u> &amp; name.</b>  <b>Is it also signed off by the Service Director for Finance?</b>  <b>Is it also signed off by the Service Director for Legal Governance and Commissioning?</b>	Not applicable

**Electoral wards affected:** all

**Ward councillors consulted:** none

**Public or private:** public

**Has GDPR been considered?** yes

## 1. Executive Summary

The Council has an internal audit function lead by the Head of Risk and Internal Audit, who reports for governance purposes to the Corporate Governance & Audit Committee. Each year it is necessary to identify how internal audit resources will be deployed. It is now considered good practice to be flexible on the contents of the audit plan, but to assure this Committee about structure and focus, the Committee has for a few years now set an audit plan for half a year, based on a risk assessment (with a provisional second half (Q3,Q4) year plan). The first half year plan was approved in April 2025, and the internal audit team are now progressing work in this plan. The second half plan is now proposed, taking account of work completed and an optimal assurance from the resources available.

## 2. Information required to take a decision

- 2.1 Internal Audit is a statutory obligation for local authorities and exists to provide independent assurance about the business processes of the Council.
- 2.2 Internal Audit work is designed to provide assurance by following a programme of work designed to give coverage across the organisations areas of risk- core financial and principal business systems, and other areas of financial or business risk, the overall objective being to assess the efficiency, effectiveness and economy of the councils arrangements to deliver the organisations objectives.
- Audit Planning for quarter 3 and quarter 4 2025/26 (October 2025-March 2026)
- 2.3 This report sets out in appendix 1 the key areas of operational activity where default or difficulty causes risk that are considered to be in scope for assurance activity. In addition, the organisations corporate risk matrices should identify areas of potential concern, which should be subject to review.
- 2.4 The internal audit programme targets higher risk areas, reviews findings from past assessments, and consider management requests. The goal is a balanced plan that maximises assurance and effective objective delivery within available resources.
- 2.5 As has been highlighted previously, the internal audit team has had staff turnover, and difficulties in finding suitable individuals to join the tea. One member of staff has transferred from the councils Accountancy team, and one has been recruited from another public body (but will not start work until later in the year). A further post is still being recruited. The staffing levels are thus slightly lower than had been hoped for when the original 2025/26 plans were drafted, and so some minor reductions in the plan are necessary, and a small number of other tasks will have their scope reduced, and due to timing issues work expected to be completed – and available for assessment- have not yet been finished.

Appendix 2 sets out progress for the first half-year and suggests deferring some activities. For the second half of 2025/26, the updated Audit Plan reduces or removes certain audits to align with current resource levels.

	Original Plan	Completed Q1Q2	For Q3Q4	Remove
Q1 Q2	33	22	7	4
Q3 Q4	40	1	29	10
total	73	23	36	14

The proposed plan should be achievable within resources envisaged to be available, but any significant investigation requirements, other priorities, findings which are seriously adverse (and thus require additional work) or lack of cooperation from clients may impact on successful delivery.

- 2.6 The risk-based assurance work needs to be supplemented by time to review and authorise grant claims on behalf of government departments, West Yorkshire Mayoral Combined Authority (WYMCA) and other organisations. Time is also retained as a contingency for unexpected urgent work, and investigations. There is also time used for dealing with general advice (of an audit and assurance nature), other tasks such as contractor evaluation and contract advice and assistance. Whilst these do not fall within the (Global Internal Audit Standard) definition of advisory work, or other work, this does help the organisation to achieve a higher level of broad internal control and assurance.
- 2.7 To retain flexibility, there needs to be scope to move audit projects around, both to reflect urgent needs of the organisation and staffing and skill levels. Accordingly, flexibility for the Head of Risk & Internal Audit to amend the plan needs to be available. The Committee has already approved a flexibility for the Head of Risk and internal Audit to adjust the audit plan, and allocate resources based on need and priority and this will continue.

#### Fraud Work

- 2.8 There is an expectation under the Global Internal Audit Standard (GIAS) (& the Public Sector Internal Audit Standard (PSIAS)) that internal auditors have an awareness of fraud risk, and test as a part of routine audit assurance work that fraud risk is identified, understood and addressed, with recommendations made as appropriate. Suspected internal fraud, or that by contractors, is addressed through internal audit work. External fraud risk (from clients and customers) is executed through the specialist" fraud team." Common management does now enable additional assurance-based learning about fraud risk and potential system changes.

### **3. Implications for the Council**

Having an effective internal audit function, as a part of a strong assurance and governance framework is important for the Council. As resources are limited it is important that the deployment of resources is effective.

#### **3.1 Working with People**

No directly applicable.

#### **3.2 Working with Partners**

No directly applicable.

#### **3.3 Place Based Working**

No directly applicable.

#### **3.4 Climate Change and Air Quality**

No directly applicable.

#### **3.5 Improving outcomes for children**

No directly applicable.

#### **3.6 Financial Implications**

Refers in part to improving strategic and operational financial controls.

- 3.7 **Legal Implications**  
No directly applicable.
- 3.8 **Other (e.g. Risk, Integrated Impact Assessment or Human Resources)**  
Implementation of audit recommendations should improve overall control arrangements and promote good governance. An absence of adequate resources for internal audit impacts on the degree of assurance that internal audit can provide.
4. **Consultation**  
There have been discussions with Executive Leadership Team (ELT) in preparing the proposed audit plan.
5. **Engagement**  
ELT have seen and are aware of the content of this report
6. **Options**  
An Audit Plan is required; There are multiple options for the contents of the Plan.
7. **Next steps and timelines**  
Delivery of the Audit Plan
8. **Contact officer**  
Martin Dearnley Head of Audit & Risk.
9. **Background Papers and History of Decisions**  
25<sup>th</sup> April 2025; CGAC: Internal Audit Charter, Strategy & Plan for 2025/26.
10. **Appendices**  
Appendix 1 Areas of risk that are considered to be in scope for assurance activity.  
Appendix 2 The proposed Audit Plan for October 2025 to March 2026
11. **Service Director responsible**  
The Head of Risk & Internal Audit holds responsibility for the planning, operation and reporting by Internal Audit.

The statutory officers with a responsibility for overseeing the internal audit function are  
Samantha Lawton Director of Legal Governances & Commissioning  
Kevin Mulvaney Director of Finance

**AREAS OF RISK THAT ARE CONSIDERED TO BE WITHIN SCOPE OF AUDIT ACTIVITY**

Listed below are areas of risk that are considered to be in scope for internal audit activity  
These set out the principal areas of risk.

In addition, any location or operation centre should be considered in scope for an occasional visit or review.

**KEY CORPORATE SYSTEMS 2025/26**

**Financial Systems & Controls**

Payroll (SAP) Debtors (SAP) Procurement / Creditors (SAP) Council Tax Business Rates Housing Rents
Part or whole of this activity should be subject to internal audit review each year

Council Tax Reduction Scheme (residual Benefits) Treasury Management Payments for Social Care School Payments Capital Investment
Part or whole of this activity should be subject to internal audit review every 2 – 3 years

**Key Organisation & Business Controls**

Code of Corporate Governance Contract Procedure Rules Financial Procedure Rules Contract Management HR Operations Risk Management IT Controls Performance Management Systems Partnership Governance Emergency & Business Continuity Planning Information Security Health & Safety Fraud, Bribery & Corruption Risk Corporate Complaints Whistleblowing
These areas would typically be subject to review-as corporate oversight, or at Directorate /Service level- every 2 or 3 years

**Schools**

Applies to all community schools.
These areas would typically be subject to review every 3 years-although the current frequency is less to enable limited resource to be allocated elsewhere. Those with a deficit budget or other governance issues will be given priority

Appendix 2

**KIRKLEES COUNCIL PROPOSED AUDIT PLAN 2025/26 APRIL TO SEPTEMBER 2025**

<u>Service</u>	<u>Audit</u>	<u>Notes/ Scope</u>	<u>Status</u>
<b>Corporate</b>			
People Services	SAP Ordering & Category Management	Confirm current extent of compliance with approved / framework suppliers / CPRs	Suggest delete from 2526 programme
People Services	Direct Debit Income	Probity and maximisation	Underway
Public Health	Wellness Model	Delivery, payment, effectiveness of contract performance	Underway
Culture & Visitor Economy	Conservatory Café	Management Request. Probity	Underway
Culture & Visitor Economy	School Meals Income Collection	Probity. Internal and external	Underway
Finance	25/26 Budget Viabilities	CFO request- achievability of proposals – arrangements for identification, assessments and delivery	Changes to budget processes which provide greater scrutiny of proposed budget savings for 25/26 and 26/27 mean that this work is not currently required
Strategy & Innovation	IT Network Access Controls	Probity - current employees and roles, exceptions	Underway
Strategy & Innovation	Project Management	Is corporate or other methodology being used, is it evidenced and effective	Underway
Legal and Governance	Information Governance (toolkit)	Annual requirement	Completed
Legal and Governance	Contract Management +	Development of self-assessment approach - Procurement are custodian.	Underway
Corporate	Review of Capital assurance arrangements	Management request: to identify if proposed alignment meet good governance requirements	Q3
<b>Regeneration</b>			
Homes & Neighbourhoods	Tenancy Allocation	Further work as requested by ELT & Head of Technology and follow up of previous work	completed to report
Homes & Neighbourhoods	District Heating	Further work and follow up of previous work	Q3Q4
Highways & Streetscene	Winter Maintenance - Internal & Contracts	Probity to evidence route completion, payments, salt procurement & usage.	Underway
Skills & Regeneration	Planning Consent & Enforcement including fee collection	Legal & constitutional compliance and evidencing of decision making.	Underway
Skills & Regeneration	Building Control Approvals & Fee Recovery	Legal compliance and evidencing of decision making. ( <i>Reduced scope-financial only</i> )	Q3Q4
Development	Housing Register	Applicant determination accurate, and maintained	completed
<b>Childrens</b>			
Learning & Early Support	School Absence	Management request to test that the controls and systems that are currently in place are sufficient to mitigate risk	Interim work completed: Action Plan progress to assess Q4
Learning & Early Support	SEND	Data integrity and information management (provisional) (Exact scope to be agreed)	Proposed to be deferred until SEND processing has further stabilised

Learning & Early Support	Schools X6 (high deficit)	Routine- test of DfE programme re school finance	Completed
Child Protection & Family Support	SGO (special guardianship) Payments and Review	Management request to test that the controls and systems that are currently in place and sufficient to mitigate risk	Q3Q4
Child Protection & Family Support	External Placements	Test of processes and controls	Q3Q4
<b>Adult &amp; Communities</b>			
Adult Social Care	Brokerage (external placements)	Review the controls and processes in place for the brokering of care packages	Suggest delete from 2526 programme
Adult Social Care	Quality of Care Provision	Ascertain assurance of on the quality-of-care provision.	Q3Q4
Mental Health & Learning Disabilities	Placements	Review of current processes and controls in relation to placing individuals in external accommodation	Underway
<b>General</b>			
WYCA & other grants	As necessary	As specified by regime	Some completed
Investigations	As necessary	Case specific	in progress
<b>Additional Work</b>			
Finance	Client property (CFA) control	To understand arrangements for ensuring probity of client property	Additional- Underway

+Contract management was identified as a priority by the external auditor: Other review work into contract management has been commissioned. Before starting audit assurance assessment, IA will ascertain nature of the other review to determine an appropriate course of action.

## The Proposed Audit Plan for October 2025 to March 2026

(work for Q3Q4 transferred from the Q1Q2 plan is not included here)

<u>Service</u>	<u>Audit</u>	<u>Notes/ Scope</u>	
<b>Corporate</b>			
People Services	Workforce Planning	Progress on delivery of this aspect of the People Strategy	Defer
People Services	Attendance Management	HR is custodian. Management compliance and record keeping. Impact of hybrid / home working.	Q3Q4
Strategy & Innovation	Integrated Impact Assessments	Legal compliance and record keeping	Q3Q4
Strategy & Innovation	IT Disaster Recovery Plan	Clarity, completeness, testing and review arrangements ( <i>Reduce Scope To assess assurance arrangements for this topic</i> )	Q3Q4
Strategy & Innovation	Performance Management (to achieve objectives)	Monitoring / reporting of progress, remedial action if not	Q3Q4
Public Health	Corporate Business Continuity	Extent of preparedness ( <i>Reduce Scope To assess assurance arrangements for this topic</i> )	Q3Q4
Public Health	Corporate Health & Safety	Development of management self-assessment approach	Q3Q4
Finance	CT Liability	Correctness and completeness, validation of entitlement to discounts, exemptions and relief ( <i>Scope- NFI data input/ fraud risk assess</i> )	Q4
Finance	HB Claims Processing	Extent and correctness of non-UC cases and resources to deliver	Defer to future years
Finance	SAP Ledger and Journals	Module access and administration, accountability, scope for misuse	Defer to future years
Finance	NDR Liability including Relief	Correctness and completeness, validation of entitlement to discounts, exemptions and relief	Q3Q4
Finance	Revenues Fraud Risk	Assess various fraud risks and options for improvement	Remove as Duplicate
Finance	Web Capture operation in Revenues	Fraud & error prevention controls are adequate & effective	Q3Q4
<b>Regeneration</b>			
Highways & Streetscene	Parking Income including permits	Probity, verification and reconciliation of income due and collected.	Q3Q4
Development	Commercial Rents & Charges	Probity - debit and income management, and cost effectiveness	Q3
Development	Housing Register / Waiting List	Probity - application and review of points and band entitlement	completed
Development	PPP Schools Contract	Risk, contract management and delivery ( <i>Reduce Scope To assess assurance arrangements for this topic</i> )	Q3Q4
Development	Corporate Estate Building Defects E.g. Adults	Risk, legal and regulatory compliance. User feedback.	This work features in an assets consultancy contract
Development	Capital Plan Delivery	CFO request - including a review of forecasting	Changes to methodology of developing the Capital Plan so suggested deferred to next year
Homes & Neighbourhoods	Voids Management	Risk - Performance management and budgetary control, sign off process, review of process improvements	Q3Q4

Homes & Neighbourhoods (& communities)	Anti-Social Behaviour Management	Delivered through Communities? Review of policy compliance and effectiveness as approved by Cabinet in March	Q3Q4
Homes & Neighbourhoods	DMC & FRA Inspection & Remedial Work Assurance	Management request	Q3Q4
Environmental Strategy & Climate Change	Home to School Transport Financial Data	Management request	Q3Q4
Regeneration Directorate	Risk Management	To test risk governance arrangements	Q3Q4
<b>Childrens</b>			
Learning & Early Support	Schools X6 (high deficit)	Routine- test of DfE programme re school finance	Q3Q4
Learning & Early Support	Schools Finance	Test of processes and controls	Defer
Child Protection & Family Support	Short Break and Respite	Management request Objectives to be determined	Q3Q4
Childrens Improvement team	Commissioning	Contract management arrangements	Defer
Childrens Directorate	Transition to Adults	Transitioning arrangements, processes and controls	Q3/Q4
<b>Adults &amp; Communities</b>			
Mental Health & Learning Disabilities	Child to Adult transition	Risk assess - Also in Children & Families	Q3/Q4
Mental Health & Learning Disabilities	Mental Health Partnership Working	Review Current Mental Healthcare Partnership Working Arrangements	Restructuring of partner organisations means that this work is not appropriate at the present.
Communities	ASB Contract Management	Review the contract arrangements and performance between Housing and Communities	Q3Q4
Adult Social Care	Hospital pathways	Review of current processes and controls in relation to Hospital Pathways.	Q3
Adult Social Care	Skills Gap	Controls in place to mitigate the risk of the increasing skill gap	Defer
Adult Social Care	Safeguarding	Review current processes and controls	Q3Q4
<b>Other</b>			
WYCA & other grants	As necessary	As specified by regime	Q3Q4
Investigations	As necessary	Case specific	Q3Q4