

Committee Report Checklist

Please submit the completed checklists with your report. If final draft report does not include all the information/sign offs required, your item will be delayed until the next meeting cycle.

Stage 1

Report checklist – responsibility of report owner

ITEM	Yes / No	Date
Councillor engagement / input from Chair prior to briefing	N/A	
Commissioner engagement (if report focused on issues of concern to Commissioners such as Finance, Assets etc)	N/A	
Relevant Group Head review	N/A	
MAT+ review (to have been circulated at least 5 working days before Stage 2)	N/A	
This item is on the Forward Plan for the relevant committee	Y	
	Reviewed by	
Finance comments		
Risk comments	LO	03/03/26
Legal comments	LH	27/02/26
HR comments (if applicable)	N/A	

For reports with material financial or legal implications the author should engage with the respective teams at the outset and receive input to their reports prior to asking for MO or s151 comments.

Do not forward to stage 2 unless all the above have been completed.

Stage 2

Report checklist – responsibility of report owner

ITEM	Completed by	Date
Monitoring Officer commentary – at least 5 working days before MAT	L Heron	27/02/26
S151 Officer commentary – at least 5 working days before MAT	T Collier	25/02/26
Confirm final report cleared by MAT		

Audit Committee

26 March 2026

Title	Internal Audit Charter and Annual Audit Plan 2026-27
Purpose of the report	To inform, assure and approve
Report Author	Iona Bond, Deputy Head of Southern Internal Audit Partnership
Ward(s) Affected	All Wards
Exempt	No
Exemption Reason	N/A
Corporate Priority	Community Addressing Housing Need Resilience Environment Services
Recommendations	<p>The Committee is asked:</p> <ol style="list-style-type: none"> 1. Provide input to and approve the Internal Audit Charter 2026-27 (Appendix A) 2. Provide input to and approve the Internal Audit Annual Audit Plan 2026-27 (Appendix B)
Reason for Recommendation	In accordance with the Global Internal Audit Standards in UK Public Sector the Chief Internal Auditor is required to provide a written status report to the Audit Committee.

1. Executive summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> • The Global Internal Audit Standards (GIAS) require all internal audit providers to implement and maintain an 'Internal Audit Charter'. The internal audit charter is defined as 'a formal document that includes the internal audit function's mandate, organisational position, reporting 	<ul style="list-style-type: none"> • Regular review and communication of the Internal Audit Charter helps to maintain awareness across senior management and the Audit Committee.

<p>relationships, scope of work, types of service, and other specifications’</p> <ul style="list-style-type: none"> Each year in conformance with the GIAS Internal Audit must create a risk-based internal audit plan providing independent and objective assurance to management and the Audit Committee, in relation to the effectiveness of the framework of internal control, risk management and governance. 	<ul style="list-style-type: none"> The Internal Audit Plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resource to provide a clear statement of assurance on risk management, internal control, and governance arrangements
<p>This is what we want to do about it</p>	<p>These are the next steps</p>
<ul style="list-style-type: none"> To present the Internal Audit Charter 2026/27 to the Management Team and the Audit Committee for approval in accordance with requirements of the GIAS. (See Appendix A) In producing the Internal Audit Annual Plan for 2026/27 the Chief Internal Auditor has applied a risk-based approach in line with the GIAS and focussed on areas of higher priority that align with the Council’s corporate priorities and objectives. (See Appendix B) 	<ul style="list-style-type: none"> Corporate Management Team and Group Heads to note the proposed schedule for undertaking planned assurance assignments set out at Appendix B and confirm it is agreeable. The Audit Committee to approve the Internal Audit Charter and Internal Audit Plan for 2026/27 at the meeting of 26 March 2026. Progressing delivery of the Internal Audit Plan 2026/27.

1.1 As required by the Global Internal Audit Standards in UK Public Sector this report presents the Internal Audit Charter and the Internal Audit Plan 2026 – 27.

- The Internal Audit Charter (Appendix A) is a formal document that includes the internal audit function’s mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications.
- The Internal Audit Plan (Appendix B) is a document, developed by the Chief Internal Auditor, that identifies the engagements and other internal audit services anticipated to be provided during a given period.

2. Key issues

2.1 The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

‘A relevant authority must 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 or guidance.’

- 2.2 From 1 April 2025, the 'standards or guidance' in relation to internal audit are those laid down in the Global Internal Audit Standards (GIAS), Application Note: Global Internal Audit Standards in the UK Public Sector (Application Note) and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements shall be referred to as the Global Internal Audit Standards in the UK Public Sector (the Standards).
- 2.3 The Standards (6.2) require all internal audit providers to implement and maintain an 'Internal Audit Charter'. The internal audit charter is defined as 'a formal document that includes the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications.'
- 2.4 Section 10B of the Application Note makes it a mandatory requirement in the UK public sector, for the chief internal auditor to prepare such an overall conclusion at least annually in support of wider governance reporting. This overall conclusion must encompass governance, risk management and control. The requirement for an overall conclusion must also inform planning carried out under GIAS Standard 9.4 (Internal Audit Plan).
- 2.5 In accordance with the Standards (9.4) there is a requirement that internal audit must create a risk-based internal audit plan that supports the achievement of the organisation's objectives. The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to fulfil the audit mandate and delivery of the internal audit strategy.
- 2.6 The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:
- The framework of internal control, risk management and governance is appropriate and operating effectively; and
 - Risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.

Internal Audit Charter 2026-27

- 2.7 The internal audit charter is reported to the Audit Committee annually for review and approval. There have been no amendments to last year's Internal Audit Charter. A copy is attached as Appendix A.

Internal Audit Plan 2026-27

- 2.8 The proposed risk based internal audit plan for 2026-27 is attached at Appendix B and has been developed at a strategic level providing a value adding, and proportionate level of assurance aligned to the Council's strategic outcomes. It is based on a range of inputs including review of the Council's assurance registers, sector knowledge and discussions with management teams.
- 2.9 This is a unique year for the Council taking them through to vesting day (1 April 2027). We have worked with management to ensure the audit plan is

positioned to add optimum value to the organisation during what will be a challenging period of significant change and uncertainty.

- 2.10 The audit plan will remain fluid to ensure internal audit's ability to react to the changing needs of the Council. Any additions to the plan must be able to clearly demonstrate a contribution to the audit conclusion on risk management, control and governance.
- 2.11 Any changes to the plan (including advisory assignments) will be transparently reported to the Management Team and the Audit Committee during the course of the year for approval as part of our regular Progress Reports.
- 2.12 The Internal Audit Charter ensures the Chief Internal Auditor has sufficient resource necessary to fulfil the requirements and expectations to deliver an internal audit conclusion.
- 2.13 The internal audit plan is tailored to support the organisation through to vesting day, however, it is recognised that a significant level of organisational capacity / resource will be necessarily focused on LGR readiness in addition to delivering business-as-usual operations potentially impacting capacity to support internal audit delivery.
- 2.14 Should we feel the delivery of the plan is compromised in any way we will report this to the Management and the Audit Committee through our regular progress report(s).
- 2.15 The endorsement and sponsorship of the plan(s) at member / chief officer level will assist in providing the engagement and buy-in of staff at an operational level to ensure the outcome of audit reviews are optimised.

3. Options appraisal and proposal

- 3.1 The Audit Committee are requested to approve the Internal Audit Charter and risk based Internal Audit Plan for 2026/27 in line with GIAS, to support the provision of independent assurance to the authority on the adequacy of internal control, governance and risk management arrangements.

4. Risk implications

- 4.1 In producing the programme of audit work for 2026/27 the Chief Internal Auditor has ensured that a risk-based approach has been applied in line with audit standards and focussed on areas of higher priority that align with corporate priorities and objectives. Consideration has been given to current and emerging risks (and opportunities) facing the Council during 2026/27.

5. Financial implications

- 5.1 The Internal Audit Annual Plan includes reviews of functions and systems that are financially material and therefore represent greater risk to the authority. Issues presenting adverse financial consequences or threats to the Council's financial position apply to a range of workstreams on the Plan. At the end of the financial year the Chief Internal Auditor's conclusion is one of the inputs

into the draft Annual Governance Statement which is published as part of the draft Statement of Accounts.

- 5.2 To support special investigations (relating to suspected internal fraud or irregularity) there may be a requirement to bring in subject matter experts and Investigators.

6. Legal comments

- 6.1 The Global Internal Audit Standards (GIAS) are mandatory further to the Accounts and Audit (England) Regulations 2015. The GIAS require public bodies to establish and deliver a risk-based internal audit plan and for this to be approved by the Audit Committee.
- 6.2 This report assists the Council to demonstrate compliance with the statutory requirements.

Corporate implications

7. S151 Officer comments

- 7.1 Having an effective Internal Audit in place with an appropriate annual audit plan with sufficient breadth of coverage of both key financial controls and other controls and governance is of key importance to the S151 Officer. 2026-27 will be the final year of operation of the Council so it will be particularly important that the Audit Plan is fully completed on time. It is important that the Audit Plan is aligned to the Local Government Reorganisation transition process to the safe and legal establishment of West Surrey. The S151 Officer supports the proposal.

8. Monitoring Officer comments

- 8.1 The Monitoring Officer confirms that the relevant legal implications have been taken into account.

9. Procurement comments

- 9.1 There are no procurement implications arising from this report.

10. Equality and Diversity

- 10.1 Equality and diversity are key considerations that feature in the assessment of risk and audit needs.

11. Sustainability/Climate Change Implications

- 11.1 Sustainability is a key consideration and features in the assessment of risk and audit needs.

12. Other considerations

12.1 None.

13. Timetable for implementation

13.1 Applicable for the period 1 April 2026 – 31 March 2027

14. Contact

14.1 Iona Bond, Deputy Head of Southern Internal Audit Partnership
iona.bond@hants.gov.uk

***Please submit any material questions to the Committee Chair and Officer
Contact by two days in advance of the meeting.***

Background papers: None

Appendices:

Appendix A – Internal Audit Charter 2026-27

Appendix B – Internal Audit Annual Plan 2026-27