



INTERNAL AUDIT SHARED SERVICE

North West Leicestershire District Council

2025/26 Internal Audit Annual Plan

1. INTRODUCTION

- 1.1 The Global Internal Audit Standards in the Public Sector require the Chief Audit Executive (the Audit Manager for this Council) to create an internal audit plan that supports the achievement of the organisation's objectives. This document sets out the background and the approach to producing the annual plan, with the 2025/26 annual plan attached at Appendix A.

2. BACKGROUND

- 2.1. The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit play a vital role in advising the Council that these arrangements are in place and operating effectively. The Council's response to Internal Audit activity should lead to strengthening of the control environment and therefore contribute to the achievement of the organisation's objectives.
- 2.2. Internal Audit provide a combination of assurance and consulting/advisory activities. Assurance work involves assessing how well the systems are designed and working, with consulting or advisory activities available to help to improve those systems and processes where necessary. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.
- 2.3. The Internal Audit Charter details the:
- Purpose of internal auditing;
 - Commitment to adhering to the Global Internal Audit Standards in the UK Public Sector;
 - authorises access to records, personnel, and physical properties relevant to the performance of engagements; and
 - Mandate, including scope and types of services to be provided, and the board's responsibilities and expectations regarding management's support of the internal audit function.
- 2.4 The Three Lines of Defence Model (below) is a valuable framework that explains Internal Audit's role in providing assurance that the management arrangements over governance, risk and internal control are adequate and effective.



Source: Chartered Institute of Internal Auditors

3. INTERNAL AUDIT PLAN

3.1. Overall Strategy

3.1.1 The key aim of the service is to provide an independent, objective assurance and advisory function which is designed to add value and improve the Council's operations. This supports North West Leicestershire District Council in the achievement of its priorities and helps services to provide good value for money, as it brings a systematic disciplined approach to evaluating and improving the effectiveness of risk management and control and governance processes.

3.1.2 The Audit Manager has produced a risk-based annual audit plan for 2025/26. This is informed by a risk assessment which is based on a combination of:

- consulting with key stakeholders including senior management;
- reviewing the strategic risk register and committee minutes;
- reviewing reports from external agencies (for example external audit) and legislative updates;
- factors such as changes in staffing, systems and processes; and
- the Audit Manager's professional judgement.

This approach enables the finite resources of the team to be focussed on areas where it can add value and conforms to the Global Internal Audit Standards in the UK Public Sector.

3.1.3 The outcomes from each audit engagement undertaken as part of the annual audit plan underpin the Audit Manager's annual opinion on the Council's internal control environment. This opinion feeds into the Council's Annual Governance Statement.

3.1.4 It should be noted that the Global Internal Audit Standards in the UK Public Sector state that:

"The chief audit executive must review and revise the internal audit plan as necessary and communicate timely to the board and senior management:

- The impact of any resource limitations on internal audit coverage.
- The rationale for not including an assurance engagement in a high-risk area or activity in the plan.
- Conflicting demands for services between major stakeholders, such as high-priority requests based on emerging risks and requests to replace planned assurance engagements with advisory engagements.
- Limitations on scope or restrictions on access to information."

For North West Leicestershire District Council the Chief Audit Executive is the Internal Audit Manager. The Internal Audit Manager will ensure that the audit plan is regularly reviewed and adjusted as necessary throughout 2025/26. In practice this may mean that audits are added to or removed from the plan, with details included in the quarterly progress reports.

3.2. Resources Available

- 3.2.1 The Audit Team who will deliver the 2025/26 annual audit plan at North West Leicestershire District Council consists of the Audit Manager (0.4 FTE), Internal Auditor (0.69 FTE), Internal Auditor (1 FTE – to be recruited), Internal Audit Assistant (1 FTE), Internal Audit Apprentice (0.34 FTE) and an IT audit contractor. Table 1 shows a calculation of the available audit days for 2025/26, this does not include the days for the IT auditor. Additionally, as the Internal Auditor post is currently vacant the number of days has been adjusted to reflect this, and further contingency is in place to postpone some audits if the vacancy cannot be filled.

Table 1: Resources Available

Available Days	593
Team and Contract Management / Annual Opinion/ Annual Plan/Audit Committees/Progress Reports/External Audit/Audit Reviews	102
Corporate Meetings/General Admin/ Minutes Review/Regional Audit Groups	21
Available Audit Days	470

3.3. Internal Audit Annual Plan 2024/25

- 3.3.1 The proposed 2025/26 Annual Audit Plan is shown in Table 2 below and the detailed plan is shown in Appendix A. The Plan will be subject to ongoing review to ensure that it remains aligned with the Council's objectives and the risks identified by management and the audit team. Any changes will be reported to the Corporate Leadership Team and the Audit and Governance Committee.

Table 2: 2025/26 Annual Audit Plan

Risk Based Audit Work 2025/26 (see Appendix A)	385
Completion of 2024/25 Outstanding Audits	23
Follow up reviews	15
Advisory – Ad hoc	7
Global Internal Audit Standards in the Public Sector	13
NFI, RIPA, Fraud	14
Risk Scrutiny	2
Contingency	11
Total Audit Days	470

- 3.3.2 Three of the Council's key financial systems (Benefits, Council Tax and NNDR) are provided by the Leicestershire Revenues and Benefits Partnership, and therefore the audits in relation to these systems will be undertaken by the internal auditors at Hinckley

and Bosworth Borough Council. The Audit Manager will review the audit reports to take assurance from them.

- 3.3.3 The timings shown within the Internal Audit Annual Plan are estimates based on time taken on previous similar audits and a high-level consideration of the scope and existing arrangements. As part of the set-up process for each audit engagement the scope of the audit will be agreed in detail and a more accurate budget for audit days will be set. A contingency has been included in the plan to allow for variances in planned audit days against actual and for ad-hoc or fraud investigations that may arise during the year. The quarterly progress reports to Audit and Governance Committee will include a comparison of planned to actual days for each audit undertaken.

3.4 Limitations

- 3.4.1 The matters raised in the audit reports will only be those which come to the Audit Team's attention during internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or all the improvements that may be required. Whilst every care will be taken to ensure that the information contained in audit reports is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained therein. The work of the Audit Team does not provide absolute assurance that material errors, losses or fraud do not exist.

APPENDIX A

2025/26 INTERNAL AUDIT ANNUAL PLAN

AUDIT AREA	TYPE	TIMING	COUNCIL PRIORITY AREA	RISK REGISTER (WHERE APPLICABLE)	PLANNED AUDIT DAYS
HOUSING					
Former Tenant Arrears	Audit	Q1,2,3,4	2	CR17	5
Right to Buy	Audit	Q3	2	CR17	10
Damp and Mould	Audit	Q4	2	CR17	15
Warmer Homes Grant	Grant Assurance	Q1,2,3,4	2	CR17	10
Housing Regulator	Audit	Q3/Q4	2	CR17	25
Tenant Association Accounts		Q1,2,3,4	2		3
Subtotal					68
COMMUNITY SERVICES					
Fleet Management & O' Licence	Audit/ Review	Q2/3	3	CR9	6
Leisure Centres Contracts	Audit	Q1	2	CR5	15
Port Health	Audit	Q2	2	CR9	15
Food Waste Project	Advisory/ Assurance	Q1,2,3,4	3		8
Burial Services	Audit	Q2	2	CR9	10
Subtotal					54
FINANCE					
Key financial systems	Audit	Q2,3,4	4	CR2	55
Subtotal					55
LEGAL AND SUPPORT SERVICES					
Committee Admin and Reporting	Audit	Q2/3	4	CR13/ CR9	15
Subtotal					15
PLANNING AND INFRASTRUCTURE					
Planning Development Management	Audit	Q3	1	CR16	15
Local Nutrient Mitigation Fund Grant	Grant Assurance	Q2	1,2	CR2	5
Subtotal					20

PROPERTY AND ECONOMIC REGENERATION					
Regeneration Projects	Audit	Q1,2,3,4	1	CR2/ CR8	40
UKSPF	Grant Assurance	Q3	1	CR2	4
Regeneration Projects	Advisory	Q1,2,3,4	1	CR8	20
Subtotal					64
CROSS CUTTING					
Culture & Ethics	Audit	Q2/3/4	All		15
Project Support	Advisory	As required	All	CR8	10
Data Protection	Audit	Q2	All	CR4	20
Absence Management	Audit	Q3	4	CR3	15
Health and Safety	Audit	Q1	4	CR18	15
Business Planning and Performance	Audit	Q3	4	CR13	10
Climate Change	Advisory	Q1,2,3,4	3	CR15	4
Procurement & Contract Management	Audit	Q2	4	CR5	20
Subtotal					109
Total In House Days					385
OUTSOURCED IT AUDITS – not included in audit days					
ICT					
IT Business Continuity	IT Audit Contractor	TBA	4	CR7	10
IT Change Control	IT Audit Contractor	TBA	4	CR7/ CR5	10
Subtotal					20

Key to Priorities

1. Planning and Regeneration
2. Communities and Housing
3. Clean, green and zero carbon
4. A well run council