

REPORT TO:		AUDIT COMMITTEE	
DATE:		16 February 2026	
PORTFOLIO:		Councillor Vanessa Alexander - Resources and Council Operations	
REPORT AUTHOR:		Mark Beard – Head of Audit & Investigations	
TITLE OF REPORT:		INTERNAL AUDIT PLAN 2026/27	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	No	Not applicable	
KEY DECISION:	No	If yes, date of publication:	

1. **Purpose of Report**

- 1.1 To inform Audit Committee about the Internal Audit Plan for the financial year 2026/27 and to request that Audit Committee approves the proposed Internal Audit Plan for 2026/27.

2. **Recommendations**

- 2.1 I recommend that Audit Committee:
- Approve the Internal Audit Plan for the financial year 2026/27.

3. **Reasons for Recommendations and Background**

- 3.1 The Internal Audit Plan is set annually and monitored monthly. This practice is in line with guidance issued by both the Chartered Institute of Auditors and the Chartered Institute of Public Finance & Accountancy. This also links into the Global Internal Audit Standards. An annual Audit Plan with monthly monitoring allows the Head of Audit & Investigations to react to changes and, if necessary, to revise the Audit Plan to incorporate these changes.
- 3.2 The Internal Audit Plan forms the work plan of the Internal Audit Team for the financial year. It is risk based and is set annually and is cross referenced to the Council's risk registers. Any risks within the risk register that are not already reflected within the Audit Plan are added to it.

- 3.3 The 2026/27 Internal Audit Plan has made some alterations which reflect changes occurring within the Council as well as changes designed to streamline the Audit Plan. The tables below detail these changes:-.

Amendments to the Audit Plan

Audit Area	Comments
Accrington Neighbourhood Board	Moved from Ad-Hoc and moved to Grant Funding Initiatives
CIVICA Assets Module	Deleted from Ad-Hoc and merged with Asset Management in Core Systems
Document Retention Compliance	Deleted from Ad-Hoc and is a permanent entry in Audit Advice
External Consultancy Fees / Costs	Moved from Ad-Hoc to Non-Core Systems
Heritage Project & Lottery Funding	Moved from Ad-Hoc and moved to Grant Funding Initiatives
High Street Accelerator Fund	Moved from Ad-Hoc and moved to Grant Funding Initiatives
LGA Peer Review	Deleted from Ad-Hoc as review has been concluded & actions are ongoing
New Financials / HR System	Deleted from Ad-Hoc and merged into the corresponding reviews within Core Systems
Pride & Place Funding	Moved from Ad-Hoc and moved to Grant Funding Initiatives
Town Centre Greening (UKSPF)	Moved from Ad-Hoc and moved to Grant Funding Initiatives

Audit Areas Added to the Audit Plan

Audit Area	Comments
Food Waste Scheme	This is a new Government initiative from 01/04/26. This is initially added to the Ad-Hoc & Investigations part of the Audit Plan. Following risk assessment & scoring it has been included in the 2026/27 Audit Plan.
Local Government Reorganisation	This is Government Policy and impacts the Council. It has been added to Ad-Hoc and is likely to remain there for the remainder of Hyndburn Borough Council's existence. Time is allocated for Audit input as and when necessary. Time was allocated following risk assessment & scoring it has been included in the 2026/27 Audit Plan.

- 3.4 Two areas have been added to Ad-hoc and form part of the work planned for 2026/27 following risk assessment and scoring. There are five areas that have remained in Ad-Hoc & Investigations section of the 2026/27 Internal Audit Plan. Of the five areas, two are carried forward from the 2025/26 Audit Plan and the remaining three do not have any time allocation following risk assessment and scoring of the Audit Plan. These areas will be re-assessed at the end of 2026/27.
- 3.5 The Audit Plan has been cross referenced to the latest version of the risk registers (December 2025 version). This contributes to the risk analysis of audit areas and is a key part of the scoring matrix that is part of the overall risk assessment. Where an audit area is reflected in more than one of the risk registers then the score for the highest level of risk is applied. For example, Strategic High risks score greater than Operational High Risk or Generic High Risk. This weighted scoring reflects the levels of risk and their impacts on achievement of the Council's aims and objectives.
- 3.6 The risk assessment for the Audit Plan considered 9 risk factors. Each of these factors has a score, some of which are weighted according to risk. The audit areas scoring the highest pose a higher level of risk to the Council, in theory. The 9 risk factors used were:-
- 1.) Audit Area covered by a risk in the Risk Registers
 - 2.) Have system changes taken place?
 - 3.) Has the service or area been subject to cuts / job losses / restructure?
 - 4.) Does External Audit require coverage?
 - 5.) Is the audit ongoing, b/fwd or deleted from the 2025/26 Audit Plan?
 - 6.) Does the audit area directly affect the Council's financial position?
 - 7.) Is it a Council, Management Team or Manager priority?
 - 8.) When was the last audit carried out?
 - 9.) What is the monetary value / income of the area?
- 3.7 None of the above areas have the ability to affect the assessment process in their own right which is why the Head of Audit & Investigations believes that the risk process accurately indicates which audit areas could pose a greater risk if left unaudited.
- 3.8 An allocation of 10% of the available audit days has been classified as contingency days. These days are set aside to absorb time spent on ad-hoc pieces of unplanned work such as investigations which arise during the financial year. The 10% allocation is in line with previous years and previous External Audit recommendations. In addition, contingency set at this level has also proved to be effective in previous years.
- 3.9 An allocation of 6 days has been made for audit follow-ups. This is the same as 2025/26.
- 3.10 An allocation of 42 days has been made for audit advice. This is the same as 2025/26.
- 3.11 The Audit Plan risk assessment highlighted 13 audit areas as high risk, a decrease of 8 on 2025/26. The 2026/27 Audit Plan includes all 13 of these high risk areas.
- 3.12 There are 98 medium risk areas, an increase of 9 on 2025/26 and 17 are included in the Audit Plan. The remaining 81 medium risk areas will remain on a reserve list and will be included if other time allocations such as contingency days are not utilised.

- 3.13 There are 36 low risk areas, a decrease of 1 on 2025/26. None of the low risk areas are likely to be covered in 2026/27 Audit Plan unless the level of risk significantly increases or a specific issue is identified during the financial year.
- 3.14 As in previous years, the Head of Audit & Investigations has been quite stringent with the allocation of audit days to maximise coverage and believes that the 2026/27 Audit Plan is challenging, but if achieved will give a good overview of the Council’s key risk areas as reflected in the risk registers. It will also assist Management and those charged with Governance in gaining additional assurance on the Council’s risk environment and the various activities audited.
- 3.15 The 2026/27 Internal Audit Plan summary is attached as Appendix 1.
- 3.16 The Head of Audit & Investigations must produce an annual Internal Audit Plan as this forms the basis of the annual work plan for the Audit Team and is a requirement of the Global Internal Audit Standards.

4. Alternative Options considered and Reasons for Rejection

- 4.1 There is no alternative option as it is essential that an annual Audit plan is produced and approved by Audit Committee. Failure to do so would make it very difficult to prove that the work carried out is risk based and could leave the Council exposed to unforeseen risk which an audit could identify. Internal Audit would also be failing to comply with the Global Internal Audit Standards by not having a clear defined work plan. In addition the Council and the Internal Audit Team would risk criticism from External Audit for failing to comply with best practice.

5. Consultations

- 5.1 Prior to risk assessing and formulation of the Internal Audit Plan 2026/27, consultation took place with Management Team, all Chief Officers, all Heads of Service and the Internal Audit Team. In total, 16 people representing all departments and senior management of the Council were consulted. The responses were fed into the risk scoring matrix which the Audit Plan 2026/27 reflects.

6. Implications

Financial implications (including any future financial commitments for the Council)	There are no financial implications arising from this report
Legal and human rights implications	There are no legal or human rights implications arising from this report.

Assessment of risk	Risks are taken into consideration during the audit process itself, there is no direct risk implication from this report.
Equality and diversity implications <i>A Customer First Analysis should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	A Customer First Analysis has not been completed because the report does not change current Council policy. An Equality Impact Assessment has previously been carried out for the Audit Planning Process which remains valid. The audit of individual areas may, in some cases, feed into the Customer First Analysis needs of the respective service area of the Council.

**7. Local Government (Access to Information) Act 1985:
List of Background Papers**

7.1 No background papers were necessary for the preparation of this report.

8. Freedom of Information

8.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.