



ANNUAL INTERNAL AUDIT REPORT & AUDIT OPINION

2025/26

Internal Audit Services
Town Hall – Broadway Annex

Report Author: Mark Beard – Head of Audit & Investigations

EXECUTIVE SUMMARY

The Audit Team was able to carry out sufficient work to enable an opinion to be given. The Head of Audit is pleased to report that good levels of internal control were found to be in place, and no significant areas of concern were found that could impact on the Council's Financial Statements. This is based on the work of the Internal Audit Team during 2025/26.

The key issues arising from this report are: -

- The Head of Audit & Investigations can issue a positive opinion on the systems of Internal Control based on the work carried out in 2025/26 as detailed below. The opinion score slightly improved from 1.53 in 2024/25 to 1.47 in 2025/26. The number of recommendations increased from 13 in 2024/25 to 15 in 2025/26.
- Internal Audit did not identify any issues in 2025/26 during their audit work that would have a material effect on the Council's Financial Statements.
- Internal Audit achieved audit plan coverage of 95.96% in 2025/26. This was 2.04% below the annual target of 98% but 5.53% higher than audit plan coverage in 2024/25.
- Production and publication of this report is a requirement of the Global Internal Audit Standards. This report satisfies the requirements for those charged with governance and forms a supplementary piece of evidence to the Annual Governance Statement.

AUDIT OPINION

All the work undertaken by Internal Audit during the financial year 2025/26 was in conformance with the Global Internal Audit Standards. The average opinion score in 2025/26 was 1.47 as opposed to 1.53 in 2024/25. This is based on a scale of 1 to 4 where 1 is the highest level of assurance and 4 is the lowest level of assurance.

Therefore, the Audit Opinion for 2025/26 is: -

Substantial assurance: The work undertaken showed there is a generally sound system of internal control designed to meet the service objectives, and controls are generally being applied consistently. However, some weaknesses in the design and / or inconsistent application of controls put the achievement of particular objectives at risk.

This statement is intended to provide reasonable assurance. There is an on-going process for identifying, evaluating, and managing key risks. These risks are reflected in the Internal Audit Plan and are subject to their own reporting process during the year which sits outside the Internal Audit role.

Opinion Caveat – Those charged with Governance must remember that no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

Clearly whilst the overall opinion for 2025/26 shows the risk score has improved from an average of 1.53 to 1.47, a substantial assurance opinion has still been given. It must be remembered that the Audit Team has not looked at all areas of the Council and issues identified in 2026/27 will feed into the next annual opinion.

ANNUAL INTERNAL AUDIT REPORT & AUDIT OPINION - PURPOSE & BOUNDARIES

Management is responsible for the System of Internal Control and must set in place policies and procedures to ensure that the system is functioning correctly. Internal Audit review, appraise and report on the efficiency, effectiveness, and economy of financial and other management controls. This report is the culmination of the work during 2025/26 and seeks to: -

- Provide an opinion on the adequacy of the control environment
- Comment on the nature and extent of any significant risk
- Report the incidence of significant control failings or weaknesses

Requirement for Internal Audit

All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (Section 151) and the Accounts and Audit Regulations 2015. The latter requires authorities to:

“...undertake an adequate and 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.”

The Global Internal Audit Standards (GIAS) set out a detailed framework that Internal Audit must conform to. These cover all aspects of Internal Audit from behaviours to the actual way in which audit work should be conducted.

In addition to the GIAS both the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) produce additional guidance and publications surrounding internal audit, control, governance, and Audit Committees etc. Key publications include “The Role of the Head of Internal Audit in Public Service Organisation” republished in 2019 and CIPFA Code of Practice for the Governance of Internal Audit published April 2025. The 2025 publication has been introduced to align with the GIAS replacing organisational responsibilities previously set out in the 2019 Statement.

The role of internal audit is complemented by initiatives aimed at promoting effective corporate governance, risk management, anti-fraud & corruption including bribery, anti-money laundering & proceeds of crime in addition to maintaining probity and value for money.

The guidance accompanying the Accounts and Audit Regulations 2015 also detail the need for sound systems of internal control and set out the basis for the necessity of Internal Audit. The Accounts and Audit Regulations 2015 also have a number of amendments in various years, but these do not change the need for sound systems of internal control or the necessity of Internal Audit.

Equality, Diversity & Inclusion

Internal Audit remains committed to the Council's objectives on Equality, Diversity & Inclusion. This is achieved through the way the team is managed, the way staff are trained and by the way processes are put in place to ensure members of the team behave appropriately in their work with staff and management at all levels together with elected Members, members of the public and other external organisations. This again links into the requirements of the GIAS.

The Internal Audit team has received both Equality, Diversity & Inclusion Training in addition to other information supplied e.g. Newsround briefings, team discussions, and corporate briefings / training.

Declaration of Interests

Internal Audit must avoid any conflict of interest that could impede any of the audit work carried out or cast doubt over the independence or integrity of the auditor carrying out the engagement. This links in to the 'Due Professional Care & Ethics' elements of the GIAS.

All members of the audit team are aware that they must declare any interests and sign an annual statement which also states they would inform the Head of Audit & Investigations if any issue became apparent during the year. The statement signed by members of the Audit Team is also declaring conformity with the Code of Ethics.

The Head of Audit & Investigations can report that no member of the Audit Team had any issues that could have impacted on the integrity, professionalism, or quality of the work during 2025/26.

THANKYOU

The Head of Audit & Investigations and Internal Audit Team would like to express their thanks to Management and all areas of the Council where work was undertaken during 2025/26 for the help afforded to the Audit Team during their work.

REVIEW OF INTERNAL CONTROL

How Internal Control is Reviewed

- 1.1 During 2025/26 the Authority's risk registers have been continually updated. These form a key factor of Internal Audit's operational plan each financial year. The review process draws on key indicators of risks to the organisation with the aim of ensuring audit resources are allocated to the areas with the highest risk.
- 1.2 Internal Audit uses a 9-point risk analysis matrix for determining the levels of risk as part of the annual audit planning process. Factors considered are: -
- Audit Area covered by risk(s) in the Risk Registers
 - Have system changes taken place? E.g. to personnel or processes
 - Has the service area been subject to cuts / job losses / restructure?
 - Does External Audit require coverage?
 - Is the Audit b/fwd. or deleted from the current audit plan?
 - Does the Audit Area directly affect the Council's financial position?
 - Is it a Council / Management Team / Manager priority?
 - When was the last audit carried out?
 - What is the monetary value / income of the area?
- 1.3 The audit plan includes a 10% contingency provision. Contingency days are used in response to unforeseen work demands that arise. If there are contingency days that have not been required, these are used to enable additional audit areas to be covered within the plan as per the risk scoring matrix.
- 1.4 The risk analysis and scoring part of the audit planning process results in a comprehensive range of audit engagements being undertaken during the financial year. These audits support the overall opinion on the control environment. Examples include: -
- Systems based reviews of fundamental financial systems that could have a material impact on the Council's financial statements e.g. Asset Management, Creditors, Debtors, General Ledger, Housing Benefits
 - Establishment audits e.g. Facilities Team, Waste & Recycling
 - Systems based reviews of departmental systems e.g. Debt Recovery Arrangements, Energy Conservation & Climate Change
 - External Grant Funding
 - ICT audits e.g. Data Security & Storage, Help Desk, IT Procurement
 - Contract audit
 - Fraud Strategy Work
 - Responsive fraud and irregularity investigations
- 1.5 Audit work is risk based and the risk registers are cross referenced to the audit plan. Any risks identified within the risk registers that cannot be linked to the audit plan are added to the audit plan during the annual planning process. Whilst there were a small number of new risks in the risk registers, these did not require the creation of new areas within the Audit Plan as the risks linked to areas which already exist. These

new risks were considered as part of the cross matching. Any significant risks are acted upon during the financial year as opposed to waiting until the annual audit planning process which takes place towards the end of each financial year.

Accounts and Audit Regulations

1.6 The Accounts and Audit Regulations 2015 set out clear instructions that Councils must follow. Parts of the regulations detail financial management and the need for Internal Audit.

1.7 Financial management is covered within part 2 of the 2015 regulations and details what the Authority must have in place regarding: -

- Responsibility for Internal Control
- Accounting records and control systems
- Internal Audit
- Review of Internal Control System

1.8 For clarity, the specific regulations relating to the above areas are detailed in TABLE 1 below. These detail the key parts of regulations 3 to 6.

Regulation	Requirement
3	A relevant authority must ensure that it has a sound system of internal control which: - (a) Facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) Ensures that the financial and operational management of the authority is effective; and (c) Includes effective arrangements for the management of risk
4 (4)	The financial control systems determines in accordance with paragraph (1) (b) must include: (a) Measures – (i) to ensure the financial transactions of the authority are recorded as soon as, and as accurately as, reasonable practicable; (ii) to enable the prevention and detection of inaccuracies and fraud, and the reconstitution of any lost record; and (iii) to ensure that risk is appropriately managed; (b) identification of the duties of officers with financial transactions and division of responsibilities of those officers.
5 (1)	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.
5 (2)	Any officer or member of a relevant authority must, if required to do so for the purpose of the internal audit – (a) make available such documents and records; and (b) Supply such information and explanations; As are considered necessary by those conducting the internal audit.
5 (3)	In this regulation “documents and records” includes information recorded in an electronic form.
6 (1)	A relevant authority must, each financial year – (a) Conduct a review of the effectiveness of the system of internal control required by regulation 3; and (b) Prepare an annual governance statement

Annual Governance Statement

- 1.9 CIPFA guidance states that an Annual Governance Statement (AGS) should be produced to accompany the Council’s Financial Statements.
- 1.10 The AGS is made up of numerous evidence sources from across the Council that collectively demonstrate why the Council believes it has good governance in place. The Head of Audit & Investigations supplies 5 pieces of evidence each year to show Internal Audit’s contribution to the Council’s governance processes. This report is one of those 5 pieces of evidence.
- 1.11 It must be highlighted that this Annual Internal Audit Report & Audit Opinion is not the AGS and cannot be used to substitute it. However, it is a significant source of assurance within the AGS.

Risk Management

- 1.12 The Council has a well-established risk management process which is monitored and updated on a regular basis and reported to both the Council’s Corporate Management Team and the Audit Committee.
- 1.13 There are currently 3 risk registers: Strategic, Operational and Generic. An additional risk register is intended to be added in 2026/27 which will specifically cover ‘Cyber Risks’.

- 1.14 Risk owners and management are proactive in monitoring the tables and ensuring that obsolete risks are deleted, and new emerging risks are added in addition to updating existing risks.
- 1.15 The risk management process is subject to auditing by Internal Audit, however this is determined by the audit planning process and specifically the risk scoring matrix.
- 1.16 The Head of Audit & Investigations can confirm that the risk management provides regularly updated risk information to both Corporate Management Team and Elected Members.

Fraud

- 1.17 Whilst it is not the primary role of Internal Audit to detect fraud, it does have a role in providing an independent assurance on the effectiveness of the processes put in place by management to manage the risk of fraud. Internal Audit carries out additional fraud related work at times, although this must not be prejudicial to the primary role of Internal Audit. Examples of the activities that may be carried out include: -
- Investigation work surrounding fraud cases
 - Responding to whistle-blowers
 - Considering fraud in every audit
 - Making recommendations to improve processes
 - Review fraud prevention controls and detection processes put in place by management.
- 1.18 Internal audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected.

Additional Sources of Assurance

- 1.19 During 2025/26 the Local Government Association Corporate Peer Review Challenge Team revisited the Council to assess progress with the Action Plan following the original Peer Review Challenge in 2024/25.
- 1.20 At the time of the progress visit in September 2025, out of the Corporate Peer Challenge's (CPC) ten recommendations, the council's RAG rated Action plan reports that 100 per cent of actions are either completed (20 per cent) or in progress (80 per cent).
- 1.21 The CPC's report, which can be read via this link [LGA Corporate Peer Challenge Final Report 2021](#) , gives a significant level of additional external assurance on a wide range on Council priorities and activities.
- 1.22 During 2025/26, Hyndburn Borough Council retained 11 prestigious Green Flag Awards, the highest number of any borough in Lancashire, showcasing top-tier green

spaces. The Parks Team was also named the 2025 'Team of the Year' by the Green Flag Award for their exceptional work.

- 1.23 Play Areas within the Borough have an external inspection on an annual basis by the Register of Play Inspectors International.
- 1.24 The Pest Control Team are one of the few local authorities part of the British Pest Control Association (BCPA). The service is inspected every 3 years to ensure it meets BCPA / industry standards and can be inspected ad-hoc in between.
- 1.25 The Cemetery & Crematorium Service was recently inspected by the Federation of Burial and Cremation Authorities to benchmark against industry standards.
- 1.26 The Central Vehicle Maintenance Unit (CVMU) gets an external assessor annually to audit MOT testing facility. The Vehicle an Operator Services Agency (VOSA) can come to CVMU anytime to inspect the facility and check they are maintaining the vehicles correctly.
- 1.27 Waste Services are part of the LWP (Lancashire Waste Partnership). Meet every 3 months and benchmark performance and operational standards against other Local Authorities in Lancashire.

Local Government Reorganisation

- 1.28 At the time of writing this report, the Council was awaiting the decision of the Secretary of State for Housing Communities and Local Government as to which solution will be chosen for Lancashire's Local Government Reorganisation.
- 1.29 Whilst 2026/27 is to a large extent a 'business as usual' type of year, 2027/28 will be the last year of the existence of Hyndburn Borough Council and as a result this will have to be reflected in the 2027/28 Internal Audit Plan with a change in emphasis for some areas of work to try and ensure that as far as possible everything is at a completed state prior to the vesting date of the newly formed Unitary Council on 1st April 2028.
- 1.30 The Internal Audit Team will continue throughout 2026/27 and 2027/28 to carry out sufficient work to formulate an opinion on the Council's Control Environment and position with externally funded projects, many of which will continue beyond the existence of Hyndburn Borough Council.
- 1.31 The Audit Team will assist Service Areas across the Council in addressing any risks that may arise, for example because of loss of staff, some of whom may choose to retire prior to the start of the replacement Unitary Authority.

1.32 The Audit Team will also feed into LGR working groups and teams in sharing necessary information ready for the new Unitary Authority to be able to provide service delivery from day one.

SIGNIFICANT ISSUES ARISING

2.1 Each audit report issued is given an audit opinion based on the issues identified and reported by Internal Audit. Table 2 below shows the opinions and how many of each was issued in 2025/26: -

TABLE 2

AUDIT REPORT ASSURANCE OPINIONS	Number issued In 2025/26
Comprehensive assurance: the work carried out within this audit engagement is in conformance with the Public Sector Internal Audit Standards. The work undertaken	7

showed a sound system of internal control which is designed to meet the service objectives, in addition the work carried out showed controls are consistently being applied.	
Substantial assurance: the work carried out within this audit engagement is in conformance with the Public Sector Internal Audit Standards. The work undertaken showed there is a generally sound system of internal control designed to meet the service objectives, and controls are generally being applied consistently. However, some weaknesses in the design and / or inconsistent application of controls put the achievement of particular objectives at risk.	6
Limited assurance: the work carried out within this audit engagement is in conformance with the Public Sector Internal Audit Standards. The work undertaken showed weaknesses in the design and / or inconsistent application of controls that put the achievement of the service objectives at risk.	1
No assurance: the work carried out within this audit engagement is in conformance with the Public Sector Internal Audit Standards. The work undertaken showed weaknesses in controls and / or consistent non-compliance with controls that could result / has resulted in failure to achieve the service objectives.	0

- 2.2 This section of the report also details any audit engagements that resulted in ‘Limited Assurance’ or ‘No Assurance’ opinions being given.
- 2.3 In 2025/26 one audit engagement was given an opinion of ‘Limited Assurance’, therefore this requires reporting within this section of the Annual Internal Audit Report & Opinion.
- 2.4 The audit engagement was the Payroll System. Whilst this was given ‘Limited Assurance,’ this did not have any material effect on the Council’s Financial Statements.
- 2.5 Issues found during the audit engagement resulted in 9 recommendations which became actions agreed by Management.
- 2.6 The Council had migrated to a new Payroll software system, and the issues were a mixture of the software not being able to correctly deal with a small number of issues, the software not being able to distinguish car allowance journeys over 70 miles where different rules applied. The set of sick pay days per week needed

clarification as the system set-up differed from Hyndburn policy where staff had multi-post contracts.

- 2.7 There was some examples of software errors that had resulted in pay errors that in turn created work that included manual calculations. There was some duplication of records within the system.
- 2.8 The Payroll Team worked closely with the software provider and additional training also took place where necessary. A mixture of clarification and tweaks to the system eradicated issues found at during the audit engagement.
- 2.9 Prior to the production of this Annual Internal Audit Report & Opinion, the Audit Team has carried out 'Follow Up' work within this audit engagement area and 4 of the actions agreed had been fully implemented and the remaining 5 had all been partially implemented. Further work is either continuing for the 5 partially implemented areas or some alternative work around / monitoring process is being carried out to mitigate the issue found at the time of the original audit engagement.
- 2.10 The steps taken by Management regarding the actions agreed have made improvements which should improve the level of control within this area.

AUDIT PERFORMANCE

Assessment of Internal Audit

- 3.1 Internal Audit works closely with the Council's External Auditors, Forvis Mazars. External Audit utilise work carried out by Internal Audit, particularly surrounding the fundamental controls of key systems within the Council to give them added assurance those key systems and processes are working effectively. This then enables External Audit to gain additional reliance that the data and information produced by these systems is reliable. Such assurances contribute to the conclusions made by External Audit on the Council's financial statements.
- 3.2 External Audit has specific interest on any issue that could impact on the Council's Financial Statements. However, during 2025/26 Internal Audit did not find any such issues.
- 3.3 The Head of Audit & Investigations is part of the Lancashire Districts' Councils Audit Group. This allows all the Lancashire Heads of Audit to discuss issues and raise

matters that could have future impacts. The group meets 3 or 4 times per year, but the network is active all year as group members will highlight any issue, they become aware of with the rest of the group via email between the scheduled meetings.

- 3.4 Internal Audit must comply with the GIAS and as part of this process the Head of Audit & Investigations has carried out a self-assessment of the Audit function against the Standards during 2025/26. The Head of Audit & Investigations has also produced a Quality Assurance & Improvement Programme (QAIP) with the self-assessment. This details how those areas partially or not currently compliant will progress to become compliant. The QAIP is subject to on-going monitoring and revision.

External Assessment of Internal Audit

- 3.5 The GIAS also state that an external assessment of the audit function and its conformance to the Standards, known as an External Quality Assessment, must be carried out at least once every 5 years. The Internal Audit function was reviewed in November 2022 in accordance with the former Public Sector Internal Audit Standards (PSIAS). This was undertaken as part of an agreement between 8 Lancashire Councils, which is part of the Lancashire Audit Group, to work together and achieve the external assessment through a Peer Review process. The next assessment of Internal Audit should take place within the 5 years period ending November 2027.
- 3.6 In 2022, Hyndburn's Internal Audit function was inspected by a current Lancashire Head of Audit and an ex-Lancashire Head of Audit who has moved into a more senior wider role within their Council. This was a thorough process and involved them examining the self-assessment against the former PSIAS, supporting evidence, questionnaires, and interviews of: -
- Chief Executive
 - Deputy Chief Executive (s151)
 - Executive Director (Monitoring Officer)
 - Chair of Audit Committee
 - A random cross section of 3 Heads of Service
 - A random cross section of a further 2 Heads of Service (Questionnaire only)
 - Audit Team (Senior Auditor – Interview only)
 - Head of Audit & Investigations (Interview only)
- 3.7 The External Review Team also examined examples of the work carried out by internal audit in addition to processes, policies and procedures used.
- 3.8 The latest external assessment concluded in November 2022 and found that the Audit function conformed to the PSIAS, and the External Review Team stated they only identified 5 points for consideration into the QAIP. The 5 recommendations were included in the QAIP, and steps were taken during 2024/25 to ensure these were implemented. The Head of Audit & Investigations can confirm that 3 of the recommendations have been adopted. Of the 2 remaining recommendations 1 is

partially adopted with further work and consideration taking place to be able to implement the second half of that recommendation and the remaining 1 is being examined as it is an issue which occurs very rarely.

- 3.9 The External Review Team stated “The Peer Review was an extremely positive exercise with feedback from all interviewees mirroring a consistent view that the Internal Audit Team, in particular the Head of Audit and Investigations, is seen as a key strategic partner within the Council. It is clear that the Internal Audit team is a valued service offering sound, confidential and independent advice across the Council. In particular, this can be evidenced by the wide range of investigations the team are asked to support due to their skill set and ability.” The Internal Audit team will work to build on what the external inspectors found.

Global Internal Audit Standards

- 3.10 The Global Internal Audit Standards (GIAS) replaced the Public Sector Internal Audit Standards with effect from 1st April 2025.
- 3.11 The Internal Audit Team’s work must comply with the GIAS and as with the PSIAS will be subject to an external assessment of the Team against the Standards once every five years.
- 3.12 The GIAS focus on strengthening independence, ethics, and performance through 5 key domains and 15 guiding principles. The 5 key domains are: -
- **Domain I: Purpose of Internal Auditing:**
Emphasises that internal audit strengthens the organisation’s ability to create, protect, and sustain value by providing governance, risk management, and control assurance.
 - **Domain II: Ethics and Professionalism:**
Incorporates the Seven Principles of Public Life (Nolan Principles) alongside new standards for professional courage and scepticism.
 - **Domain III: Governing the Internal Audit Function:**
Focuses on the role of the board and audit committee in assuring independence, overseeing the mandate, and supporting the internal audit function.
 - **Domain IV: Managing the Internal Audit Function:**
Requires the Chief Audit Executive to align the audit strategy with organisational objectives, manage resources effectively, and communicate with stakeholders.
 - **Domain V: Performing Internal Audit Services:**
Focuses on planning, conducting, and reporting on engagements with a strong emphasis on root cause analysis for findings.

Review of the System of Internal Control and Effectiveness of Internal Audit

- 3.13 The Accounts and Audit Regulations 2015, regulation 5 (1) states that 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 audit standards or guidance. Regulation 6 (1) (a) states “A relevant authority must, each financial year, conduct a review of the effectiveness of the system of internal control required by regulation 3.
- 3.14 The Internal Audit process is a key part of the annual review of the effectiveness of the system of Internal Control and the Annual Audit Opinion on page 2 of this report reflects that the majority of controls reviewed in 2025/26 were operating effectively.

Quality Assurance & Improvement Programme (QAIP)

- 3.12 As part of the on-going monitoring and assessment of conformance with the GIAS the Head of Audit & Investigations has a QAIP in place. The QAIP details the steps that are being taken to move the areas of partial or non-compliance to full compliance. The QAIP is subject to on-going review and is periodically reported back to Corporate Management Team and Audit Committee so that they can monitor the progress being made.
- 3.13 In the event that any area within the GIAS changed from full compliance to partial or non-compliance this would then be included in the QAIP detailing what steps will be taken to ultimately make that area fully compliant again. In addition, any actions arising from the External Inspection of Internal Audit against the Standards are also added into the QAIP. Therefore, the QAIP is an evolving document that is subject to change and updates to reflect the actual position with Audit Team’s conformance against the GIAS.

Satisfaction & Quality Questionnaire (S&QQ)

- 3.14 Assessment of the ongoing performance, standards and seeking improvement is referred to within the GIAS and is an area that the Head of Audit & Investigations has had processes in place for many years.
- 3.15 The S&QQ asks for the auditee’s opinions on 11 questions with each one ranging from strongly agree to strongly disagree. The 12th question is a free-form text box allowing comments to be made on whether there is anything that could improve the service and the impact on their service area.
- 3.22 TABLE 3 below details the S&QQ results for 2025/26 and includes the comparative results for the preceding financial years.

TABLE 3

	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
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1) The objectives recorded on the Audit Brief were clearly communicated to me at the commencement of the review	66.67%	33.33%	0	0	0
2024/25 Comparison	76.92%	23.08%	0	0	0
2023/24 Comparison	86.67%	13.33%	0	0	0
2) I was updated regularly on the progress of the review	88.89%	11.11%	0	0	0
2024/25 Comparison	69.23%	30.77%	0	0	0
2023/24 Comparison	93.33%	6.67%	0	0	0
3) My concerns and / or issues were adequately considered during the review	55.56%	44.44%	0	0	0
2024/25 Comparison	92.31%	7.69%	0	0	0
2023/24 Comparison	86.67%	6.67%	0	0	0
4) I felt the audit report covered the main objectives, was informative and meaningful	77.78%	22.22%	0	0	0
2024/25 Comparison	84.62%	15.38%	0	0	0
2023/24 Comparison	93.33%	6.67%	0	0	0
5) The Auditor(s) was courteous and professional with myself and my team throughout the process	77.78%	22.22%	0	0	0
2024/25 Comparison	100%	0	0	0	0
2023/24 Comparison	100%	0	0	0	0
6) The auditor was punctual for any arranged meetings	100%	0	0	0	0
2024/25 Comparison	100%	0	0	0	0
2023/24 Comparison	100%	0	0	0	0
7) The auditor was prepared to be flexible and did not significantly disrupt my service area	88.89%	11.11%	0	0	0
2024/25 Comparison	92.31%	7.69%	0	0	0
2023/24 Comparison	100%	0	0	0	0
8) The timespan from the commencement of the review to the final report was reasonable	77.78%	22.22%	0	0	0
2024/25 Comparison	84.62%	15.38%	0	0	0
2023/24 Comparison	93.33%	0	0	0	0
9) The auditor's conclusions and opinion were logical and fairly recorded within the report	88.89%	11.11%	0	0	0
2024/25 Comparison	69.23%	30.77%	0	0	0
2023/24 Comparison	86.67%	6.67%	0	0	0
10) I feel that my service area has benefited from this review, and it provides assurance on the areas covered within the review	55.56%	44.44%	0	0	0
2024/25 Comparison	69.23%	30.77%	0	0	0
2023/24 Comparison	93.33%	6.67%	0	0	0
11) Any associated recommendations were constructive and will add benefit to my area upon implementation	66.67%	33.33%	0	0	0
2024/25 Comparison	69.23%	30.77%	0	0	0
2023/24 Comparison	80%	6.67%	0	0	0

- 3.23 There were 9 completed questionnaires and this equates to 99 potential responses as there are 11 questions on the form. A total of 99 responses were given as all questions were answered by all 9 respondents.
- 3.24 Of the 99 responses given, 76 (76.77%) were 'strongly agree'. A further 23 (23.23%) responses were 'agree'. The Head of Audit & Investigations can confirm that there is an overall strong positive perception of the Team and its work based on these responses as the overwhelming majority of the responses were in the strongly agree category with the rest still being in agree category.

Internal Audit Performance

- 3.25 It is good practice to monitor key performance measures. These can support the GIAS but are not required for any form of national or mandatory collation. It does also enable the Head of Audit & Investigations together with Management and those charged with Governance to compare year on year performance. Accountability for the response to Internal Audit's advice and recommendations lies with Management who either accept and implement the advice or recommendations or accept the risks associated with not taking action.
- 3.26 The performance parameters recorded are similar to those maintained by the majority of Audit Teams in Lancashire and the parameters themselves were originally agreed with External Audit.
- 3.27 TABLE 4 below details performance for 2025/26 together with the 2 most recent financial years as a comparison, although older statistical data is held by the Head of Audit & Investigations.

TABLE 4

Performance Measure	2023/24	2024/25	2025/26
No. of Audit Engagements completed compared to those planned in the audit plan	20	15	15
Number of Audit Reports Issued	22	15	15
Percentage of Audits completed within budget time allocation	95.45%	100%	100%
Number of Audit Recommendations made	28	13	15
Percentage of Audit Recommendations agreed for implementation by Management	100%	100%	100%
Number of Satisfaction & Quality Questionnaires Issued	21	15	14
Number of Satisfaction & Quality Questionnaires Received	15	13	9
Percentage of clients satisfied with the service provided based on the questionnaires returned	100%	100%	100%

- 3.28 The number of completed audit engagements increased from 13 to 15, a 15.4% increase on 2024/25. There were 6 audit engagements which were work in progress as of 31st March 2026, but these do not reflect in the number which were fully completed. These 6 audit engagements will be included in the 2026/27 statistical information. All audit engagements completed in 2025/26 were within their time allocation. The team received 64.3% of the Internal Audit Quality Questionnaires issued with 9 out of the 14 issued being received. This is a lower percentage than the previous two financial years. The Team did try multiple times to obtain missing questionnaires from the relevant Managers, but these were not forthcoming.
- 3.29 Accountability for the response to Internal Audit's advice and recommendations lies with Management who either accept and implement the advice or recommendations or accept the risks associated with not taking action.

Follow up Work

- 3.30 Once recommendations become actions agreed with Management in the relevant audit area this does not signify the end of audit involvement until the next time the area is audited.
- 3.31 Internal Audit will revisit the actions agreed at a defined future date, usually around 6 months, to re-examine whether the actions agreed have been implemented as agreed. Internal Audit refers to this action as a 'Follow Up.'
- 3.32 Progress on follow ups is reported to Audit Committee on quarterly basis. The Audit Committee can request full explanation from Management on areas that are not implemented.
- 3.33 During 2025/26 Internal Audit carried out follow up work on 10 audit areas with a total of 26 actions agreed. Follow up work revealed that all 14 had been fully implemented, 11 had been partially implemented and 1 had not been implemented. The area that had not been implemented was due to a change of priority being caused by Local Government Reorganisation resulting in a different approach being examined for that area. The partially implemented areas varied but the majority were ongoing with additional works still taking place to implement them.

Internal Audit Team – Staff Turnover

- 3.34 The level of staffing within the Audit Team remained constant throughout 2025/26 at 3.0 FTE.
- 3.35 The Audit Team lost 2 days because of sickness absence but there were no days lost to compassionate / bereavement leave or special domestic leave.

Use of Audit Time

- 3.36 TABLE 5 below shows an analysis of Internal Audit time during 2025/26 with the comparative figures for the previous 2 financial years. This is based on actual time

spent excluding both statutory and annual leave together with any other absences such as sickness.

TABLE 5

Analysis of Audit Time	2023/24	2024/25	2025/26
Audit Days	84.8%	83.0%	84.3%
Training	3.0%	2.6%	1.8%
Management	8.1%	8.0%	9.3%
Other Non-Audit Time	4.1%	6.4%	4.6%

- 3.37 The 2025/26 figures an increase in both the amount of time devoted to audit days and management time. The amount of training time and other non-audit time decreased. The team still participated in various training activities to ensure skills and knowledge remained up to date.

ANALYSIS OF AUDIT TIME – 2024/25

- 4.1 TABLE 6 below details the work carried out by Internal Audit during 2025/26 and is based on actual time recorded against the original approved time allocated within the Audit Plan for 2025/26.
- 4.2 A total of 533.57 days were delivered against 556 planned audit days. There were 110.91 days recorded in non-audit work as opposed to 64 days allocated in the audit plan. Non-audit work includes management meetings, personal development reviews, regional audit groups, team meetings, timesheets etc. There were 140 days recorded in absences as opposed to the 163 days allocated in the audit plan. Absences cover statutory leave, annual leave, sickness etc. Absences in 2025/26 included annual leave or statutory leave for bank holidays and 2 days of sickness.
- 4.3 TABLE 6 does not include the areas within the audit plan where no time was recorded and therefore the table does not reflect the whole audit plan, only the areas where time was recorded during 2025/26.

TABLE 6

Core Systems	Plan Days	Actual Days	Comments
Systems Based Reviews			
Asset Management	14	0.07	Audit Outstanding
Creditor Payments	15	11.42	Audit Completed
Debtors	15	24.22	Audit Commenced - WIP
General Ledger	24		Audit Outstanding
Housing Benefits	25	20.62	Audit Completed
Payroll		9.58	Audit Completed.- 24/25 WIP
Systems Queries / Work			
Council Tax		0.30	Audit Query
Creditor Payments		0.74	Audit Query
Debtors		0.58	Audit Query
Housing Benefits		0.72	Audit Query
Payroll		0.10	Audit Query
TOTAL for Core Systems	93	68.35	Utilised 73.49% of Allocated Audit Days

Non-Core Systems	Plan	Actual	Comments
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	Days	Days	
Building Control Fees		0.07	Audit Query
Car Leasing / Loans		0.33	Audit Query
CCTV		0.98	Audit Query
Charities		0.92	Audit Work Completed
Debt Recovery Arrangements	13		Completed with Debtors Core
Energy Conserve & Climate Chg.	12	12.94	Audit Completed
Flexi Scheme		3.28	Audit Queries
Health & Safety		0.93	Audit Query
Lease Arrangements		12.18	Audit Completed
Licences - Taxi		0.07	Audit Query
Mayoral Allowances / Secretarial		0.30	Audit Queries
Officers Imprests & Subsistence		1.54	Audit Input / Queries
P-Card Processes		1.16	Audit Query
Procurement Arrangements		1.95	Audit Completed – 24/25 WIP
S106 Agreements		0.31	Audit Queries
TOTAL for Non-Core Systems	25	36.96	Utilised 147.84% of Allocated Audit Days

Establishments	Plan Days	Actual Days	Comments
Cemeteries & Crematorium		0.07	Audit Query
CVMU		0.34	Audit Query
Facilities Team	13	14.30	Audit Completed
Homelessness Team		1.05	Audit Query
Haworth Art Gallery		0.13	Audit Query
Leisure Transformation		0.07	Audit Query
Markets		0.24	Audit Queries
Shared Service Contact Centre		0.17	Audit Query
Waste & Recycling	16	18.58	Audit Completed
TOTAL for Establishments	29	86.03	Utilised 120.52% of Allocated Audit Days

Computer Audit	Plan Days	Actual Days	Comments
Assets		0.60	Audit Completed – 24/25 WIP
Data Security & Storage	9	9.15	Audit Commenced - WIP
Help Desk	10	11.84	Audit Completed
Internet / Email		15.82	Audit Queries
IT Procurement	10	11.89	Audit Commenced - WIP
Network Controls		0.07	Audit Query
Security Policy	8	8.77	Audit Completed
System Development		6.20	Audit Advice & Input
Watchguard Software		0.24	Audit Advice & Input
TOTAL for Computer Audit	37	64.58	Utilised 174.54% of Allocated Audit Days

Contract Audit	Plan Days	Actual Days	Comments
Capital Programme		0.61	CPWG & Queries
Contract Standing Orders	13	1.51	Audit Commenced - WIP
Other Contract Issues		0.13	Audit Advice / Query
Over £250 Exp. Monitoring		3.52	Audit Compliance Work

Partnerships	12	1.08	Audit Commenced - WIP
TOTAL for Contract Audit	25	6.85	Utilised 27.4% of Allocated Audit Days

Grant Funding Initiatives	Plan Days	Actual Days	Comments
Heritage Fund Project	12	6.38	Audit Input & Queries
Housing Support Fund	10	6.97	Audit Completed
Huncoat Garden Village	10	4.68	Audit Input & Queries
King George V Playing Fields	12	0.07	Audit Input & Queries
Levelling Up Fund	25	1.48	Audit Input & Queries
Long Term Plan for Towns	10		Audit Input & Queries
LUF Asset Maintenance	10	5.20	Audit Input & Queries
NNDR3 Grant Claim	5	3.48	Audit Completed
Other Funding Streams		0.07	Audit Input & Queries
UK Shared Prosperity Fund	15	1.77	Audit Input & Queries
Wilsons – New Leisure Centre	10	7.08	Audit Input & Queries
TOTAL for Contract Audit	119	37.18	Utilised 31.24% of Allocated Audit Days

Follow Ups	Plan Days	Actual Days	Comments
General Follow Up Work	6	5.18	General Follow Up Work/Admin
TOTAL for Follow Ups	6	5.18	Utilised 86.33% of Allocated Audit Days

Audit Advice	Plan Days	Actual Days	Comments
Benefit Issues		3.76	Advice & Audit Liaison
Internet		22.21	Advice & Compliance Monitoring
ICO Web Info		1.88	Audit Awareness & Advice
Audit Support to Other Services		18.53	Audit Input / Advice
Broadway Building / Security		2.74	Audit Input / Solutions
Year End Issues		2.16	Audit Input
Alcolmeter Recalibration		0.30	Audit Input
Friendly Faces		2.59	Head of Audit Participation
Coaching		0.74	Audit Input / Advice
Election Queries		0.17	Audit Input
Internal Audit – Future Issues		2.74	Audit Input
Portfolio Briefing		2.95	Head of Audit Participation
Local Government Reorganisation		4.47	Audit Input
AI Policies		0.41	Audit Input
Broadway CCTV PIA		0.10	Audit Input
Haworth Aer Gallery CCTV PIA		0.07	Audit Query
Big Thankyou		0.91	Audit Input
NW Audit Autumn Seminar		0.10	Audit Input
Dealing with Suicidal Customers		0.61	Audit Input
Mercer Hall Gym Equipment		0.37	Audit Input / Training
Vacating Broadway Offices		5.73	Audit Input
Insurance Renewals		0.20	Audit Input
Internal Restructure Plans		0.10	Audit Query
Speed Data & Policy		0.14	Audit Query

	42		Plan Allocation for Advice
TOTAL for Audit Advice	42	73.98	Utilised 176.14% of Allocated Audit Days

Other Audit Areas	Plan Days	Actual Days	Comments
Business Continuity Planning		0.24	Audit Input
Code of Corporate Governance		0.51	Audit Input & Queries
Constitution & Regulations		0.03	Audit Query
Corporate Strategy		0.21	Audit Input & Queries
GDPR Compliance Work / Document Retention Compliance	10	18.80	Audit Completed and Audit Input & Queries
Risk Management	11	11.48	Audit Completed
Safeguarding		0.98	Audit Queries & Input
TOTAL for Other Audit Areas	21	32.22	Utilised 153.42% of Allocated Audit Days

Ad-hoc Work & Investigations	Plan Days	Actual Days	Comments
Article 4	11		Audit Outstanding
Benefits Supported Accom	10	0.07	Audit Query
CIVICA Assets Module	10		Audit Outstanding
DEFRA Bio-Diversity Return		0.14	Audit Query
Document Retention Compliance	13	1.04	Audit Completed with GDPR Audit and Audit Queries
External Consultancy Fees/Costs		3.86	Audit Completed
High Street Accelerator Fund	10		Audit Work Outstanding
LGA Peer Review – Action Plan		0.34	Audit Input
Local Plan Production	13	6.35	Audit Commenced - WIP
Town Centre Greening (UKSPF)	10	5.60	Audit Completed
Stage 2 Complaints & Policy		13.08	Audit Work Completed
LUF Budgets / Funding		3.51	Audit Work Carried Out
Licensing Issue		18.25	Audit Work Carried Out & Queries
Standards Issue		12.31	Audit Work Carried Out
Grievance Issue		4.43	Audit Work Carried Out
Economic Crime Corp Trans Act		3.65	Audit Work Carried Out
Standards Issue 2		1.32	Audit Work & Input
Clifton Strengths Assessment		2.24	Audit Input / Workshop / Coaching
Alcohol / Drugs Test Request		1.24	Audit Input / Queries
Complaints Handling		0.81	Audit Input / Queries
Major Projects _ Member Info		0.98	Audit Work Carried Out
Accy Neighbourhood Board		0.68	Audit Input / Queries
Haworth Heritage		0.07	Audit Query
Asbestos in Buildings		1.41	Audit Input / Queries
Dignity at Work Case		3.55	Audit Work Carried Out
Cont. Allocated – Follow Ups	-6		
Cont. Allocated – IT Procurement	-10		
Cont. Allocated – IT Security Policy	-8		

Cont. Allocated – Energy Conservation & Climate	-12		
Cont. Allocated – Risk Management	-11		
Cont. Allocated – Facilities Team	-13		
Contingency	78		Contingency Days
TOTAL for Ad-hoc Work & Investigations	95	84.93	Utilised 89.4% of Allocated Audit Days

Consultancy & Corporate Objectives	Plan Days	Actual Days	Comments
Annual Governance Statement	1	0.24	Audit Work Carried Out
Annual Audit Report	3	2.56	Audit Work Carried Out
Anti-Fraud & Corruption	10	13.95	Intel Alerts / Queries / Work
Audit Committee	5	8.21	Committee Prep / Mtgs / Training
Audit Plan & Planning	14	11.76	Monitor Plan & Prep of 26/27 Plan
Cabinet		4.04	Support Audit Work / Knowledge
Community Trigger / Anti-Social		6.90	Audit Work Carried Out
Complaint Investigations	3	2.92	Audit Work Carried Out
External Audit	6	2.25	Queries & Supply IA Work
FOI Requests		0.24	Audit Input / Support / Queries
GDPR Issues / Queries		3.87	Audit Input / Support / Queries
Money Launder & Proc of Crime		0.42	Queries dealt with
National Fraud Initiative	7	6.67	Support & Audit Work Carried Out
Peer Review of Internal Audit		0.41	Head of Audit Input into process
PSIAS / Global Audit Standards		6.75	Audit Query
RIPA		0.07	Support & Mentoring
Schools Ambassador Scheme		4.81	Support & Mentoring
Service Planning		0.54	Audit Work
Standards / Scrutiny Committee		0.34	Audit Work
Whistleblowing		0.20	Audit Work
TOTAL for Other Audit Areas	49	77.15	Utilised 157.45% of Allocated Audit Days

Training	Plan Days	Actual Days	Comments
Staff Development & Training	15	11.11	Various Training – in-house
TOTAL for Training	15	11.11	Utilised 74.07% of Allocated Audit Days

4.4 There were 6 audit engagements that were in progress at year end but not completed, these will all be reported in 2026/27. There were 5 audit engagements not carried out during 2025/26, 1 was deferred due to it being a new process which needed time to be fully embedded. The remaining 4 were not commenced due to time constraints or due to other audit engagements being carried out which were not originally part of the 2025/26 Audit Plan. The 5 audit engagements that were not commenced have been re-risk scored as part of the 2026/27 Audit Plan process and all 5 are included in the 2026/27 Audit Plan.

- 4.5 The Audit Plan is monitored monthly by the Head of Audit & Investigations therefore emerging risks are considered and absorbed into the work of the team as required. The Head of Audit & Investigations will seek re-approval of the Audit Plan from Audit Committee if there is major slippage or significant risks arising that result in a major deviation from planned audit work. The time lost to sickness, and additional leave purchased in year equated to 2.16% in Audit Plan terms. This would have equated to 98.12% audit plan coverage had those not occurred.
- 4.6 Target coverage for the 2025/26 Audit Plan was 98% and 95.96% was achieved. The out-turn figure is 2.04% below the annual target, however, this is 5.53% higher than 2024/25 coverage. The 2026/27 Audit Plan coverage target remains at 98%.

REPORT DISTRIBUTION

The report has been distributed to the following: -

- Corporate Management Team
- Members of Audit Committee
- External Audit
- Internal Audit

REPORT VERSION

Draft Report Checked & Approved:

Date 07 May 2026

Final Report Issued:

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