Cherwell

DISTRICT COUNCIL
NORTH OXFORDSHIRE

Internal Audit Work Programmes: 2026/27 and 2027/28
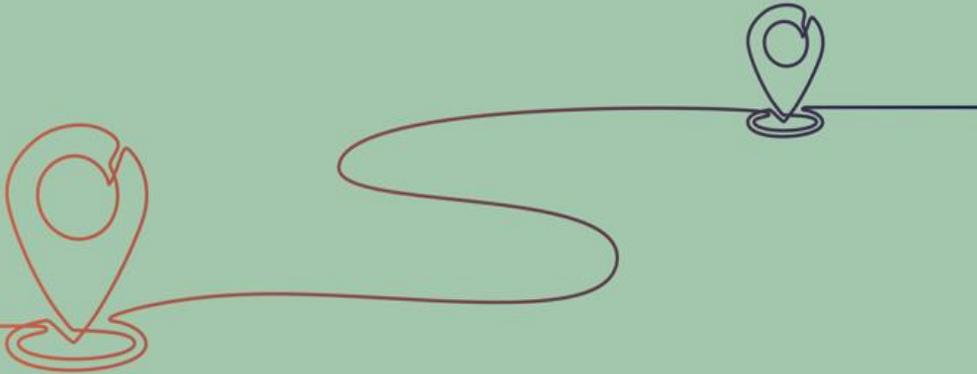
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Assurance for the public sector

CONTENTS

Introduction

1   This report sets out the proposed 2026/27 programme of internal audit work for Cherwell District Council, and an indicative programme of work for 2027/28.

2   The work of internal audit is governed by the Global Internal Audit Standards (GIAS) and the council's audit charter. To comply with professional standards and the charter, internal audit work must be risk-based and take into account the requirement to produce an evidence-based annual internal audit opinion. Accordingly, planned work should be reviewed and adjusted in response to changes in the business, risks, operations, programmes, systems and internal controls.

3   Specifically, the GIAS require that the Head of Internal Audit *"must create an internal audit plan that supports the achievement of the organization's objectives… the plan must be approved by the board".* The internal audit plan must enable the head of internal audit to give its annual opinion.

4   The Head of Internal Audit's annual opinion is formed following an independent and objective assessment of the effectiveness of the framework of risk management, governance and internal control. Our planned audit work includes coverage of all three areas to develop a wider understanding of the assurance framework of the council, and to produce a body of work which allows us to provide our opinion.

5   Responsibility for effective risk management, governance and internal control arrangements remains with the council. The Head of Internal Audit cannot be expected to prevent or detect all weaknesses or failures in internal control nor can internal audit work cover all areas of risk across the organisation.

Strategic context

6   In February 2025, the council's new five-year corporate plan was approved. The plan is centred around four strategic priorities of economic prosperity, community leadership, environmental stewardship, and quality housing and place making. Each priority is, in turn, made up of two goals with aims articulated for these. This is all designed to help Cherwell District Council achieve its vision to be a modern council that inspires and enables positive, lasting change.

7   Working in concert with the outcome-focused corporate plan, another key document is the internal perspectives strategy. This sets out additional priorities, goals and aims, as well as related KPIs, which are intended to

guide how the council operates in delivering its corporate plan. Collaborative working underpins the council's approach to delivery.

8   The council is feeling the impact of over a decade of real-terms reductions in central government funding. However, prudent financial management has meant that it remains on a stable financial footing for 2026/27. The council is required to make savings of £2.3m in 2026/27[1].

9   Despite the relative health of the council's finances in the context of the wider sector, assumptions made in the medium-term financial strategy project that the council will move into a deficit position in 2027/28 and although this will stabilise in future years it is still predicted to total £3m over the five-year period to 2030/31.

10   The council has developed a strategy to address the projected funding gap. It is continuing its transformation programme, focussing on customer engagement, planning service transformation, and the environmental services operational improvement programme. The council has earmarked £1.1m for projects to deliver the transformation and aims to achieve £3-4 of ongoing savings from the programme.

11   Returning to the council's strategic priorities, it's clear that the financial position over the medium term will present real challenges to delivery of these. Emphasis is placed in the corporate plan on supporting and empowering communities to become more resilient and on tackling inequalities and sustainability issues. Services will have to be shaped to help deliver on this, and key capital investment made to facilitate the council's ambitions.

12   Cherwell District Council is an ambitious organisation. Maintaining effective operational arrangements remains an essential building block in achieving these ambitions. Internal audit contributes to overall objectives by helping to ensure that systems of governance, risk management and control that underpin operational arrangements are robust. To maximise the value of internal audit, it is vital that we provide assurance in the right areas at the right time. We have designed the processes for developing the internal audit work programme, and refining it through the year, to do that.

13   The process of Local Government Reorganisation (LGR) will create either one, two or three new unitary authorities in the Oxfordshire area and result in Cherwell District Council forming part of a new organisation with neighbouring councils. Cherwell District Council has worked with neighbouring authorities to propose an 'Oxford and Shires Council' which would see Cherwell, West Oxfordshire and Oxford City councils form one unitary authority. Government launched its consultation on the three options on 5 February 2026 and it will close on 26 March 2026.

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[1] Budget 2026/27 and Medium Term Financial Strategy (Budget Council, 23 February 2026)

14   Based on the government timeline, the new council or councils are due to take on the functions of local government from April 2028. Until that date, the council will continue to work towards the achievement of its stated objectives. Once the government has decided which structure to put in place, elections to a shadow authority will take place in May 2027 and some restrictions will be placed on existing authorities, which may determine some aspects of Cherwell District Council's activity during 2027/28.

Programme principles: development & delivery

15   Flexible work programming and a risk-based approach to prioritising internal audit work are important principles for delivery of Cherwell District Council's 2026/27 internal audit work programme.

16   Audit priorities are determined at the start of the year but are continuously revisited to ensure that planned work provides maximum value from available internal audit resource. This could mean that the work programme changes during the year as risks and priorities change.

17   The process of LGR and anticipated remaining two years of operation for the council will significantly impact on its operations. In light of this, internal audit has produced a two-year work programme.

18   As noted above, audit priorities are continuously re-evaluated and work programmes could change. It is especially likely that plans for 2027/28 will change as priorities are reevaluated once there is more certainty regarding LGR. Over the course of 2026/27 we will be considering the 2027/28 indicative programme and refining it along the way in order that it can be successfully delivered in the lead up to LGR.

19   The 2027/28 work programme will be presented to this committee for approval in March 2027.

20   Veritau uses what is known as the 'opinion framework' to identify, prioritise, and organise delivery of internal audit work. The opinion framework is comprised of three parts.

21   The main component of the framework is a definition of 11 key assurance areas. These represent areas of internal control that we believe to be essential to the proper functioning of the council. Systems and controls in each area need to be operating effectively to maximise the likelihood that the council's objectives are achieved without undue exposure to risk. The 11 key assurance areas are shown in figure 1 below.

Figure 1: 11 key assurance areas.

11 key assurance areas
Strategic planning
Organisational governance
Financial governance
Risk management
Information governance
Performance management and data quality
Procurement and contract management
People management
Asset management
Programme and project management
ICT governance

22 Overlaid on the key assurance areas are two further components of the framework:

▲ Organisational risks (identified from the leadership risk register)

▲ Organisational objectives (identified from the corporate plan, business plan, and other key strategies)

23 When identifying internal audit priorities, we apply the framework to determine whether planned work will, when taken as a whole, provide sufficient coverage to give an informed annual opinion.

24 Items of work in the programme are individually prioritised. Decisions on delivery priorities will be based on judgement, and will consider several prioritisation factors. For example, where controls are changing or risks are increasing, where work provides broader assurance or an area is of particular importance to the council, where we have no recent sources of assurance, and where there are time pressures linked to the work or specific scheduling requirements.

25 Decisions on internal audit priorities will be made in consultation with the council through our ongoing dialogue with senior officers. The committee will be provided with information on current internal audit priorities throughout the year as part of regular progress reporting.

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2026-28 Internal audit work programme

26 The proposed internal audit work programme for 2026/27 and the indicative 2027/28 work programme are included in annex A.

27 The overall level of service is based on an indicative number of days, for planning purposes (200 per annum). The proposed areas of coverage in the work programmes have been subject to consultation with directors and other senior officers from across the organisation.

28 Internal audit activity is organised into several functional programme areas. These areas are set out in table 1 below.

Table 1: Work programme functional areas.

Programme area	Purpose
▲ Strategic / corporate & cross cutting	To provide assurance on areas which, by virtue of their importance to good governance and stewardship, are fundamental to the ongoing success of the council.
▲ Technical / projects	To provide assurance on those areas of a technical nature and where project management is involved. These areas are key to the council as the risks involved could detrimentally affect the delivery of services.
▲ Financial systems	To provide assurance on the key areas of financial risk. This helps provide assurance to the council that risks of loss or error are minimised.
▲ Service areas	To provide assurance on key systems and processes within individual service areas. These areas face risks which are individually significant but which could also have the potential to impact more widely on the operations or reputation of the council if they were to materialise.
▲ Other assurance work	An allocation of time to allow for continuous audit planning and information gathering, unexpected work, grant certifications, and the follow up of work we have already carried out (ensuring that agreed actions have been implemented by management).
▲ Client support, advice & liaison	Work we carry out to support the council in its functions. This includes the time spent providing support and advice, and liaising with staff.

29   The programmes presented in annex A to this report aim to strike a balance between functional areas, ensuring that areas of strategic importance are covered but also that there is sufficient breadth of coverage across the council's key systems and its service areas.

30   The programmes each include two ICT audits in recognition of the threat that cybersecurity incidents and poor asset management arrangements pose to the council's data, systems integrity, and operational resilience.

31   The 2026-27 work programme presented here requires the committee's approval.

32   The 2027-28 work programme is presented for information at this stage and will be brought to the committee next year for approval.

ANNEX A: Internal audit work programmes 2026/27 & 2027/28

2026/27 work programme

Programme area	Internal audit activity
Strategic / corporate & cross cutting	▲ Information Governance ▲ Climate action plan ▲ Business continuity
Technical / projects	▲ IT Audit – Disaster recovery ▲ IT audit – User access
Service areas	▲ Property asset management: Castle Quay ▲ Overtime
Financial systems	▲ Key financial systems
Other assurance work	▲ Follow-up of previously agreed management actions ▲ Grant certifications ▲ Continuous audit planning and additional assurance gathering to help support our opinion on the framework of risk management, governance and internal control ▲ Attendance at, and contribution to, governance- and assurance-related working groups
Client support, advice & liaison	▲ Committee preparation and attendance ▲ Key stakeholder liaison ▲ Support and advice on control, governance, and risk related issues

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2027/28 indicative work programme

Programme area	Internal audit activity
Strategic / corporate & cross cutting	▲ Asset Management Strategy ▲ Transformation programme ▲ Performance management ▲ Contract management
Technical / projects	▲ IT audit - Cybersecurity ▲ IT audit – AI governance
Service areas	▲ Recruitment and selection
Financial systems	▲ Key financial systems
Other assurance work	▲ Follow-up of previously agreed management actions ▲ Grant certifications ▲ Continuous audit planning and additional assurance gathering to help support our opinion on the framework of risk management, governance and internal control ▲ Attendance at, and contribution to, governance- and assurance-related working groups
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