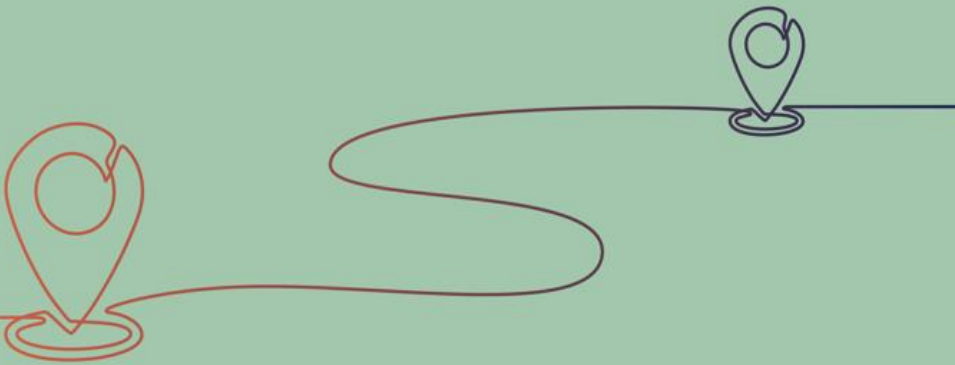


# Internal Audit Work Programme 2025/26



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## Introduction



- 1 This report sets out the proposed 2025/26 programme of internal audit work for Cherwell District Council.
- 2 The work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS) and the council's audit charter<sup>1</sup>. 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 PSIAS require that the Head of Internal Audit "*must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. The risk-based plan must take into account the requirement to produce an annual internal audit 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.

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<sup>1</sup>From 1 April 2025 the PSIAS will be replaced by the Global Internal Audit Standards (GIAS) and the Application Note: Global Internal Audit Standards in the UK Public Sector. Together, these are referred to as the GIAS (UK public sector) and will represent the new standards regime to be followed. Our next report to the Accounts, Audit and Risk Committee will include an updated internal audit charter which is aligned to the GIAS (UK public sector). The GIAS (UK public sector) make no substantive changes to the approach to strategic planning and so the flexible, risk-based approach in use at the council remains appropriate.

- 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 2025/26. The council is requiring a relatively modest level of savings (£1.4m) in 2025/26<sup>2</sup>.
- 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 from 2026/27, with this continuing up to 2029/30, and totalling £16m over the five-year period.
- 10 The council has planned to adopt three main approaches to tackling the projected funding gap over this period. The first approach is service transformation. The council continues to work with external consultants to explore options for transformative change in service delivery. The council will likely see the effect of this work in future budgets, with the projected sum total of savings expected to be £5.6m by 2029/30. More granular work on service levels and priorities has the potential yield a further £6.5m, with the remainder to be covered by the issuing of further savings targets.
- 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.

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<sup>2</sup> Budget 2025/26 and Medium Term Financial Strategy (Budget Council, 24 February 2025)

## Programme principles: development & delivery



- 13 Flexible work programming and a risk-based approach to prioritising internal audit work are important principles for delivery of Cherwell District Council's 2025/26 internal audit work programme.
- 14 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.
- 15 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.
- 16 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	

- 17 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)

- 18 When identifying internal audit priorities, we apply the framework to determine whether planned work will, when taken as a whole, provide sufficient coverage to provide an informed annual opinion.
- 19 Pieces 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.
- 20 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.

## 2025/26 Internal audit work programme



- 21 The proposed internal audit work programme for 2025/26 is included in annex A.
- 22 The overall level of service is based on an indicative number of days, for planning purposes (200 for 2025/26). The proposed areas of coverage in the 2025/26 work programme have been subject to consultation with directors and other senior officers from across the organisation.
- 23 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
▲ <b>Strategic / corporate &amp; cross cutting</b>	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.
▲ <b>Technical / projects</b>	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.
▲ <b>Financial systems</b>	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.
▲ <b>Service areas</b>	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.
▲ <b>Other assurance work</b>	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).
▲ <b>Client support, advice &amp; liaison</b>	Work we carry out to support the council in its functions. This includes the time spent providing support and advice, and liaising with staff.

- 24 The programme presented in annex A to this report aims 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.
- 25 The programme includes 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.

## ANNEX A: internal audit work programme 2025/26

Programme area	Internal audit activity
<b>Strategic / corporate &amp; cross cutting</b>	<ul style="list-style-type: none"> <li>▲ Local authority trading company governance</li> <li>▲ Procurement Act: compliance assessment</li> </ul>
<b>Technical / projects</b>	<ul style="list-style-type: none"> <li>▲ Cybersecurity: user awareness and training</li> <li>▲ ICT asset management</li> </ul>
<b>Service areas</b>	<ul style="list-style-type: none"> <li>▲ Utilities management</li> <li>▲ Section 106 agreements</li> <li>▲ Licensing</li> </ul>
<b>Financial systems</b>	<ul style="list-style-type: none"> <li>▲ Treasury management</li> </ul>
<b>Other assurance work</b>	<ul style="list-style-type: none"> <li>▲ Follow-up of previously agreed management actions</li> <li>▲ Grant certifications</li> <li>▲ Continuous audit planning and additional assurance gathering to help support our opinion on the framework of risk management, governance and internal control</li> <li>▲ Attendance at, and contribution to, governance- and assurance-related working groups</li> </ul>
<b>Client support, advice &amp; liaison</b>	<ul style="list-style-type: none"> <li>▲ Committee preparation and attendance</li> <li>▲ Key stakeholder liaison</li> <li>▲ Support and advice on control, governance, and risk related issues</li> </ul>