ROSSENDALE BOROUGH COUNCIL

AGENDA ITEM: D6

Report Title:	Internal Audit Annual Plan 2026/27		
Report to:	Audit & Accounts Committee	**Date:**	29th July 2026
Report of:	Head of Internal Audit (Internal Audit Service)	**Cabinet Portfolio**	Resources
Cabinet Lead Member	Councillor Walmsley	**Wards Affected**	All
Key Decision: ☐	Forward Plan ☐	General Exception ☐	Special Urgency ☐
Integrated Impact Assessment:	Required: No		Attached: No
Contact Officer:	Mark Baskerville Audit Manager	**Telephone:**	01772 538615
Email:	mark.baskerville@lancashire.gov.uk		

Valley Plan Priorities	**Thriving Local Economy**: This involves securing new inward investment, creating a sustainable economy, matching local skills with future job opportunities, and supporting town centres as unique destinations.	☐
	High Quality Environment: This includes having a "clean and green" local environment, reducing the borough's carbon footprint, improving waste and recycling rates, and delivering new homes with a good mix of housing tenures.	☐
	Healthy & Proud Communities: This priority focuses on improving the health and physical/mental wellbeing of residents, reducing health inequalities, ensuring access to better leisure facilities and health services, and fostering a sense of pride in the community.	☐
	Effective & Efficient Council: The aim is to provide good quality and responsive services, embrace new technology, be a financially sustainable council with a commercial outlook, and ensure sound governance.	☒

1. PURPOSE OF THE REPORT & EXECUTIVE SUMMARY

1.1 The attached report sets out the planned audits for delivery in 2026/27.

2. RECOMMENDATION

2.1 The Committee are asked to consider the Internal Audit Annual Plan 2026/27.

3. BACKGROUND & REASON FOR THE DECISION

3.1 The Audit and Accounts Committee's terms of reference require it to advise the council on the planned activity and results of internal audit.

3.2 This paper reports progress with the delivery of each audit on the 2026/27 annual audit plan.

3.3 To support the Audit and Accounts Committee in fulfilling its responsibility to monitor Internal Audit performance.

4. RISK

4.1 All the issues raised and the recommendation in this report involve risk considerations as set out below. The responsibility for implementing, maintaining and reviewing the system of internal control rests with the council, but the process by which the effectiveness of its system of internal control is reviewed and the governance statement is made includes obtaining assurances on the effectiveness of key controls. In practice, these will be substantially drawn from internal audit assurances delivered through audit plan to the chief executive and leader of the council who are jointly required to sign the annual governance statement.

5. SECTION 151 OFFICER COMMENTS (FINANCE)

5.1 Any financial implications are commented upon in the report.

6. MONITORING OFFICER COMMENTS (LEGAL)

6.1 Any legal implications are commented upon in the report.

7. INTEGRATED IMPACT ASSESSMENT IMPLICATIONS

7.1 Reported findings have been discussed and agreed, including management responses to the recommendations, with respective Service Managers and Heads of Service prior to reporting.

8. POLICY/STRATEGY FRAMEWORK IMPLICATIONS

8.1. Reported findings have been discussed and agreed, including management responses to the recommendations, with respective Service Managers and Heads of Service prior to reporting.

9. LOCAL GOVERNMENT REORGANISATION IMPLICATIONS

9.1 N/A.

10. BACKGROUND PAPERS

10.1 N/A.

Rossendale Borough Council

Internal Audit Service

Report to Audit and Accounts Committee

Internal Audit Annual Plan 2026/27

Rossendale Borough Council - Internal Audit Annual Plan 2026/27

1 Introduction

1.1 Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

2 Aims of Internal Audit

2.1 The primary aims of Internal Audit include:

- ***Enhancing Governance***: Strengthening the effectiveness of governance processes.
- ***Risk Management***: Evaluating and improving the effectiveness of risk management processes.
- ***Control Processes***: Assessing and enhancing the effectiveness of control processes.
- ***Objective Assurance***: Providing independent and objective assurance to the board and management.
- ***Advisory Services:*** Offering advice and insights to improve organisational operations and decision-making.

3 Development of the Annual Plan

3.1 The annual plan was developed in compliance with the Global Internal Audit Standards, which came into effect for UK Local Government on 1st April 2024. These standards guide the worldwide professional practice of Internal Auditing and serve as a basis for evaluating and elevating the quality of Internal Audit. Developing an annual plan is crucial for several reasons:

- ***Strategic Alignment***: It ensures that the Internal Audit activities are aligned with the organisation's strategic objectives and priorities. This alignment helps in focusing audit efforts on areas that are most critical to the organisation's success.
- ***Risk Management:*** An annual plan is developed based on a comprehensive risk assessment. This approach ensures that Internal Audit addresses the most significant risks facing the organisation, thereby enhancing risk management processes.
- ***Resource Allocation:*** It helps in the efficient allocation of Internal Audit resources. By planning ahead, the Internal Audit team can ensure that they have the necessary skills, tools, and time to effectively carry out their audits.
- ***Compliance and Standards***: Developing an annual plan ensures compliance with professional standards, such as those set by the Institute of Internal Auditors (IIA). These standards require a risk-based approach to planning, which helps in maintaining the quality and effectiveness of Internal Audit.
- ***Stakeholder Expectations:*** It ensures that Internal Audit meets the expectations of key stakeholders, including the committee, senior management, and other relevant parties. By involving stakeholders in the planning process, Internal Audit can address their concerns and provide valuable insights.

3.2 By developing an annual plan, Internal Audit can systematically and effectively contribute to the council's governance, risk management, and control processes, ultimately supporting the achievement of their organisational objectives.

4 Requirements for an Annual Audit plan

4.1 When developing an annual audit plan, the Global Internal Audit Standards require:

- ***Risk-Based Approach:*** The Internal Audit plan must be based on an assessment of the organisation’s strategies, objectives, and risks. This assessment must be informed by the Chief Audit Executive’s (CAE) understanding of the organisation’s governance, risk management, and control processes.

- ***Alignment with Corporate Priorities:*** The Internal Audit plan must support the strategic objectives and success of the organisation and align with the expectations of the board, senior management, and other key stakeholders.
- ***Integrated Assurance:*** The Internal Audit plan should integrate assurance activities to ensure comprehensive coverage of the organisation's risk landscape.

5 Purpose of the plan

5.1 The annual plan is a critical tool for ensuring that Internal Audit effectively supports the organisation's objectives. By adhering to the new Global Internal Audit Standards, the plan ensures a risk-based, strategically aligned approach that enhances governance, risk management, and control processes. Internal Audit focus should be proportionate and appropriately aligned.

5.2 The plan will be subject to ongoing review, in consultation with the council's senior management, to ensure it continues to reflect organisational needs and risks. This is particularly relevant given local government reorganisation and the probability that Internal Audit will need to provide a flexible resource to support unplanned activity. We will report significant amendments to the plan to Audit and Accounts Committee.

6 Delivery of the plan

6.1 The planning and scheduling of audit activities will be coordinated with management. The detailed scoping of each audit will also be discussed and agreed to ensure that all relevant areas are covered comprehensively. The results of all audits will be communicated to the relevant management levels upon completion. Our audit team will provide an assessment and assurance opinion on the effectiveness and adequacy of the control framework in the audited area, based on our findings.

6.2 We will continue to support management by offering prioritised recommendations aimed at enhancing governance, risk management, and internal control frameworks to improve overall effectiveness and efficiency. They will be documented in an action plan and categorised into those that enhance governance and control, and those that improve efficiency and effectiveness.

6.3 Throughout the year, we will engage with senior management to provide updates on audit performance, significant findings, and to address any issues that may impact current and future audit plans.

6.4 We will also continue to explore and implement opportunities to enhance service delivery through the use of technology and remote information capture. This approach will help maximise the efficiency of our audit resources and minimise the impact of audit activities on operational staff.

7 Degrees of assurance

7.1 We categorise our assurance levels using one of the following four definitions:

- **Substantial:** the framework of control is adequately designed and/ or effectively operated overall.
- **Reasonable:** the framework of control is adequately designed and/ or effectively operated overall, but some action is required to enhance aspects of it and/ or ensure that it is effectively operated throughout.
- **Limited:** there are some significant weaknesses in the design and/ or operation of the framework of control that put the achievement of its objectives at risk.
- **No:** there are some fundamental weaknesses in the design and/ or operation of the framework of control that could result in failure to achieve its objectives.

8 Deployment of audit resources and fees

8.1 The content and outline scope of each audit within the proposed plan, as well as an estimate of the number of audit days considered appropriate, is provided in the table below. The plan provides for a total resource of 185 audit days which includes an unallocated contingency of 30 days, to provide audit support for issues arising in-year from local government reorganisation.

To ensure that the fees charged reflect the resource costs incurred, the auditor and manager is charged at different rates. The daily rate for auditors is £418 and for audit managers £495. The approximate total cost for the 2026/27 plan will be £81,000.

Rossendale Borough Council - Internal Audit Annual Plan 2026/27

Corporate Priorities	**1. Thriving Local Economy** **2. High Quality Environment** **3. Healthy and Proud Communities** **4. Effective and Efficient Council**

Audit Title	Audit Scope	Corp. Priority	Audit Days	Total Days
Governance				
Rossendale Leisure Trust	Effectiveness of action take to implement recommendations from the RLT review	2, 3	12	12
Business effectiveness				
Treasury Management and Investment Strategy	Effectiveness of, and compliance with, council strategy and policy including CIPFA codes and cash and investment controls	4	12	42
IT Audit - Backup and recovery	Establish whether backups are complete, secure, and tested, supporting resilience and recovery objectives	4	15	
IT Audit – Security incident detection and response	Ensure the council can identify, contain, investigate, and remediate security incidents in a timely and effective manner	4	15	
Service delivery				
Regeneration Portfolio – project management	Effectiveness of the management of regeneration projects.	2, 4	11	22
Environmental health – food safety	Audit of inspection planning and delivery, and enforcement activity	2, 3, 4	11	
Service support				
Complaints Handling	Compliance with the council's complaints policy and guidance	4	12	12
Business processes				
Payroll	Annual audit of the effectiveness of financial controls	4	8	40
Accounts payable	Annual audit of the effectiveness of financial controls	4	8	

Rossendale Borough Council - Internal Audit Annual Plan 2026/27

Accounts receivable	Annual audit of the effectiveness of financial controls	4	8	
General ledger and budget	Annual audit of the effectiveness of financial controls	4	8	
Income collection/ banking	Annual audit of the effectiveness of financial controls	4	8	
Follow up of agreed recommendations				
Capital Programme		1, 2, 3	1	4
Contract management		4	1	
Asset management		4	1	
Data management		4	1	
Counter fraud				
Operation of the National Fraud Initiative		4	3	5
Support to the council's whistleblowing and counter fraud work		4	2	
Other work				
Internal Audit management including planning, managing delivery, liaison with management team, committee reporting and scheduling resources.			18	48
Contingency - Local Government Reorganisation readiness - action to support the council in preparing for LGR in response to matters arising through the year			30	
Total resource for the council				**185**