

Audit and Governance Committee

08 April 2026



Reading
Borough Council
Working better with you

Title	Draft Internal Audit Plan and Internal Audit Charter 2026/2027
Report status	Public report
Executive Director/ Statutory Officer Commissioning Report	Director of Finance
Report author	Paul Harrington, Chief Auditor
Lead Councillor	Councillor Ellie Emberson, Corporate Services & Resources
Council priority	All
Recommendations	1. That the Audit & Governance Committee approves the Internal Audit Plan and the Internal Audit Charter, ensuring compliance with the Global Internal Audit Standards and CIPFA's Code of Practice, and providing assurance over the independence and effectiveness of the Internal Audit function.

1. EXECUTIVE SUMMARY

- 1.1 This report presents the proposed programme of Internal Audit work for the 2026/2027 financial year. The plan is shaped by the Council's Internal Audit Charter, which sets out the mission, purpose, responsibilities, and organisational positioning of the Internal Audit function at Reading Borough Council. The Charter forms the foundation for Internal Audit's operations and underpins its assurance role across the organisation.
- 1.2 Internal audit in local government is a statutory requirement under the Accounts and Audit (England) Regulations 2015. These regulations require every relevant authority to maintain an effective internal audit service that evaluates the adequacy and effectiveness of its risk management, governance, and internal control arrangements. This work must be delivered in accordance with recognised professional standards: the Global Internal Audit Standards (GIAS), the Application Note for the UK Public Sector, and the Code of Practice for Internal Audit in Local Government. Together, these documents form the Global Internal Audit Standards in the UK Public Sector ("the Standards").

- 1.3 The core purpose of Internal Audit is to support the Council in achieving its strategic objectives by providing independent, objective assurance and insight. This is delivered through a systematic, disciplined approach to reviewing and improving governance, risk management, and control processes.
- 1.4 The annual audit plan is developed using a risk-based methodology that considers the Council's strategic priorities, emerging risks, service changes, and areas of material significance to effective service delivery and financial stewardship. This assessment is balanced against available resources and the skills of Internal Audit staff. The plan comprises assurance reviews, advisory/consultancy work, and follow-up activity to monitor the implementation of agreed audit actions. The intention is to deliver a balanced portfolio that both provides assurance and supports ongoing improvement.
- 1.5 A key responsibility of Internal Audit is to issue an annual opinion on the overall adequacy and effectiveness of the Council's control environment. Within the meaning of the Standards, this "opinion" must be evidence-based and supported by a sufficient and appropriate programme of audit work. Where restrictions or limitations prevent Internal Audit from providing reasonable assurance, this will be reported clearly.
- 1.6 The proposed audit plan (Appendix 1) is designed to enable Internal Audit to meet these statutory and professional obligations. The Audit and Governance Committee is responsible for reviewing, approving, and overseeing progress against the plan. Regular reporting during the year will ensure transparency and support the Committee's oversight of the Council's governance environment.
- 1.7 The Standards also require Internal Audit to maintain an up-to-date Charter (Appendix 2). The Charter defines Internal Audit's mandate, independence, reporting lines, scope of work, and service offerings. It has been refreshed to reflect the revised Standards and is presented for the Committee's noting.

2. DEVELOPING THE INTERNAL AUDIT PLAN 2026/27

- 2.1 Internal Audit plays a critical role in supporting the Council's priorities by promoting strong, efficient, and resilient internal control arrangements. A robust control environment allows services to focus on delivering outcomes for residents and ensures that public resources are used effectively and responsibly. Internal Audit also supports the Director of Finance (Section 151 Officer) in discharging statutory responsibilities for financial management and governance.
- 2.2 In line with professional standards, the 2026/27 audit plan has been developed using a risk-based approach. This has included drawing on:
- The Strategic Risk Register and Corporate Plan.
 - Minutes of senior officer and Council meetings.
 - Reports from other external assurance providers (e.g. Ofsted, CQC, Housing Inspectorate etc)
 - Consultation with Directors and senior managers to identify emerging issues and service-specific risks; and
 - Internal Audit's own insight and understanding of Council operations.
- 2.3 Audit planning is an ongoing process that continues throughout the year, enabling responsiveness to new risks, organisational change, and service needs. While this report sets out the intended programme of work, the plan must remain flexible and adaptable. Any significant changes will be reported to the Audit and Governance Committee.
- 2.4 The plan has been designed to be deliverable within existing resources, assuming the Internal Audit structure remains stable and no unforeseen pressures arise. Progress will be monitored closely, and regular performance updates will be provided to the Corporate Management Team (CMT) and the Audit and Governance Committee.
- 2.5 The audit plan provides only one element of the Council's wider assurance framework. It does not and is not intended to provide coverage of all risks or processes. Internal Audit works alongside other internal and external assurance providers to minimise duplication and deliver a coherent, joined-up picture of assurance. Regular updates on progress, audit outcomes, and emerging control issues will continue to be provided to CMT and the Audit and Governance Committee.
- 2.6 In addition to planned work Internal Audit will work collaboratively with the Portfolio Management Office (PMO) on priority gold projects, including Child/SEND Placements and Home to School Transport.

2.7 Our involvement will focus on providing early assurance and advisory support during the design and implementation phases of these initiatives. Specifically, Internal Audit will assist with the development and refinement of redesigned business processes, ensuring that appropriate controls, governance arrangements, and accountability mechanisms are embedded from the outset. This will include consideration of risk identification and mitigation, segregation of duties, data quality, decision-making frameworks, and compliance with relevant policies and regulatory requirements. By engaging at this stage, Internal Audit aims to support the delivery of robust, sustainable processes that reduce the risk of control weaknesses emerging post-implementation, while enabling the projects to achieve their intended outcomes efficiently and effectively.

3. AUDIT CHARTER

3.1 The Standards require all internal audit providers to maintain an Internal Audit Charter, defined as a "formal document that includes the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications."

3.2 The Charter provides a single authoritative framework for how Internal Audit operates. It formally sets out Internal Audit's authority, independence, and responsibilities, ensuring clarity and transparency across the organisation. By establishing the function's mandate and access rights, the Charter enables Internal Audit to undertake its work effectively and free from undue influence.

3.3 The Charter also demonstrates compliance with the Global Internal Audit Standards by outlining how independence is maintained, how Internal Audit reports to senior management and the Audit & Governance Committee, and the breadth of services offered. This ensures that the function remains aligned with professional expectations and retains appropriate standing within the Council's governance arrangements.

3.4 In practice, the Charter:

- Reinforces Internal Audit's independence and objectivity;
- Clarifies roles and expectations for managers, elected Members, and staff;
- Defines the scope and nature of assurance, consultancy, and follow-up work;
- Provides transparency over reporting lines and escalation routes;
- Establishes rights of access to records, systems, premises, and personnel; and
- Strengthens governance arrangements by clearly articulating Internal Audit's contribution to the Council's control environment.

- 3.5 Regular review of the Charter ensures it remains aligned with professional standards, organisational changes, and evolving assurance needs. It also helps maintain awareness of Internal Audit's remit and value among senior leadership and the Audit & Governance Committee.

4. Contribution to Strategic Aims

- 4.1 The Internal Audit Team aims to assist in the achievement of the strategic aims of the Council set out in the Corporate Plan by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. In particular, audit work is likely to contribute to the priority of remaining financially sustainable to deliver the Council's priorities. The Council's new Council Plan 2025/28 is focussing on five priorities over the next three years to deliver its vision; *'To help Reading realise its potential and to ensure that everyone who lives and works here can share in the benefits of its success'*. These priorities are:

- Promote more equal communities in Reading
- Secure Reading's economic and cultural success
- Deliver a sustainable and healthy environment and reduce Reading's carbon footprint
- Safeguard and support the health and wellbeing of Reading's adults and children
- Ensure Reading Borough Council is fit for the future

- 4.2 These priorities are guided by "Our Principles and Values" explaining the ways we work at the Council:

- Putting residents first
- Building on strong foundations
- Recognising, respecting, and nurturing all our diverse communities
- Involving, collaborating, and empowering residents
- Being proudly ambitious for Reading

- 4.3 Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the [Council's Website](#). These priorities and the Council Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.

5. Environmental and Climate Implications

- 5.1 There are no environmental or climate implications arising from the report.

6. Community Engagement

6.1 N/A

7. Equality Implications

7.1 No equalities impact implications have been identified as arising from this report.

8. Other Relevant Considerations

8.1 None

9. Legal Implications

9.1 The internal audit function is a cornerstone of good governance and effective risk management. Regulation 5 of the Accounts and Audit Regulations 2015 provides that the Council is required to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes. Internal audit provides independent assurance to both officers and Members that systems are operating properly and that identified risks are being appropriately managed.

9.2 Members of the Audit and Governance Committee have a key role in overseeing this assurance framework. The regular monitoring of internal audit recommendations is an essential part of that oversight, helping ensure that agreed actions are implemented and that the Council continues to strengthen its internal control environment.

10. The approach adopted by the Internal Audit Service — balancing formal follow-up for limited assurance reviews with a proportionate self-assessment method for others — is consistent with recognised good practice and ensures that resources are targeted according to risk. Members can be satisfied that the arrangements in place for tracking and reporting on audit recommendations meet legal requirements and support the Committee in its governance responsibilities.

10 Financial Implications

10.1 n/a

11 Timetable for Implementation

11.1 n/a

12 Background Papers

12.1 n/a