



**Audit and Standards Advisory
Committee**
16 June 2026

**Report from the Corporate Director
of Finance and Resources**

**Lead Member - Deputy Leader and
Cabinet Member for Finance and
Resources**
(Councillor Gwen Grahl)

Internal Audit Annual Report 2025-26

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	One Appendix 1: Internal Audit Annual Report 2025-26
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Darren Armstrong. Deputy Director Organisational Assurance and Resilience 020 8937 1751 Darren.Armstrong@brent.gov.uk

1.0 Executive Summary

- 1.1. This report summarises the activity of Internal Audit for the financial year 2025-26, including an update on work completed since the previous updated provided in December 2025.
- 1.2. This report provides a consolidated overview of Internal Audit activity during 2025-26. This includes summarising delivery of the Internal Audit Plan, key findings arising from audit work, and the extent to which agreed management actions have been implemented.
- 1.3. The report supports the Committee in fulfilling its governance responsibilities by:
 - summarising delivery of the Internal Audit Plan;

- highlighting key findings and areas for improvement identified through audit work;
- reporting on the implementation of agreed management actions; and
- providing the Head of Internal Audit's annual opinion.

1.4 The Head of Internal Audit's opinion, included within Appendix 1, concludes that the Council's governance, risk management and control arrangements are generally adequate and effective, with some improvement required. This opinion is a key source of assurance supporting the Council's Annual Governance Statement.

2.0 Recommendation

2.1 The Committee is asked to:

- a) note the outcomes of the internal audit work completed in 2025-26; and
- b) note the Head of Internal Audit's annual opinion.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

3.1.1 Internal Audit contributes to the delivery of Council priorities by helping the Council operate effectively, use its resources well, and achieve its objectives. This is done through providing independent, risk-based assurance, advice and insight on how well key systems, processes and controls are working.

3.1.2 Internal Audit supports the Council in achieving its objectives by evaluating the effectiveness of governance, risk management and control processes. This includes providing assurance over whether key risks are being effectively identified and managed, alongside highlighting opportunities to strengthen systems and processes.

3.1.3 Internal Audit activity also supports broader organisational priorities, including financial sustainability, regulatory compliance, service improvement and organisational resilience. The outcomes of this work, and the Council's response to recommendations, contribute directly to strengthening the control environment and supporting improved performance.

3.1.4 Through its work, Internal Audit provides assurance to Members and senior leadership on the effectiveness of the arrangements in place to deliver the Council's strategic objectives.

3.2 Background

3.2.1 The Council is required to maintain an adequate and effective Internal Audit function in accordance with the Accounts and Audit Regulations 2015 (as

amended). Internal Audit provides independent assurance to the Chief Executive, Section 151 Officer, senior management, and the Audit and Standards Advisory Committee.

3.2.2 Internal Audit also supports the Committee in fulfilling its oversight role by reporting on the adequacy of internal controls, the management of key risks, and the progress made by management in implementing agreed improvements.

3.2.3 The work of Internal Audit is delivered in accordance with the Global Internal Audit Standards (GIAS), which set out the requirements for professional internal auditing in the UK public sector. These standards require the Head of Internal Audit to provide an annual opinion on the overall adequacy and effectiveness of governance, risk management and control arrangements.

3.2.4 Given the scale and complexity of the Council's operations, Internal Audit delivers its work through a risk-based and flexible approach. This enables the function to balance the need to provide assurance over core systems and controls while responding to emerging risks, organisational priorities and management requests.

3.2.5 The Internal Audit Plan for 2025–26, approved by the Committee in March 2025, was structured across four components:

- **Core assurance** – providing assurance over key financial systems and fundamental controls;
- **Agile risk-based work** – enabling responsive coverage of emerging and priority risk areas;
- **Consultancy and advisory work** – supporting management in strengthening control design and governance;
- **Follow-up activity** – confirming that agreed audit actions have been implemented and embedded

3.2.6 This approach reflects Internal Audit's move towards a more agile and risk-focused model, ensuring that assurance activity remains aligned to the Council's evolving risk profile while maintaining appropriate coverage of core systems.

3.3 Internal Audit Annual Report 2025-26

3.3.1 The Internal Audit Annual Report is attached at Appendix 1. It provides detailed information on the work undertaken during 2025–26, including audit findings, assurance opinions, follow-up activity, and the Head of Internal Audit's annual opinion.

3.3.2 The Internal Audit Plan was designed to address key risk areas that could impact the delivery of the Council's objectives, drawing on the Strategic Risk

Register, prior audit findings, sector intelligence and consultation with senior management.

3.3.3 Delivery of the plan has provided assurance across a broad range of areas, including:

- key financial systems;
- high inherent risk areas;
- ICT and cyber controls;
- major programmes and operational services; and
- cross-cutting corporate functions such as procurement and contract management.

3.3.4 The plan also retained flexibility to respond to emerging risks and priorities. This has enabled Internal Audit to undertake additional work, including advisory reviews and management-requested assurance, where this has been identified as beneficial.

3.3.5 The Head of Internal Audit's opinion is informed by this programme of work, alongside insights from follow-up activity and other sources of assurance across the Council.

3.3.6 Further detail on the outcomes of this work, including individual audit findings and assurance opinions, is set out in Appendix 1.

3.4 Internal Audit Activity and Outcomes

3.4.1 Internal Audit delivered a comprehensive programme of work during 2025–26, providing assurance across a wide range of the Council's systems, services and risk areas.

3.4.2 In total, 53 reviews were completed during the year, comprising:

- 11 core assurance reviews;
- 12 reviews of key inherent and emerging risk areas;
- 4 school audits;
- 5 consultancy and advisory engagements; and
- 21 follow-up reviews.

3.4.3 The programme included coverage of key financial systems, ICT and cyber controls, operational service areas and cross-cutting corporate functions. This

breadth of coverage provides a robust evidence base to support the Head of Internal Audit's annual opinion.

3.4.4 Across assurance reviews undertaken during the year, a mix of assurance opinions were provided, with the majority concluding moderate or limited assurance. This reflects the focus of audit work on higher-risk and more complex areas, where control environments are typically less mature or subject to ongoing change.

3.4.5 In total, Internal Audit raised a significant number of improvement actions, including high and medium risk findings requiring management attention. Encouragingly, 100% of audit recommendations were accepted by management, demonstrating a strong commitment to addressing identified issues.

3.4.6 Follow-up work remains a key component of Internal Audit activity. During 2025–26:

- 90 actions were followed up;
- overall implementation rates improved to 79% within original timescales; and
- implementation of high-risk actions continues to be closely monitored.

3.4.7 At the time of reporting, a small number of actions remain overdue. While these are not considered significant in aggregate to the overall control environment, they highlight the importance of sustained management focus to ensure timely implementation of agreed improvements.

3.4.8 The overall pattern of results indicates that, while there is a generally sound framework of governance, risk management and control in place, a number of control weaknesses persist in specific areas. These are largely in higher-risk, complex or cross-cutting areas.

3.5 Conclusion

3.5.1 The work undertaken by Internal Audit during 2025–26 provides a sufficient and appropriate evidence base to support the Head of Internal Audit's annual opinion.

3.5.2 Overall, the Council has a sound framework of governance, risk management and internal control in place. While areas for improvement remain, these are recognised and are being actively addressed through management action and improvement programmes.

3.5.3 Internal Audit will continue to monitor progress in addressing identified issues and will provide ongoing assurance, advice and insight to support further strengthening of the Council's governance and control environment.

4.0 Stakeholder and ward member consultation and engagement

4.1 None.

5.0 Financial Considerations

5.1 The report is for noting and so there are no direct financial implications.

6.0 Legal Considerations

6.1 All Local Authorities are required to make proper provision for Internal Audit in line with the 1972 Local Government Act and Accounts and Audit Regulations 2011 (as amended). The Global Internal Audit Standards in the UK Public Sector Application Note requires the Chief Audit Executive (Head of Internal Audit) to make an annual conclusion over the effectiveness of the organisation's governance, risk management and control.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 None.

8.0 Climate Change and Environmental Considerations

8.1 None.

9.0 Communication Considerations

9.1 None.

Report sign off:

Minesh Patel

Corporate Director of Finance and Resources