Tyne and Wear Fire and Rescue Authority

TYNE AND WEAR FIRE AND RESCUE AUTHORITY **Item No 4**

MEETING: GOVERNANCE, RISK AND AUDIT SCRUTINY COMMITTEE: 13th FEBRUARY 2026

SUBJECT: INTERNAL AUDIT PLAN REPORT – 2026/2027

REPORT OF THE HEAD OF INTERNAL AUDIT

1 INTRODUCTION

1.1 To enable the Governance, Risk and Audit Scrutiny Committee to consider and comment on the proposed Internal Audit Plan for 2026/27.

2 BACKGROUND

2.1 The Terms of Reference of the Committee include *'consider the Internal Audit Plan and any proposed revisions'*.

2.2 The Internal Audit Strategy sets out how the service will be delivered and the role of Internal Audit in providing assurance to the Authority. The Internal Audit Strategy for the Authority was agreed on 26th February 2024 and remains fit for purpose; therefore, this report only covers the Internal Audit Plan for 2026/27.

2.3 The Internal Audit Plan sets out the proposed plan of audit work for the Authority for 2026/27 along with Internal Audit's performance targets for the year.

3 INTERNAL AUDIT PLAN FOR 2026/27

3.1 Introduction

3.1.1 This document sets out the proposed Internal Audit Plan and key performance measures for 2026/27.

3.2 Development of the Plan

3.2.1 In developing the coverage of internal audit work it is appropriate to cover the key risk areas of the Service over a period of years. The frequency and scope of the work is driven by an assessment of risk in consultation with the Chief Fire Officer and the Director of Finance, Estates and Facilities. The Internal Audit Plan sets out the work scheduled for the next financial year.

3.2.2 As specific areas of concern or irregularity may require investigation as and when they arise, a small contingency is made for this work.

3.2.3 Where individual audits cannot be undertaken as originally planned (e.g. service no longer provided), attempts will be made to replace the audit with a suitable replacement in consultation with the Director of Finance, Estates and Facilities. Where these changes are agreed, this shall be considered a variation to this plan for the purposes of performance reporting.

3.2.4 In addition, unforeseen work can arise due to new areas of service or increased risk which is appropriate to prompt internal audit work in the year. Therefore, in order to allow some flexibility, a small contingency is made to enable such work to be undertaken without adversely affecting the delivery of the planned audit work.

3.2.5 Advice and guidance on internal control is provided as required.

3.2.6 Within the plan, provision has been made to carry out follow up work to monitor the implementation of previously agreed actions.

3.3 Planned Audit Work for 2026/27

3.3.1 The following audits are planned.

Business Continuity (12 days, planned for quarter 1)
Audit work will review the arrangements in place within the Service specifically in relation to the event of a reduced workforce.

Learning and Development (12 days, planned for quarter 2)
The audit will review the arrangements in relation to the planning, delivery and monitoring of learning and development.

Partnerships Arrangements (12 days, planned for quarter 2)
The audit will review the Service's arrangements to manage the partnership register and review and evaluate the effectiveness of existing partnerships.

Financial transaction testing (10 days, planned for quarter 3)
Audit work will involve testing a sample of transactions relating to Payroll and Accounts Payable.

Effectiveness of Governance Arrangements (12 days, planned for quarter 3)
Audit work will review the effectiveness of the Committees in line with their revised Terms of Reference.

Implementation of the Operational Communications System (12 days, planned for quarter 4)
The audit will review the arrangements following the implementation of the new operational communications system.

3.3.2 Each audit is linked to the appropriate key risk area(s) to identify the audit work that will inform the opinion in relation to each key risk area. Appendix 1 to this report shows all of the key risk areas and those audits that contribute

towards the opinion on each area. It should be noted that some audits contribute towards the opinion of more than one key risk area, and some key risk areas rely on a number of audits.

3.3.3 In addition to the above, audit work is also undertaken on Sunderland City Council's key financial systems, which are used by the Fire and Rescue Authority. Systems planned to be audited include:

- Accounts Payable;
- Accounts Receivable / Periodic Income;
- Payroll.

3.4 Reporting Protocols

3.4.1 At the conclusion of each individual audit a draft report and, if necessary, a proposed action plan will be forwarded to the appropriate manager. Once agreement has been reached, a final report (including any agreed action plan) will be forwarded to the Chief Fire Officer. Where audits highlight issues which need to be brought to the attention of the Director of Finance, Estates and Facilities they will be raised as and when necessary.

3.4.2 The Chief Fire Officer and Governance, Risk and Audit Scrutiny Committee will be updated on progress against the audit plan approximately halfway through the year.

3.4.3 An Annual Report will be prepared for the Governance, Risk and Audit Scrutiny Committee, in order to give assurance, or otherwise, to Members regarding the Authority's system of internal control.

3.5 Performance Management

3.5.1 Internal Audits are undertaken in line with the Public Sector Internal Audit Standards through the standards being built into audit working practices. From April 2025 the Global Internal Audit Standards became the new Standards that internal audit are required to follow. A self-assessment has been undertaken to assess the current compliance against these standards. The assessment against the Public Sector Internal Audit Standards undertaken in 2024 will remain applicable until the next assessment is due in 2029.

3.5.2 The Key Performance Indicators which will be used to measure the performance of the service throughout the year are shown in Appendix 2.

3.6 Variations to Audit Plan

3.6.1 In order to allow some flexibility in the work Internal Audit undertake, as stated earlier, a contingency is made to enable unforeseen requests to be responded to without adversely affecting the delivery of the planned audit work. However, if the contingency has been exhausted an assessment will be carried out to determine whether requests for additional work should be undertaken, based

on the impact upon the delivery of the plan and the risks associated with the work requested.

4 RISK MANAGEMENT

4.1 There are no direct risks to the Authority in respect of this report.

5 FINANCIAL IMPLICATIONS

5.1 There are no financial implications in respect of this report. The Internal Audit Service is provided to the Authority under a service level agreement with Sunderland city Council.

6 EQUALITY AND FAIRNESS IMPLICATIONS

6.1 There are no equality and fairness implications in respect of this report.

7 HEALTH AND SAFETY IMPLICATIONS

7.1.1 There are no health and safety implications in respect of this report.

8 RECOMMENDATIONS

8.1 The Authority is invited to consider and, if appropriate, make comment on the attached proposed Internal Audit Plan

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BACKGROUND PAPERS

None

Appendix 1

Internal Audit Coverage

Key Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	2023/24 Audit Opinion / Assurance	2024/25 Audit Opinion / Assurance	2025/26 Audit Opinion / Assurance	Overall Opinion from Previous 3 years work	Audits Planned for 2026/27
Corporate Governance	5%	Review of the effectiveness of committees in line with their revised Terms of Reference.		Risk management arrangements – Substantial		Substantial	Effectiveness of Governance Arrangements
Service / Business Planning, IRMP	9%	No audits suggested for the coming year.		Community Risk Management Plan – Substantial		Substantial	No audit work planned
Financial Management	5%	Accounts payable and payroll transaction testing undertaken annually.	Financial Transactions Testing on Payroll and Accounts Payable – Substantial	Financial transaction testing on Payroll and Accounts Payable – Substantial	Financial transaction testing on Payroll and Accounts Payable	Substantial	Financial transaction testing on payroll and accounts payable
Risk Management	5%	No audits suggested for the coming year.	Health and Safety Arrangements - Substantial	Risk management arrangements – Substantial Community Risk Management Plan – Substantial		Substantial	No audit work planned
Procurement and Contract Management	8%	No audits suggested for the coming year.	Contract Management Arrangements for the new Fire		PFI Arrangements - Moderate	Substantial	No audit work planned

Appendix 1

Key Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	2023/24 Audit Opinion / Assurance	2024/25 Audit Opinion / Assurance	2025/26 Audit Opinion / Assurance	Overall Opinion from Previous 3 years work	Audits Planned for 2026/27
			Station – Substantial				
Human Resource Management	10%	Review of the arrangements for the planning, delivery and monitoring of Learning and Development. Review of the Business Continuity Arrangements in place within the Service specifically in relation to the event of a reduced workforce.	Health and Safety Arrangements – Substantial	Human resource action plan – Substantial	Occupational Health	Substantial	Learning and Development Business Continuity Arrangements
Asset Management	15%	No audits suggested for the coming year.	Contract Management Arrangements for the new Fire Station – Substantial		PFI Arrangements – Moderate	Substantial	No audit work planned
ICT	12%	No audits suggested for the coming year.	Cyber Security Arrangements - Substantial		Business Continuity Arrangements	Substantial	No audit work planned
Fraud and Corruption	2%	Financial transactions tested annually	Financial Transactions Testing on	Financial transaction testing on	Financial transaction testing on	Substantial	Financial transaction testing on payroll and accounts payable

Appendix 1

Key Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	2023/24 Audit Opinion / Assurance	2024/25 Audit Opinion / Assurance	2025/26 Audit Opinion / Assurance	Overall Opinion from Previous 3 years work	Audits Planned for 2026/27
		through accounts payable and payroll.	Payroll and Accounts Payable – Substantial	Payroll and Accounts Payable – Substantial	Payroll and Accounts Payable		
Information Governance	15%	Review of the arrangements to manage the partnerships register and review and evaluate the effectiveness of partnerships.	Compliance with General Data Protection Regulation - Substantial	Information access requests – Substantial	Data Retention	Substantial	Partnership Arrangements
Business Continuity & Contingency Planning	15%	Review of the Business Continuity Arrangements in place within the Service specifically in relation to the event of a reduced workforce.			Business Continuity Arrangements	Substantial	Business Continuity Arrangements
Performance Management	5%	No audits suggested for the coming year.		Information access requests – Substantial		Substantial	No audit work planned
Payroll	5%	Payroll transaction testing.	Transaction Testing – Payroll - Substantial	Transaction Testing – Payroll – Substantial	Transaction Testing – Payroll	Substantial	Transaction testing - payroll

Appendix 1

Key Risk Area	Internal Audit Risk Assessment (Residual Risk)	Implication for the Audit Plan	2023/24 Audit Opinion / Assurance	2024/25 Audit Opinion / Assurance	2025/26 Audit Opinion / Assurance	Overall Opinion from Previous 3 years work	Audits Planned for 2026/27
Partnership Working	11%	Review of the arrangements to manage the partnerships register and review and evaluate the effectiveness of partnerships.			Partnership Arrangements - Substantial	Substantial	Partnership Arrangements
Project Management	12%	Review of the arrangements following the implementation of the new operational communications system		Replacement of the operational communication system – Substantial		Substantial	Implementation of the Operational Communication System

Appendix 2

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2026/27		
Efficiency and Effectiveness		
Objectives	KPI's	Targets
1) To ensure the service provided is effective and efficient.	1) Complete sufficient audit work to provide an opinion on the key risk areas identified.	1) All key risk areas covered over a 3 year period
	2) Percentage of draft reports issued within 15 days of the end of fieldwork.	2) 90%
	3) Percentage of audits completed by the target date (from scoping meeting to issue of draft report).	3) 85%

Appendix 2

Internal Audit - Overall Objectives, Key Performance Indicators (KPI's) and Targets for 2026/27		
Quality		
Objectives	KPI's	Targets
1) To maintain an effective system of Quality Assurance.	1) Opinion of External Auditor	1) Satisfactory opinion
2) To ensure recommendations made by the service are agreed and implemented.	2) Percentage of agreed high, significant and medium risk internal audit recommendations which are implemented.	2) 100% for high and significant. 90% for medium risk
Client Satisfaction		
Objectives	KPI's	Targets
1) To ensure that clients are satisfied with the service and consider it to be good quality.	1) Results of Post Audit Questionnaires	1) Overall average score of better than 1.5 (where 1=Good and 4=Poor)
	2) Results of other Questionnaires	2) Results classed as 'Good'
	3) Number of Complaints / Compliments	3) No target – actual numbers will be reported