Classification	Item No.
Open	N/a

Meeting:	Audit Committee
Meeting date:	22 July 2026
Title of report:	Internal Audit Annual Report 2025/26
Report by:	Judith Smith, Senior Auditor Adrian Blackshaw, Senior Auditor
Decision Type:	Council
Ward(s) to which report relates	All

Executive Summary:

This report summarises the results of Internal Audit work during 2025/26 and, as required by the Accounts and Audit Regulations 2015, gives an overall opinion of the Authority's control environment.

The conclusions drawn from the report are:

The Council continues to operate within a challenging and evolving environment, including ongoing transformation, system changes and organisational restructuring.

A significant focus of the Audit Committee's work during the year was its oversight of the Council Improvement Plan, which was developed in response to a statutory recommendation from the external auditor. Regular progress updates were received into the Committee, and delivery was scrutinised across key themes including financial resilience, finance capacity and transformation, governance and compliance, leadership arrangements and estate management. At the February 2026 meeting, the Committee noted that the majority of improvement actions had been achieved, or were on track, and endorsed the proposal to align future improvement monitoring with established corporate planning and performance arrangements, allowing the Committee to refocus in 2026/27 on broader audit and risk activity.

The initial Internal Audit Plan for 2025/26 was presented to and approved by Audit Committee on 8 April 2025. The plan was amended during the year to reflect management requests, overruns and deferrals. The amendments were presented to the Audit Committee throughout the year.

Based on the results of the audit work undertaken during the year, there is clear evidence of continued improvement across the Council's control environment. The overall direction of travel is positive, with significant progress being made in addressing key risks and strengthening controls across a number of service areas. While it is considered too early at this stage to provide a moderate assurance conclusion, the Council has demonstrated sustained improvement and a strong commitment to implementing agreed actions. Consequently, the Head of Audits conclusion is that it remains one of a limited assurance, but with encouraging and measurable progress noted throughout the period. Importantly, the risks facing the Authority are being actively addressed, and there is positive momentum in the implementation of recommendations.

Outstanding recommendations identified following second follow-up reviews continue to be actively monitored by the embedded Governance and Assurance Board through its monthly oversight arrangements. This robust process is helping to identify areas where additional support and focus may be beneficial, ensuring that improvements continue to be driven forward across the Council. The continued involvement and scrutiny provided by this Board is making a positive and meaningful contribution to strengthening governance arrangements, promoting accountability, and supporting ongoing improvement across the organisation.

Recommendation(s)

That:

- Members note the contents of this report.

Key Considerations

Background information to this report is contained in the context section of the main report. There are no decisions required for this report.

Community impact / Contribution to the Bury 2030 Strategy

Ensuring compliance with Financial Procedures and Policies

Equality Impact and considerations:

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

(a) eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act.

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

Assessment of Risk:

The following risks apply to the decision:

Risk / opportunity	**Mitigation**
Risks are highlighted in Audit Plans and in the terms of reference for each Audit review.	Internal Controls are reviewed in each audit to mitigate identified risks. Actions are reported to managers and progress is monitored and reported on a regular basis.

Consultation:

N/A

Legal Implications:

The Council must have a sound system of internal control which facilitates the effective exercise of its functions, including risk management. This is both a legal requirement and a requirement of the Financial Regulations set out in the Council's Constitution. This report provides information on the work of the Council's Internal Audit Service, in ensuring compliance.

Financial Implications:

There are no financial implications arising from this report. The work of the Internal Audit Service supports the governance framework.

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Background papers:

Head of Audit Annual Report 2025/26 – Appendix A

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
GIAS	Global Internal Audit Standards
GDPR	General Data Protection Regulation
GAB	Governance Assurance Board
PSIAS	Public Sector Internal Auditing Standards
QAIP	Quality Assurance & Improvement Plan
IIA	The Institute of Internal Auditors
ICT	Information & Communications Technology
ROPA	Record of Processing Activities
CCTV	Closed Circuit Television
IT	Information Technology