



# INTERNAL AUDIT PLAN REPORT 2025/26

## NORTH HERTS COUNCIL

FINANCE, AUDIT AND RISK COMMITTEE  
12 MARCH 2025

### **RECOMMENDATION**

Members are recommended to approve the proposed North Herts Council Internal Audit Plan for 2025/26

Members are requested to note the SIAS Internal Audit Strategy and provide any comments prior to approval by the SIAS Board

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# 1. Introduction and Background

- 1.1 The purpose of internal audit is to strengthen the Council’s ability to create, protect, and sustain value by providing Members and management with independent, risk-based, and objective assurance, advice, insight, and foresight.
- 1.2 The International Professional Practices Framework (IPPF) organises the authoritative body of knowledge for the professional practice of internal auditing. The IPPF includes Global Internal Audit Standards (GIAS), Topical Requirements (designed to enhance the consistency and quality of internal audit services related to specific audit subjects) and Global Guidance. The Public Sector Internal Audit Standards, which encompassed the mandatory elements of the IPPF, have been replaced by the Application Note Global Internal Audit Standards in the UK Public Sector. Taken together, the GIAS and the Application Note will form the basis of UK public sector internal audit effective from 1 April 2025. The Note states that a professional, independent, and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.
- 1.3 The SIAS Board reviewed the Draft SIAS Internal Audit Strategy in December 2024, and this strategy outlines how SIAS will achieve the purpose of internal audit and ensure ongoing compliance with the GIAS (UK public sector). The Internal Audit Plan Report 2025/26 follows the key principles related to Audit Planning and Resourcing, with the Internal Audit Strategy itself attached as an appendix. The GIAS (UK public sector) includes setting out how SIAS must approach internal audit planning. The specific requirements that SIAS must adhere to are set out below:

<b>Standard</b>	<b>Description</b>
Domain III 6.3	<b>Board and Senior Management Support</b> It is an essential condition for Senior Management and the Audit Committee to approve the internal audit plan.
Domain III 8.1	<b>Board Interaction</b> The CAE must provide the Audit Committee with the information needed to conduct its oversight responsibilities. This includes the internal audit plan and subsequent significant revisions.
Domain III 8.2	<b>Resources</b> The CAE, Audit Committee and Senior Management must collaborate to ensure that internal audit has sufficient resources to fulfil the internal audit mandate and achieve the internal audit plan. This should be at least annually, and cover numbers and capability, as well as the impact and remedy of insufficient resources on the internal audit mandate and plan (if applicable).

<p>Domain III 8.3</p>	<p><b>Quality</b> Amongst the essential conditions in this standard is a requirement for the Audit Committee to review and approve the internal audit functions performance objectives at least annually. This includes its conformance with the Standards, laws and regulations, ability to meet the internal audit mandate, and progress towards completion of the internal audit plan.</p>
<p>Domain IV 9.3</p>	<p><b>Methodologies</b> The chief audit executive must establish methodologies to guide the internal audit function in a systemic and disciplined manner to implement the internal audit strategy, develop the internal audit plan, and conform with the Standards.</p>
<p>Domain IV 9.4</p>	<p><b>Internal Audit Plan</b> The chief audit executive must create an internal audit plan that supports the achievement of the council’s objectives. The chief audit executive must base the internal audit plan on a documented assessment of the organisation’s strategies, objectives, and risks. The assessment must be informed by input from the Audit Committee and Senior Management as well as the chief audit executive’s understanding of the organisation’s governance, risk management, and control processes. The assessment must be performed at least annually.</p> <p>The internal audit plan must:</p> <ul style="list-style-type: none"> <li>• Consider the internal audit mandate and the full range of agreed to internal audit services.</li> <li>• Specify internal audit services that support the evaluation and improvement of the council’s governance, risk management, and control processes.</li> <li>• Consider coverage of information technology governance, fraud risk, the effectiveness of the council’s compliance and ethics programs and other high-risk areas.</li> <li>• Identify the necessary human, financial, and technological resources necessary to complete the plan.</li> <li>• Be dynamic and updated timely in response to changes in the council’s business, risk operations, programs systems, controls, and organisational culture.</li> </ul> <p>The chief audit executive must review and revise the internal audit plan as necessary and communicate timely to the Audit Committee and Senior Management:</p> <ul style="list-style-type: none"> <li>• The impact of any resource limitations on internal audit coverage.</li> </ul>

	<ul style="list-style-type: none"> <li>• The rationale for not including an assurance engagement in a high-risk area or activity in the plan.</li> <li>• Conflicting demands for services between major stakeholders, such as high priority requests based upon emerging risks and requests to replace planned assurance engagements with advisory engagements.</li> <li>• Limitations on scope or restrictions on access to information.</li> </ul> <p>The chief audit executive must discuss the internal audit plan, including significant interim changes, with the Audit Committee and Senior Management. The plan and significant changes to the plan must be approved by the Audit Committee.</p>
Domain IV 10.1 to 10.3	<p><b>Financial, Human and Technological Resources Management</b></p> <p>The chief audit executive must ensure that financial, human and technological resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan.</p> <p>The chief audit executive must communicate with the Audit Committee and Senior Management regarding the appropriateness and sufficiency of the internal audit function’s resources. If the function lacks appropriate and sufficient resources to achieve the internal audit plan, the chief audit executive must determine how to obtain the resources or communicate timely to the Audit Committee and Senior Management the impact of the limitations.</p>
Domain V 13.2	<p><b>Engagement Risk Assessment</b></p> <p>To develop an adequate understanding, internal auditors must identify and gather reliable, relevant, and sufficient information regarding the risk assessment supporting the internal audit plan.</p>

1.4 The Council’s Internal Audit Plan sets out the programme of internal audit work for the year ahead, and forms part of the Council’s wider assurance framework. It supports the requirement to produce an overall audit opinion or conclusion on the internal control environment of the Council, as well as a judgement on the robustness of risk management and governance arrangements, contained in the Chief Audit Executive’s Annual Opinion Report.

1.5 The Shared Internal Audit Service’s (SIAS) Audit Charter was presented to the June 2024 meeting of this Committee, and it shows how the Council and SIAS work together to provide a modern and effective internal audit service. This

approach conforms with the requirements of the GIAS (UK public sector). An updated version of the SIAS Internal Audit Charter will be brought to the June 2025 FAR Committee meeting for Member approval.

1.6 Section 2 of this report details how SIAS complies with these requirements.

## 2. **Audit Planning Process**

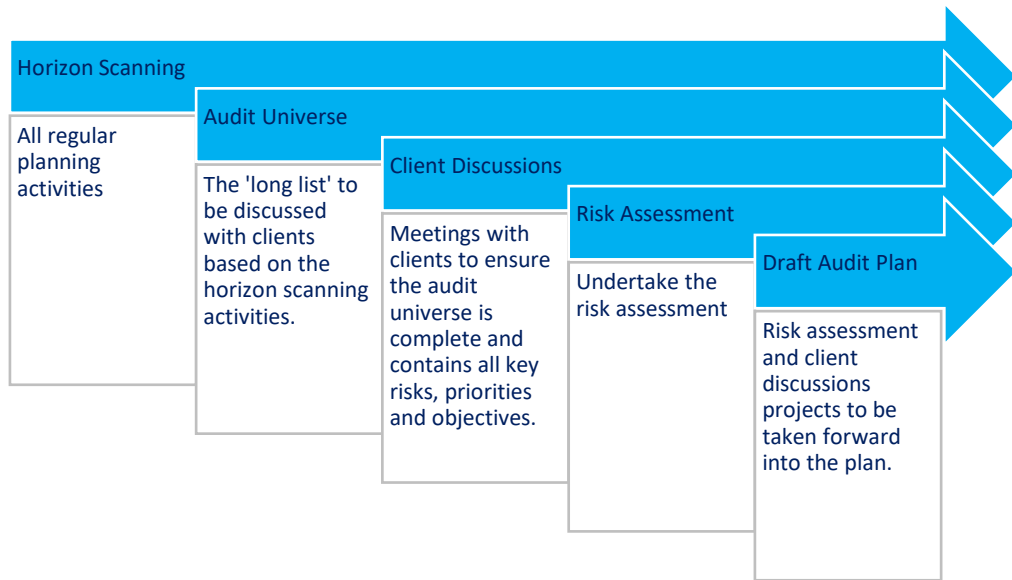
### **Planning Principles**

2.1 SIAS audit planning is underpinned by the following principles:

- a) Focus of assurance effort on the Council's obligations, outcomes and objectives, critical business processes and projects and principal risks. This approach ensures coverage of both strategic and key operational issues.
- b) Maintenance of an up-to-date awareness of the impact of the external and internal environment on the Council's control arrangements.
- c) Use of a risk assessment methodology to determine priorities for audit coverage based, as far as possible, on management's view of risk.
- d) Dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs. This approach includes recognition that in a resource-constrained environment, all needs cannot be met.
- e) Identification of responsibilities where services are delivered in partnership.
- f) In-built flexibility to ensure that new risks and issues are accommodated as they emerge.
- g) Capacity to deliver key commitments including governance work.
- h) Capacity to respond to management requests for assistance with special investigations, consultancy, and other forms of advice.

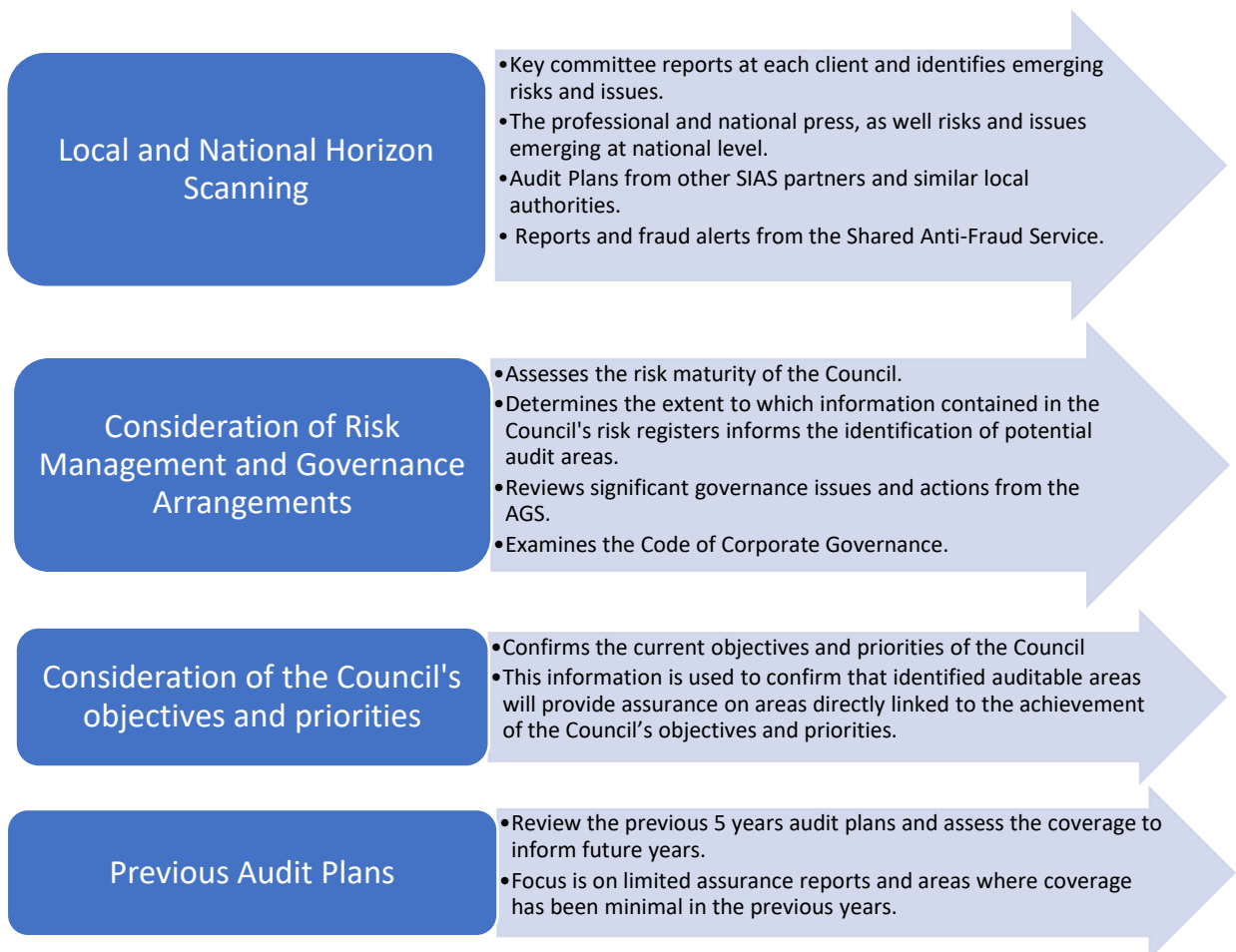
### **Approach to Planning**

2.2 SIAS has developed an approach to annual planning that ensures conformance with the requirements of the GIAS (UK public sector). SIAS applies the following methodology at its partners:



### Horizon Scanning and Audit Universe

2.3 SIAS conducts horizon scanning to ensure that it is aware of the key issues and risks locally and nationally as well as the corporate and service objectives of the Council. To do this, SIAS undertakes the following activities:



- 2.4 Following the horizon scanning work, SIAS creates an Audit Universe based on all auditable areas and entities. The Audit Universe forms the basis of discussions with Senior Managers.

#### Client Discussions

- 2.5 SIAS undertook detailed discussions with senior managers and other key officers within the Council to confirm auditable areas and elicit high level detail of the scope of audits. This process incorporates the following steps to assist in the prioritisation of proposed internal audit projects:

#### *Risk Assessment*

Senior Managers and SIAS agree the level of risk associated with an identified auditable area and prioritise this accordingly.

#### *Assurance Mapping / Other sources of Assurance*

The results of assurance mapping are consulted and discussed with Senior Managers to determine whether assurance in the auditable area is obtained from other assurance providers e.g., external audit or the Health and Safety Executive. This approach ensures that provision of assurance is not duplicated.

#### *Significance*

Senior Managers assess how significant the auditable area is in terms of the achievement of corporate or service objectives and priorities.

#### *Timings*

Senior Managers identify when an audit should be undertaken to add most value.

#### Risk Assessment

- 2.6 The overarching risk that SIAS bases planning against is the risk that audit work completed does not provide sufficient coverage and significance for SIAS to provide a robust annual assurance opinion. Therefore, SIAS risk assesses each auditable area to ensure that their resources are directed appropriately.
- 2.7 The risk assessment behind the development of the 2025/26 Internal Audit Plan was strongly correlated to the Council's Delivery Plan and associated Council monitoring through risk assessments, KPI's and project progress.
- 2.8 SIAS also include considerations of financial materiality, corporate significance, vulnerability and change and management concerns, as part of the risk assessment, including alternative sources of assurance through assurance mapping and the Three Lines (of Defence) model.

#### Draft Audit Plan



- 2.9 The results of the risk assessment and discussions with Senior Mangers provides a draft Internal Audit Plan. SIAS has presented this draft plan to the Senior Leadership Team to seek their views on the assessments completed and to provide any further updates or comments. The outcome is now presented to Members as part of this report for their approval of the Draft Internal Audit Plan 2025/26.

### **The Planning Context**

- 2.10 The context within which local authorities provide their services remains challenging:
- Demand for services is still rising, driven a range of factors including the growing and ageing population, and challenges in the healthcare system. Combined with the cost of living, local authorities will have to continue to be more innovative and commercially minded.
  - Macro-economic uncertainty continues, driven by factors such as inflation, interest rates, energy costs and a range of geo-political tensions. Resulting significant cost pressures and limited government funding make financial planning a key component of managing local government finance challenges.
  - Cyber and data security remains a consistent threat to organisations and there are a growing number of local authorities that have been subjected to successful cyber-attacks. Continued vigilance and risk management remain key to protecting local authority assets and services.
  - Local authorities are facing significant challenges in relation to human resources and talent management, both in terms of vacancy management, recruitment and retaining staff meaning ability to remain resilient and deliver high quality services may continue to be an increasing concern.
  - Many local authorities have declared a Climate & Ecological Emergency and made public commitments relating to carbon reduction and becoming Net Zero.
  - Proposals around local government reorganisation and devolution provide both significant challenges and opportunities for local authorities.
- 2.11 The resultant efficiency and transformation programme that councils are in the process of implementing and developing continues to profoundly alter each organisation's nature. Such developments are accompanied by potentially significant governance, risk management and internal control change.
- 2.12 The challenge of giving value in this context, means that Internal Audit needs to:

- Meet its core responsibilities, which are to provide appropriate assurance to Members and senior management on the effectiveness of governance, risk management and control arrangements in delivering the achievement of Council objectives.
- Identify and focus its effort on areas of significance and risk, assisting the organisation in managing change effectively, and ensuring that core controls remain effective.
- Give assurance which covers the control environment in relation to new developments, using leading edge audit approaches such as use of technology to achieve ‘whole population testing’ and new insights over sampling or ‘continuous assurance’ where appropriate.
- Retain flexibility in the audit plan and ensure the plan remains current and relevant as the financial year progresses, this is particularly key given the current challenges and risks and the impact this has had on audit activity.

### **Internal Audit Plan 2025/26**

2.13 The draft plan for 2025/26 is included at Appendix A and contains a high-level proposed outline scope for each audit; Appendix B details the agreed start months. The number of days purchased in 2025/26 is confirmed as 260 days.

2.14 The table shows the estimated allocation of the total annual number of purchased audit days for the year.

	<b>2025/26 Days</b>	<b>%</b>
General audits	155	59
IT Audits	24	9
Consultancy Assignments / Assurance Mapping	5	2
Recommendation Follow-Ups	10	4
Grants or Charity Certification	8	3
Strategic Support*	38	15
Contingency	5	2
Completion of 2024/25 Projects	15	6
<b>Total allocated days</b>	<b>260</b>	<b>100%</b>

\* This covers supporting the Audit Committee, monitoring delivery of the audit plan, client liaison and planning for 2025/26

2.15 Any significant audit plan changes agreed between Management and SIAS will be brought before this committee for noting through the usual plan update reporting cycle. The postponement or cancellation of any audits will require approval from the Service Director (Resources). It should be noted

that the Internal Audit Plan is intended to be dynamic and responsive to changing risks and matters arising during the year.

- 2.16 Members will note the inclusion of a provision for the completion of projects that relate to 2024/25. The structure of Internal Audit's programme of work is such that full completion of every aspect of the work in an annual plan is not always possible, especially given the high dependence on client officers during a period where local government faces significant resourcing risks.
- 2.17 The nature of assurance work is such that enough activity must have been completed in the financial year, for the Chief Audit Executive to give an overall opinion on the Authority's internal control, governance and risk management framework. In general, the tasks associated with the total completion of the plan, which includes the finalisation of all reports and negotiation of the appropriate level of agreed mitigations, is not something that adversely affects delivery of the overall opinion. The impact of any outstanding work is monitored closely during the final quarter by SIAS in conjunction with the Section 151 Officer / Service Director (Resources).

#### Resources

- 2.18 Standard 8.2 and 10.1 to 10.3 requires SIAS to ensure that financial, human and technological resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan, as well as any limitations of the adequacy of resources.
- 2.19 Achievement of our role and objectives is predicated on the matching of audit needs to available resources through our work allocation processes. This is accomplished through the delivery of internal audit activities by a range of suitably qualified and experienced team members working flexibly in a matrix structure to maximise the value to all our partners and clients. SIAS resources are calculated based on the chargeability of each member of the team and the structure was designed to ensure sufficient chargeability to deliver all plans.
- 2.20 SIAS will utilise our internal audit delivery partner to provide service resilience and access to specialist skills not currently available within the service, or which are not economically viable to recruit and retain on a permanent basis.
- 2.21 SIAS staff are provided training and development across the year to support service delivery at our partners. In addition, SIAS provides funding for professional qualifications and currently has seven team members studying towards their professional qualifications.
- 2.22 The service is adequately resourced to deliver the number of planned internal audit days commissioned by North Herts Council. There are currently no limitations on the adequacy of resources in place to deliver the North Herts Council Internal Audit Plan 2025/26.

- 2.23 The SIAS Internal Audit Strategy at Appendix E contains further information on SIAS resources.

### 3. Performance Management

#### Update Reporting

- 3.1 SIAS is required to report its work to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. Progress against the agreed plan for 2025/26 and any proposed changes will be reported to this Committee four times in the 2025/26 civic year.
- 3.2 SIAS will report on the implementation of agreed high priority recommendations as part of the update reporting process.

#### Performance Indicators

- 3.3 Annual performance indicators were approved at the SIAS Board and are reviewed annually by the Board. Details of the targets set for 2025/26 are shown in the table below. Actual performance against target will be included in the regular update reports to this Committee.

Performance Indicator	Performance Target	Reporting Frequency
1. <b>Public Sector Internal Audit Standards</b> – the service conforms with the standards	Yes	Annually
2. <b>Internal Audit Annual Plan Report</b> – approved by the March Audit Committee or the first meeting of the financial year should a March committee not meet	Yes	Annually
3. <b>Annual Internal Audit Plan Delivery</b> – the percentage of the Annual Internal Audit Plan delivered (measured in audit days)	95%	Quarterly
4. <b>Project Delivery</b> – Percentage of audit plan projects delivered to draft report stage by 31 March 2025	90%	Quarterly
Percentage of audit plan projects delivered to final report stage as reported within the CAE Annual Assurance and Opinion report.	100%	Quarterly
5. <b>Client Satisfaction*</b> – percentage of client satisfaction questionnaires returned at ‘satisfactory overall’ level (minimum of 39/65 overall)	100%	Quarterly

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**6. Chief Audit Executive's Annual Assurance**

**Opinion and Report** – presented at the first  
Audit Committee meeting of the financial year

Yes

Annually

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### General Internal Audits (107 days)

These internal audits have been confirmed as part of the current planning process and will proceed unless there are other significant matters or risks that arise during the 2025/26 financial year that are prioritised.

<u>Audit Title</u>	<u>Background and Purpose of the Audit</u>	<u>Quarter</u>	<u>Audit Sponsor</u>
Churchgate - Project Assurance  (Source: Risk Register and Council Delivery Plan)	Two audits were completed on the Churchgate project as part of the 2023/24 Internal Audit Plan, and one as part of the 2024/25 Internal Audit Plan. All provided assurance at specific project milestones or moments in time. This approach will continue in 2025/26, although will be supported by a complementary approach where internal audit will join the project board / steering group to provide an element of ongoing and continuous assurance throughout the next phase of the project life cycle using an embedded approach.  Providing a view of how a project is progressing is known as project assurance and is the ultimate responsibility of the project board or steering group. Internal audit will report a view on project governance, risk management and control.	1-4	Director - Enterprise
Leisure Centre Decarbonisation  (Source: Risk Register and Council Delivery Plan)	The Council is currently conducting the decarbonisation of leisure centres having secured grant funding from the Public Sector Decarbonisation Scheme (Salix Grant). The main activities are replacing end of life gas boilers with air source heat pumps and installing solar PV panels to enable on-site generation of electricity. Replacing gas heating for our leisure centres with low carbon alternatives is the single most	1-4	Director - Environment

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	<p>effective action we can take towards meeting our target of being carbon neutral by 2030.</p> <p>As in 2024/25, internal audit will continue to be represented on the project board / steering group to provide ongoing and continuous (embedded) assurance through the project life cycle phases arising this financial year using an embedded approach.</p>		
<p>LGA Corporate Peer Challenge – Action Plan</p> <p>(Source: Annual Governance Statement Action Plan)</p>	<p>The Corporate Peer Challenge (CPC) forms a key part of the improvement and assurance framework for local government. It is underpinned by the principles of Sector-led Improvement put in place by Councils and the Local Government Association (LGA) to support continuous improvement and assurance across the sector.</p> <p>The CPC report for the Council raised 10 recommendations under the following headings:</p> <ul style="list-style-type: none"> <li>a) Develop the golden thread,</li> <li>b) Prioritise,</li> <li>c) Place Narrative,</li> <li>d) Partnerships,</li> <li>e) Leadership,</li> <li>f) Organisational Development,</li> <li>g) Ways of Working,</li> <li>h) Performance Management,</li> <li>i) Modernisation, and</li> <li>j) Project Management.</li> </ul>	1	Director – Resources / Chief Executive

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	The audit will provide assurance both around the development and governance of the Action Plan, as well as evidence of the ongoing monitoring and implementation of the actions.		
<p>UK Shared Prosperity Fund (UKSPF)</p> <p>(Requested by the Monitoring Officer and S151 Officer; c/f from 2024/25 as approved by FAR Committee)</p>	<p>To ensure that the Council complies with the aims of the UKSPF, including:</p> <ul style="list-style-type: none"> <li>a) Guidance on what to use the funding for,</li> <li>b) Delivery of the fund,</li> <li>c) The funding places will receive,</li> <li>d) Development of an appropriate invest plan process, and</li> <li>e) Measurement of impact.</li> </ul> <p>The audit will look to examine any governance, partnerships and investment already in place, review any challenges and learning that has arisen and seek any shared learning that can be obtained from other local authorities.</p>	1	Director - Governance / Monitoring Officer and Director - Resources / S151 Officer
<p>Local Authorities as Charity Trustees</p> <p>(Source: Horizon scanning, local government press)</p>	<p>In September 2024, the Charity Commission for England and Wales issued Calderdale Metropolitan Borough Council with an Official Warning after it failed to comply with its duties as trustee of 13 charities. It is the first time the regulator has issued a local authority with an Official Warning. The regulator’s Chief Executive wrote to all local authorities warning them of the “significant administrative headaches” councils could face from any failure to correctly comply with their duties.</p> <p>The purpose of the audit is thus to provide assurance that the Council is complying with the newly updated Charity</p>	2	Director – Resources / S151 Officer



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	Commission guidance for Local authorities (or councils) as trustees of charities.		
New Finance System  (Requested by S151 Officer)	<p>The Council continues to implement its new combined income and financial management system to replace Integra and Civica.</p> <p>During 2024/25, internal audit tested the accounts payable module of the new system, with assurance to be provided over other modules in 2025/26. Coverage may include areas such as asset management, budget management and reporting, accounts receivable, cash management and general ledger.</p>	3	Director – Resources
Digital Transformation Programme  (Source: Risk Register and Council Delivery Plan)	<p>The Council developed a comprehensive digital strategy which was approved by Cabinet in January 2024. As part of the Strategy, the Council has invested in Netcall, a low-code platform that allows the building of new applications and streamlined workflows with limited resources. This allows the Digital Services team to take ownership of the builds, with technical support as needed from Netcall and the Council’s IT team.</p> <p>To date, the programme has delivered on several goals outlined within the digital strategy, including amongst others:</p> <ul style="list-style-type: none"> <li>a) Building a suite of new digital services, including a replacement CRM system.</li> <li>b) Implemented live chat and an intelligent chatbot service.</li> <li>c) Moved the intranet to SharePoint.</li> <li>d) Hitchin Town Hall booking system,</li> <li>e) FOI application,</li> <li>f) Careline Out of Hours application,</li> </ul>	3	Director - Customers

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	<p>g) Replaced the IT helpdesk solution.</p> <p>Future projects include:</p> <ul style="list-style-type: none"> <li>a) Integration of Netcall and MS Azure (cloud computing platform)</li> <li>b) A new Burials system / application,</li> <li>c) A Grants database, and</li> <li>d) Integration with new waste contractor’s software.</li> </ul> <p>Although the exact scope will be agreed at the time of audit commencement, Internal audit would normally provide assurance on the overall programme and / or selected individual projects. This may include internal audit joining the Digital Oversight Group as part of an embedded assurance approach.</p>		
<p>Environmental Protection - Statutory Nuisance</p> <p>(Source: Local Government Ombudsman Report)</p>	<p>The purpose of the audit is to provide assurance on the governance, risk management and controls in place to support the Council in fulfilling its duties to take reasonable steps to investigate statutory nuisances.</p> <p>The audit topic arises from the Local Government and Social Care Ombudsman’s report of failings in the investigation of statutory noise nuisance by the Council as reported to Cabinet in January 2025.</p>	3	Director - Regulatory
<p>Purchasing Cards</p> <p>(Source: S151 Officer request)</p>	<p>An audit of purchasing cards was conducted as part of the 2024/25 Internal Audit Plan, and time has been allocated to review new processes and confirm all outstanding matters</p>	3	Director – Resources

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	have been addressed with the introduction of new electronic systems.		
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### General Internal Audits (48 days)

These internal audits have not been confirmed as part of the current planning process, whether in terms of priority, outline scope or timing, but at least four should proceed unless there are other significant matters or risks that arise during the 2025/26 financial year. The FAR Committee will be kept abreast of developments as part of the regular SIAS Progress Update Reports to the Committee.

<u>Audit Title</u>	<u>Purpose of the Audit</u>	<u>Quarter</u>	<u>Audit Sponsor</u>
Anderson House  (Source: S151 Officer and Manging Director)	North Herts Council recognises the growing demand for supported housing in the district, especially for single homeless people who require additional assistance. One YMCA agreed to purchase Anderson House on Florence Street, Hitchin from settle Group. One YMCA has considerable experience in supporting people in need and this project represents a significant opportunity to provide high-quality, much-needed housing for the district’s residents.  It is proposed that a project assurance approach is followed to ensure that the Council’s objectives are achieved, whether embedded as the project progresses or through audit coverage at specific milestones.	Tbc	Director - Regulatory
Town Centre Strategies  (Source: Council Delivery Plan and assurance mapping)	This project relates to the development of an overarching Town Centre Strategy, including guidance on developing strategic plans for individual town centres.  A standalone project audit would likely cover post implementation review, lessons learned, and benefits / objectives realisation given the current stage	Tbc	Director - Place

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	of progression with the project. This links to narrative in the LGA CPC Report.		
Pay on Exit Parking  (Source: Council Delivery Plan and assurance mapping)	<p>This project is to replace existing parking machines and update tariff boards to implement pay on exit in Council car parks. A full implementation programme has been agreed with the contractor, with availability of new parking machines currently dependent on the manufacturer.</p> <p>A standalone project audit would likely cover post implementation review, lessons learned, and benefits / objectives realisation given the current stage of progression with the project. This links to narrative in the LGA CPC Report.</p>	Tbc	Director - Place
Resident / Public EV Charging  (Source: Council Delivery Plan and assurance mapping)	<p>Contract/leases with private sector partner have been finalised to install new EV charging points in the Council’s outdoor surface car parks. A Government OZEV electric vehicle charge points and infrastructure grant has been secured to deliver the project, although the funding is only available until March 2025.</p> <p>A standalone project audit would likely cover post implementation review, lessons learned, and benefits / objectives realisation given the current stage of progression with the project. This links to narrative in the LGA CPC Report.</p>	Tbc	Director - Place
Waste and Street Cleansing Contract  (Source: Council Delivery Plan)	<p>The new Waste and Recycling Contract has been awarded to Veolia and the contract has entered the mobilisation phase. Key activities over the coming months include commencing procurement of new fleet vehicles and finalising IT specifications. A Project Board has been established for mobilisation of the new contract.</p>	Tbc	Director - Environment

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	<p>A project (embedded) assurance approach may be followed for the remaining mobilisation phase in Q1, or a standalone project audit may be conducted likely covering post implementation review, lessons learned, and benefits / objectives realisation given the current stage of progression with the project. This links to narrative in the LGA CPC Report.</p> <p>This is subject to alignment with the 2025/26 Internal Audit Plan for East Herts Council.</p>		
<p>Waste and Recycling Service Changes</p> <p>(Source: Council Delivery Plan)</p>	<p>The Council’s new bin collection service commences in August 2025 with the new service provider Veolia. The changes were agreed in response to the public consultation held in the Summer of 2022 at North Herts Council's Cabinet and East Herts Council's Executive meeting in October 2022. Further updates were made in December 2023, with a confirmation of the waste service decisions in July 2024.</p> <p>The new collection service aims to:</p> <ul style="list-style-type: none"> <li>a) To reduce waste going to landfill, make it easier for residents to recycle, and achieve government targets for recycling household waste.</li> <li>b) To meet government requirements for councils to include soft plastics and collect and recycle food waste and cardboard &amp; paper separately.</li> <li>c) Change collection frequencies to every three weeks and align the bins and collections between East and North Herts, makes delivering the service more efficient and sustainable.</li> </ul> <p>It is proposed that the audit take place in two phases, the first being to review plans for the rollout of the new collection service, ensuring that lessons from previous service changes and contracts are considered, followed by a second post implementation review with lessons learned. and benefits / objectives realisation.</p>	Tbc	Director - Environment

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	A Recycling audit has been included in the draft 2025/26 Internal Audit Plan for East Herts Council, and the respective audits will need to align.		
Procurement Act 2023  (Source: Horizon scanning – other SIAS partners; new legislation)	A new public procurement regime will be brought into effect by the Procurement Act 2023 from 24 February 2025. This introduces a completely new set of rules for both public bodies and private companies supplying into the public sector. The purpose of the audit is to ensure that the Council has implemented the new rules, updated guidance and documentation, trained officers involved in procurement and that new procurements comply with the legislation.	Tbc	Director – Resources / S151 Officer

### IT Internal Audits (24 days)

<u>Audit Title</u>	<u>Purpose of the Audit</u>	<u>Quarter</u>	<u>Audit Sponsor</u>
Website Security and Maintenance  (Risk Register and Horizon Scanning)	Website maintenance is the set of essential tasks that help keep a site secure, efficient, and accessible for all users. Typical maintenance jobs include refreshing content, backing up data, optimizing site design, and fixing errors. Regular security maintenance involves identifying and patching website vulnerabilities, ensuring the site runs smoothly and resiliently. It also serves as a proactive defence against evolving cyber threats, preserving user trust and reputation.  To provide assurance that the above takes place in practice.	3	Director - Customers
Multi-Factor Authentication (MFA)	MFA is an identity verification method in which a user must supply at least two pieces of evidence, such as their password and a temporary / single use / random passcode, to prove their identity and permissions to access system accounts and resources. With increasing cyber risks, enhanced authentication mechanisms like MFA are vital. MFA has become an	4	Director - Customers

## APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2025/26

(Risk Register, Audit Universe and Horizon Scanning)	<p>increasingly important piece of corporate identity and access management strategies. Standard single-factor authentication methods, which rely on usernames and passwords, are easy to break. Compromised credentials are one of the most common causes of data breaches.</p> <p>To provide assurance around the use and adoption of MFA controls in operation. Areas of coverage might include:</p> <ul style="list-style-type: none"> <li>a) Policies and procedures,</li> <li>b) Access control reviews,</li> <li>c) Privileged access management,</li> <li>d) Login and authentication methods,</li> <li>e) Vendor and 3<sup>rd</sup> part access,</li> <li>f) Job and duty segregation,</li> <li>g) Emergency and incident response plans, and</li> <li>h) Documentation and compliance.</li> </ul>		
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### Consultancy Assignments and Assurance Mapping (5 days)

<u>Assignment Title</u>	<u>Assignment Background and Purpose</u>	<u>Quarter</u>	<u>Assignment Sponsor</u>
Assurance Mapping  (Global Internal Audit Standards / Good governance and risk management practice)	<p>To work with the Performance and Risk Officer and the Controls, Risk and Performance Manager to review and update the assurance map of the corporate risks identified in the Council’s Delivery Plan. The Assurance Map itself was produced and reported on as part of the 2024/25 Internal Audit Plan.</p> <p>See Glossary of Terms at Appendix D for further detail on assurance mapping.</p>	2	Director – Resources / S151 Officer

## APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2025/26

### Recommendation Follow-Ups (10 days)

<p>Follow-up of High Priority Internal Audit Recommendations</p> <p>(Global Internal Audit Standards / Good governance and risk management practice)</p>	<p>While progress on implementation of high priority recommendations is routinely reported to FAR Committee as part of the SIAS Progress Update Reports, it is good practice to conduct an evidence-based follow-up of these recommendations. This also links into FAR Committee questions on the degree of assurance that can be taken from the written updates where no additional internal audit work has been undertaken.</p> <p>It is intended that high priority recommendations from the last five limited assurance internal audit reports will be followed up, including:</p> <ul style="list-style-type: none"> <li>a) Climate Emergency,</li> <li>b) Business Continuity Planning,</li> <li>c) Churchgate Landlord Compliance,</li> <li>d) Houses in Multiple Occupation, and</li> <li>e) Agency Staffing.</li> </ul>	2	<p>Director – Resources / S151 Officer as well as those Directors in whose areas the original audits were undertaken.</p>
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### Grant Claims / Charity Certification (8 days)

<u>Grant / Charity Title</u>	<u>Purpose</u>
King George V Playing Fields	To certify the accounts relating to the King George V Playing Fields.
Workman’s Hall	To certify the accounts relating to the Workman’s Hall.
Miscellaneous Grants	To certify any grant claims required during the year



## APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2025/26

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### Contingency (5 days)

Available time for ad hoc work as required.

### Strategic Support (38 days)

<u>Title</u>	<u>Purpose</u>
Chief Audit Executive Annual Opinion Report	To prepare the Chief Audit Executive Opinion 2023/24.
Audit Committee	To provide services linked with the preparation, agreement and presentation of Finance, Audit and Risk Committee reports, as well as any training requirements.
Performance Monitoring	Audit plan monitoring against agree KPIs.
Client Liaison	Meetings with the S151 Officer, preparation and attendance at the Risk Group and other groups or meetings as required.
Audit Planning 2026/27	Provision of services to prepare, agree and report the 2026/27 Annual Audit Plan.
SIAS Development	Included to reflect the Council's contribution to developing the partnership.

### 2024/25 Carry Forward (15 days)

Available time for completion of 2024/25 projects – includes specific projects below which did not commence or complete as scheduled.

## APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2025/26

<u>Assignment Title</u>	<u>Assignment Purpose</u>	<u>Quarter</u>	<u>Assignment Sponsor</u>
Homelessness (including rough sleepers)  (Source: Council Delivery Plan January 2024)	To provide assurance over work completed / ongoing work identified in the previous Council Delivery Plan for managing increased levels of homelessness and associated costs.	1	Service Director (Housing and Environmental Health)

### Reserve List

Potential audit topics for elevation into the 2025/26 Internal Audit Plan or future audit plans where cancellations or deferred audits arise.

<u>Title</u>	<u>Purpose</u>
IT Service Desk  (Source: Horizon scanning – audit universe)	<p>The Service Desk acts as a communication centre where employees can request help and receive IT support. IT service desks facilitate communication between other service management and the user community—usually the organisation’s employees and other stakeholders. They also play a role in capturing change requests, maintaining third party contacts, assisting with problem management, and managing software development. This critical role is often unseen but plays an integral part in ensuring the smooth functioning of an organisation's IT landscape. Whether it is assisting with password resets, deploying patches, or handling more complex troubleshooting, the service desk is the first line of support that helps employees navigate their digital resources.</p> <p>Areas of coverage can include:</p> <ul style="list-style-type: none"> <li>a) Objectives and Service Level Agreements,</li> <li>b) Processes and procedures,</li> <li>c) Customer Support,</li> <li>d) User self-service,</li> </ul>

## APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2025/26

	<ul style="list-style-type: none"> <li>e) Prevention and monitoring,</li> <li>f) Known error databases,</li> <li>g) Categorisation, prioritisation, and diagnosis,</li> <li>h) Investigation and escalation,</li> <li>i) Closure and resolution satisfaction,</li> <li>j) Reporting and risk management,</li> <li>k) Incident grouping, and</li> <li>l) Service desk allocations.</li> </ul>
<p>Asset Data</p> <p>(Source: Horizon scanning – other SIAS partners)</p>	<p>To provide assurance that asset data is complete, accurate and reliable and controls exist to ensure consistent recording between asset registers held by service areas, e.g., Accounts, Estates and Property Services.</p>
<p>Devolution and Local Government Reorganisation</p> <p>(Source: Horizon scanning – new risks)</p>	<p>The English Devolution White Paper published in December 2024 set out Government’s intention for all areas of the country to be covered by an elected Mayor and all two-tier areas like Hertfordshire, to be reorganised into single tier unitary authorities. The Local Government Minister wrote to all County and District councils in February 2025, including those from Hertfordshire, formally inviting the submission of initial proposals for local government reorganisation by 21 March, followed by full proposals by 28 November 2025.</p> <p>The Leaders and senior officers of all councils in Hertfordshire are seeking to build a shared evidence base to inform decision making, proposals and structures. The ultimate decision on any proposals will be for the Secretary of State for Housing Communities and Local Government.</p> <p>While time may not be required in the 2025/26 Internal Audit Plan for assurance activities related to devolution and local government reorganisation, this entry on the reserve list provides the opportunity to elevate the topic into the plan should it be needed and permits consideration as part of future audit plans.</p>

## APPENDIX B – AUDIT START DATES AGREED WITH MANAGEMENT

Type	Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>General Audit</b>	Churchgate (through year)	Churchgate (through year)	Churchgate (through year)	Churchgate (through year)
	Leisure Centre Decarbonisation (through year)	Leisure Centre Decarbonisation (through year)	Leisure Centre Decarbonisation (through year)	Leisure Centre Decarbonisation (through year)
	LGA Corporate Peer Challenge – Action Plan	Local Authorities as Charity Trustees	Environmental Protection - Statutory Nuisance	
			Digital Transformation Programme	
	Timing of remaining audits to be confirmed			
<b>IT Audit</b>			Website Security and Maintenance	Multi-Factor Authentication
<b>Consultancy &amp; Assurance Mapping</b>		Assurance Mapping Update	New Finance System	
<b>Recommendation Follow-Up</b>		Follow-Up of High Priority Recommendations	Purchasing Cards	
<b>Grant / Charity</b>				King George V Playing Fields
				Workman’s Hall

## APPENDIX B – AUDIT START DATES AGREED WITH MANAGEMENT

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<b>Carry Forward</b>	2024/25 Carry Forward Audit Completion - Homelessness			
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## APPENDIX C – RISK REGISTER / COUNCIL DELIVERY PLAN MAPPING TO INTERNAL AUDIT PLAN

Council Delivery Plan and Corporate Risks - Risk Register	Internal Audit Coverage 2021/22 – 2024/25	Internal Audit Coverage 2025/26	Assurance Mapping and Other Assurance
<b>Financial Sustainability (Corporate Risk Current Risk Score Red 9)</b>	Income Generation Integra Automation / Centros Financial System Revenues Discounts and Exemptions / Resilience in Revs and Bens Breathing Space (Debt Recovery) Council Tax Reduction Scheme Financial Resilience of Suppliers Payroll Processing Discretionary Housing Payments New Finance System (Accounts Payable) Purchasing Cards	New Finance System (Other modules) Purchasing Cards (New systems) Corporate Peer Challenge Action Plan	Financial Sustainability formed a key part of the Corporate Peer Challenge in 2024/25 with financial planning and management being one of the five core elements. One recommendation made in this area, with the CPC Action Plan to be monitored by Cabinet.
<b>Leisure Centre Decarbonisation (Project Summary – Amber / Current Risk Score Red 8)</b>	Public Sector Decarbonisation Scheme (Salix Grant)	Public Sector Decarbonisation Scheme (Salix Grant)	See adjacent column.
<b>Churchgate (Project Summary – Green / Current Risk Score Red 8)</b>	Churchgate – Project Governance Framework Churchgate Ongoing Project Assurance Churchgate Landlord Compliance Churchgate Project Assurance	Churchgate Project Assurance	See adjacent column.
<b>Waste and Street Cleansing Contract (Project Summary – Green / Current Risk Score Red 8)</b>	Waste Contract Follow-up Waste Contract	Waste Contract or Waste and Recycling Service Changes (included in list of general audits for possible delivery)	See adjacent column.
<b>Cyber Risks (Corporate Risk Current Risk Score Red 8)</b>	Cyber Security – Cyber Governance and Culture	Website Security and Maintenance Multi-Factor Authentication	See adjacent column.

## APPENDIX C – RISK REGISTER / COUNCIL DELIVERY PLAN MAPPING TO INTERNAL AUDIT PLAN

	Cyber Security – Supply Chain Management Critical Applications IT Disaster Recovery / Disaster Recovery Cyber Risk Phishing Other Technology audits		
<b>Resourcing (Corporate Risk Current Risk Score Red 9)</b>	Agency Staffing Safer Recruitment Training, Awareness and Induction Crosses numerous risks and audits, e.g. high priority recommendation in Climate Emergency audit	No	Assurance map shows sufficient other forms of assurance and has had recent internal coverage.
<b>Engaging the community on our finances and how we spend our money, via the 'Prioritising our Pounds' Digital Budget Hub (Project Summary - Amber / Current Risk Score Amber 5)</b>	No	No	Assurance map shows sufficient other forms of assurance.
<b>Digital Transformation (Project Summary - Green / Current Risk Score Amber 6)</b>	Digital Strategy – advisory and consultancy	Digital Transformation Corporate Peer Challenge Action Plan	The approach and delivery of digital transformation formed a key part of the Corporate Peer Challenge in 2024/25. One recommendation made in this area, with the CPC Action Plan to be monitored by Cabinet. See adjacent column.
<b>Local Plan Review (Project Summary - Green / Current Risk Score Amber 6)</b>	Development Management Follow-up Planning Applications	No	Assurance map shows sufficient other forms of assurance.

## APPENDIX C – RISK REGISTER / COUNCIL DELIVERY PLAN MAPPING TO INTERNAL AUDIT PLAN

<b>Town Centre Strategies (Project Summary – Green / Current Risk Score Amber 5)</b>	No	Town Centre Strategies (included in list of general audits for possible delivery)	Assurance map is amber for internal audit coverage and recommended for possible inclusion in the Internal Audit Plan.
<b>Resident/Public EV Charging in our Car Parks (Project Summary – Amber / Current Risk Score Amber 5)</b>	No	Resident / Public EV Charging in Council Car Parks (included in list of general audits for possible delivery)	Assurance map is amber for internal audit coverage and recommended for possible inclusion in the Internal Audit Plan.
<b>Pay on Exit Parking Review (Project Summary Amber / Current Risk Score Green 1)</b>	MSU Transactions (incl. PCN's and Car Park Income) Parking Strategy and Enforcement	Pay on Exit Parking (included in list of general audits for possible delivery)	Assurance map is amber for internal audit coverage and recommended for possible inclusion in the Internal Audit Plan although low risk score.
<b>Oughtonhead Common Weir (Project Summary – Amber / Current Risk Score Green 2)</b>	No	No	Assurance map shows sufficient other forms of assurance and low risk score.
<b>King George V Skate Park (Project Summary – Green / Current Risk Score Green 2)</b>	No	No	Assurance map shows sufficient other forms of assurance and low risk score.

The Corporate Risk Register and Council Delivery Plan are closely connected. The version used above was the most recent in place (January 2025) at the time of internal audit planning and is subject to regular review and update that means both the projects, risks and risk scores will have changed over time. Good examples of this are the Pandemic and Climate Change risks, both now removed, which were subject to previous internal audit coverage.

Assurance mapping from 2024/25 has assisted in showing both the strength and gaps in alternative assurance within the Four Lines (of Defence) Model.

We note not all risks have internal audit coverage against them. The Council has a large volume of identified risks, and our audit plan is constrained. We will monitor these risks and flexibly adapt our audit plan as appropriate and if required to cover these risks. We also note management's own actions seek to mitigate these risks.



## **APPENDIX D – GLOSSARY OF TERMS**

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### **Assurance mapping**

An assurance map is a structured way of identifying and presenting the sources of assurance over how risks are being managed. It is an essential element of mature risk management practices. An assurance map identifies the many sources of assurance that the Leadership team and FAR Committee rely on in their oversight role and can also include information on the frequency and quality of the assurance provided.

The key benefit for the organisation is the effective and efficient use of resources to provide assurance. An assurance map is also a practical tool for chief audit executives (CAEs) to use on two levels; demonstrating the depth/gaps in assurance and to plan audit activity.

The new Global Internal Audit Standards (Standard 9.5 Co-ordination and Reliance) requires the CAE to co-ordinate with internal and external assurance providers and consider relying on their work. Co-ordination minimises duplication of work, highlights gaps in coverage of key risks and enhances the overall value of all assurance providers. The way to achieve this requirement is with an assurance map.

### **Control Risk (Self) Assessment (CRSA / CRA)**

Control risk (self)-assessment is a process or method by which management and staff work with internal audit to identify and evaluate operational risks and the effectiveness of controls. The objective is to provide reasonable assurance that all business objectives will be met. CRA is an empowering and iterative process that integrates risk management practices and culture into the way staff undertake their jobs.

### **Data analytics / Data analysis**

Data analytics is a multidisciplinary field that employs a wide range of analysis techniques, including maths, statistics, and computer science, to draw insights from data sets. Data analytics is a broad term that includes everything from simply analysing data to theorising ways of collecting data and creating the frameworks needed to store it. Data analysis is a subcategory of data analytics that deals specifically with extracting meaning from data.

The top benefits of using data analytics and data-led audits include greater levels of assurance, greater audit coverage and enhanced efficiency. The top barriers to fully embracing data analytics include lack of skills, lack of resources and lack of time to implement.

### **Health Check**

## APPENDIX D – GLOSSARY OF TERMS

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It is a focused review that addresses specific areas of interest or concern and provides actionable insights and recommendations. The health check helps to identify and address critical gaps in processes and controls. They can also be 'light touch' reviews to establish and confirm the operation of controls and processes, providing a 'high-level' assurance without the depth of a full, evidence-based internal audit.

### **Maturity assessment**

Used to develop a 'snapshot' view of how an organisation is progressing against a measurable scale in the embedding of a change or transformation.

### **Project (Embedded) Assurance**

Project and programme assurance is a systematic process designed to provide confidence to stakeholders that a project or programme will achieve its objectives and deliver the intended benefits on time and within budget. It involves independent reviews and assessments at various stages to ensure that risks are managed, and the project or programme is on track. Key components of assurance include governance, roles and responsibilities, risk management, quality assurance, financial management and stakeholder engagement.

A typical approach to project management reviews is for the internal audit to join a project board/steering group or team with the inclusion of time in the audit plan for meetings. This often involves a considerable time commitment. There are advantages and disadvantages with this approach:

#### Advantages

1. It enables internal audit to be at the heart of what is happening and have the opportunity to communicate issues as soon as they are identified. In a fast-moving project this may be the only opportunity.
2. If done well it raises the standing of internal audit within the business as a trusted advisor.
3. You can help ensure appropriate controls are installed and risks are being adequately mitigated, based on a timely appreciation of changing variables as highlighted by the management of the project.

#### Disadvantages

1. Internal audit involvement can compromise independence. This could apply when internal audit assesses programme/project management or audit the process or activity that was the basis of the project.

## APPENDIX D – GLOSSARY OF TERMS

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2. Internal audit attendance can also be interpreted as 'audit approval' or audit sign-off'. The implication being that everything is satisfactory and on course.
3. Project board/steering group meetings often include detailed discussion about the adequacy of risk responses and the nature of specific controls to justify the presence of internal audit, but this can slow down, even delay progress. Internal audit may not need to be part of project board meetings to provide advice through their consultancy role.

Internal audit involvement should have a specific assurance or advisory purpose that is discussed, documented and agreed with senior management (as part of the terms of reference). Internal audit should not be part of the management sign-off process or be part of the decision making.

An alternative approach would be for the internal auditor to schedule attendance at one or two selected meetings during the audit of a project to consider specific issues such as the management of risk, validation of progress and to observe that appropriate information is being received, scrutinised and challenged.

### SIAS - Internal Audit Strategy 2025/26

#### Introduction

1. The Shared Internal Audit Service (SIAS) is a shared service created by eight Hertfordshire Councils with the purpose of providing internal audit services to each of the partner Councils, as well as a small number of external customers.
2. This document sets out our Internal Audit Strategy (IAS) for the next 12 months. The strategy includes how the service will support and promote good governance, this underpinned by our Internal Audit Charter (IAC) which describes the purpose, authority, responsibility, and position of the Internal Audit Service within our partner organisations.
3. Internal Audit is a statutory service in the context of the Accounts and Audit (England) Regulations 2015, which state:

*‘A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance’.*

4. SIAS operate in accordance with the International Professional Practices Framework (IPPF), which includes the Global Internal Audit Standards (UK public sector) (GIAS (UK public sector)), Topical Guidance and Global Guidance. The GIAS (UK public sector) is comprised of five domains, covering:
  - The purpose of internal auditing,
  - Ethics and professionalism,
  - Governing the internal audit function,
  - Managing the internal audit function, and
  - Performing internal audit services.
5. The GIAS (UK public sector) contains a Purpose Statement as follows:

*‘Internal auditing strengthens an organisation’s ability to create, protect and sustain value by providing the board and management with independent, risk-based and objective assurance, advice, insight and foresight.’*

6. Our partners response to internal audit activity should have the following benefits as outlined in the Purpose Statement:

*‘Internal auditing enhances the organisations:*

- *Successful achievement of its objectives.*
- *Governance, risk management and internal control processes.*
- *Decision-making and oversight.*
- *Reputation and credibility with its stakeholders.*
- *Ability to serve the public interest.’*

## APPENDIX E – SIAS Internal Audit Strategy

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### Our Mission

7. As a shared service, SIAS aims to:

***‘Be a high-quality shared service that seeks to embrace best professional practice, shared learning, develops our workforce, and delivers services in a financially sustainable way.’***

8. In delivering this mission statement SIAS will:

- Produce and deliver an Annual Risk Based Internal Audit Plan which complies with the GIAS (UK public sector) and CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government.
- Provide the statutory Chief Audit Executive’s Annual Opinion on each partner’s internal control, risk management framework and corporate governance arrangements.
- Provide progress reports to the Audit Committees / Boards which highlight any significant risk and control deficiencies or potential areas for improvement in the organisation’s governance, risk, and control arrangements; and
- Support and suitably challenge key assumptions and judgments taken by management, through IA’s assurance and advisory services, to ensure they are appropriate and in accordance with relevant legislation, policies and procedures, guidance, and professional standards.
- Continue to progress our grow your own strategy to support the development of high-quality internal audit staff.
- Progress our external business strategy in order build a sustainable and resilient service for the future.

9. To fulfil our aspirations and demonstrate our professionalism, SIAS must conform with the requirements of the GIAS (UK public sector).

### Our core values

10. Our core values which underpin the delivery of our mission

**Quality:** Our overarching value is to successfully blend the elements of quality as fitness for purpose (satisfying needs flexibly and responsively), excellence (achieving the highest standards), transformation (learning, innovation, and continuous improvement), professionalism (conformance with professional standards) and value for money (cost effectiveness). Quality is also about leadership, responsibility and accountability throughout the team and the ability to establish a culture of continuous learning that will challenge us to be our best and inspire and motivate all.

**Customer Focus:** We put service excellence and customer care at the heart of our internal audit and consultancy work, seeking to provide a service that inspires

## APPENDIX E – SIAS Internal Audit Strategy

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confidence and trust and meets customer expectations. We are always professional and courteous, take ownership for getting things right and support the service, our colleagues, and our partners / clients to meet their objectives.

**Learning and Development:** Our staff are our biggest asset; therefore, we support our staff to become professionally qualified, and build knowledge and skills to support their career development, maintain compliance with professional standards and delivery a high-quality service to our partners.

**Responsible:** We promote a culture of diversity and inclusion in relation to our approaches to recruitment, progression, and reward, within our ways of working, service development and internal audit delivery approach, and in our mutual respect for the people comprising our team.

**Accountability:** We take ownership of and are accountable for our work, are open to challenging ourselves and will raise concerns and provide solutions to improve the service.

**Agile Working:** We work with our clients to build trust; develop common understanding and take collective action to improve organisational priorities and outcomes; and be a trusted advisor to strategic management and the Audit Committees / Boards.

**Growth:** We maximise income generation through the continuous exploration of opportunities.

### **Our priorities**

11. SIAS must continue to deliver a good quality, efficient, resilient and cost-effective service that achieves its annual key performance indicators. Its focus must include the nuts and bolts of sound internal control, risk management and governance frameworks.
12. It is vital though that SIAS continues to remain agile, relevant and timely, while evolving in response to changing stakeholder needs and business objectives. Key areas of focus for SIAS include:
  - Enhancing the business impact of internal auditing and ensuring sufficient focus on business-critical risks,
  - Recruitment, retention, and progression of our grow your own strategy,
  - Building meaningful relationships with key stakeholders,
  - Co-ordination with other assurance providers and the outcomes of their work,
  - Building agility into audit approaches, and
  - Expanding the use of data analytics and assurance mapping amongst other assurance techniques.

### **Our role and delivery objectives**

## APPENDIX E – SIAS Internal Audit Strategy

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13. The full regulatory context and scope of internal audit and the Shared Internal Audit Service is set out within our partners Internal Audit Charter, approved annually by their respective Audit Committees.
14. Our core internal audit objective is to deliver sufficient, relevant internal audit and consultancy work to support the statutory annual assurance opinion on each of our partners internal control, risk management and corporate governance frameworks. The annual assurance opinion forms a significant part of our partners statutory Annual Governance Statements.
15. Delivery of the internal audit objectives outlined below support the core objective and ensure conformance with professional standards:
  - To develop and deliver dynamic and risk-based Internal Audit Plans that evidence the links to our partners objectives, risks and priorities.
  - To document our internal audit planning process alongside our Internal Audit Plans for Audit Committee approval. The planning process comprises our Planning Principles, Approach to Planning and Planning Context (internal audit environment and local government context and challenges).
  - To ensure that outcomes of assurance activities are reported in a clear and concise manner for all stakeholders, as well as seeking to identify root causes of the issues identified.
  - To support our partners in monitoring the implementation of high and medium priority internal audit recommendations, and other key findings from external inspectors or other assurance providers (e.g., Shared Anti-Fraud Service).
  - To support key transformation and change projects within our partner Council's through assurance and advisory services that provide real time insight into improvement opportunities and good governance.
  - To promote a culture of shared learning on good governance, risk management and internal control, through the sharing of good practice / emerging risks, completion of joint reviews and shared workshops.
  - To work with our partners to ensure that audit methodologies and approaches can adapt to the challenges of new ways of working and still maintain robust independent assurance.
  - To embrace and embed emerging internal audit techniques to ensure that our work can provide appropriate insight and support management in meeting statutory or best practice requirements.
  - To implement and maintain a Quality Assurance and Improvement Program (QAIP) covering planned quality activities to assess the efficiency and effectiveness of the internal audit activity followed by the completion of actions to address opportunities for improvement.

## **APPENDIX E – SIAS Internal Audit Strategy**

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### **Resources**

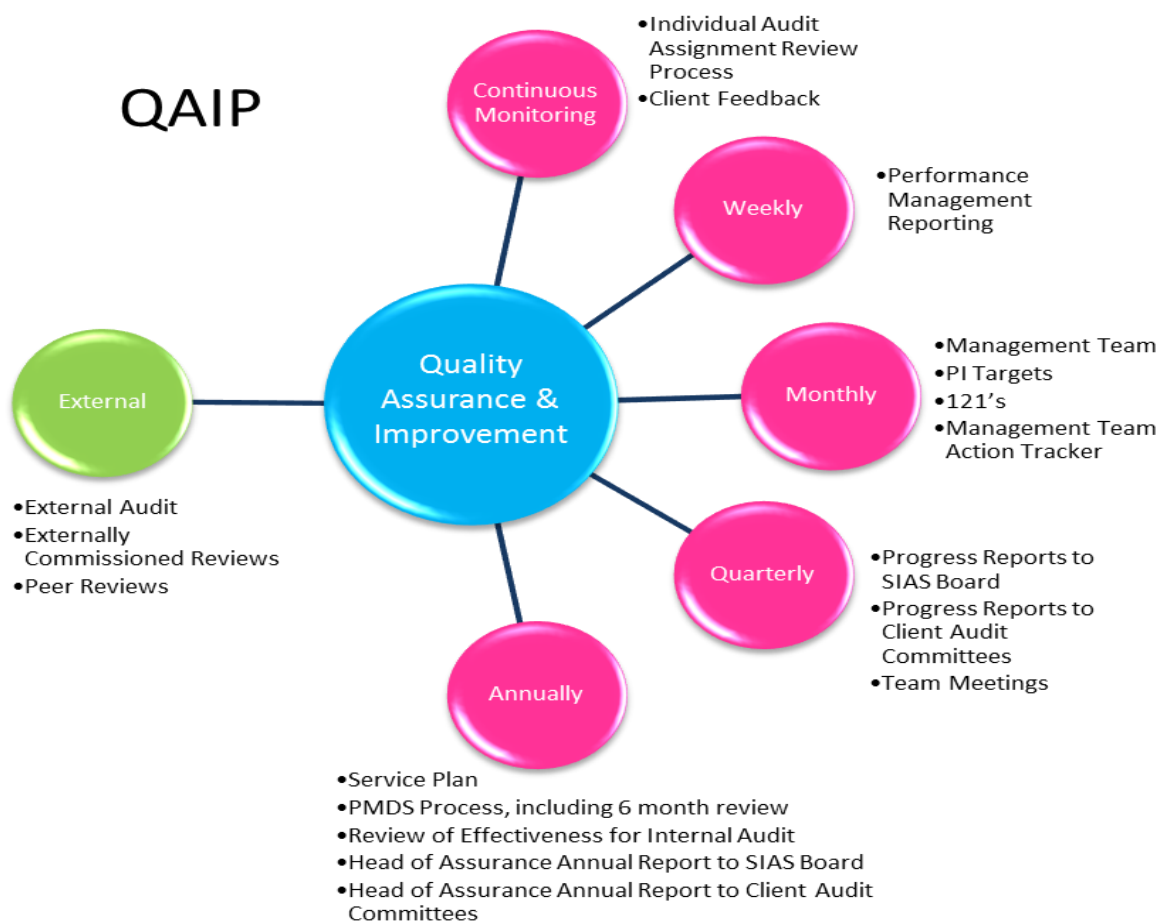
16. Achievement of our role and objectives is predicated on the matching of audit needs to available human resources through our work allocation processes. This is accomplished through the delivery of internal audit activities by a range of suitably qualified and experienced team members working flexibly in a matrix structure to maximise the value to all our partners and clients.
17. SIAS will utilise our internal audit delivery partner to provide service resilience and access to specialist skills not currently available within the service, or which are not economically viable to recruit and retain on a permanent basis.
18. The service will be adequately resourced to deliver the number of planned internal audit days commissioned through our partners internal audit plans and the requirements of our external clients.
19. Our structure is comprised of 17.2 FTE's; these being aligned to the 3,066 internal audit days that SIAS is commissioned to deliver.
20. Our internal resources are as follows:
  - 0.4 FTE Head of Assurance
  - 1 FTE Head of Shared Service / Client Audit Manager
  - 3.2 FTE Client Audit Managers
  - 1 FTE Assistant Client Audit Manager
  - 2.6 FTE Senior Auditors
  - 5 FTE Auditors
  - 3 FTE Trainee Auditors
  - 1 FTE Business Support & Development Officer
21. Our equivalent available resource from our delivery partner is as follows:
  - BDO (equivalent of 1.75 FTE)
22. The financial resource management of SIAS is described in the Budget and Medium-Term Financial Plan presented annually to the SIAS Board, and includes funding for training, professional development, conferences and other learning opportunities. This is integral to our 'grow your own' strategy. The SIAS Budget also contains funding for audit software and software licenses (technology) and the SIAS Reserve Strategy includes the potential for investment in further internal audit software, based on business need and subject to approval by the Board. These documents should be consulted for further detail.

### **Measuring quality and performance**

23. The GIAS (UK public sector) require SIAS to implement and maintain an ongoing QAIP (see diagram below) based on an annual self-assessment against the standards, supplemented at least every five years by a full independent external assessment.



## APPENDIX E – SIAS Internal Audit Strategy



24. The QAIP includes the continuous reporting of key performance indicators (KPIs) and other measures focusing on delivery of internal audit plans for our partners and clients, service quality, productivity, efficiency, conformance with professional standards, value and good governance. These are summarised in the table below:

Performance Indicator	Performance Target / Reporting
<b>Annual Internal Audit Plan Delivery</b> – the percentage of the Annual Internal Audit Plan delivered (excludes contingency)	95%
<b>Project Delivery</b> – the number of projects delivered to draft report stage against projects in the approved Annual Internal Audit Plan	90%
<b>Project Completion</b> – delivery of all planned projects to final report stage prior to the publication of the CAE annual assurance statement and opinion.	100%

## APPENDIX E – SIAS Internal Audit Strategy

<b>Client Satisfaction - percentage</b> of client satisfaction questionnaires returned at 'satisfactory' level.	100%
<b>Internal Audit Annual Plan Report</b>	Approved by the March Audit Committee or the first meeting of the financial year should a March committee not meet.
<b>Chief Audit Executive's Annual Report (incl. Annual Assurance Opinion)</b>	Presented to the first meeting of each Audit Committee in the new financial year.
<b>Implementation of critical, high, and medium priority (where relevant to partner) recommendations</b>	Presented as part of regular internal audit progress updates to Audit Committee
<b>Conformance with GIAS (UK public sector)</b> – annual self-assessment or five-yearly external assessment; including areas of non-conformance.	Reported annually as part of the Chief Audit Executive's Annual Report.

25. The SIAS teams' individual performance is assessed through regular supervision and performance development and management meetings, as well as the outcomes of quality reviews and customer feedback for each internal audit assignment. Client satisfaction survey responses are reviewed, and improvement actions implemented as necessary.
26. Our co-sourced delivery partners performance is monitored through contractual KPIs and contract management meetings. We will also continue to explore performance measures used both within local government and other sectors.
27. Membership of the Chartered Institute of Internal Auditors Local Authority Heads of Internal Audit Forum, the Home Counties Chief Internal Auditors' Group, Audit Together (strategic alliance of similar shared services) and the Local Authority Chief Auditors' Network are crucial for sharing experiences, keeping up to date with technical and professional developments, benchmarking good practices and ensuring consistency of approach with our peers in the sector.