



INTERNAL AUDIT PROGRESS REPORT

NORTH HERTS COUNCIL

FINANCE, AUDIT AND RISK COMMITTEE

10 SEPTEMBER 2025

RECOMMENDATIONS

- Note the SIAS Progress Report for the period to 15 August 2025.
- Note the implementation status of the reported high priority recommendations.
- Note the plan amendments to the 2025/26 Annual Audit Plan.

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1. Introduction and Background

Purpose of Report

1.1 This report details:

- a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's Annual Internal Audit Plan for 2025/26 as at 15 August 2025.
- b) In-Year Audit Plan review and proposed plan amendments.
- c) An update on performance indicators as at 15 August 2025.
- d) The implementation status of high priority internal audit recommendations.

Background

- 1.2 The 2025/26 Internal Audit Plan was approved by the Finance, Audit and Risk Committee (the FAR Committee) on 12 March 2025.
- 1.3 The Committee receives periodic updates of progress against the Annual Internal Audit Plan. This is the first report giving an update on the delivery of the 2025/26 Internal Audit Plan.
- 1.4 The work of Internal Audit is required to be reported 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. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 15 August 2025, 23% of the 2025/26 Audit Plan days had been delivered.
- 2.2 There have been two final internal audit report issued as part of the approved 2025/26 Internal Audit Plan:

Audit Title	Assurance Opinion	Recommendations
Leisure Centre Decarbonisation Scheme (First Interim Report)	N/A	1 Low Priority
Leisure Centre Decarbonisation Scheme (Second Interim Report)	N/A	2 Low Priority

High Priority Recommendations

- 2.3 Members will be aware that a Final Audit Report is issued when it has been agreed by management; this includes an agreement to implement the recommendations that have been made. It is SIAS's responsibility to bring to Members' attention the implementation status of high priority recommendations; it is the responsibility of officers to implement the recommendations by the agreed date.
- 2.4 Two high priority findings and recommendations were made in the Estates audit with respective implementation dates in September and December 2024. The service has advised that one has been implemented and the other largely implemented, with remaining actions to be completed by a revised target date of 31 December 2025. One high priority finding and recommendation was made in the Churchgate – Project Assurance audit with an implementation date of 30 June 2025. The recommendation is deemed to be partially implemented, although the status and a revised implementation date are still being confirmed with the service. The original findings, recommendations and agreed management actions, along with a management update, are included at Appendix D.
- 2.5 The evidence-based internal audit work on the Follow-up of High Priority Recommendations has commenced as part of the 2025/26 Audit Plan and is currently in fieldwork.

Proposed Amendments

- 2.6 The Audit Plan approved by the FAR Committee in March 2025 contained an allocated number of plan days against audit areas such as General Audits, IT Audits and Consultancy and Advisory, but did not include an estimated number of plan days for completion of the planned individual internal audit projects. During the financial year, SIAS applies an estimated number of plan days against all individual internal audit projects as part of resource allocation and planning. These estimates are included in Appendix A – Progress against the 2025/26 Internal Audit Plan.
- 2.7 The Audit Plan is however designed to be dynamic and responsive to changed risk, circumstances and priorities, requests for new internal audit work, outcomes from scoping and planning of individual internal audit projects and amended resourcing requirements. Estimated plan days may also need to be changed as a result, and these amendments are communicated to the FAR Committee.
- 2.8 There has been one audit plan amendment agreed with management within this reporting period:
- a) Five internal audit days have been taken from contingency and added to the Homelessness audit to support an extended scope of work. The contingency budget has been reduced to zero and the estimated internal audit days for the Homelessness audit has increased to 15.

Performance Management: Reporting of Audit Plan Delivery Progress

- 2.9 To help the Committee assess the current progress of the projects in the Audit Plan, we have provided an overall progress update of delivery against planned commencement dates at Appendix B. The table below shows a summary of performance based on the latest performance information reported at Appendix A.

Status	No. of Audits at this Stage	% of Total Audits	Profile to 15 August 2025
Draft / Final Report Issued	1 (1/22)	5%	9% (2)
In Fieldwork / Quality Review	6 (6/22)	27%	27% (6)
Terms of Reference Issued / In Planning	5 (5/22)	23%	18% (4)
Not Yet Started	10	45%	46% (10)

- 2.10 Annual performance indicators and associated targets were approved by the SIAS Board in March 2025. At 15 August 2025, actual performance for North Herts Council against the targets that can be monitored in year was as shown in the table below:

Performance Indicator	Annual Target	Profiled Target to 15 August 2025	Actual to 15 August 2025
1. Annual Internal Audit Plan Delivery – the percentage of the Annual Internal Audit Plan delivered (measured in audit days)	95%	28% (74 / 260* days)	23% (61 / 260* days)
2. Project Delivery Percentage of audit plan projects delivered to draft report stage by 31 March 2026.	90%	9% (2 / 22* projects)	5% (1 / 22* projects)
Percentage of audit plan projects delivered to final report stage as reported within the CAE Annual Assurance and Opinion report.	100%	0% (0 / 22* projects)	0% (0 / 22* projects)
3 Client Satisfaction - Percentage of client satisfaction questionnaires	100%	100%	100% for those returned.

returned at 'satisfactory overall' level (minimum of 39/65 overall)			(2 returned from 12 issued since 1 April 2025)
4 Number of High Priority Audit Recommendations agreed % Percentage of critical and high priority recommendations accepted by management.	95%	100%	100%

Note - *

The Audit Plan as set out at Appendix A contains audits and other related activities with an estimated total of 285 days. North Herts Council has commissioned 260 days; hence all performance indicators being calculated on this basis. There are 25 audits listed within the Audit Plan, although it is currently estimated that only 22 will be delivered. As reported at the March 2025 FAR Committee, and outlined at Appendix A, there are seven general audits that have not yet been confirmed. It is estimated that only four of these will be conducted to align with Council commissions.

- 2.11 In respect of delivery of Planned Days, this is broadly in line with profiled commencement and delivery as per Audit Plan start dates at Appendix B, although performance is nonetheless slightly behind the profiled target. Based on the original profiling at the start of the financial year, it was anticipated that fieldwork would have been able to commence, be further advanced or complete on more of the internal audit projects scheduled to start in quarter one and two.
- 2.12 The project / embedded assurance work on Leisure Centre Decarbonisation is through year and dependent on the timing, pace and progress of the underlying Council project being supported. Two interim final reports have been issued to date as noted at section 2.2. The Churchgate audit was originally due to follow the through year project / embedded assurance approach commencing in quarter 1. It is now intended to be a standalone audit, albeit the fourth such audit across the project lifespan to date covering multiple financial years. Planning and engagement with the Estates team has commenced on this audit.
- 2.13 Fieldwork on the LGA Peer Review audit has been unable to progress to the extent anticipated due to the underlying planned governance and control arrangements not being sufficiently developed for internal audit review.
- 2.14 In respect of Planned Projects, it was anticipated that a draft internal audit report would have been issued for the Homelessness audit based on original planning to commence this 2024/25 carry forward work in April 2025. A combination of vacancies and paternity leave in the Housing service area, meant that the audit commenced in late June 2025. The audit is currently at an advanced stage of fieldwork.
- 2.15 Some degree of flexibility in scheduling is always anticipated, and every attempt is made to bring another project forward in place of one pushed back, however this does not always happen seamlessly and may not be optimal for

either the Council or SIAS. SIAS have allocated specific resource to all agreed projects in the 2025/26 Internal Audit Plan and planning has commenced on several quarter three and four audits. Start dates have also been scheduled where possible for these and a terms of reference has been issued for a quarter 4 audit (Multi-Factor Authentication) brought forward into quarter three. This is to ensure that momentum is maintained in the delivery of the Internal Audit Plan. Please see Appendix B for further information.

- 2.16 SIAS appreciate the co-operation and goodwill of Council staff and value the relationships it has fostered over an extended period. These are crucial in ensuring successful delivery of the Plan and delivering sufficient work to support the annual assurance opinion.
- 2.17 Two customer satisfaction surveys have been received from 12 issued since 1 April 2025. Although both were satisfactory in their outcomes, any comments or learning points arising from customer satisfaction surveys are shared with the relevant member of internal audit team through their regular appraisal process and personal and professional development plans.
- 2.18 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2025/26 Head of Assurance's Annual Report:
- **5. Public Sector Internal Audit Standards** – the service conforms with the standards.
 - **6. Internal Audit Annual Plan Report** – approved by the March Audit Committee or the first meeting of the financial year should a March committee not meet.
 - **7. Chief Audit Executive's Annual Assurance Opinion and Report** – presented at the first Audit Committee meeting of the financial year.

APPENDIX A – PROGRESS AGAINST THE 2025/26 AUDIT PLAN AS AT 15 AUGUST 2025

2025/26 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
		C	H	M	L				
General Audits (107 days) – Audits confirmed (Note 1)									
Leisure Centre Decarbonisation Project (Salix Grant)						15	SIAS	6	In Fieldwork – two final interim audit reports issued.
Churchgate Project Assurance						15	BDO	0.5	In Planning
Digital Transformation (Netcall Project)						15	BDO	0.5	In Planning
Environmental Protection - Statutory Nuisance						10	SIAS	0	Allocated
UK Shared Prosperity Fund (UKSPF)						12	SIAS	5	In Fieldwork
Purchasing Cards						8	SIAS	0	Allocated
Corporate Peer Challenge Action Plan						12	SIAS	4	In Fieldwork
Local Authorities as Charity Trustees						10	SIAS	4	In Fieldwork
New Finance System						10	SIAS	0	Allocated
General Audits (75 days) – Audits not yet confirmed (Note 2)									
Pay on Exit						10		0	Not yet allocated
Procurement Act 2023						10		0	Not yet allocated

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
		C	H	M	L				
Town Centre Strategies						10		0	Not yet allocated
Anderson House						15		0	Not yet allocated
EV Charging						10		0	Not yet allocated
Waste and Recycling Service Changes						10		0	Not yet allocated
Waste and Recycling Service Contract						10		0	Not yet allocated
IT Audits (22 days)									
Multi-Factor Authentication						12	BDO	2	ToR Issued
Website Security and Maintenance						10	BDO	0.5	In Planning
Follow-up (10 days)									
Follow-up of High Priority Recommendations						10		4	In Fieldwork
Consultancy and Advisory (5 days)									
Assurance Mapping Updates and Revisit						5	SIAS	1.5	In Planning
Grant Claims / Charity Certification (8 days)									
King George V Playing Fields						2	SIAS	0	Allocated
Workmans Hall						2	SIAS	0	Allocated
Other Grant / Charity Audits						4	SIAS	0	Not yet allocated
Contingency (0 days)									

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AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
		C	H	M	L				
Contingency						0		0	
Client Management - Strategic Support (38 days)									
CAE Annual Opinion report						3	SIAS	3	Complete
FAR Committee						8	SIAS	4	Through Year
Plan Monitoring						8	SIAS	4	Through Year
Client Liaison						6	SIAS	3	Through Year
Audit Planning 2026/27						8	SIAS	0	Quarter 3/4
SIAS Development						5	SIAS	2.5	Through Year
2024/25 Carry Forward (20 days)									
Projects Requiring Completion from 2024/25:							SIAS		
New Finance System - Accounts Payable						5	BDO	4.5	Draft Report Issued
Homelessness						15	SIAS	12	In Fieldwork
Total - North Herts D.C.						285*		61	

Key / Notes

Note 1 - These internal audits have been confirmed as part of the planning process and will proceed unless there are other significant matters or risks that arise during the 2025/26 financial year that are prioritised.

Note 2 - 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.

Not Assessed = No assurance opinion provided as the project was either consultancy based or validation for compliance

C = Critical Priority, H = High Priority, M = Medium Priority, L = Low Priority

BDO = SIAS Audit Partner

* - Audit Plan Days are a guide only and are not formally allocated. This is as per the approved 2025/26 Internal Audit Plan. **260** audit plan days to be delivered.

APPENDIX B – 2025/26 AUDIT PLAN START DATES AGREED WITH MANAGEMENT

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
General	Churchgate (through year) (Allocated)	Churchgate (through year) (In Planning)	Churchgate (through year) (In Planning)	Churchgate (through year) (In Planning)
	Leisure Centre Decarbonisation (through year) (In Fieldwork – 1st interim final report issued)	Leisure Centre Decarbonisation (through year) (In Fieldwork – 2nd interim final report issued)	Leisure Centre Decarbonisation (through year) (In Fieldwork)	Leisure Centre Decarbonisation (through year) (In Fieldwork)
	LGA Corporate Peer Challenge – Action Plan (In Fieldwork)	Local Authorities as Charity Trustees (In Fieldwork)	Environmental Protection - Statutory Nuisance (Allocated)	Timing of remaining audits to be confirmed.
		Follow-Up of High Priority Recommendations (In Fieldwork)	Digital Transformation Programme (In Planning)	
			New Finance System (Allocated)	
			Purchasing Cards (Allocated)	
IT			Website Security and Maintenance (In Planning)	Multi-Factor Authentication (ToR issued – b/f to Q3)
C		Assurance Mapping Update (In Planning)		
G/C				Workman's Hall (Allocated)
				King George V Playing Fields (Allocated)
C/F	New Finance System – Accounts Payable (Draft Report Issued)			
	Homelessness (In Fieldwork)			

Key		Key	
General	Closely linked to the Council's AGS, Delivery Plan and Risk Register	G/C	Grant / charity certification to be completed as part of the audit plan
IT	IT Audits	C/F	Carry Forward Audits from 2024/25
C	Consultancy assignments will be delivered as part of the audit plan		

APPENDIX C – ASSURANCE AND FINDINGS DEFINITIONS 2024/25

Audit Opinions		
Assurance Level		Definition
Assurance Opinions	Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
	Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
	Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
	No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
	Not Assessed	This opinion is used in relation to consultancy or embedded assurance activities, where the nature of the work is to provide support and advice to management and is not of a sufficient depth to provide an opinion on the adequacy of governance or internal control arrangements. Recommendations will however be made where required to support system or process improvements.
Grant Certification	Unqualified	No material matters have been identified in relation the eligibility, accounting and expenditure associated with the funding received that would cause SIAS to believe that the related funding conditions have not been met.
	Qualified	Except for the matters identified within the audit report, the eligibility, accounting and expenditure associated with the funding received meets the requirements of the funding conditions.
	Disclaimer Opinion	Based on the limitations indicated within the report, SIAS are unable to provide an opinion in relation to the Council's compliance with the eligibility, accounting and expenditure requirements contained within the funding conditions.
	Adverse Opinion	Based on the significance of the matters included within the report, the Council have not complied with the funding conditions associated with the funding received.
Finding Priority Levels		
Priority Level		Definition
Corporate	Critical	Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
	High	Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
Service	Medium	Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	Low	Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.

APPENDIX D – IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

Audit Title	Action Description	Original Due Date	Status and Notes
Estates	<p>Property Management / Estates Database</p> <p><u>Finding</u></p> <p>During the audit, we were provided with a copy of the database used by the previous Properties and Estates Manager. This had not been updated since 2018 and contained rent review and lease renewal data that was out of date, incomplete and inaccurate and did not adequately facilitate the reporting and monitoring of the known rent review backlog, including which properties were affected, how many rent reviews were due, and how much time had elapsed since the rent review fell due.</p> <p>We noted that the Estates team are currently in the process of collating property data from across the Council to create an up-to-date master spreadsheet. This was an action in progress at the time of our review and not yet completed.</p> <p>The team have a filing system which is currently shared with the Property Management Team. We noted that the system includes documents that are not of relevance to the Estates team, and it has proven difficult to locate key documentation to support internal audit testing.</p> <p>The Local Government Transparency Code 2015 states that “Local authorities must publish details of all land and building assets”. The team informed us that the Council’s asset register was last updated in 2022, and they are not sure how accurate the entries are. The team are aware that it is a piece of work they need to complete as part of their</p>	<p>30 September 2024</p>	<p>November 2024 FAR Committee Update</p> <p>Verbal update provided.</p> <p>February 2025 FAR Committee Update</p> <p>Good progress has been made. The master spreadsheet has been populated with the core data from existing sources, including finance records. We are now cross referencing and doing a manual check of the data to confirm the correct status of all lettings. This action is therefore ongoing, with a revised target date of 1 March 2025.</p> <p>Once accurately captured in Excel form, this will enable us to satisfy the recommendations in the case of alerts for review dates and update the asset register. A review can then be undertaken to decide if the current property management system is updated, or a new system will be more appropriate for the Council’s needs and to deliver recommendations a) to e).</p> <p>The review of systems is also part of the Digital Transformation project work within the Council. They are undertaking a wider options evaluation for Uniform (the current system), to see if they can recreate the components in house. We have inputted into this so they can map out the processes and functionality it provides and get an idea of what would need to be built (or possibly procured).</p>

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Audit Title	Action Description	Original Due Date	Status and Notes
	<p>new role, and this will be facilitated by the work on the property database.</p> <p><u>SIAS Recommendation</u></p> <p>We recommend that:</p> <ul style="list-style-type: none"> a) Once the data in the master Excel spreadsheet has been collated, the service create a formal property management system / database. The system should include automated notifications or alerts to support timely identification of properties requiring rent reviews and lease renewals such as trigger dates for action. b) The property management database presents the rent review and lease renewal data in a way which clearly records when it falls due as per the lease, when it took place took place, the frequency of rent reviews as outlined in the lease, and (where applicable) the length of time the rent review overran by (if relevant). c) The property management database has a performance functionality to facilitate production of monitoring and exception reports. d) The document management system is maintained so all leases, rent reviews, trigger letters, and correspondence are maintained in relevant folders, or attached to relevant properties on the database, and are easy to access. e) The Council's asset register should be updated on completion of the property master Excel spreadsheet. 		<p>September 2025 FAR Committee Update</p> <p>Implemented (1 August 2025) - The master spreadsheet has been completed with the core data from existing sources, including finance records, and cross-referenced with data obtained from different sources to identify any anomalies, thereby ensuring the accuracy and reliability of the information.</p> <p>We are now satisfied this is complete and accurate, save for some of the very low value lettings where more work will be undertaken. Now accurately captured in Excel form, this has enabled us to satisfy the recommendations in the case of alerts for review dates, and the asset register has been updated. This has also enabled the most historic and higher value reviews to be actioned to deliver significant back rent due to the Council.</p> <p>A review of the previous unused property management system has confirmed Estates will not continue with this asset management database. We will continue to use spreadsheets adequately to manage the portfolio and it is recommended a further review is undertaken after LGR when portfolios will be merged and existing other authority property management systems utilised.</p>

APPENDIX D – IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

Audit Title	Action Description	Original Due Date	Status and Notes
	<p><u>Management Response</u></p> <p>The master up to date spreadsheet to accord with the leases in place, current rents and finance records is under construction. Once accurately captured in Excel form, a review will be undertaken to decide if the current property management system is updated, or a new system will be more appropriate for the Council's needs and to deliver recommendations a) to e).</p>		
<p>Estates</p>	<p>Backlog of Rent Reviews</p> <p><u>Finding</u></p> <p>Our sample testing of five properties confirmed that four out of five rent reviews were overdue by between one and three years.</p> <p>As acknowledged, there is a new Estates team in place, and they are still identifying the scale and extent of rent reviews not yet completed. Through discussion, we found all members of the team will be responsible for conducting reviews going forward, unless the reviews are complex and have to be allocated externally.</p> <p>The Principal Estates Surveyor stated that there is not currently a policy in place to establish the principles and approach by which the Council will set rent levels and service charges for its commercial properties.</p> <p><u>SIAS Recommendation</u></p>	<p>31 December 2024</p>	<p>February 2025 FAR Committee Update</p> <p>There has been a delay completing the required actions, which have taken longer to finalise alongside ongoing management work and other priorities. The Estates team have prepared a comprehensive master spreadsheet of lettings and are populating rent review and lease renewal dates to ensure they are identified, scheduled and prioritised to ensure they are initiated and completed in a timely manner. This work is close to completion and a revised target date of 1 March 2025 should be achievable.</p> <p>The team has been pressing ahead with identifying all outstanding rent reviews, together with rent reviews that will fall due over the next eleven months. As part of this, the team are finalising an estimate of the likely level of increase in rent following the review for each investment property, based on the estimated rent values provided by the</p>

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Audit Title	Action Description	Original Due Date	Status and Notes
	<p>Linked to recommendation one above on the property management database and existing action being taken by the Estates Team, we recommend that the Estates team have a means to ensure that rent reviews and lease renewals are identified, scheduled and prioritised to ensure they are initiated and completed in a timely manner.</p> <p>The process needs to be supported by:</p> <ul style="list-style-type: none"> a) Adequate capacity, skills and experience within the team, and b) Creation of relevant rent charging policies and / or procedures, that have been approved by senior officers and members (as appropriate). <p><u>Management Response</u></p> <p>As per recommendation above plus additional procedures for undertaking the reviews.</p>		<p>valuer as part of last year's asset valuations. The likely level of increase in rent will be of use in selecting which rent reviews from the backlog should be prioritised. We expect to complete this exercise and report with a schedule of the reviews in the next month to share with SLT and Exec Members.</p> <p>Preliminary consideration has been given as to whether external agents should be engaged to conduct some of the more significant outstanding rent reviews given current constraints on officer time. A conclusion should be reached on the appropriate way forward shortly.</p> <p>Pending finalisation of a programme for dealing with the backlog of rent reviews (and those which will fall due this year), we have been pressing ahead with resolving those rent reviews where the tenant has already engaged with the rent review process. Progress has also been made with rent reviews where the Council is the tenant rather than the landlord.</p> <p>September 2025 FAR Committee Update</p> <p>Largely implemented (18 August 2025) - Work has been completed to identify all outstanding rent reviews and lease renewals, together with reviews that will fall due over the coming year. We are undertaking the reviews in-house and with the use of external agents. This action is therefore largely in hand and will be reported to Leadership and</p>

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Audit Title	Action Description	Original Due Date	Status and Notes
			<p>Executive Members periodically and in finance budget reports.</p> <p>For a) opposite, Estates now has a settled team of the Principal Estates Surveyor (permanent) and an experienced agency surveyor.</p> <p>For b) opposite, procedures and policies for undertaking reviews, lease renewals and rent charges are currently in draft form but are less pressing with the experienced and settled team we have at present. These are expected to be completed by the end of December 2025. It is on this basis that the action remains open with a new date for full implementation.</p>
<p>Churchgate – Project Assurance</p>	<p>Call off Contract</p> <p><u>Finding</u></p> <p>The original Call-Off Contract between the Council and the appointed project Consultant, Lambert Smith Hampton Group Limited (LSH) covered the period November 2023 to February 2024, and an estimated value of £50,000.</p> <p>Following the contract expiring in February 2024, a Variation Form was completed for the period March 2024 to September 2024, with an option to extend by a further three months. The form outlines the following financial breakdown:</p> <ul style="list-style-type: none"> Original Contract Value: £50,000 	<p>30 June 2025</p>	<p>September 2025 FAR Committee Update</p> <p>Partially implemented - Required consultancy agreements and an updated variation form has been completed and is in the process of being agreed/signed - now that the new work programme has been set/agreed by Full Council. Both Procurement and Legal teams have been involved in the process.</p> <p><i><A query has been raised with the service about a new implementation date and the status of implementation. This had not been received at the date this report was submitted for publication but has been deemed partially implemented at this time.></i></p>

APPENDIX D – IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

Audit Title	Action Description	Original Due Date	Status and Notes
	<ul style="list-style-type: none"> Additional cost due to variation: £208,295 New Contract Value: £240,295 <p>However, this means that the Variation Form has also since expired and we have seen no evidence regarding considerations to extend. We obtained copies of the four invoices received from LSH to date which comprise a total value of £166.069.51, for the period May to December 2024.</p> <p>Both the Council and LSH are therefore not legally covered for the current work being completed. There is a risk that the Council could encounter legal uncertainty without a valid or enforceable contract in place. There is also a financial risk for LSH where they are billing the Council for services completed out of the contract period.</p> <p><u>SIAS Recommendation</u></p> <p>The Council should ensure that an updated Variation Form is approved and implemented as soon as possible. Going forward, variations should be completed ahead of their expiry, to ensure there are no gaps in coverage. The Project Manager should ensure this by adding the upcoming Form expiry date to the Highlight Report Action Log, to ensure it is monitored and updated as required.</p> <p>If the Council chooses to utilise contractual extensions, the Board should be informed, and this should be documented in Board minutes to confirm agreement. All relevant procurement regulations and schemes of delegation should be complied with.</p>		

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Audit Title	Action Description	Original Due Date	Status and Notes
	<p><u>Management Response</u></p> <p>This has been raised as a matter of urgency with the LSH team, who are working on an updated proposal based on the coming months. We were waiting to conduct a Viability Workshop with the Project Board, to decide the next steps for the project before entering into any further work. This workshop has now taken place, and the Council are clearer on the direction of travel associated with the Churchgate Regeneration. This decision is subject to Full Council approval on 10 July 2025.</p> <p>The proposal is to complete a Variation Form to cover parties from now until July, and another from July depending on Council decision – as the scope of work will need to increase based on this.</p>		