



INTERNAL AUDIT PLAN REPORT 2026/27

NORTH HERTS COUNCIL

FINANCE, AUDIT AND RISK COMMITTEE
25 MARCH 2025

RECOMMENDATION

Members are recommended to approve the proposed North Herts Council Internal Audit Plan for 2026/27

Members are requested to note the SIAS Internal Audit Strategy & Service Plan and invited to provide any comments

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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 Global Internal Audit Standards (GIAS), Application Note: Global Internal Audit Standards in the UK Public Sector and CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government, taken together, form the basis of UK public sector internal audit standards, which became effective from 1 April 2025. The Application 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 SIAS Internal Audit Strategy in December 2025, and this strategy outlines how SIAS will achieve the purpose of internal audit and ensure ongoing compliance with the GIAS (UK public sector). The following report outlines 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:

Standard	Description
Domain III 6.3	Board and Senior Management Support It is an essential condition for Senior Management and the Audit Committee to approve the internal audit plan.
Domain III 8.1	Board Interaction The Chief Audit Executive (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	Resources 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).
Domain III 8.3	Quality 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>Domain IV 9.3</p>	<p>Methodologies</p> <p>The CAE 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>Internal Audit Plan</p> <p>The CAE must create an internal audit plan that supports the achievement of the council’s objectives. The CAE 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 CAE’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"> • Consider the internal audit mandate and the full range of internal audit services. • Specify internal audit services that support the evaluation and improvement of the council’s governance, risk management, and control processes. • Consider coverage of information technology governance, fraud risk, the effectiveness of the council’s compliance and ethics programs and other high-risk areas. • Identify the necessary human, financial, and technological resources necessary to complete the plan. • Be dynamic and updated timely in response to changes in the council’s business, risk operations, programs systems, controls, and organisational culture. <p>The CAE 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"> • The impact of any resource limitations on internal audit coverage. • The rationale for not including an assurance engagement in a high-risk area or activity in the plan. • 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. • Limitations on scope or restrictions on access to information. <p>The CAE must discuss the internal audit plan, including significant interim changes, with the Audit Committee and</p>

	Senior Management. The plan and significant changes to the plan must be approved by the Audit Committee.
Domain IV 10.1 to 10.3	<p>Financial, Human and Technological Resources Management</p> <p>The CAE must ensure that financial, human, and technological resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan.</p> <p>The CAE 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 CAE 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>Engagement Risk Assessment</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 Topical Requirements are a mandatory component of the International Professional Practices Framework (IPPF). Topical Requirements enhance the consistency and quality of internal audit services related to specific audit subjects. Each Topical Requirement supports internal auditors performing engagements in a specific risk area. All internal audit functions must apply Topical Requirements in conformance with the Global Internal Audit Standards when providing assurance services on that topic.
- 1.5 The Topical Requirement is applicable when the topic is one of the following:
- a) The subject of an engagement in the internal audit plan.
 - b) Identified while performing an engagement.
 - c) The subject of an engagement request not on the original internal audit plan.
- 1.6 The existence of a topical requirement does not mean that it is mandatory to provide assurance on this risk. The decision to audit the risk is still based on risk assessment of the audit universe for the organisation. Issued Topical Requirements relevant to the 2026/27 planning cycle include Cybersecurity, effective 5 February 2026 and Third-Party, effective 15 September 2026.
- 1.7 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.

- 1.8 The Shared Internal Audit Service's (SIAS) Internal Audit Charter was presented to the June 2025 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 2026 Finance, Audit and Risk Committee meeting for Member approval.
- 1.9 Section 2 of this report details how SIAS complies with these requirements.

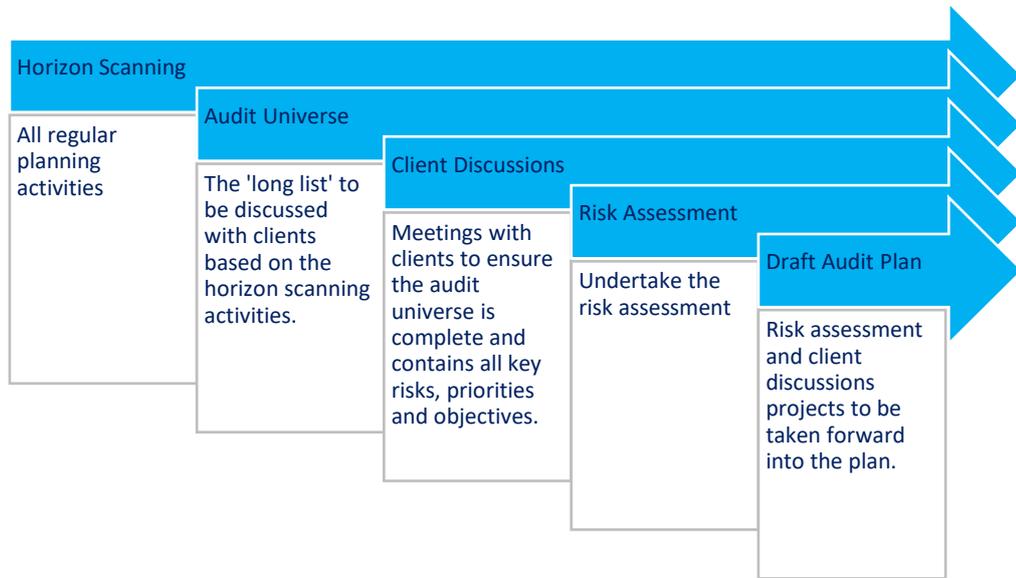
2. Audit Planning Process

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 and consideration of Topical Requirements.
 - 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.

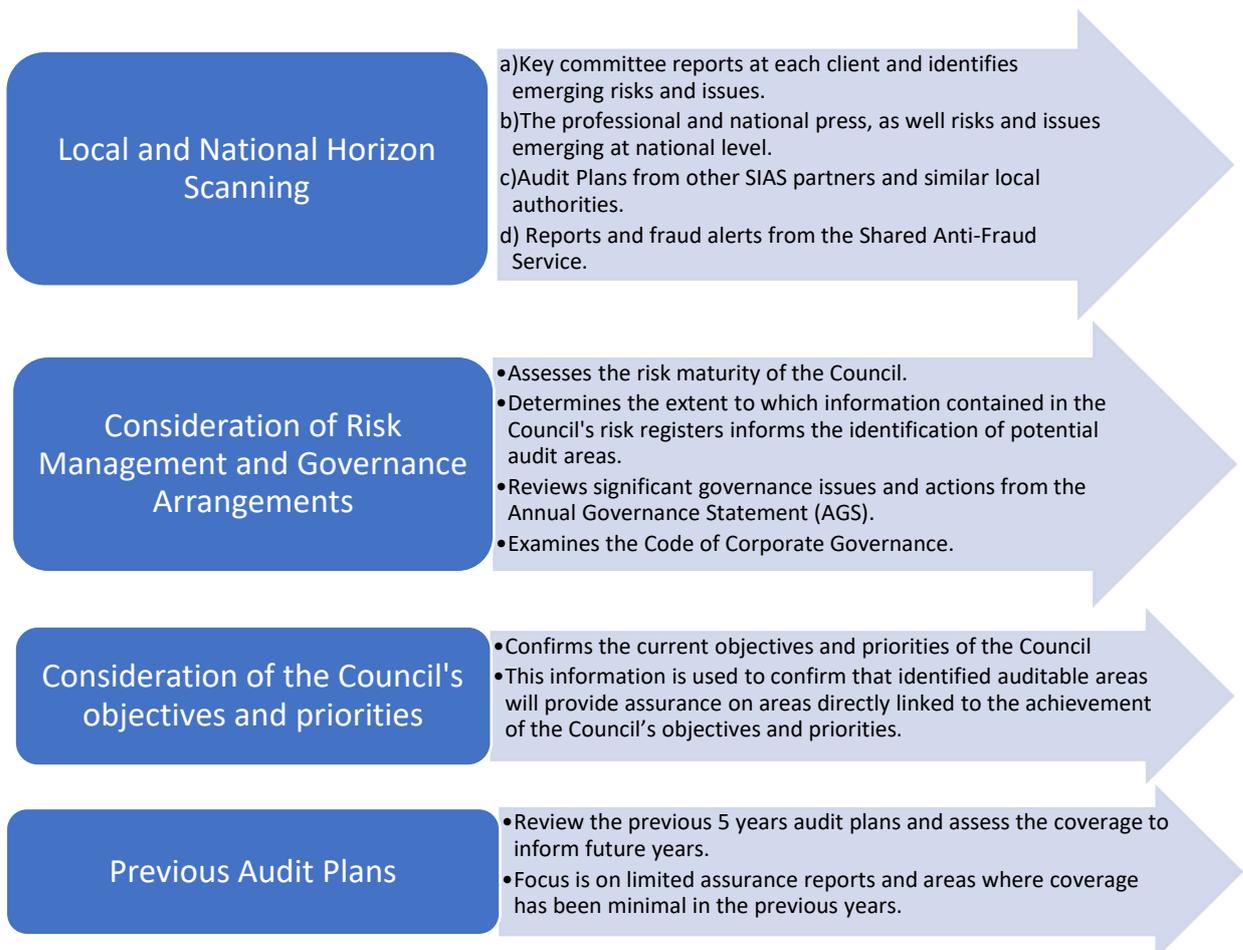
Approach to Planning

- 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 2026/27 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, 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. This will also incorporate topical requirements considered by the Internal Audit Standards Advisory Board e.g. cyber security and third party. The overall approach provides a baseline for the provision of assurance on identified high risk areas.

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 2026/27.

The Planning Context

- 2.10 The context within which local authorities provide their services remains challenging:
- Demand for services is still rising, driven by 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.
 - The expectation to promote growth that improves people's lives and goes hand in hand with protecting the environment by developing prosperous, sustainable, resilient and green communities for future generations.
 - 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 2026/27

2.13 The draft plan for 2026/27 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 2026/27 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.

	2026/27 Days	%
General audits	148	57%
IT Audits	24	9%
Consultancy Assignments / Assurance Mapping	5	2%
Recommendation Follow-Ups	12	5%
Grants or Charity Certification	8	3%
Strategic Support*	38	15%
Contingency	5	2%
Completion of 2025/26 Projects	20	7%
Total allocated days	260	100%

* This covers supporting the Audit Committee, monitoring delivery of the audit plan, client liaison and planning for 2026/27.

- 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 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 2025/26. 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 / 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 nine 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 2026/27.
- 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 2026/27 and any proposed changes will be reported to this Committee four times in the 2026/27 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 2026/27 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. Conformance with GIAS (UK public sector) – annual self-assessment or five-yearly external assessment; including areas of non-conformance	Yes	Annually
2. 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	Yes	Annually
3. Annual Internal Audit Plan Delivery – the percentage of the Annual Internal Audit Plan delivered (measured in audit days, excluding contingency)	95%	Quarterly
4. Project Delivery – the number of projects delivered to draft report stage against projects in the approved Annual Internal Audit Plan	90%	Quarterly

5. Project Completion – delivery of all planned projects to final report stage prior to the publication of the CAE annual assurance statement and opinion.	100%	Quarterly
6. Client Satisfaction* – percentage of client satisfaction questionnaires returned at ‘satisfactory’ level	90%	Quarterly
7. Chief Audit Executive’s Annual Assurance Opinion and Report – presented at the first Audit Committee meeting of the financial year	Yes	Annually
8. Staff and Training – percentage of our staff that are actively studying towards, or have obtained, a relevant professional qualification	Head of Service and Client Audit Managers (Chief Audit Executives) – 100% All Staff – 80%	Annually
9. Implementation of critical, high, and medium priority (where relevant to partner) recommendations	Yes	Presented as part of regular internal audit progress updates to Audit Committee

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General Internal Audits (148 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 2026/27 financial year that are prioritised.

<u>Audit Title</u>	<u>Background and Purpose of the Audit</u>	<u>Quarter</u>	<u>Audit Sponsor</u>
<p>Health and Safety</p> <p>(Source: Director planning meeting and Horizon scanning – statutory duty)</p>	<p>North Herts Council entered into a service level agreement with Hertfordshire County Council’s Health and Safety team to fulfil the statutory requirement to have access to competent health and safety advice, as well as conduct a limited number of H&S services on request. The Council has retained several H&S functions and roles within the authority, most notably centred on the Building and Facilities team. This follows the retirement of the Council’s inhouse Health and Safety Officer.</p> <p>The purpose of this audit is to determine whether there are any gaps in H&S duties, governance, provision and record keeping that are not being delivered due to falling between the respective parties.</p>	Q1	Director – Enterprise
<p>Emergency Homelessness Accommodation Payments</p> <p>(Source: Chief Executive planning meeting / Horizon scanning / Statutory Report at another local authority)</p>	<p>A report, prepared jointly by Peterborough City Council’s monitoring officer and section 151 officer sets how £17m in payments made over almost a decade were incurred without lawful procurement, without written contracts, and without proper governance and decision-making authority.</p> <p>This audit will look at the key findings and recommendations from the statutory report to ensure that the Council are not similarly in breach of Council rules and / or the law and that there is adequate governance, risk management and control in place.</p>	Q1	Director - Regulatory

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<p>Leisure Centre Decarbonisation</p> <p>(Source: Risk Register and Council Delivery Plan, as well current embedded assurance)</p>	<p>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 effective action we can take towards meeting our target of being carbon neutral by 2030.</p> <p>As in 2024/25 and 2025/26, 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. Internal audit should also have input into the project closure report and participate in a project board ‘lessons learned or retrospective’ as per the Council’s project methodology.</p>	<p>Q1-3</p>	<p>Director - Environment</p>
<p>Decarbonisation of Council Buildings – Phase 2</p> <p>(Source: Risk Register and Council Delivery Plan, assurance mapping and current embedded assurance)</p>	<p>The Council is finalising plans and completing works to decarbonise further Council buildings - Hitchin Town Hall, North Herts Museum, and the learner pool at North Herts Leisure Centre. 2025/26 is a planning year, with works commencing in 2026/27 and due to complete by 31 March 2028.</p> <p>Internal audit will join the project board / steering group to provide ongoing and continuous assurance through the project life cycle phases arising this financial year using an embedded approach. This has worked successfully on the Leisure Centre Decarbonisation audit in 2024/25 and 2025/26, and this approach will consequently be replicated.</p>	<p>Q1-4</p>	<p>Director - Environment</p>
<p>Museum Collection Facility</p> <p>(Source: Risk Register and Council Delivery</p>	<p>The Council has already commenced a project to resolve current museum collection storage capacity pressures and to secure the long-term future and preservation of the museum collection in an environmentally stable facility.</p>	<p>Q1-4</p>	<p>Director - Enterprise</p>

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<p>Plan, planning meeting with Director)</p>	<p>Internal audit will join the project board / steering group to provide ongoing and continuous assurance through the project life cycle phases arising this financial year using an embedded approach. This has worked successfully on the Leisure Centre Decarbonisation audit in 2024/25 and 2025/26, and this approach will consequently be replicated.</p>		
<p>Fly Tipping (Source: Horizon Scanning - National Media, Public Interest and Cabinet Papers)</p>	<p>Fly tipping is the illegal dumping of waste on unauthorised land, posing significant environmental, public health, and economic challenges. The media has extensively covered the issue of fly-tipping in the UK, highlighting the scale of the problem and the government's response, with high profile waste dumping on significant scale at sites in Cheshire, Essex (M25) and Oxfordshire obtaining national attention. It is considered important to assess the Council's response as it impacts public health, street scene / rural quality, community confidence, and carbon/wider environmental outcomes.</p> <p>Audit coverage may include:</p> <ol style="list-style-type: none"> 1. Governance & Strategy - whether the authority has a coherent, risk-based strategy and governance for fly-tipping that aligns with statutory duties and local priorities. 2. Prevention & Education - effectiveness of prevention measures, communications, and community engagement in reducing incidents. 3. Operational Response - timeliness, completeness, and consistency of incident logging, categorisation, investigation, clearance, and follow-on actions. 4. Enforcement & Legal Outcomes - whether enforcement is lawful, proportionate, evidence-led, and yields effective outcomes (FPNs, prosecutions, cost recovery). 5. Data Quality & Insight - accuracy, completeness, and use of data (including hotspot analysis) to inform decision making and performance reporting. 6. Partnership Working - coordination with internal services and external partners (e.g., Waste Disposal Authority, Environment Agency, Police, housing providers, parish councils). 	<p>Q2</p>	<p>Director - Regulatory</p>

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	<p>7. Value for Money - whether resources are targeted effectively, costs are understood and controlled, and interventions represent good value.</p> <p>8. Compliance & Information Governance - compliance with relevant legislation, policies, and codes (including CCTV/surveillance, evidence handling, and data protection).</p>		
<p>Asset Disposals</p> <p>(Source: Horizon scanning - Cabinet papers</p>	<p>To provide assurance that the Council’s processes for the disposal of assets (focusing on property and other high value assets) are efficient, lawful, transparent, properly authorised, achieve value for money, and are supported by adequate controls to prevent loss, fraud, or misuse.</p> <p>Government guidance on ‘Financial decisions before local government reorganisation’ notes that it is essential that decisions regarding ongoing service delivery and the medium-term financial strategy of existing councils do not compromise the future sustainability of new councils. Examples of those decisions include but are not limited to the sale and purchase of significant assets and transfer of local assets.</p> <p>An audit would likely review:</p> <ul style="list-style-type: none"> • Policies and procedures governing asset disposal • Compliance with statutory requirements and local authority financial regulations • Governance, authorisation, and decision-making arrangements • Asset registers and inventory accuracy • Methods of disposal (sale, auction, transfer, recycling, scrapping, donations, trade-ins) • Valuation and value-for-money considerations • Security and safeguarding of assets pending disposal • Recording of disposals and accounting treatments • Fraud risk management, conflicts of interest, transparency, and audit trails 	<p>Q2</p>	<p>Director - Enterprise</p>

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<p>Pay on Exit Parking</p> <p>(Source: Council Delivery Plan and assurance mapping)</p>	<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>	<p>Q3</p>	<p>Director - Place</p>
<p>Applicant Tracking System</p> <p>(Source: Council Delivery Plan (Resourcing Risk))</p>	<p>The Council is introducing the Tribepad Applicant Tracking System (ATS) designed to streamline the recruitment process for organisations. It offers features related to candidate management, screening and interviewing, job offers and onboarding, integration and AI assistance. The system is used by some other Hertfordshire local authorities.</p> <p>The audit is likely to take the form of post implementation review to ensure that the system is meeting its planned objectives and functioning to expected specification to deliver the intended results. There is also opportunity for internal audit to be involved in systems testing prior to implementation.</p>	<p>Q3</p>	<p>Director - Resources</p>
<p>Local Government Reorganisation</p> <p>(Source: Risk Register and Council Delivery Plan)</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. Following the written invitation by the Local Government Minister to all County and District councils in February 2025, including those from Hertfordshire, a submission of initial proposals for local government reorganisation was made by 21 March 2025, and followed by full proposals on 28 November 2025. Government consultation on these proposals commenced on 5 February 2026. The ultimate decision on any proposals will be for the Secretary of State for Housing Communities and Local Government.</p>	<p>Q3-4</p>	<p>Director – Resources or other as directed and relevant</p>

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	<p>While the exact nature of the assurance work has yet to be determined, the SIAS Board recommended at its December 2025 meeting that time is allocated within the respective partner audit plans. Assurance (likely in the form of embedded or continuous assurance to ensure timeliness) and advice across workstreams will be required, especially once the Minister’s decision is known. Multiple potential areas to consider have been identified, including technology assets, procurement and contracts, governance, shared services, workforce and human resource management, finance and local taxation, property assets, and project management. Days not used will be reallocated to audits in the Reserve List below.</p>		
<p>Careline (Source: Horizon Scanning – Audit Universe. Also planning discussions with the Chief Executive and Director – Customers.</p>	<p>North Herts Council’s Herts Careline service, in partnership with Hertfordshire County Council (HCC), supports more than 13,000 residents with telecare and assistive technology that’s designed to help them live independently in their own homes for longer. This includes emergency pendant alarms, door sensors, fall detectors, smoke detectors, bathmats and smart plugs, which combine to provide both reactive and preventative support to enable greater independent living at home.</p> <p>There are several risk or assurance areas which could be reviewed, but will be confirmed at the time of the audit:</p> <ul style="list-style-type: none"> a) Cyber resilience, disaster recovery and business continuity should services go down or be compromised in some way that impacts this life critical service. b) Compliance with operational procedures. c) Success of the extended partnership with HCC in meeting its objectives. d) Success and cost effectiveness of bringing alarm fitting service inhouse. e) Resourcing and ways of working. 	<p>Q3</p>	<p>Director-Customers</p>

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<p>Churchgate - Project Assurance</p> <p>(Source: Risk Register and Council Delivery Plan)</p>	<p>Three audits were completed on the Churchgate project as part of the 2023/24, 2024/25 and 2025/26 Internal Audit Plans. All provided assurance at specific project milestones or moments in time. This approach will continue in 2026/27, although may 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.</p> <p>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.</p>	<p>Q4</p>	<p>Director - Enterprise</p>
<p>Renters Rights Act (RRA) 2025</p> <p>(Source: Director planning meeting and Risk and Performance Group)</p>	<p>Under the RRA 2025, local authorities are granted enhanced powers and a mandatory duty to enforce landlord legislation, significantly increasing the Council’s responsibilities in the private rented sector. This audit will seek to ensure that the Council has adequately responded to the new enforcement duties and responsibilities under the RRA 2025. These include:</p> <ul style="list-style-type: none"> a) Rental discrimination - the unfair treatment of people in the private rented sector who have children or receive benefits. b) Rental bidding - potential tenants make bids to rent a property. c) Using powers to enforce the Tenant Fees Act 2019 amended by the Renters’ Rights Act 2025. d) Rent in advance - landlord or letting agent has asked for, encouraged or accepted rent in advance before the tenancy agreement has been signed. e) Using new powers to investigate whether a landlord or an agent letting out private rented housing has broken certain laws. f) Reporting Obligations – reporting enforcement activities to the Secretary of State, ensuring accountability and transparency in how they manage landlord compliance. 	<p>Q4</p>	<p>Director - Regulatory</p>

APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2026/27

	g) Civil penalties – The RRA allows local authorities to impose civil penalties on landlords and letting agents for breaches of the law. They can retain revenue to support their enforcement activities.		
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IT Internal Audits (24 days)

<u>Audit Title</u>	<u>Purpose of the Audit</u>	<u>Quarter</u>	<u>Audit Sponsor</u>
Cyber Risk	<p>To provide assurance using the provisions of the Cybersecurity Topical Requirement, as mapped to other appropriate frameworks such as NCSC and COBIT, including:</p> <ul style="list-style-type: none"> a) Governance – clearly defined baseline cybersecurity objectives and strategies that support Council goals, policies, and procedures. b) Risk Management – processes to identify, analyse, manage, and monitor cyber threats, including a process to escalate cyber risks promptly. c) Controls – management-established, periodically evaluated control processes to mitigate cyber risk. 	Q3	Director - Customers
Cyber Resilience	<p>This audit is closely linked to above, and will focus more specifically on incident planning, response and recovery. Questions to be covered include:</p> <ul style="list-style-type: none"> • Does the Council have a well-prepared and tested cyber incident response plan aligned with its risk appetite and business continuity priorities? • Is the plan regularly exercised for likely scenarios and updated for lessons learned? • Does the Council have clarity on the sources of external support (for example, legal, technical, communications) available during a major incident, and are these integrated into the response plan? 	Q4	Director - Customers

APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2026/27

	<ul style="list-style-type: none"> • Have lessons been learned from past incidents or near misses, and have they informed improvements? • Is there sufficient monitoring and logging in place to identify a potential intruder or attack, and are the warnings promptly acted upon? • Is there an adequate data and asset backup strategy in place? • Are controls in place to protect backups from being compromised or destroyed during an attack? 		
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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)	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. See Glossary of Terms at Appendix D for further detail on assurance mapping.	2	Director – Resources / S151 Officer

Recommendation Follow-Ups (12 days)

<u>Assignment Title</u>	<u>Assignment Background and Purpose</u>	<u>Quarter</u>	<u>Assignment Sponsor</u>
Follow-up of AGS Actions and External	It is intended that a follow-up is conducted on all actions within the most recent Annual Governance Statement (2024/25), including:	2	Director – Resources / S151 Officer as well as those Directors in whose areas the

APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2026/27

<p>Audit Recommendations</p> <p>(Global Internal Audit Standards / Good governance and risk management practice)</p>	<ul style="list-style-type: none"> a) Review and increase Annual Declaration Letter return rate to 95%, using internal communications and automatic chasers from the Learning Management System. (HR; Leadership Team) b) Review and improve staff completion rates for all mandatory training, aiming for 85% completion in 25/26, 90% completion in 26/27, and 95% completion in 27/28. (HR; Leadership Team) c) Review sub-delegations post organisational restructure, ensuring a 100% completion rate and updates made where required. (Each Director; the Monitoring Officer) d) Provide training to ensure those deputising for the Emergency Planning Officer are aware of and understand the relevant emergency planning powers which they can or may need to exercise as per the Constitution. (Emergency Planning Officer/ Director – Resources) e) Provide training for those deputising for Statutory Officers and Directors to ensure they understand the relevant Constitutional powers which they can or may need to exercise (Each Director; the Monitoring Officer). f) Provide further training to staff and councillors on cyber security, aiming for a 100% compliance with simulated phishing exercises. (Cyber Security Board; Leadership Team) g) Further develop the Cyber Resilience Plan and test once finalised (Cyber Security Board). h) Continue to implement the Corporate Peer Challenge Action Plan and review progress at the Local Government Association follow-up in autumn 2025. (Leadership Team) i) Develop reporting and internal sharing of best practice for Social Value as outlined in the AGS 2023/24 [actions 6-8] (Procurement Team; Leadership Team). j) Review and update the Gender Pay Gap Action Plan based on the latest pay gap figures. (The Gender Pay Gap Subgroup) 		<p>original audits were undertaken.</p>
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	<p>k) Finish developing and publish the new Sustainability Strategy 2025-2030 and establish a process for monitoring progress. (Director for Environment and relevant teams).</p> <p>l) Review the process for considering and reporting Equality and Environmental Implications (Policy & Strategy; Leadership Team</p> <p>m) Review the 3 Cs (Comments, Compliments, Complaints) Policy to incorporate reporting mechanisms to the Monitoring Officer and two other Statutory Officers (Customer Services; Leadership Team).</p> <p>It is also intended to follow-up on recommendations / control deficiencies raised by the external auditors (KPMG) as follows:</p> <ol style="list-style-type: none"> 1. Late submission of accounts 2. IT Policies 3. Contract Compliance Review 4. Member completion of training <p>This will also assist with the annual assurance opinion (conclusion) on governance, alongside risk management and control.</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 2026/27

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 2025/26.
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 2027/28	Provision of services to prepare, agree and report the 2027/28 Annual Audit Plan.
SIAS Development	Included to reflect the Council's contribution to developing the partnership.

2025/26 Carry Forward (20 days)

Available time for completion of 2025/26 projects – includes specific projects below which did not commence or complete as scheduled.

<u>Assignment Title</u>	<u>Assignment Purpose</u>	<u>Quarter</u>	<u>Assignment Sponsor</u>
EV Charging	Contract/leases with private sector partner have been finalised to install new EV charging points in the Council's outdoor surface car parks. A	Q1	Director - Place

APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2026/27

	<p>Government OZEV electric vehicle charge points and infrastructure grant has been secured to deliver the project.</p> <p>This is a standalone project audit 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>		
Anderson House	<p>The Anderson House scheme was established following a successful bid by the Council, OneYMCA and other partners to the MHCLG’s Single Homelessness Accommodation Programme (SHAP) in 2023, which resulted in an award of £3.2 million of capital funding and revenue funding totalling £1.2 million over three years. North Herts Council’s (NHC) Cabinet also approved the allocation of £388.3k of affordable housing commuted sums to OneYMCA to aid their acquisition of Anderson House on 10 September 2024.</p> <p>A Nominations Agreement was signed by OneYMCA and North Herts Council on 12 January 2026. This outlines the procedures for making nominations and the responsibilities of both parties.</p> <p>The purpose of this audit was to review and assess compliance with the Grant Funding Agreements, as well as the Nominations Agreement, to ensure that conditions and underlying objectives are being met, as well as to review ongoing contract monitoring arrangements and KPIs that will ensure that successful delivery can continue in the future.</p>	Q1	Director - Regulatory

Reserve List

Potential audit topics for elevation into the 2026/27 Internal Audit Plan or future audit plans where cancellations or deferred audits arise.

APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2026/27

<u>Title</u>	<u>Purpose</u>
<p>IT Service Desk</p> <p>(Source: Horizon scanning – IT audit universe)</p>	<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"> a) Objectives and Service Level Agreements, b) Processes and procedures, c) Customer Support, d) User self-service, e) Prevention and monitoring, f) Known error databases, g) Categorisation, prioritisation, and diagnosis, h) Investigation and escalation, i) Closure and resolution satisfaction, j) Reporting and risk management, k) Incident grouping, and l) Service desk allocations.
<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>

APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2026/27

<p>Planning Process – Application to Appeal</p> <p>(Source: Horizon scanning and assurance mapping)</p>	<p>Local Plans, prepared by a local planning authority in consultation with its community, set out a vision and a framework for the future development of an area. Once in place, Local Plans become part of the statutory development plan. The statutory development plan for the area is the starting point for determining local planning applications. Local authority planning is a vital process that shapes the development and growth of communities, ensuring that local needs are met while adhering to national policies and regulations.</p> <p>While avoiding duplication with the scope of a recent Planning Officer Society Review, an end-to-end review of the planning process is proposed covering application, assessment and validation, performance against statutory timeframes, consultation and collaboration, decision making (officer delegated and Planning Committee) and appeals. The audit will support good governance and compliance with legislation, local plans, strategies and guidance.</p>
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APPENDIX B – AUDIT START DATES AGREED WITH MANAGEMENT

Type	Quarter 1	Quarter 2	Quarter 3	Quarter 4
General Audit	Leisure Centre Decarbonisation (through year)	Leisure Centre Decarbonisation (through year)	Leisure Centre Decarbonisation (through year)	
	Decarbonisation of Council Buildings – Phase 2 (through year)	Decarbonisation of Council Buildings – Phase 2 (through year)	Decarbonisation of Council Buildings – Phase 2 (through year)	Decarbonisation of Council Buildings – Phase 2 (through year)
	Museum Collection Facility (through year)			
	Health and Safety	Asset Disposals	Careline	Renters Rights Act (RRA) 2025
	Emergency Homelessness Accommodation Payments	Fly Tipping	Applicant Tracking System	Churchgate Project Assurance
			Pay on Exit Parking	
			Local Government Re-organisation	
IT Audit			Cyber Risk	Cyber Resilience
Consultancy & Assurance Mapping		Assurance Mapping Update		
Recommendation Follow-Up		AGS and External Audit Follow-Up of Recommendations		

APPENDIX B – AUDIT START DATES AGREED WITH MANAGEMENT

Grant / Charity				King George V Playing Fields
				Workman's Hall
Carry Forward	2025/26 Carry Forward Audit Completion <ul style="list-style-type: none">- Anderson House- EV Charging			

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 – 2025/26	Internal Audit Coverage 2026/27	Assurance Mapping and Other Assurance
Financial Sustainability (Corporate Risk Current Risk Score Red 9)	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) New Finance System (Accounts Receivable) Purchasing Cards	No	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 monitored by Cabinet.
Leisure Centre Decarbonisation (Project Summary – Amber / Current Risk Score Red 8)	Public Sector Decarbonisation Scheme (Salix Grant) - Year 1 Leisure Centre Decarbonisation - Year 2 (audit renamed)	Leisure Centre Decarbonisation	See adjacent column.
Churchgate (Project Summary – Green / Current Risk Score Red 8)	Churchgate – Project Governance Framework Churchgate Ongoing Project Assurance Churchgate Landlord Compliance Churchgate Project Assurance (ongoing annually)	Churchgate Project Assurance	See adjacent column.
Cyber Risks (Corporate Risk Current Risk Score Red 8)	Cyber Security – Cyber Governance and Culture	Cyber Risk (including use of Topical Requirement)	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 Website Security and Maintenance Multi-Factor Authentication LGR – Cyber Risk (consultancy) Other Technology audits	Cyber Resilience (including Careline and IT BCP)	
Resourcing (Corporate Risk Current Risk Score Red 9)	Agency Staffing Safer Recruitment Training, Awareness and Induction Crosses numerous risks and audits, e.g. high priority recommendation in Climate Emergency audit	Application Tracking System (incl. pre-employment checks)	See adjacent column.
Local Government Reorganisation and Devolution (Corporate Risk Current Risk Score Red 9)	No	Local Government Reorganisation	See adjacent column.
Decarbonisation of Council Buildings (Project Summary – Green / Current Risk Score Red 7)	None.	Decarbonisation of Council Buildings	See adjacent column.
Local Plan Review (Project Summary - Green / Current Risk Score Red 7)	Development Management Follow-up Planning Applications	Planning Processes – Application to Appeal (Reserve List)	See adjacent column.
Museum Collection Facility (Project Summary – Amber / Current Risk Score Red 7)	Museum Services HTH Museum Operations	Museum Collection Facility	See adjacent column.
Engaging the community on our finances and how we spend our	No	No	Assurance map shows sufficient other forms of assurance.

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

money, via the 'Prioritising our Pounds' Digital Budget Hub (Project Summary - Amber / Current Risk Score Amber 5)			
Digital Transformation (Project Summary - Amber / Current Risk Score Amber 6)	Digital Strategy – advisory and consultancy	No	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. Some projects being reconsidered, paused or cancelled considering LGR and absence of medium to long term benefit – thus lower risk.
Waste and Street Cleansing Contract (Project Summary – Green / Current Risk Score Amber 5)	Waste Contract Follow-up Waste Contract Waste and Recycling Service	No	See adjacent column.
Town Centre Strategies (Project Summary – Green / Current Risk Score Amber 5)	No	No	Assurance map is amber for internal audit coverage and recommended for possible inclusion in the Internal Audit Plan. However, Draft Town Centre Strategy presented to Cabinet in November 2025 prior to public consultation. Then back to Cabinet to be adopted subject to feedback. Nothing to audit and project effectively complete.

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

Resident/Public EV Charging in our Car Parks (Project Summary – Green / Current Risk Score Amber 5)	Resident / Public EV Charging in Council Car Parks	No	See adjacent column.
Pay on Exit Parking Review (Project Summary Green / Current Risk Score Green 1)	MSU Transactions (incl. PCN's and Car Park Income) Parking Strategy and Enforcement	Pay on Exit Parking (Reserve List)	Assurance map is amber for internal audit coverage and recommended for possible inclusion in the Internal Audit Plan although low risk score.
Oughtonhead Common Weir (Project Summary – Green / Current Risk Score Green 2)	No	No	Assurance map shows sufficient other forms of assurance and low risk score.
King George V Skate Park (Project Summary – Green / Current Risk Score Green 2)	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 2026) 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.

Assurance mapping from 2024/25 and the subsequent update of the Assurance Map in 2025/26 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 by the number of days purchased. 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

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

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

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 & Service Plan 2026/27

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 (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

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

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.

APPENDIX E – SIAS Internal Audit Strategy

Our role and delivery objectives

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 and mandate, 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

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effectiveness of the internal audit activity followed by the completion of actions to address opportunities for improvement.

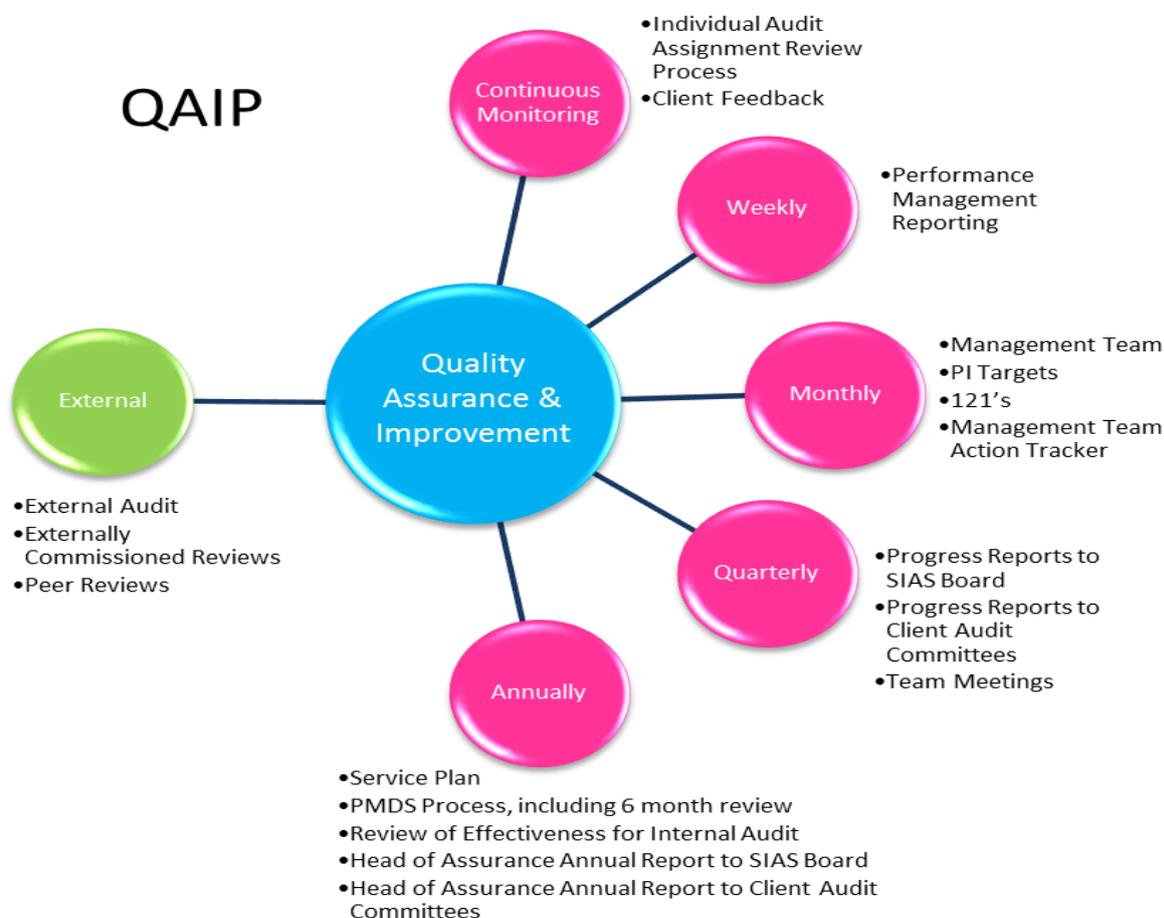
Resources

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 20.45 FTE's; these being aligned to the 3347 internal audit days that SIAS is commissioned to deliver, this split between SIAS Partner commissions of 2955 days, and work delivered to external clients of 392 days.
20. Our internal resources are as follows:
 - 0.4 FTE Head of Assurance
 - 1 FTE Head of Shared Service / Client Audit Manager
 - 2.8 FTE Client Audit Managers
 - 2 FTE Assistant Client Audit Manager
 - 3 FTE Senior Auditors
 - 4.5 FTE Auditors
 - 4 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.

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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.



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
Annual Internal Audit Plan Delivery – the percentage of the Annual Internal Audit Plan delivered (excludes contingency)	95%
Project Delivery – the number of projects delivered to draft report stage against projects in the approved Annual Internal Audit Plan	90%

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Performance Indicator	Performance Target / Reporting
Project Completion – delivery of all planned projects to final report stage prior to the publication of the CAE annual assurance statement and opinion.	100%
Client Satisfaction - percentage of client satisfaction questionnaires returned at 'satisfactory' level.	90%
Staff and Training – percentage of our staff that are actively studying towards, or have obtained, a relevant professional qualification.	Head of Service and Client Audit Managers (Chief Audit Executives) – 100% All Staff – 80%
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.
Chief Audit Executive's Annual Report (incl. Annual Assurance Opinion)	Presented to the first meeting of each Audit Committee in the new financial year.
Implementation of critical, high, and medium priority (where relevant to partner) recommendations	Presented as part of regular internal audit progress updates to Audit Committee
Conformance with GIAS (UK public sector) – 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

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technical and professional developments, benchmarking good practices and ensuring consistency of approach with our peers in the sector.

SIAS Service Plan 2026/27

Purpose

The SIAS Service Plan sets out the key activities that SIAS will be undertaking during 2026/27 to support the delivery of our key strategic objectives, primarily meeting statutory requirements, driving our service growth, and fostering a culture of continuous improvement.

Overview of Current Position and Developments

The internal audit landscape continues to evolve, with significant challenges faced by many internal audit teams in securing the appropriate resources, skills, and engagement to provide high quality and robust assurance to our customers.

- The revised Global Internal Audit Standards were launched during 2024/25, with a mandatory implementation date of 1st April 2025 for UK local authorities. SIAS will also be subject to our next External Quality Assessment (under the Global Internal Audit Standards) in 2026/27, thereby meaning that it is critical that SIAS can successfully demonstrate how the revised standards are being applied.
- Internal Audit is a specialist profession and therefore challenges continue across the sector in maintaining a pipeline of sufficiently qualified and experienced staff to fill critical roles such as Audit Managers and Chief Audit Executives.
- The financial landscape for all Local Authorities remains challenging, with these providing pressures in resourcing the Internal Audit function, which in the case of SIAS is the need to generate additional income to reduce financial pressures on our Partners in resourcing the function.
- The above financial pressures are also creating a backdrop of wider challenges for Local Authorities in terms of delivering sustainable critical services, this leading to a landscape of increasing risk, high degrees of transformation and the potential for dilution of governance or internal control arrangements as organisational resources reduce.
- We continue to monitor the progress of Devolution and Local Government Re-organisation within Hertfordshire, particularly considering the role that should be played by SIAS to provide assurance to our Partner Councils during the preparation and transition process, and the future structures for providing Internal Audit services post transition.

The above highlights the need for SIAS to use resources effectively, explore innovative ways of delivering assurance and maintain a full awareness and adherence to key professional standards.

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Our Key Service Plan Priorities for 2026/27

Objective	Key Area of Focus	Lead / Timescale
To ensure that the service has a workforce with sufficient skills to meet professional standards and deliver our core service commitments to our Partners.	To continue to review and enhance our approach to developing internal staff to allow internal candidates to be able to progress to key hard to fill roles such as Senior Auditor, Assistant Audit Manager and Client Audit Manager.	SIAS Management Team – March 2027
To commission, prepare for and participate in our five-yearly External Quality Assessment, as required under the Global Internal Audit Standards.	In line with the requirements of the Global Internal Audit Standards, SIAS are required to commission an External Quality Assessment during 2026/27. Significant work will be required by the SIAS management team to prepare the required evidence to support the assessment and demonstrate how SIAS conforms with the GIASs.	SIAS Management Team – October 2026
To formalise an approach to providing assurance to SIAS Partners in relation to Local Government Re-organisation.	SIAS will continue to work with the SIAS Board and Audit Committees to determine the most appropriate methods for providing assurance on governance, risk management and internal control arrangements during the process of Local Government Re-organisation in Hertfordshire.	SIAS Management Team – Ongoing during 2026/27
To provide clear outputs from assurance activities	Following the successful embedding of the revisions to the SIAS audit report template, we will seek to revisit the format of other key documents and reports such as our Terms of Reference (for audit assignments), Audit Committee progress reports and SIAS Annual Assurance Opinion Reports.	SIAS Management Team and SIAS Team Members – March 2027
To embed the use of data analytics and continuous assurance methodologies to improve the level of insight and depth of assurance provided within our work.	To actively participate within the Local Authority Chief Auditors Network working group on data analytics to identify any potential good practice that can be applied across the service.	SIAS Management Team – March 2027

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Objective	Key Area of Focus	Lead / Timescale
To provide a financially sustainable internal audit shared service partnership.	Deliver key external business income targets for 2026/27. Continuing to market SIAS as a provider of high-quality internal audit Services. Developing and refining approaches to identifying and bidding for external business opportunities, using experience gained from successful and unsuccessful bids.	Head of SIAS & Head of Assurance – March 2027