# Shared Internal Audit Service

# Annual Report

# 2025/26

# Annual Report Contents

# Introduction

Welcome to the Shared Internal Audit Service (SIAS) Annual Report for 2025/26.

Those familiar with my musings in the introduction to past editions of the annual report will know about my passion for walking, travel and good food. I found myself a marvellous slice of heaven at the mouth of Loch Eriboll in the far north of Scotland, where the peace and seclusion soothed the mind and soul. Despite being blessed with astonishingly good weather that facilitated exploration of scenic treasures near and far, it was the simple pleasures on the doorstep that have lived long in the memory – cuckoos calling long into the evening against a backdrop of pink clouds, lobster and crab BBQs fresh from the loch 100 yards away and football on deserted Ceannabeinne Beach with my son at 22.30.

Quality rest and relaxation, and investing in one's personal wellbeing, is critical when fronting up to the challenges experienced in the workplace during the last year. The team has been preparing for the rigours of our external quality assessment, the first under the new Global Internal Audit Standards for the UK public sector. This has been daunting but ultimately rewarding and a major opportunity to review what we do and improve how we do it. This sits against the backdrop of local government reorganisation (LGR) and shaping and positioning the service in collaboration with colleagues from across Hertfordshire to serve the new unitary authorities when they come into being in 2028. And if that isn't enough, we have been building on the success of the first year of the SIAS Business Plan by securing more work from our highly valued existing external clients and welcoming new client relationships.

None of this happens without the energy, resilience, counsel and motivation that comes from having a wonderful team around you, people who put in the hard yards, have your back, step up to the plate, pick you up, make you laugh and debate tactics and strategy long into the evening. To all the SIAS team and our Board, I thank you profusely.

SIAS said a sad farewell to two team members departing during the year to career opportunities elsewhere. They are thanked for their achievements and contribution to the service and will be greatly missed. Departures offer the opportunity for new beginnings, and we welcome two new team members, who have settled wonderfully well into the service. Congratulations are also extended to team members for their deserved promotions and exam successes. We are proud of you all.

For further highlights and reflections, I invite you to delve into the Annual Report itself. As ever, I enjoy the engagement, dialogue, and feedback the report fosters.

## Chris Wood - Head of Assurance

## June 2026

SIAS
Shared Internal Audit Service
Hertfordshire in Partnership

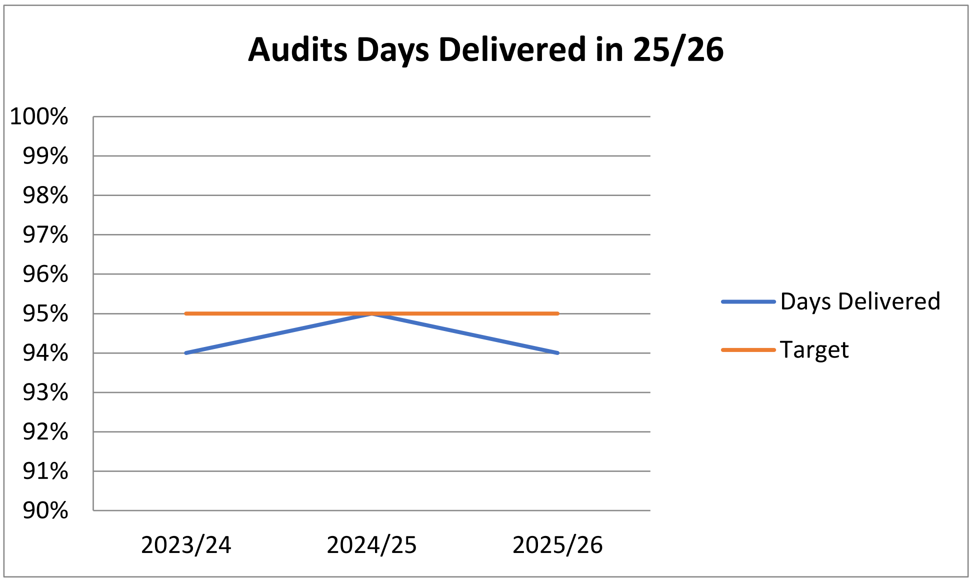
# Levels of delivery

In respect of delivery, 2025/26 presented new challenges to SIAS as we sought expand our customer portfolio, whilst still maintaining the expected high levels of delivery to our founding partners and existing customers.

Through the work of our fantastic team, we managed to deliver our core commitments to our SIAS Partners, achieving 94% delivery of planned days and completion of 89% of planned projects to draft report stage, with targets of 95% and 90% respectively. In addition, we also successfully delivered our agreed portfolios of work with our external customers, Eastern Internal Audit Services (EIAS) and Dartford and Sevenoaks Councils, completing over 350 days' work for these clients during 2025/26.

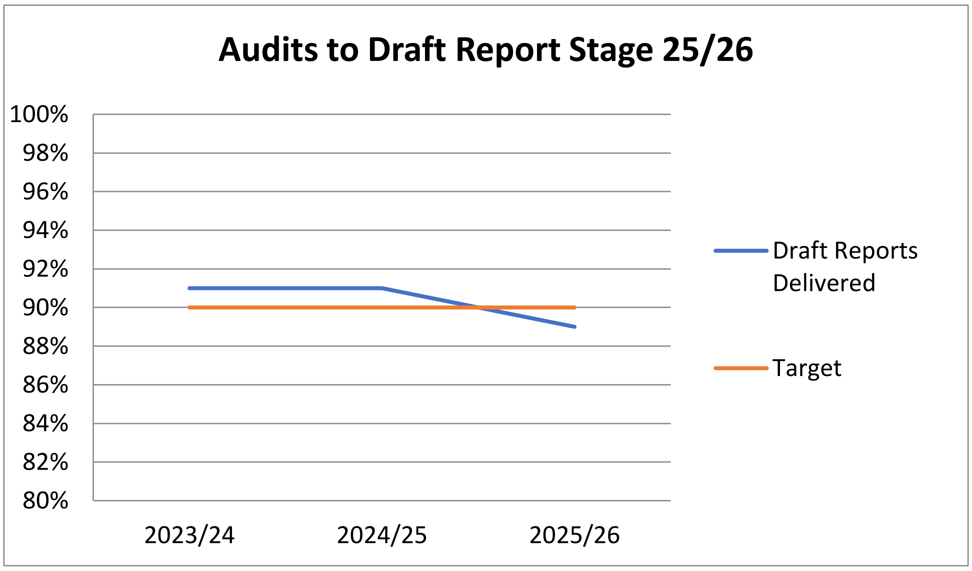
With our key objective being to complete enough work to allow an annual assurance opinion to be provided for each SIAS Partner, we are pleased to report that this was achieved.

**Figure 1: Percentage of audits days delivered**




***We delivered 94% of our audit plan days and 89% of projects to draft report by 31 March 2026.***

**Figure 2: Percentage of audits to draft report stage**



# Shared learning - the power of partnership

*We continued to use our networks with bodies such as the Chartered Institute of Internal Auditors (CIIA) and the Local Authority Chief Auditors Network (LCAN) to ensure that we remained in touch with the challenges facing the audit profession and those being faced by the organisations we provide assurance to….*

A key founding principle of the Shared Internal Audit Service was the opportunity to embed a culture of shared learning within the partnership. A shared learning culture, both formal and informal, is embedded through our team, our sister services within Assurance and across our partners and opportunities abound to promote issues big and small.

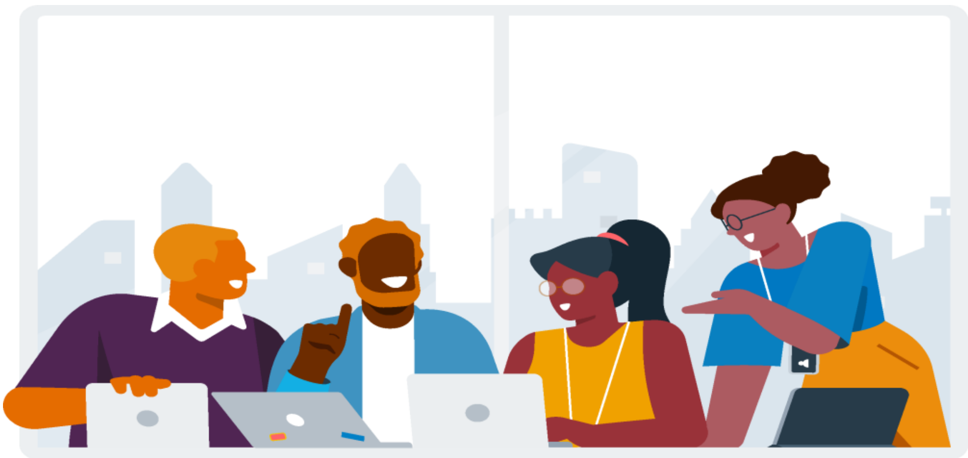
We continued to use our networks with bodies such as the Chartered Institute of Internal Auditors (CIIA) and the Local Authority Chief Auditors Network (LCAN) to ensure that we remained in touch with the challenges facing the audit profession and those being faced by the organisations that they provide assurance to.

The above networks have been valuable in allowing us to gather and share insights and approaches to embedding the Global Internal Audit Standards and preparing for our 2026/27 GIAS External Quality Assessment. In addition, with Hertfordshire currently beginning the journey of Local Government Re-organisation, these networks have provided opportunities to gather insights on how best Internal Audit can support this process and learn from those who have already navigated this complex process.

We have continued to contribute to discussions arranged by the Institute of Internal Auditors on key topics facing the profession such as recruitment and retention.

From a partner perspective, we continue to share good practice and emerging risks identified from our audit work during key Senior Management meetings, such as Corporate Governance Groups. This is deemed important to embrace a continuous learning culture within the partnership.

During 2025/26, our staff, partners and Audit Committee members have continued to work collaboratively to foster a cycle of continuous development and innovation, with these being particularly critical as we look to continue to build an effective internal audit service.



# Managing the challenges of auditing in a changing environment

***As part of our revised internal audit methodologies, we have implemented a clearer focus on 'root cause analysis', this being successfully used within our audit reports during 2025/26….***

The risk landscape of local government has and will continue to be subject to continued and fast paced change. The challenges faced at the point of our previous annual report in 2024/25 remain current, including needing to identify savings to manage funding pressures, rising demand, unstable inflation, and global political unrest. In addition, the significant work associated with delivering Local Government Re-organisation within Hertfordshire brings additional pressures and new risks to each of our SIAS Partners.

In respect of Artificial Intelligence (AI) this continues to evolve at pace, and we look to work to embrace this new technology but equally ensure that we understand the new risks that this introduces into the systems that we audit.

The landscape of cyber-risk continues to remain high on the agenda from both a business and indeed personal perspective, with several high-profile cyber-attacks being reported during 2025/26 that have resulted in material impacts. This highlights the importance of investing in security, business continuity arrangements and educating and training staff. From an internal audit perspective, cyber security is one of the initial 'topical requirements' launched under the Global Internal Audit Standards, these seeking to ensure that internal auditors follow mandatory key lines of enquiry during audits of this area.

The combination of all the above factors means that it continues to be important that our internal audit plans remain agile and can be adapted in line with the fast-paced change of the Local Government and wider environment.

As part of our revised internal audit methodologies, we have implemented a clearer focus on 'root cause analysis', this being successfully used within our audit reports during 2025/26. In the longer term we seek to use the outcomes of root cause analysis to highlight potential wider organisational factors that may contribute to systems weaknesses, such as resourcing or recruitment challenges or ineffective approaches to governance.

As a service we continue to benefit from having a co-sourced internal audit partner, allowing us to have access to specialist skills, or their wider information pool to support other key opportunities such as benchmarking.

Overall, we believe that 2025/26 has provided an opportunity for SIAS to continue to develop our approach to provide an effective and value-added audit service.

# Developing our people and processes

At the core of our service are our team members and we are proud to continue embracing our 'grow your own' strategy, to both develop the audit talent of the future and support future service resilience.

The Head of SIAS continued to be part of the Internal Audit Apprenticeship trailblazer review group and during 2025/26 has taken on the Chairmanship of the group, supporting the successful launch of the revised Level 4 Apprenticeship.

During 2025/26 we were also pleased to support nine members of our team in commencing or continuing their professional studies, either with the Chartered Institute of Internal Auditors or CIPFA.

Whilst acknowledging the importance of professional studies, our staff also have clear training, development and progression plans to ensure that they have the very best opportunity to reach their career goals. We support this with regular 'lite bite' training sessions, where we look to provide in-house training to support their professional studies

We were pleased to be able to promote two members of our staff to Senior Auditor roles during 2025/26, as well as welcoming two new trainee auditors and a volunteer auditor to the team with this aligning to our grow your own strategy.

We continue to navigate the challenges in maintaining a team culture and collaboration in the days of hybrid working and promote our weekly office day to ensure that team members have regular opportunities to network and share ideas.

In December 2025, we were pleased to celebrate the Inspirational Leadership Award presented to our Head of SIAS during the host authority's 2025 Resources Awards Event. This acknowledged his efforts during the last 12 years in driving SIAS's growth, expanded client base, and developing a strong talent pipeline. He was also recognised for his inclusive approach, focus on staff development, and commitment to continuous improvement that have strengthened SIAS as a trusted audit service

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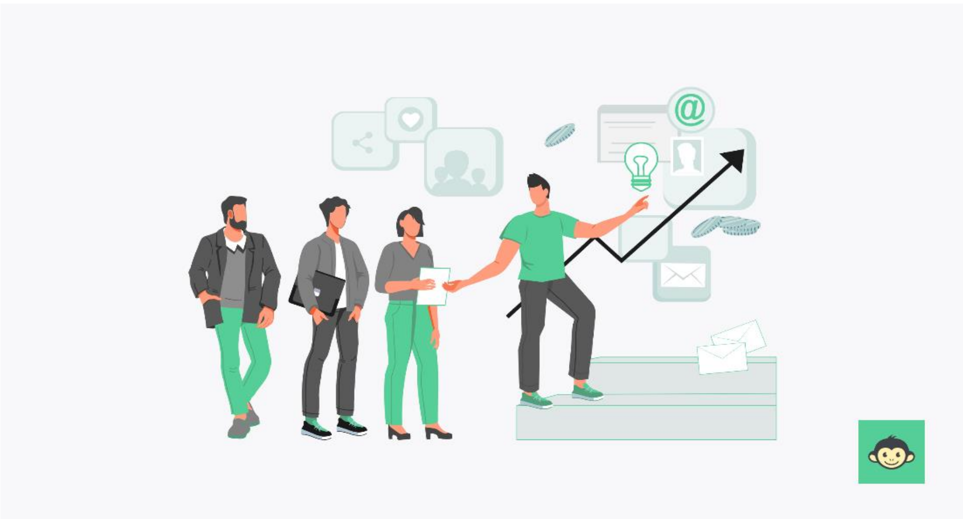
From a process perspective, we have been continuing to work during 2025/26 to critically review and update our key strategies, templates and our audit manual to reflect the Global Internal Audit Standards, and equally prepare for our upcoming External Quality Assessment in 2026/27.



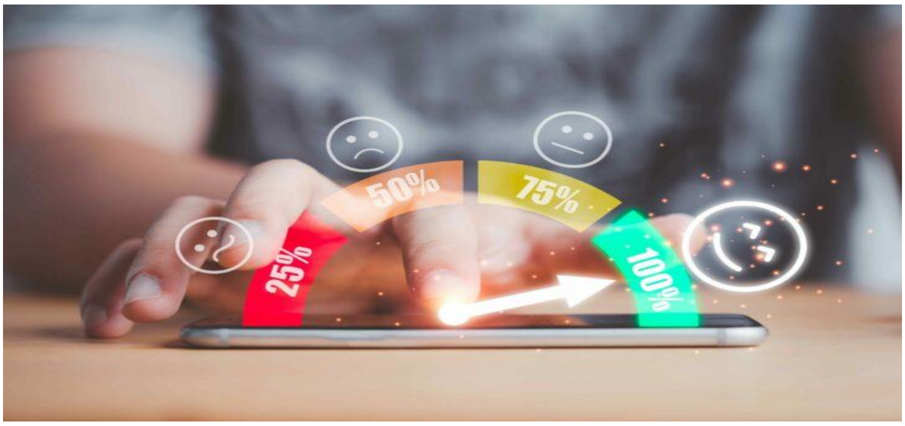
# First class customer service

To monitor our effectiveness and improve our service, at the end of each assignment we request the completion of a short satisfaction survey. We have been given and have acted upon invaluable improvement ideas, and we are proud of the fact that in 2025/26 we have received 98% satisfactory or higher feedback rating from our customers, this against our target of 90%.

Some of the comments that accompany the formal scoring document are shown below:

- "The auditors made the process very straightforward and were happy to clarify where I had any queries re the audit and the information required by them."
- "The service has been very welcomed as it both provides feedback that we wouldn't ordinarily obtain and has also provide ways in which we can improve and bolster our services."
- "Very good thank you, concise questioning meant the audit was not too demanding in terms of time pressure. There looks to have been a thorough review of the data supplied to the auditor so feel a good understanding of processes and procedures in place was achieved and reflected in the audit."
- "Well organised and efficient audit, professional and proficient service received from the auditor throughout."
- "It wasn't a straightforward audit because of the circumstances i.e. very new contracts being managed very manually off spreadsheets. The auditor was brilliant though and absorbed a lot of information - with the outcome very much reflective of where we currently are."
- "Auditors were interested in the service and keen to learn about the work we do. Was very useful to undertake the audits for both clients at the same time to eliminate duplicate conversations."
- "The process was well-organised and allowed for meaningful participation. The team conducting the audit was professional, approachable, and responsive to concerns raised throughout the process."
- "The auditor was very friendly and professional whilst conducting the audit. She put us at ease and her responses to any questions was very quick and efficient and she asked relevant questions to the topic."

***"The process was well-organised and allowed for meaningful participation. The team conducting the audit was professional, approachable, and responsive to concerns raised throughout the process."***



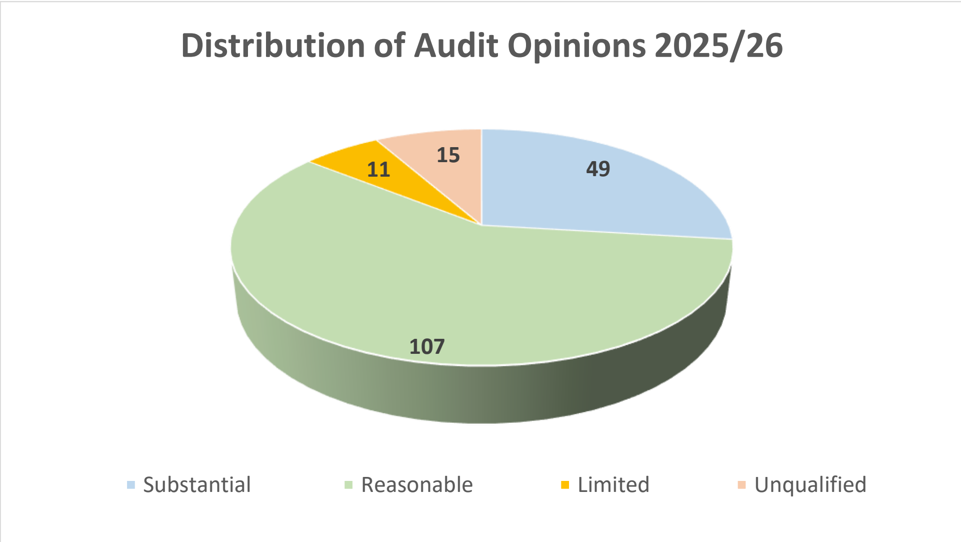
# Performance – outcomes

*229 assurance and other projects identifying 233 high or medium priority recommendations*

SIAS completed 229 assurance and other projects to draft or final report stage as at the end of March 2026, giving the assurance opinions and recommendations detailed in the charts below.

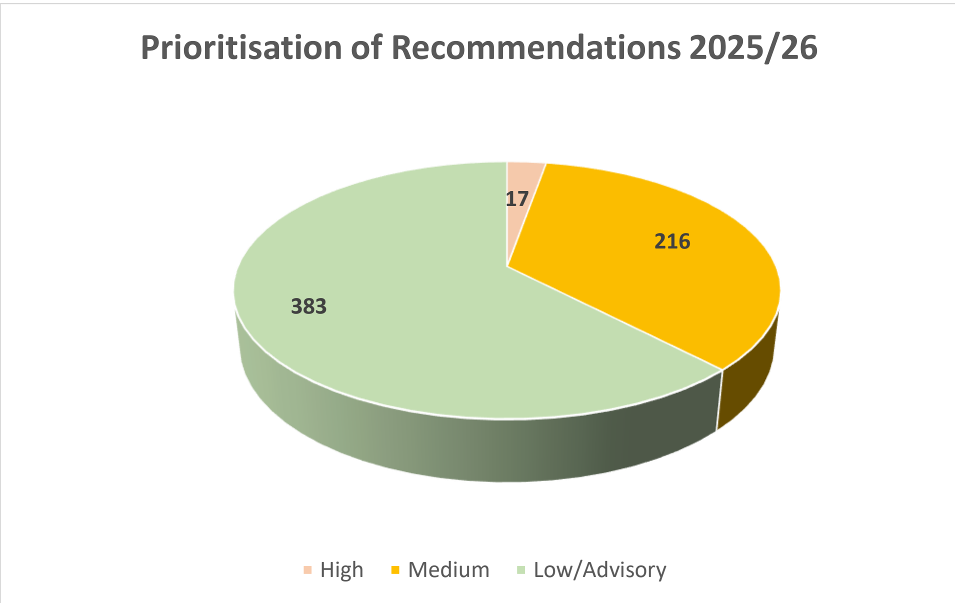
For those pieces which resulted in a formal assurance opinion, the distribution of opinions is set out in figure 3 below:

**Figure 3: Distribution of Audit Opinions 2025/26**




For those audits where recommendations were required and were graded, the priority ratings are set out in figure 4 below:

**Figure 4: Prioritisation of Recommendations 2025/26**



# Performance indicators

The overall business performance of SIAS is monitored by the SIAS Board by means of a balanced scorecard which provides a range of measures by which progress can be evaluated.

The overall performance of SIAS against our key performance indicators is reported below.

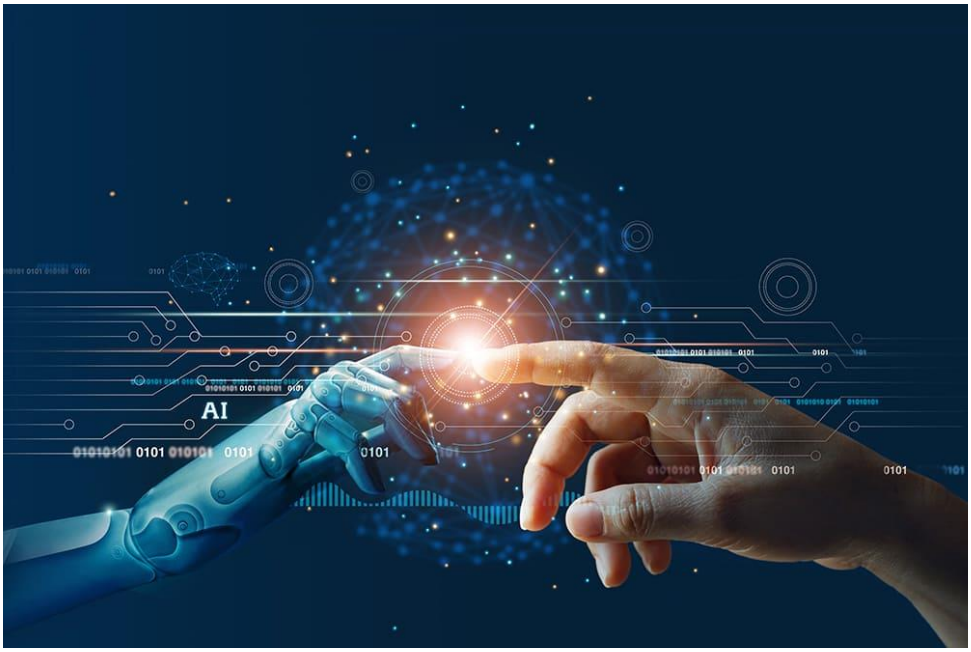
**Table 1: SIAS Business Performance**

| Indicator | Target | Actual as at 31 March 2025 | Actual as at 31 March 2026 |
|---|---|---|---|
| Progress against plan: actual days delivered as a percentage of planned days. | 95% | 95% | 94% |
| Progress against plan: audits issued in draft by 31 March | 90% | 91% | 89% |
| Client satisfaction | 100% client satisfaction questionnaires returned at ‘satisfactory overall’ level or above | 96% | 98% |

# Financial performance of SIAS

SIAS operates on a fully traded basis and the service’s financial position is overseen by the SIAS Board. Prudent financial management and income generation has allowed the service to build a reasonable reserve over the last few years, with the intention of smoothing the impact of any unforeseen events on trading performance in future years or investing in projects that support the delivery, growth, or development of the service.

# Future developments




*During 2026/27, we will continue to work with our SIAS Partners, using insight and advice from our professional networks, to progress an assurance offering to support the progression of devolution and local government reform in Hertfordshire…*

During 2026/27, we will continue to work with our SIAS partners, using insight and advice from our professional networks, to progress an assurance offering to support the progression of devolution and local government reform in Hertfordshire.

We will also be concluding our preparations for our required five-yearly external quality assessment, with this to be undertaken by the Chartered Institute of Internal Auditors during quarter four of 2026/27.

For our team members and their future training and development, we will continue to support those members of our service that are striving to attain professional qualifications, offer progression opportunities where possible and continue to embed a culture of continuous learning and development.

Finally, we will continue to work with our professional networks to identify and embed best and emerging practice, thereby ensuring that we can continue to develop effective and robust assurance to our core SIAS Partners.

# Our board members

The SIAS Board provides strategic direction and oversight for the partnership, bringing a wealth of local government experience and insight to our operation.

During 2025/26, our Board members were as follows:

| Name | Title | Partner |
|---|---|---|
| Atif Iqbal | Director Finance & Deputy S151 Officer | Stevenage Borough Council |
| Matthew Bunyon | Assistant Director of Finance (Section 151 Officer) | Hertsmere Borough Council |
| Steven Pilsworth | Director of Finance | Hertfordshire County Council |
| Ian Couper | Service Director (Resources) | North Herts Council |
| Richard Baker | Executive Director (Finance and Transformation) | Welwyn Hatfield Borough Council |
| Brian Moldon | Director for Finance, Risk and Performance | East Herts Council |
| Alison Betts | Director of Finance | Three Rivers District Council |
| Nigel Howcutt | Section 151 Officer and Chief Finance Officer | Watford Borough Council |

The SIAS Board is also attended by the following representatives from SIAS and Hertfordshire County Council.

| Name | Title | Partner |
|---|---|---|
| Chris Wood | Head of Assurance | SIAS |
| Darren Williams | Head of SIAS | SIAS |
| Quentin Baker | Director of Law and Governance | Hertfordshire County Council |

## Appendix A: Definitions of Assurance Levels and Priority of Recommendations

### 2025/26 Definitions of Assurance and Recommendation Priority Levels

| **Audit Opinions** | |
|---|---|
| **Assurance Level** | **Definition** |
| Assurance Reviews | |
| **Substantial** | A sound system of governance, risk management and control exist, 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 / Funding Certification Reviews | |
| **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. |

| **Recommendation 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. |
| **Service** | **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. |
| | **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. |