

23rd July 2025

INTERNAL AUDIT PROGRESS REPORT JUNE 2025

SUMMARY:

As required by the Global Internal Audit Standards in UK Public Sector this report presents the Internal Audit Progress Report June 2025.

- The Internal Audit Progress Report - June 2025 (Appendix A) provides the Corporate Governance, Audit and Standards Committee with an overview of internal audit activity against assurance work completed in accordance with the approved audit plan and to provide an overview of key updates pertinent to the discharge of the committee's role in relation to internal audit.

RECOMMENDATION:

Members are requested:

- to **note** the Internal Audit Progress Report – June 2025 (Appendix A).

1 Introduction

- 1.1 The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

'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.'

- 1.2 From 1 April 2025, the 'standards or guidance' in relation to internal audit are those laid down in the Global Internal Audit Standards (GIAS), Application Note: Global Internal Audit Standards in the UK Public Sector (Application Note) and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements shall be referred to as the Global Internal Audit Standards in the UK Public Sector (the Standards).
- 1.3 The Southern Internal Audit Partnership have made all necessary adaptations to its processes, procedures and practices to ensure it is best placed to conform with these requirements with effect from 1 April 2025.

- 1.4 The proposed risk based internal audit plan for 2025-26 is attached at Appendix B and has been developed at a strategic level providing a value adding, and proportionate level of assurance aligned to the Council's strategic outcomes. It is based on a range of inputs including review of the Council's strategic risk register, In accordance with proper internal audit practices (Global Internal Audit Standards in the UK Public Sector), the Chief Internal Auditor is required to provide a written status report to the Corporate Governance, Audit & Standards Committee, summarising:
- ongoing confirmation or otherwise regarding independence, and impairment [Standard 7.1]
 - a summary of significant issues and escalation of matter of importance [Standard 8.1]
 - overview and sufficiency of resourcing [Standards 8.2, 10.1, 10.2, and 10.3]
 - communicating of unresolved issues that fall outside of the Council's risk tolerance [Standard 11.5]
 - update on progress and any changes to the annual audit plan [Standard 9.4]
 - internal audit performance measures [Standard 12.2]
 - status of 'live' internal audit reports and status on the implementation of management actions [Standard 15.2]
- 1.5 Appendix A summarises the activities of internal audit for the period up to June 2025

2 Recommendation

- 2.1 Members are requested to note the Internal Audit Progress Report – June 2025 (Appendix A)

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HEAD OF SERVICE: Peter Vickers, Executive Head of Financial Services and S151 Officer



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

Internal Audit Progress Report
Rushmoor Borough Council – June 2025

Prepared by: Neil Pitman, Head of Partnership

1. Internal Audit Mandate

The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

'5. (1) 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.

(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—

(a) make available such documents and records; and

(b) supply such information and explanations

as are considered necessary by those conducting the internal audit.'

The role of internal audit is best summarised through its definition within the Standards, as an:

'An independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.'

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

2. Internal Audit Standards

With effect from 1 April 2025, the 'Standards' against which internal audit within the public sector must conform are those laid down in the Global Internal Audit Standards, Application Note: Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements are referred to as the Global Internal Audit Standards in the UK Public Sector.

3. Purpose of Report

In accordance with proper internal audit practices (Global Internal Audit Standards in the UK Public Sector), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to Senior Management and the Corporate Governance Audit & Standards Committee, summarising:

- The monitoring of 'live' internal audit reports
- an update on progress against the annual audit plan and any subsequent revisions
- acknowledgement of any actual or perceived impairments to internal audit independence
- internal audit performance, planning and resourcing issues
- results of audit assignments and insights.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of controls in place focusing on those designed to mitigate risks to the achievement of management objectives of the service area under review. Assurance opinions are categorised as follows:

Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

4. Resourcing

As Chief Internal Auditor I am of the opinion that there is a sufficient level of resource available, supported by an appropriate range of knowledge, skills, qualifications and experience to deliver the internal audit plan (2025/26) and in the fulfilment of the audit mandate and delivery of the internal audit strategy.

- **Human Resource** - the Southern Internal Audit Partnership has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the internal audit strategy and risk-based audit plan.
- **Financial Resource** - the Head of Southern Internal Audit Partnership will manage the internal audit budget to enable the successful implementation of the internal audit mandate and achievement of the plan. The budget includes the resources necessary for the function's operation, including training and relevant technologies and tools.
- **Technological Resource** - the internal audit function has the technology to support the internal audit process and regularly evaluates technological resources in pursuit of opportunities to improve effectiveness and efficiency.

I have not been made aware of any implications on organisational capacity that may adversely affect the delivery of the internal audit plan.

5. Independence

As your chief internal auditor, I retain no roles or responsibilities that have the potential to impair my independence, either in fact or appearance. Internal auditors engaged in the delivery of the 2025-26 internal audit plan have had no direct operational responsibility or authority over any of the activities reviewed. I can confirm there has been no interference encountered relating to the scope, performance, or communication of internal audit work during the year to date in the delivery of the internal audit plan or the fulfilment of the internal audit mandate.

6. Impairments

There have been no impairments to internal audit activity during the year. The internal audit function has remained free from all conditions that threaten our ability to carry out responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. The internal audit team have maintained an unbiased mental attitude allowing them to perform engagements objectively enabling them to believe in their work product, with no compromise to quality, and no subordination to their judgment on audit matters, either in fact or appearance.

7. Rolling Work Programme

The internal audit plan for 2025-26 was originally presented to Senior Management and approved by the Corporate Governance Audit & Standards Committee in April 2025. The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed below.

Audit Review	Scoping Held	ToR Issued	Fieldwork Start	Draft Report	Final Report	Assurance Opinion	Comment
Disabled Facility Grants	01.05.24	03.06.24	17.06.24	11.10.24	13.06.25	Limited	2024/25
Capital Programme	22.07.24	03.09.24	18.09.24	23.04.25			2024/25
Effectiveness of Financial Rules	23.09.24	13.11.24	18.11.24	28.05.25			2024/25
NNDR	09.10.24	07.11.24	16.12.24	30.04.25			2024/25
FMS & Bank Reconciliations	07.11.24	16.01.25	04.03.25	27.05.25			2024/25
Sales Ledger	06.03.25	26.03.25	22.04.25				2024/25
Union Yard	27.01.25	TBC	14.04.25				Awaiting agreement of ToR
Pay360	12.02.25	19.06.25					Discussions ongoing re timing
Risk Management							Q3
Programme / Project Management							Q2
Contract Management							Q4
Procurement	20.05.25	10.06.25	30.06.25				
Cyber – Training & Awareness							Q3
IT Contingency							Q4
Treasury Management							Q3
Financial Recovery Plan	15.05.25	28.05.25	25.06.25				Q1
Recruitment & Retention							Q3
LGA Peer Review – Action Plan	04.06.25	27.06.25					
Temporary Accommodation							Q3
Asset Management & Disposal							Q3
Agency Staff							Q2
Budget Management							Q2
Contingency – Devolution & LGR							Q2-Q4

8. Adjustment to the Internal Audit Plan 2025-26

Internal Audit focus continues to be proportionate and appropriately aligned. The plan remains fluid and subject to on-going review and amendment, in consultation with the relevant audit sponsors, Senior Management, and Corporate Governance Audit & Standards Committee, to ensure internal audit are able to react to new and emerging risks and the changing needs of the Council.

Such amendments to the 2025-26 internal audit plan are detailed below with explanations for the proposed amendments.

Additions	Audit Review	Reason for inclusion in the plan
	None	N/A
Withdrawals	Audit Review	Reason for removal from the plan
	None	N/A





9. Acceptance of Risk

Internal audit reporting protocols are in place to ensure that the scope of work and findings for all assignments are reported appropriately and that agreed management actions are approved by senior management.

Every effort will be made to resolve disagreements that may arise during the audit process. However, if, unresolved issues are considered by internal audit to fall outside of the Council's risk tolerance, these will be escalated to Senior Management and Corporate Governance Audit & Standards Committee as deemed necessary.

There are no such instances to report from our delivery of the 2025–26 internal audit plan to date.

10. Executive Summaries of reports published concluding a 'Limited' or 'No' assurance opinion

Title: Disabled Facility Grants		
Audit Sponsor	Assurance opinion	Management Actions
James Duggin, Executive Head of Operations	 Limited	 8 High  10 Medium  1 Low
<p>Summary of key observations:</p> <p>Rushmoor Borough Council offer a means tested approach to providing additional support and assistance through grants such as the Mandatory Disabled Facility Grant, Discretionary Disabled Facility Grants, Top Ups and Discretionary Adaptations Grants.</p> <p>Positively the DFG processes in place at the Council are generally sound, however, concerns were highlighted regarding the procurement of contractors and surveyors.</p> <p>Contract standing orders have not been followed for the engagement of the supplier who undertakes surveying and design work for the Council relating to DFGs. This supplier subsequently engages contractors for some of the DFG work on behalf of the Council but does not follow contract standing orders. At the time of the audit the supplier maintained a list of contractors they regularly use for DFG work and from which they were obtaining quotes to determine who would undertake the work; however, the work was not offered to the wider market and therefore value for money cannot be assured.</p> <p>New contractors approach Rushmoor Borough Council to initiate a request to be considered for DFG work. However, testing found that there was no contractor framework in place nor was there a formalised approach to annual checks or onboarding any new contractors. Additional, testing found that DBS checks on contractors in relation to DFG works are not currently part of the due diligence checks undertaken.</p> <p>In addition to procurement arrangements assurance could not be provided that policy and procedure guidance had been updated in accordance with scheduled timelines including the "Financial Assistance Policy for Housing Grants and Loans" that was dated March 2018.</p> <p>A retention guidelines document is in place, providing the retention periods across all service areas within Rushmoor Borough Council. DFG documentation is not currently maintained in accordance with the retention policy. This is a known issue, and the housing and IT department are aware.</p>		

11. Analysis of 'Live Audit Reviews'

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions											
				Agreed			Pending			Complete			Overdue		
				L	M	H	L	M	H	L	M	H	L	M	H
Building Control	24.10.24		Reasonable	1	3	1	-	-	-	1	3	1	-	-	-
Princes Hall	16.01.25		Reasonable	1	7	2	-	-	-	1	7	2	-	-	-
Biodiversity BNG	28.05.25		Reasonable	-	6	2	-	4	1		2	1	-	-	-
Elections	11.06.25		Reasonable	5	-	-	5	-	-	-	-	-	-	-	-
Disabled Facility Grants	13.06.25		Limited	1	10	8	1	10	7	-	-	1	-	-	-
Total															

*It is recognised that there remain several outstanding management actions due from internal audit reports issued prior to the engagement of the Southern Internal Audit Partnership. We have now acquired a full listing of historic reports and outstanding management actions which will be followed up and reported in this section of the Progress Report from September 2025.

Annexe 1

Southern Internal Audit Partnership - Performance Measures

Performance Measure	Regularity	Target	Actual 25/26	Status	Direction of Travel
1. Percentage of the agreed audit plan completed (issue of draft / final report)	Ongoing	90%	0%		n/a
2. Audits delivered within agreed timescales (% year to date)					
○ To issue of draft report	Ongoing	80%	n/a	n/a	n/a
○ To issue of final report	Ongoing	80%	n/a	n/a	n/a
3. Conformance with the Global Internal Audit Standards in the UK Public Sector	Annual	Conforms	Conforms*		
4. Audits conducted optimising the effect use of data analytics (% year to date)	Ongoing	60%	n/a	n/a	n/a
5. Stakeholder satisfaction (annual survey)					
○ Audit Committee	Annual	90%	99%**		
○ Senior Management		90%	99%**		
○ Key Contacts		90%	98%**		
6. Internal audit effectively communicates with key stakeholders					
○ Audit Committee	Annual	90%	99%**		
○ Senior Management		90%	99%**		
○ Key Contacts		90%	98%**		
7. Sufficiency of input to and discussion of the internal audit plan					
○ Audit Committee	Annual	90%	97%**		
○ Senior Management		90%	98%**		
8. Appropriate focus on key risks					
○ Audit Committee	Annual	90%	97%**		
○ Senior Management		90%	100%**		
○ Key Contacts		90%	97%**		

* EQAs undertaken under the PSIAS remain valid for the successive five years (from the date of award). The SIAP will be commissioning an EQA against the GIAS in the UK Public Sector during 2025.

**Due to Rushmoor BC only joining SIAP in April 2025 Council specific results are not available therefore the wider Partnership results are presented for information