

28th January 2026

INTERNAL AUDIT PROGRESS REPORT DECEMBER 2025

SUMMARY:

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

- The Internal Audit Progress Report – December 2025 (Appendix A) provides the Audit and Governance 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 – December 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
- 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 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 Audit & Governance 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]
- 1.4 Appendix A summarises the activities of internal audit for the period up to December 2025

2 Recommendation

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

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Southern Internal Audit Partnership

Assurance through excellence
and innovation

Internal Audit Progress Report Rushmoor Borough Council

Prepared by: Neil Pitman, Head of Partnership

December 2025

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	Sponsor	Scoping Held	ToR Issued	Fieldwork Start	Draft Report	Final Report	Assurance Opinion	Comment
Disabled Facility Grants	EHO	01.05.24	03.06.24	17.06.24	11.10.24	13.06.25	Limited	2024/25
Capital Programme	EHF	22.07.24	03.09.24	18.09.24	23.04.25	04.09.25	Reasonable	2024/25
Effectiveness of Financial Rules	EHF	23.09.24	13.11.24	18.11.24	28.05.25	22.07.25	Limited	2024/25
NNDR Billing, Collection, Recovery	EHF	09.10.24	07.11.24	16.12.24	30.04.25	11.07.25	Reasonable	2024/25
FMS & Bank Reconciliations	EHF	07.11.24	16.01.25	04.03.25	27.05.25	21.07.25	Reasonable	2024/25
Sales Ledger	EHF	06.03.25	26.03.25	22.04.25	24.09.25	13.11.25	Reasonable	2024/25
Union Yard	EHF	27.01.25	07.07.25	28.07.25	02.10.25			
Pay360	CMIT	12.02.25	21.07.25	20.08.25	22.09.25	21.10.25	Limited	
Procurement	EHF	20.05.25	10.06.25	30.06.25	13.08.25	19.09.25	Reasonable	
Financial Recovery Plan	EHF	15.05.25	28.05.25	25.06.25	26.08.25			
LGA Peer Review – Action Plan	IMD	04.06.25	27.06.25	04.07.25	26.08.25			
Agency Staff	EHF	26.06.25	07.07.25	28.07.25	07.10.25	30.12.25	No	
Budget Management	EHF	28.07.25	08.10.25	12.09.25	14.11.25			
Risk Management	ED	08.10.25	13.10.25	05.11.25				
Cyber Security – Training & Awareness	CMIT	13.10.25	27.10.25	21.11.25				
Treasury Management	EHF	20.10.25	27.10.25	19.11.25	15.12.25			
Recruitment & Retention	CMP	14.10.25	24.10.25	17.12.25				
Temporary Accommodation	EHO	20.10.25	30.10.25	08.12.25				
Asset Management & Disposal	EHPG	06.01.26						
Programme / Project Management	EHO	22.07.25	11.11.25	28.11.25				
Contract Management	ED							
IT Contingency	CMIT							
Contingency – Devolution & LGR	IMD							

IMD	Interim Managing Director	CMD	Corporate Manager, Democracy
ED	Executive Director	CMIT	Corporate manager, IT
EHF	Executive Head of Finance	CMLSMO	Corporate Manager, Legal Services & Monitoring Officer
EHO	Executive Head of Operations	CMP	Corporate Manager, People
EHPG	Executive Head of Property & Growth		

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: Agency Staff		
Audit Sponsor	Assurance opinion	Management Actions
Executive Director, Karen Edwards	 No	 12 High  11 Medium  0 Low
<p>Summary of key observations:</p> <p>The purpose of the audit was to review the Council's use of agency staff to assess compliance with internal policies and statutory obligations. It also evaluated the effectiveness of controls around authorisation, pre-engagement checks, induction and financial oversight.</p> <p>Testing found that there are currently no formal policies or procedures in place governing the engagement or use of agency staff.</p> <p>Employment Law and Agency Worker Regulations 2010 govern the rights of agency workers and obligations of the employee after a worker has completed a period of continuous service. Testing found the duration of contracts held by agency staff would be considered long term, including three agency staff remaining in place for up to four years.</p> <p>Through review of eight agency staff across four service areas, testing has been unable to provide assurance that 'Contract Standing Orders V1.1 30.01.25' had been followed.</p> <p>Employing services do not routinely consult with the Procurement team during the recruitment of agency staff. Testing was unable to provide assurance that the Council's 'Procurement Strategy' is effectively applied to safeguard agency workers or ensure that only reputable agencies with appropriate policies are used.</p> <p>The 'Skillsgate' system is used to complete mandatory training such as 'Data Protection', 'Display Screen Equipment' and 'Managing Information Securely'. Review of eight agency staff found two were registered on 'Skillsgate' within the first week of being recruited, however, the remaining six were not registered on the 'Skillsgate' system within the initial period of their start date. The timeframe for registration ranged from one month to four years.</p> <p>'IR35' status checks are required to be completed prior to engagement with agency or consultancy staff. Review of eight agency staff highlighted inconsistencies in both the completion and retention of IR35 assessments, including missing supporting documentation and delays in completing checks.</p> <p>An 'Approval to Recruit' form is used to record details such as length of engagement and estimated budgeting costs and submitted to Executive Leadership Team (ELT) for approval. Testing of eight agency staff found no evidence of the 'Approval to Recruit' form being used.</p>		

The People Team maintains a 'Contractor Spreadsheet' to provide a high-level overview of agency staff engaged across the Council. This includes key details such as job title, service area, daily rate, agency used, and contract start and end dates. However, there is no established mechanism in place to ensure the People Team are consistently informed of newly recruited agency staff or changes to existing contracts, such as extensions or terminations.

Testing was unable to evidence corporate oversight of the level of spend on agency staff. Additionally, there is a lack of evidence regarding how agency staff are monitored for performance and productivity to ensure best value for money is achieved.

The Finance Department processes invoices for agency staff payments following approval from Heads of Service. For this test, six agency staff invoices were reviewed, along with screenshots of the approval process within the 'Integra' system. Testing found that three invoices had been appropriately approved by Heads of Service. However, one timesheet had been approved by a PA, one timesheet from July 2025 had been authorised by a fellow agency staff member and still required formal approval from Heads of Service. Additionally, one invoice covering July and August was also pending approval from the relevant Head of Service.

A comprehensive action plan has been put in place to mitigate the risks arising from the audit review all of which are scheduled to be implemented by the end of this financial year (31 March 2026).

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
IT Software Development	2022/23	CMIT	Reasonable	2	8	1	-	-	-	2	4	1	-	4	-
Information Governance	2022/23	CMLSMO	Reasonable	1	9	-	-	-	-	1	7	-	-	2	-
Crematorium	2022/23	EHO	Reasonable	-	9	1	-	-	-	-	8	1	-	1	-
Biodiversity BNG	2024/25	EHO	Reasonable	-	6	2	-	-	-	-	5	2	-	1	-
Elections	2024/25	CMD	Reasonable	5	-	-	3	-	-	2	-	-	-	-	-
Disabled Facility Grants	2024/25	EHO	Limited	1	10	8	1	8	-	-	2	7	-	-	1
Effectiveness of Financial Rules	2024/25	EHF	Limited	1	5	2	-	1	-	1	3	1	-	1	1
Pay 360	2024/25	EHO	Limited	2	6	7	2	3	7	-	-	-	-	3	-
Sales Ledger	2024/25	EHF	Reasonable	-	3	-	-	2	-	-	-	-	-	1	-
Procurement	2025/26	EHF	Reasonable	-	-	4	-	-	4	-	-	-	-	-	-
Agency Staff	2025/26	CMP	No	-	11	12	-	11	12	-	-	-	-	-	-
Total				12	67	37	6	25	23	6	29	12	-	13	2

Overdue 'High Priority' Management Actions

Disabled Facilities Grants			
<p>Observation:</p> <p>The Rushmoor Borough Council Retention Guidelines state that the retention period for grants made through RBC, is six years after the last payment. It is also a requirement of the Data Protection Act 2018 to not keep data for longer than is necessary.</p> <p>The Private Sector Housing Manager stated there is a known issue with retention adherence and support had been sought through the IT department, however, this remains a known issue that retention guidelines are currently unable to be maintained and complied with. Data from 2010 is currently still in circulation.</p> <p>It was also stated that retention adherence has not been possible to maintain within the UNIFORM system site.</p>			
<p>Risk:</p> <p>Breach of GDPR regulations leading to action from the Information Commissioners Office (ICO).</p>			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
<p>This issue has been raised with the Senior IT Manager at Rushmoor. They are looking at a way forward and we will continue to chase a positive outcome to this risk.</p> <p>A response has been received from our IT team which confirms that we are currently working on a move across to IDOX Cloud for all Uniform applications throughout the Council. Once we go live there are retention capabilities available within the system. Meetings are taking place to discuss this transition which will enable us to address the problem.</p>	30.09.25	TBC	<p>This issue is part of a wider issue in the organisation for users of IDOX and UNIFORM. The matter is being dealt with at a corporate level.</p>

Effectiveness of Financial Rules			
<p>Observation:</p> <p>It is a requirement under the Financial Regulations that expenditure should only be incurred only if it is provided for in the revenue or capital budget. Nonetheless, the existing purchase and payment process cannot ensure this requirement is fulfilled. Specifically, nether PO and IAS modules has the functionality to enforce this budgetary controls when the authorised officers commit into purchases or approves payments. Whilst it is likely that budget monitoring and control will subsequently pick this up it is after the expenditure has been committed or made.</p>			
<p>Risk: Budgets are overspent.</p>			
Management Action	Original Due Date	Revised Due Date	Latest Service Update
Roll out No PO, No Pay process to organisation	31.12.25	31.04.26	Project underway for a go live date of 1/4/26 to tie in with new financial year and new budgets. Logistically difficult to deliver mid-year.

Annexe 2

Overdue 'Low & Medium Priority' Management Actions

Audit Review	Report Date	Opinion	Priority		Due Date	Revised Due Date
			Low	Medium		
IT Software Development				1	-	28.02.26
				1	-	28.02.26
				1	-	28.02.26
				1	-	28.02.26
Information Governance	2022/23	Reasonable		1	Sep 2023	31.03.26
				1	Sep 2023	31.03.26
Crematorium	2022/23	Reasonable		1	Dec 2022	28.02.26
Effectiveness of Financial Rules	2024/25	Reasonable		1	31.12.25	31.04.26
Pay360	2024/25	Limited		1	31.12.25	30.09.26
				1	31.12.25	31.03.26
				1	31.12.25	31.03.26
Sales Ledger	2024/25	Reasonable		1	30.11.25	31.01.26
Biodiversity BNG	2024/25	Reasonable		1	30.05.25	31.04.26
Total			-	13		

Annexe 3

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%	47%		n/a
2. Audits delivered within agreed timescales (% year to date)					
○ To issue of draft report	Ongoing	80%	38%		n/a
○ To issue of final report	Ongoing	80%	0%		n/a
3. Conformance with the Global Internal Audit Standards in the UK Public Sector	Annual	Generally conforms	Generally conforms		
4. Audits conducted optimising the effective use of data analytics (% year to date)	Ongoing	60%	38%		n/a
5. Stakeholder satisfaction (annual survey)					
○ Audit Committee	Annual	90%	n/a	n/a	n/a
○ Senior Management		90%	n/a	n/a	n/a
○ Key Contacts		90%	n/a	n/a	n/a
6. Internal audit effectively communicates with key stakeholders					
○ Audit Committee	Annual	90%	n/a	n/a	n/a
○ Senior Management		90%	n/a	n/a	n/a
○ Key Contacts		90%	n/a	n/a	n/a
7. Sufficiency of input to and discussion of the internal audit plan					
○ Audit Committee	Annual	90%	n/a	n/a	n/a
○ Senior Management		90%	n/a	n/a	n/a
8. Appropriate focus on key risks					
○ Audit Committee	Annual	90%	n/a	n/a	n/a
○ Senior Management		90%	n/a	n/a	n/a
○ Key Contacts		90%	n/a	n/a	n/a