25th March 2026

INTERNAL AUDIT CHARTER & INTERNAL AUDIT PLAN 2026-27

SUMMARY:

As required by the Global Internal Audit Standards in UK Public Sector this report presents the Internal Audit Charter and the Internal Audit Plan 2026 – 27.

- The Internal Audit Charter (Appendix A) is a formal document that includes the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications.

- The Internal Audit Plan (Appendix B) is a document, developed by the Chief Internal Auditor, that identifies the engagements and other internal audit services anticipated to be provided during a given period.

RECOMMENDATION:

Members are requested to provide input to and approve the:
  i.   Internal Audit Charter 2026-27 (Appendix A); and
  ii. Internal Audit Plan 2026-27 (Appendix B)

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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 Standards (6.2) require all internal audit providers to implement and maintain an 'Internal Audit Charter'. The internal audit charter is defined as *'a formal document that includes the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications.'*

1.4 Standard 11.3 (Communicating Results) references the possibility that a chief internal auditor may be required to make a conclusion at the level of the organisation about the effectiveness of governance, risk management and/or control.

1.5 Section 10B of the Application Note makes it a mandatory requirement in the UK public sector, for the chief internal auditor to prepare such an overall conclusion at least annually in support of wider governance reporting. This overall conclusion must encompass governance, risk management and control. The requirement for an overall conclusion must also inform planning carried out under GIAS Standard 9.4 (Internal Audit Plan).

1.6 In accordance with the Standards (9.4) there is a requirement that internal audit must create a risk-based internal audit plan that supports the achievement of the organisation's objectives. The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to fulfil the audit mandate and delivery of the internal audit strategy.

1.7 The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:

- The framework of internal control, risk management and governance is appropriate and operating effectively; and

- Risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.

Internal Audit Charter 2026-27

1.8 The internal audit charter is reported to the Audit & Governance Committee annually for review and approval. There have been no changes to the charter since last year with the exception of reference now being made to the Audit & Governance Committee rather than the Corporate Governance Audit & Standards Committee. A copy is attached as Appendix A.

Internal Audit Plan 2026-27

1.9 The proposed risk based internal audit plan for 2026-27 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, sector knowledge and discussions with management teams.

1.10 Internal audit focus should be proportionate and appropriately aligned, and as such, only high and medium priority reviews identified during the planning process are incorporated within the Internal Audit Plan. The exception to this is where 'mandatory' audits (for example to certify the accuracy of grant claims to meet funding requirements) or specific management requests have been raised, and sufficient capacity is available.

1.11 The audit plan will remain fluid to ensure internal audit's ability to react to the changing needs of the Council. Any additions to the plan must be able to clearly demonstrate a contribution to the audit conclusion on risk management, control and governance.

1.12 Any changes to the plan (including advisory assignments) will be transparently reported to the Executive Leadership Team and the Audit & Governance Committee during the course of the year for approval as part of our regular Progress Reports.

1.13 The Internal Audit Charter ensures the Chief Internal Auditor has sufficient resource necessary to fulfil the requirements and expectations to deliver an internal audit conclusion.

1.14 Significant matters that jeopardise the delivery of the plan, or require changes to the plan will be identified, addressed and reported to the Audit & Governance Committee, through regular progress reports.

1.15 The endorsement and sponsorship of the plan(s) at member / chief officer level will assist in providing the engagement and buy-in of staff at an operational level to ensure the outcome of audit reviews are optimised.

2 Recommendation

2.1 Members are requested to provide input to and approve the Internal Audit Charter 2026-27 (Appendix A); and Internal Audit Plan 2026-27 (Appendix B).

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RUSHMOOR BOROUGH COUNCIL

Internal Audit Charter
2026/27

Prepared By: Neil Pitman, Head of Southern Internal Audit Partnership

February 2026

1. Introduction

The [Global Internal Audit Standards,](#) issued by the Institute of Internal Auditors and effective in the UK Public Sector from April 2025, guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the internal audit function.

While the Global Internal Audit Standards apply to all internal audit functions, it is acknowledged that internal auditors in the public sector work in a political environment under governance, organisational and funding structures that differ from those of the private sector.

Consequently, internal audit practitioners working in, or for, the UK public sector are required to apply the Global Internal Audit Standards subject to the interpretations and requirements of the [Application Note: Global Internal Audit Standards in the UK public sector](#), issued by Relevant Internal Audit Standard Setters (RIASS).

In addition, relevant public sector bodies are also required to apply the Chartered Institute of Public Finance & Accountancy (CIPFA) [Code of Practice for the Governance of Internal Audit in UK Local Government](#) which provides a conduit for meeting the essential conditions for governance set out in the Global Internal Audit Standards, tailored for UK local government.

The collective requirements shall be referred to as the Global Internal Audit Standards in the UK Public Sector. All SIAP policies and procedures have been reviewed and updated to ensure compliance with these requirements with effect from April 2025.

The Standards require all internal audit providers to implement and maintain an 'Internal Audit Charter'.

The internal audit charter is defined as *'a formal document that includes the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications'*

2. Definitions

The Global Internal Audit Standards in the UK Public Sector apply the following definitions:

The Board *– 'the governing body authorised to provide the internal audit function with the appropriate authority, role, and responsibilities.'* At the Council this shall mean the Audit & Governance Committee.

Senior Management *– 'the highest level of executive management of an organisation that is ultimately accountable to the Board for executing the organisation's strategic decisions, typically a group of persons that includes the Chief Executive Officer or Head of Organisation'.* At the Council this shall mean the Executive Leadership Team (ELT).

3. 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.*
>
> *(3) In this regulation "documents and records" includes information recorded in an electronic form.'*

From 1 April 2025, the *'standards or guidance'* in relation to internal audit are those laid down in the 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 scope of internal audit includes both assurance and advisory services covering the entire breadth of the Council, including all activities, assets, and personnel of the organisation.

Fraud investigations may also be commissioned which will be conducted by the Southern Internal Audit Partnership's Counter Fraud Unit.

4. Authority, Roles and Responsibilities

Authority

The Chief Internal Auditor is positioned at a level in the organisation that enables internal audit services and responsibilities to be performed independently of management and with objectivity, enabling escalation as appropriate.

The Chief Internal Auditor reports functionally to the Audit & Governance Committee, and organisationally to the Executive Head of Finance, who is a member of the Executive Leadership Team and has statutory responsibility as proper officer under Section 151 of the Local Government Act 1972, for ensuring an effective system of internal financial control and proper financial administration of the Council's affairs.

The Chief Internal Auditor has direct access to the Managing Director who carries the responsibility for the proper management of the Council and for ensuring that the principles of good governance are reflected in sound management arrangements.

The Chief Internal Auditor has direct access to the Council's Monitoring Officer where matters arise relating to Manging Director responsibility, legality and standards.

Where it is considered necessary to the proper discharge of the internal audit function, the Chief Internal Auditor has direct access to elected Members of the Council and in particular those who serve on committees charged with governance (i.e. Audit & Governance Committee). Private meetings, without senior management present, are also offered to the Chair of the Audit & Governance Committee.

Should organisation structures change, senior management and the Audit & Governance Committee will ensure that the reporting line of the Chief Internal Auditor remains with a member of the Executive Leadership Team and retains the relevant access to Members and officers as outlined above.

It is recognised that the Chief Internal Auditor supervises assurance services related to activities that are managed by the Executive Head of Finance to whom the Chief Internal Auditor reports administratively, however, this perceived impairment is mitigated through the alternative reporting lines detailed above.

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 (such as limitations to the scope of work or failure to agree appropriate actions in response to audit findings) are considered by internal audit to fall outside of the Council's risk tolerance, these will be escalated to the relevant Executive Head and Director in the first instance and then to the Executive Head of Finance, Managing Director, and Audit & Governance Committee as deemed necessary.

The Executive Leadership Team and the Audit & Governance Committee authorises the internal audit function to:

- have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information. Such access shall be granted on demand and not subject to prior notice.

- allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.

- obtain assistance from the necessary personnel of the Council and other specialised services from within or outside the Council to complete internal audit services.

Role

The role of internal audit is best summarised through its definition within the Global Internal Audit Standards in the UK Public Sector, as:

'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.'

Purpose

Internal audit strengthens the Council's ability to create, protect, and sustain value by providing the Audit & Governance Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal audit enhances the Council's:

- successful achievement of its objectives.
- governance, risk management, and control processes.
- decision-making and oversight.
- reputation and credibility with its stakeholders.
- ability to serve the public interest.

Internal audit is most effective when:

- it is performed by competent professionals in conformance with the Global Internal Audit Standards in the UK Public Sector, which are set in the public interest.
- the internal audit function is independently positioned with direct accountability to the board.
- internal auditors are free from undue influence and committed to making objective assessments

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.

Responsibility

The responsibility for maintaining an adequate and effective system of internal audit within the Council lies with the Executive Head of Finance, as the authority's Chief Finance Officer (S151 Officer).

For the Council, internal audit is provided by the Southern Internal Audit Partnership. The Chief Internal Auditor (Deputy Head of Southern Internal Audit Partnership) is responsible for effectively managing the internal audit activity in accordance with the Global Internal Audit Standards in the UK Public Sector.

The Chief Internal Auditor

Has the responsibility to:

- at least annually, develop a risk-based internal audit plan engaging with the Audit & Governance Committee and Executive Leadership Team and submit the plan to the Audit & Governance Committee for review and approval.
- communicate the impact of resource limitations on the internal audit plan to the Audit & Governance Committee and Executive Leadership Team.
- review and adjust the internal audit plan, as necessary, in response to changes in the Council's business, risks, operations, programs, systems, and controls.
- communicate with the Audit & Governance Committee and Executive Leadership Team if there are significant interim changes to the internal audit plan.

- ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards in the UK Public Sector (and relevant laws and/or regulations).
- follow up on engagement findings and confirm the implementation of management actions or action plans and communicate the results of internal audit services to the Audit & Governance Committee and Executive Leadership Team periodically and for each engagement as appropriate.
- ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards in the UK Public Sector and fulfil the internal audit mandate.
- identify and consider trends and emerging issues that could impact the Council and communicate to the Audit & Governance Committee and Executive Leadership Team as appropriate.
- consider emerging trends and successful practices in internal auditing.
- establish and ensure adherence to methodologies designed to guide the internal audit function.
- ensure awareness of the Council's relevant policies and procedures, however, should such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards in the UK Public Sector, such conflicts will be resolved or documented and communicated to the Audit & Governance Committee and Executive Leadership Team.
- coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services.
- deliver an annual conclusion that can be used by the Council to inform its annual governance statement. The annual conclusion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. Discuss the annual conclusion with the Audit & Governance Committee and Executive Leadership Team and submit the annual conclusion to the Audit & Governance Committee for review and approval.

The Chief Internal Auditor will liaise with the external auditors on matters of mutual interest and to seek opportunities for cooperation in the conduct of audit work. The external auditors will have the opportunity to rely on the work of internal audit where appropriate.

A range of internal audit services are provided (Annex 1) in the delivery of the audit plan and to form the annual conclusion. The approach is determined by the Chief Internal Auditor and will depend on the level of assurance required, the significance of the objectives under review to the organisation's success, the risks inherent in the achievement of objectives and the level of confidence required that controls are well designed and operating as intended.

Fraud and irregularity

Internal audit will plan and evaluate their work to have a reasonable expectation of detecting fraud and identifying any significant weaknesses in internal controls.

Management is required to report all suspicions of theft, fraud and irregularity to the Chief Internal Auditor so that they can consider the adequacy of relevant controls, evaluate the implication of the fraud on the risk, control and governance processes and consider making recommendations as appropriate.

Internal audit will not carry out investigations unless commissioned to do so and where this is the case, the Chief Internal Auditor will ensure that investigators are appropriately trained in carrying out their responsibilities.

Where there is evidence that Council staff are committing fraud, internal audit will liaise with the Executive Head of Finance and the relevant officer(s) concerned.

Internal audit will consider assurance over the Council's Anti-Fraud Strategy and framework as part of the internal audit planning process.

5. Internal audit resources

The Chief Internal Auditor is professionally qualified (CMIIA, CCAB or equivalent), maintains a comprehensive understanding of the Global Internal Audit Standards in the UK Public Sector, has wide internal audit and management experience, reflecting the responsibilities that arise from the need to build and manage an effective internal audit function (incl. recruitment, training and development), liaises internally and externally with Members, senior management and other professionals, and demonstrates sound sector knowledge & experience.

The Executive Head of Finance will provide the Chief Internal Auditor with the resources necessary to fulfil the Council's requirements and expectations to fulfil the audit mandate and delivery of the internal audit strategy.

The Head of the Southern Internal Audit Partnership has a resource strategy in place to optimise internal audit resources. Ongoing sufficiency of resources (financial, human and technological) will be transparently communicated by the Chief Internal Auditor to the Executive Leadership Team and the Audit & Governance Committee through regular reporting as part of the approval of the internal audit plan and further throughout the year as part of the progress reports and ultimately within the annual conclusion.

Any resource implications that put the fulfilment of the internal audit mandate at risk will be reported accordingly through the afore mentioned reports.

Financial Resource

The Head of Southern Internal Audit Partnership will manage the internal audit budget to enable the successful implementation of the internal audit strategy and achievement of the plan. The budget includes the resources necessary for the function's operation, including training and relevant technologies and tools.

The Head of the Southern Internal Audit Partnership will manage the day-to-day activities of the internal audit function effectively and efficiently, in alignment with the budget.

Human Resource

The Head of Southern Internal Audit Partnership will ensure that the internal audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the internal audit strategy and operational risk-based audit plan.

The Chief Internal Auditor continually evaluates the competencies of individual internal auditors (regular one-to-ones, performance management and quality review processes), and encourages professional development.

The annual operational risk-based plan will identify the resources required to complete the work, thereby highlighting sufficiency of available resources. The Chief Internal Auditor can propose an increase in audit resource or a reduction in the number of audits if there are insufficient resources.

The Executive Leadership Team and the Audit & Governance Committee will be advised where, for whatever reason, internal audit is unable to provide assurance on any significant risks within the timescale envisaged by the risk assessment process.

Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to Audit & Governance Committee and Executive Leadership Team.

If the Chief Internal Auditor, Audit & Governance Committee or the Executive Leadership Team consider that the scope or coverage of internal audit is limited in any way, or the ability of internal audit to deliver a service consistent with the Global Internal Audit Standards in the UK Public Sector is prejudiced, they will advise the Executive Head of Finance, accordingly.

Technological Resource

The Head of the Southern Internal Audit Partnership will ensure the internal audit function has technology to support the internal audit process and regularly evaluate the technology used to pursue opportunities to improve effectiveness and efficiency.

The implementation of new technologies is supported through effective and timely training for internal audit staff.

The impact of any technology limitations on the effective and efficient delivery of internal audit services will be communicated to Audit & Governance Committee and Executive Leadership Team.

6. Ethics and Professionalism

The Chief Internal Auditor will ensure that internal auditors:

- conform with the Global Internal Audit Standards in the UK Public Sector, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- understand, respect, meet, and contribute to the legitimate and ethical expectations of the Council and be able to recognise conduct that is contrary to those expectations.
- encourage and promote an ethics-based culture in the Council.
- report organisational behaviour that is inconsistent with the Council's ethical expectations, as described in applicable policies and procedures.
- apply the Seven Principles of Public Life alongside existing ethical frameworks.

7. Independence and objectivity

The Chief Internal Auditor retains no roles or responsibilities that have the potential to impair the internal audit functions independence, either in fact or appearance.

Should such circumstance arise, the Chief Internal Auditor will advise the Audit & Governance Committee of the safeguards put in place to manage actual, potential or perceived impairments.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review.

Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- assessing specific operations for which they had responsibility within the previous year.
- performing operational duties for the Council or its affiliates.
- initiating or approving transactions external to the internal audit function.
- directing the activities of any Council employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit team or to assist internal auditors.

Internal auditors will:

- disclose impairments of independence or objectivity, in fact or appearance, to the Chief Internal Auditor.
- exhibit professional objectivity in gathering, evaluating, and communicating information.
- make balanced assessments of all available and relevant facts and circumstances.
- take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Induction and refresher training combined with internal audit procedures and guidance provide a systematic and disciplined approach for gathering and evaluating information to provide a balanced assessment of the activity under review.

The Chief Internal Auditor will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication.

If the Chief Internal Auditor determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

In addition, to achieve the degree of independence and objectivity necessary to effectively discharge its responsibilities, arrangements are in place to ensure the internal audit activity:

- operates in a framework that allows unrestricted access to the Executive Leadership Team and Audit & Governance Committee.
- reports functionally to the Audit & Governance Committee.
- reports in their own name.
- rotates responsibilities for audit assignments within the internal audit team.
- completes individual declarations confirming compliance with rules on independence, objectivity, conflicts of interest and acceptance of inducements, and
- ensures the planning process recognises, records and addresses potential conflicts of interest.

A register of potential conflicts of interest will be maintained with each case assessed and outcomes documented. If, despite this, independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to Executive Leadership Team and Audit & Governance Committee. The nature of the disclosure will depend upon the impairment.

Executive Leadership Team will ensure that independence is safeguarded through ensuring internal audit's access to staff and records, as set out in regulations and the charter, operates freely and without any interference and where there are actual or potential impairments to the independence of internal audit, the Executive Leadership Team will work with the Chief Internal Auditor to remove or minimise them or ensure safeguards are operating effectively.

The Audit & Governance Committee will support internal audit's independence by reviewing the effectiveness of safeguards at least annually, including any issues or concerns about independence raised by the Chief Internal Auditor.

The Chief Internal Auditor will confirm to the Audit & Governance Committee, at least annually, the organisational independence of the internal audit function. The Chief Internal Auditor will disclose to the Audit & Governance Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate

Matters around the appointment, removal, remuneration and performance evaluation of the Chief Internal Auditor will be undertaken by the Deputy Chief Executive and Director of Corporate Operations at Hampshire County Council, who are the host authority of the Southern Internal Audit Partnership.

The Audit & Governance Committee should provide feedback on the performance evaluation of the Chief Internal Auditor. This will be achieved through an annual survey sent to all Audit Committee members.

8. Due Professional Care

Internal auditors will perform work with due professional care, competence and diligence. Internal auditors cannot be expected to identify every control weakness or irregularity, but their work should be designed to enable them to provide reasonable assurance regarding the controls examined within the scope of their review.

Internal auditors will have a continuing duty to develop and maintain their professional skills, knowledge and judgement based on appropriate training, ability, integrity, objectivity and respect.

Internal auditors will apprise themselves of the Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government and will work in accordance with them in the conduct of their duties.

Internal auditors will be alert to the possibility of intentional wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest. They will ensure that any suspicions of fraud, corruption or improper conduct are promptly reported to the Chief Internal Auditor.

Internal auditors will treat the information they receive in carrying out their duties as confidential. There will be no unauthorised disclosure of information unless there is a legal or professional requirement to do so. Confidential information gained during internal audit work will not be used to effect personal gain.

9. Communication, Reporting and Oversight

Internal Audit Strategy

The Head of the Southern Internal Audit Partnership will develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the Council and aligns with the expectations of the Audit & Governance Committee, Executive Leadership Team and other key stakeholders.

The internal audit strategy is a plan of action designed to achieve the audit function's long-term objective(s). The internal audit strategy includes a vision, strategic objectives, and supporting initiatives for the internal audit function to help fulfil the internal audit mandate.

Internal Audit Charter

The internal audit charter defines the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications relevant to its effective operation.

Audit Plan

The Chief Internal Auditor will develop an internal audit plan that supports the achievement of the Council's objectives.

The plan will be based on a documented assessment of the Council's strategies, objectives, and risks. Such assessment will be informed through engagement with the Executive Leadership Team and Audit & Governance Committee as well as the Chief Internal Auditors understanding of the organisation's governance, risk and control processes.

The plan will be regularly reviewed with significant changes discussed and approved with the Executive Leadership Team and Audit & Governance Committee in a timely manner.

Audit Assignments

Internal auditors will communicate with management at the commencement of each review to ensure that the scope and timing of the work is understood and agreed, and this will be documented in a Terms of Reference. Internal audit contacts agreed as part of this process will be expected to be available for discussions and to provide the information required to complete the assignment in line with the timelines agreed. Regular communication throughout the review will ensure timely awareness of any issues arising and a close of audit meeting will also be held to summarise and confirm findings.

The results of all planned audit assignments will be summarised in a formal report, including:

- the purpose and scope of the reviews
- the assurance opinion
- an executive summary
- action plans outlining issues arising and actions proposed by management to address them (including consideration of root cause and identification of key themes).

The reports will be distributed and agreed in line with established reporting protocols for each Directorate.

Progress Reports

Throughout the year the Chief Internal Auditor will maintain regular communications with the Executive Leadership Team and Audit & Governance Committee on internal audit performance and other matters such as:

- revisions to the plan.

- any impairments to independence.

- significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for management that could interfere with the achievement of Council's strategic objective.

- results of assurance and advisory services.

- management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the Council's risk appetite.

- performance measures, including ongoing conformance with the Global Internal Audit Standards in the UK Public Sector.

- evaluation of resourcing to meet the requirements of the internal audit mandate / plan.

Annual Conclusion

The Chief Internal Auditor shall deliver an annual conclusion that can be used by the Council to inform its annual governance statement.

The annual conclusion will conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

The annual conclusion will incorporate as a minimum:

- the opinion.

- a summary of the work that supports the opinion.

- a statement on conformance with Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government.

- results of the quality assurance and improvement programme.

Quality assurance and Improvement Programme

The Head of the Southern Internal Audit Partnership maintains a quality assurance and improvement programme that covers all aspects of the internal audit function. The programme includes:

External Quality Assessments – to be performed at least once every five years by a qualified independent assessor or assessment team (with appropriate characteristics and sector knowledge). The requirement for an external quality assessment may also be met through a self-assessment with independent validation.

The decision on the appointment of the external assessor and format of the external quality assessment will be communicated to the Executive Leadership Team and Audit & Governance Committee

Internal Quality Assessments – self-assessments to be performed annually to review internal audits conformance with the Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government along with progress towards performance objectives.

The Chief Internal Auditor will communicate annually the results of the internal quality assessment to Executive Leadership Team and Audit & Governance Committee. The results of external quality assessments will be reported when completed.

In both cases communications will include:

* The internal audit function's conformance with Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government and achievement of performance objectives.

* Compliance with laws and regulations relevant to internal auditing.

* If applicable, plans to address the internal audit function's deficiencies and opportunities for improvement.

In addition, an annual satisfaction survey will be conducted with key stakeholders to assess the value of the service and to seek suggestions for improvement.

The results of the survey, annual self-assessment, and external assessment will be shared with the Executive Leadership Team and Audit & Governance Committee, together with plans to address any issues arising.

Executive Leadership Team

As those responsible for the leadership and direction of the Council it is imperative that the Executive Leadership Team are engaged in:

- input, review, and note the internal audit mandate and charter (minimum annually).

- input, review, and note the internal audit strategy.

- input and note the risk based internal audit plan (making appropriate enquiries of the Chief Internal Auditor to determine inappropriate scope and resource limitations).

- receiving regular progress reports from the Chief Internal Auditor on the outcomes and internal audits performance relative to its plan.

- review and note the Chief Internal Auditors annual conclusion.

- review of the quality assurance and improvement programme, engaging with, and receiving the results of internal and external assessments, including areas of non-conformance.

The Audit & Governance Committee

As those responsible for the governance of the Council, it is imperative that the Audit & Governance Committee are engaged in:

- input, review and approval of the internal audit mandate and charter (minimum annually).

- input, review, and note the internal audit strategy.

- input, and approval of the risk based internal audit plan (making appropriate enquiries of management and Chief Internal Auditor to determine inappropriate scope and resource limitations).

- receiving regular progress reports from the Chief Internal Auditor on the outcomes and internal audits performance relative to its plan.

- consider the Chief Internal Auditors annual conclusion.

- review of the quality assurance and improvement programme, engaging, with, and receiving the results of internal and external assessments, including areas of non-conformance.

- participation in discussions with the Chief Internal Auditor and senior management about the "essential conditions," described in the Global Internal Audit Standards in the UK Public Sector.

- overview of significant advisory services not already included in the audit plan, prior to acceptance of the engagement.

10. Review of the internal audit mandate and charter

This mandate and charter will be reviewed annually (minimum) by the Chief Internal Auditor and reported to Executive Leadership Team and the Audit & Governance Committee for approval to ensure that any changes to the Global Internal Audit Standards in the UK Public Sector, reorganisation within the organisation or other significant changes affecting the nature and scope of internal audit services are considered.

<div align="right">**Annex 1**</div>

<div align="center">**Assurance Services**</div>

o **Risk based audit**: in which risks and controls associated with the achievement of defined business objectives are identified and both the design and operation of the controls in place to mitigate key risks are assessed and tested, to ascertain the residual risk to the achievement of managements' objectives. Any audit work intended to provide an audit opinion will be undertaken using this approach.

o **Developing systems audit**: in which the plans and designs of systems under development are assessed to identify the potential weaknesses in internal control and risk management; and programme / project management controls are assessed to ascertain whether the system is likely to be delivered efficiently, effectively and economically.

o **Quality assurance review**: in which the approach and competency of other reviewers / assurance providers are assessed in order to form an opinion on the reliance that can be placed on the findings and conclusions arising from their work.

o **Advisory services**: in which advice can be provided, either through formal review and reporting or more informally through discussion or briefing, on the framework of internal control, risk management and governance.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

o **Data analytics:** is a process of assessing data to find trends, patterns or other insights.   Internal auditors use data analytics to find and define risks, errors, and anomalies that could reveal deeper problems. The extended use of data analytics helps provide greater levels of assurance through analysis of a total population rather than traditional sampling methodologies.

o **IT Audit**: a specialist IT audit team are in place that are experienced in covering all aspects of established and emerging technologies. With IT underpinning a vast majority of how we function assurance in this area is crucial. To be able to provide a fully qualified team of IT audit specialists is a fundamental component of the audit offering.

o **Fraud and irregularity investigations**: Internal audit may provide specialist skills and knowledge to assist in or lead fraud or irregularity investigations, or to ascertain the effectiveness of fraud prevention controls and detection processes.

o **Value For Money:** is implicit in the vast majority of our internal audit work, however, value for money work can also be conducted through review of the optimal use of resources to achieve an intended outcome, and can be summarised as:

- **Economy** – minimising the cost of resources used or required (inputs) – spending less
- **Efficiency** – the relationship between the output from goods or services and the resources to produce them – spending well
- **Effectiveness** – the relationship between the intended and actual results of public spending (outcomes) – spending wisely

o **Third party assurance:** the availability of objective assurance from other assurance providers will be considered in determining audit needs. Where internal audit needs to work with the internal auditors of other organisations, a practice which is expanding with the development of more organisational strategic partnerships, the roles and responsibilities of each party, as well as billing arrangements, will be clearly defined, agreed and documented prior to the commencement of work. Internal audit will also ensure awareness of and seek to place reliance on the work of other independent review bodies.

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RUSHMOOR BOROUGH COUNCIL
INTERNAL AUDIT PLAN 2026/27

Prepared by: Neil Pitman, Head of Southern Internal Audit Partnership

March 2026

Introduction

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.'*

The scope of internal audit includes both assurance and advisory services covering the entire breadth of the Council, including all activities, assets, and personnel of the organisation.

The role of internal audit is that of 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.

The aim of internal audit's work programme is to provide independent and objective assurance to management, the Executive Leadership Team and the Audit & Governance Committee, in relation to the business activities; systems and processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.

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Conformance with internal auditing standards

From 1 April 2025, the 'standards or guidance' in relation to internal audit 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 shall be referred to as the Global Internal Audit Standards in the UK Public Sector.

Standard 8.4 [External Quality Assessment] requires internal audit providers to undergo an external quality assessment every five years. In September 2025 JC Training Ltd were commissioned to complete an external quality assessment of the Southern Internal Audit Partnership against the Global Internal Audit Standards in the UK Public Sector.

In considering all sources of evidence the external assessor concluded:

'SIAP has achieved an excellent result of 'generally achieves' in this EQA in relation to the GIAS and Application Note. The IIA use the term 'general achievement' or 'general conformance' to indicate that "internal audit activities were performed in general conformance with the Global Standards."

I include a summary of SIAP's conformance to the GIAS, below. Overall, I believe that the team has achieved an excellent performance given its size, together with the breadth and depth of the benchmark established by the new GIAS.

I am delighted to confirm that SIAP fully achieves 46 of the 52 Standards and generally achieves the remaining six Standards. There are no partial conformances, or areas where the team do not conform with any Standards.

I have undertaken ten reviews of diverse internal audit functions using the (new) GIAS to date and **this result puts SIAP firmly within the top quartile and represents the highest level of achievement and conformance with the new GIAS that I have seen to date**.'

Summary of IIA Conformance	Standards	Does not Conform	Partially Conforms/ Achieves	Generally Conforms/ Achieves	Fully Conforms/ Achieves	Total
Purpose of Internal Auditing	N/A					N/A
Ethics and Professionalism	13				13	13
Governing the Internal Audit Function	9			3	6	9
Managing the Internal Audit Function	16			1	15	16
Performing Internal Audit Services	14			2	12	14
	52	0	0	6	46	52

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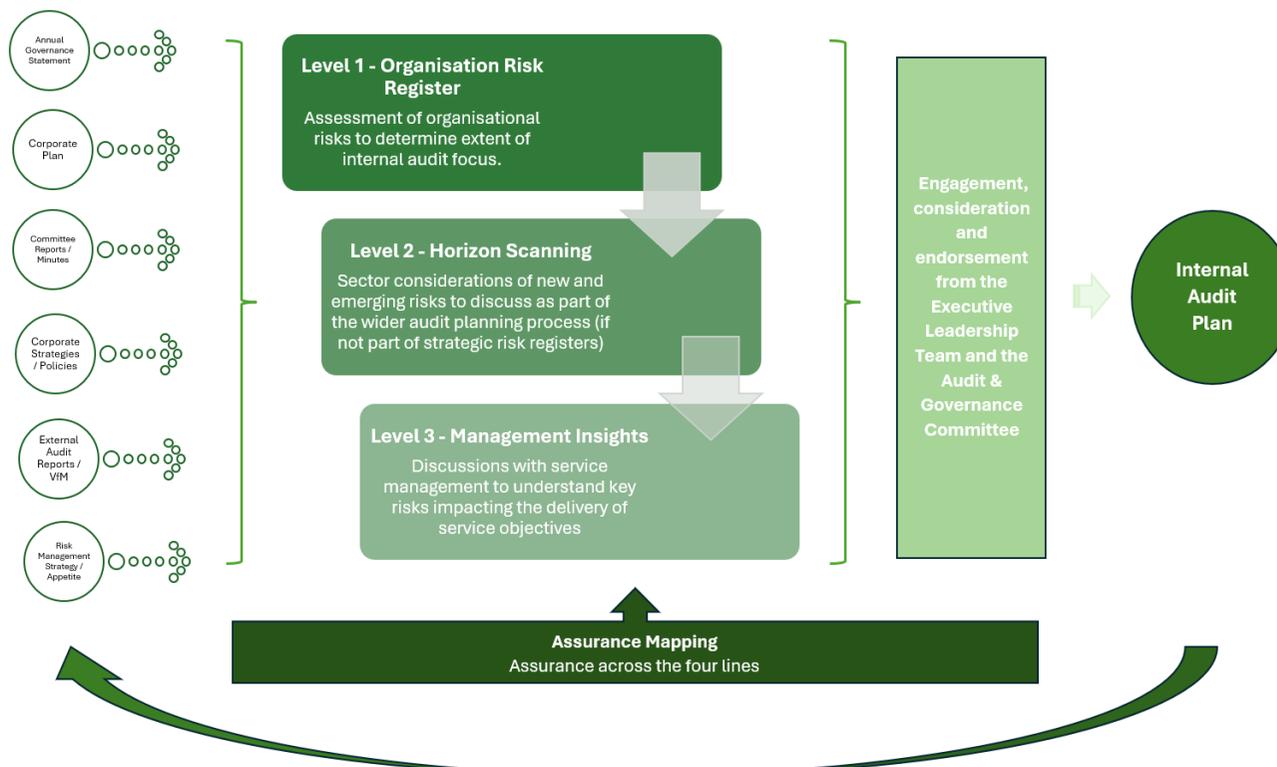
Developing the internal audit plan 2026/27

In accordance with the Global Internal Audit Standards in the UK Public Sector there is a requirement that internal audit must create a risk-based internal audit plan that supports the achievement of the organisation's objectives. The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to fulfil the audit mandate and delivery of the internal audit strategy.

The risk-based internal audit plan is prepared based on a range of inputs (see diagram).

Internal Audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the relevant audit sponsors, the Executive Leadership Team and Audit & Governance Committee, to ensure internal audit are able to react to new and emerging risks and the changing needs of the Council.

Amendments to the plan will be identified through the Chief Internal Auditor's continued contact and liaison with those responsible for the governance of the Council and reported and approved by the Executive Leadership Team and Audit & Governance Committee through regular progress reports.

The Council are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation. We will however continue to work closely with other assurance providers to ensure that duplication is minimised, and a suitable breadth of assurance is obtained.

Annual Governance Statement

Corporate Plan

Committee Reports / Minutes

Corporate Strategies / Policies

External Audit Reports / VfM

Risk Management Strategy / Appetite

Level 1 - Organisation Risk Register
Assessment of organisational risks to determine extent of internal audit focus.

Level 2 - Horizon Scanning
Sector considerations of new and emerging risks to discuss as part of the wider audit planning process (if not part of strategic risk registers)

Level 3 - Management Insights
Discussions with service management to understand key risks impacting the delivery of service objectives

Engagement, consideration and endorsement from the Executive Leadership Team and the Audit & Governance Committee

Internal Audit Plan

Assurance Mapping
Assurance across the four lines

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Internal audit resources

In development of the 2026/27 internal audit plan 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 in the fulfilment of the audit mandate and delivery of the internal audit strategy.

The Head of the Southern Internal Audit Partnership has a resource strategy in place to optimise internal audit resources to efficiently and effectively deliver the internal audit plan.
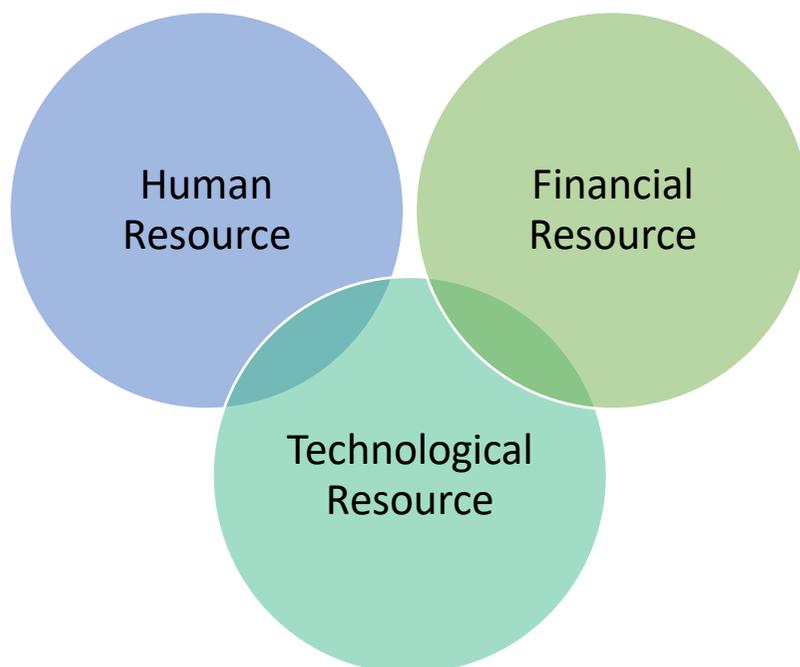
Human Resource - the internal audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the internal audit strategy and operational risk-based audit plan.

If the Chief Internal Auditor, Executive Leadership Team or the Audit & Governance Committee consider that the scope or coverage of internal audit is limited in any way, or the ability of internal audit to deliver a service consistent with the Global Internal Audit Standards in the UK Public Sector is prejudiced, they will advise the Executive Head of Finance, accordingly.

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.

Human Resource

Financial Resource

Technological Resource

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Resourcing the internal audit plan

The Global Internal Audit Standards in the UK Public Sector require a clear analysis of the resources and hours available for internal audit engagements compared to other administrative and non-audit related activities or initiatives focused on improving the internal audit function.

Activity			Days
Risk-Based Audit /Advisory	-	Delivery of risk-based internal audit assignments designed to fulfil the audit mandate, delivery of the internal audit strategy and in support of the Council in the achievement of their objectives.	220
Audit Management	-	Time allocated for the liaison and reporting to Executive Leadership Team and the Audit & Governance Committee, ongoing monitoring and update of the audit plan, implementation of management actions and ongoing quality review.	20
Total Audit Days	-	Total resource allocation for the delivery of the internal audit plan	240

*100% of the commissioned audit days are dedicated to fulfilling the audit mandate, and delivery of the internal audit strategy. Internal audit services are provided through the Southern Internal audit Partnership who undertake all administrative and non-audit related activities outside of the commissioned audit days.

A range of internal audit services are provided to deliver the internal audit plan (see Internal Audit Charter). The approach is determined by the Chief Internal Auditor and will depend on the level of assurance required, the significance of the objectives under review to the organisation's success, the risks inherent in the achievement of objectives and the level of confidence required that controls are well designed and operating as intended.

Your Internal Audit Team

Your internal audit service is provided by the Southern Internal Audit Partnership. The team will be led by Natalie Jerams, Deputy Head of Southern Internal Audit Partnership (Chief Internal Auditor), supported by Nick Barrett, Audit Manager.

Independence

The Chief Internal Auditor will ensure that the internal audit function remains free from all conditions that threaten the ability of auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. The Chief Internal Auditor is not aware of any relationships that may affect the independence and objectivity of the internal audit team.

The internal audit team retains no roles or responsibilities that have the potential to impair the internal audit functions independence, either in fact or appearance.   Should such circumstance arise, the Chief Internal Auditor will advise the Audit & Governance Committee of the safeguards put in place to manage actual, potential or perceived impairments.

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Internal Audit Plan 2026-27

Audit Assignment	Directorate Sponsor	Scope	Corporate Priority	Risk Register Reference	Assurance / Advisory	Internal Audit Risk Assessment	Quarter
Governance							
Annual Governance Statement	EHF	Assurance on the implementation of the requirements within the new CIPFA addendum covering the annual review of governance and the annual governance statement	-		Assurance	High	Q1
Decision Making	CMD	To provide assurance that the council's decision-making framework is robust, transparent, well-governed, and compliant with statutory, constitutional, and good-practice requirements—ensuring decisions are informed, evidence-based, and appropriately documented.	-	SC11	Assurance	Medium	Q1
Contract Management	Corporate	Assurance that contracts are effectively managed and monitored to ensure value for money from contracted services is maintained.	-		Assurance	High	Q4
Data Quality & Retention	CMLSMO	To assess whether the council has effective governance, controls, and processes to ensure that data is accurate, reliable, complete, accessible, and retained in line with legal, regulatory, and organisational requirements.	-	SC2	Assurance	High	Q2
Procurement	ED	Assurance that the procurement of the leisure centre contract was undertaken in accordance with the council's contract procedure rules and legislative requirements.	-		Assurance	High	Q2
IT							
IT Asset Management	CMIT	Assurance over the policies, procedures controls in place to ensure IT assets are accurately recorded and effectively managed.	-	SC1	Assurance	High	Q3

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Audit Assignment	Directorate Sponsor	Scope	Corporate Priority	Risk Register Reference	Assurance / Advisory	Internal Audit Risk Assessment	Quarter
MyHR Application	CMIT	Assurance over management of the MyHR application to ensure the security and availability of data and functions. Including the infrastructure supporting the application.	-		Assurance	Medium	TBC
Corporate Priorities							
Repairs & Maintenance	EHPG	Assurance that arrangements are well-governed, effective, value for money, and focused on tenant safety and satisfaction, while meeting statutory and regulatory requirements.	Homes for All		Assurance	High	Q2
Development Management	EHPG	To assess whether the council's development management function is operating effectively, efficiently, and in compliance with statutory planning requirements, while supporting sustainable development and protecting the public interest	Homes for All	ES1	Assurance	Medium	Q1
Climate Strategy	EHO	Assurance of the governance and control framework to support he delivery for a carbon neutral Council by 2030.	The future and financial sustainability	SC10	Assurance	High	Q3
Property Management	EHO	To assess whether the council's property management arrangements ensure effective governance, statutory compliance, financial stewardship, and optimal use of the council's land and buildings to support service delivery and value for money.	Skills, Economy and Regeneration	SC9	Assurance	High	Q4
Princess Hall	EHO	Assurance of the governance and financial management with emphasis on income collection and reconciliation.	Community and Wellbeing		Assurance	Medium	Q4
Agency Staff – Follow Up	CMP	Follow up review of a 'no assurance' opinion concluded as part of the 2025/26 audit plan.	-		Assurance	High	Q2

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Audit Assignment	Directorate Sponsor	Scope	Corporate Priority	Risk Register Reference	Assurance / Advisory	Internal Audit Risk Assessment	Quarter
Armed Forces National Event	ED	To provide assurance on the delivery of expected outcomes and the effective and appropriate use of funds, including sponsorship payments.	Community and Wellbeing		Assurance	Medium	Q3
Other							
Contingency - Devolution / Local Government Review	All	Time held for any potential work required to support the devolution and local government review agenda.	The future and financial sustainability	ST8	Advisory	High	Q1-Q4
Management		Liaison and reporting to Executive Leadership Team and the Corporate Governance Audit & Standards Committee, ongoing monitoring and update of the audit plan, ongoing review of the implementation of management actions and ongoing quality review.					Q1-Q4

*Risk references refer to those reported in November 2025

IMD	Interim Manging Director	CMD	Corporate Manager, Democracy
ED	Executive Director	CMIT	Corporate manger, 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		

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Contingency Reviews

The table below includes a list of engagements that would have been performed if additional resources were available.

Audit Assignment	Scope	Corporate Priority	Corporate Risk Register Reference	Assurance / Advisory	Internal Audit Risk Assessment	Quarter
Ethical Governance	To assess whether the local authority has effective frameworks, controls, and cultural practices in place to promote ethical conduct, uphold public trust, and ensure decision-making aligns with statutory and ethical standards.	-		Assurance	Medium	CMLSMO
Crematorium	Assurance over process and controls to maintain organisational compliance with the requirements of the General Data Protection Act legislation.	Community and Wellbeing	SC3	Assurance	Medium	EHO
Debt Recovery	To assess whether the council has effective, efficient, and compliant arrangements in place to manage and recover debts across key income streams.	The future and financial sustainability		Assurance	Medium	EHF

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SIAP – Local Authority

Horizon Scanning

SIAP maintain representation across a number of national forums gaining a knowledge and oversight of key and emerging risks within the sector. This coupled with the intelligence built across our Partner / client portfolio provides opportunity to pool collective knowledge enabling consideration of existing and emerging risk exposures as part of our planning within each of the organisations within which we operate.

The areas highlighted below are not exhaustive and may not necessarily constitute an internal audit review in all organisations, instead it provides a point of reference to discuss with stakeholders as part of the planning process.

National
Cyber With increased reliance on digital platforms, local government becomes more vulnerable to cyber threats. Safeguarding sensitive data and ensuring the integrity of critical systems are paramount. Local authorities must invest in robust cybersecurity measures, employee training and contingency plans to protect themselves. Building resilience in the face of evolving threats is essential to maintaining public trust and the smooth functioning of local government operations. There has been a rise in the number of cyberattacks on local governments with hackers increasingly targeting them for ransomware and data breaches. These incidents can result in the theft of sensitive information and significant operational disturbance. Key forms of cyber-attack include, malware, phishing, password, man-in-the-middle, SQL injection, denial of service, insider threat, and cryptojacking.
Financial Resilience / Savings Realisation The lack of sufficient funding and volatile financial climate (inflation, supplier costs, interest rates, cost of living), coupled with rising demands for core services have created real financial challenges across the public sector. To meet future budget gaps organisations are having to deliver challenging transformation / savings proposals to generate ongoing savings and avoid the prospect of an unsustainable draw on reserves. There have been a significant number of local authority requests into Government for exceptional fundings or reports of councils narrowly avoiding having to issue Section 114 Notices.

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National
Climate Strategy The Government have set some challenging targets for the reduction of greenhouse gas emissions. As the impacts of climate change become increasingly evident, local government plays a pivotal role in mitigating and adapting to these changes. The UK's targets for achieving net zero carbon emissions and local authority pledges must align into cohesive policies with common goals. Many organisations have adopted climate change strategies and ambitious action plans for delivery. Climate change sits at the heart of many organisations' corporate plans, objectives and priorities over the medium term and as such is a key deliverable. Balancing economic development with environmental sustainability is a delicate task that requires strategic planning and community engagement in ways perhaps not previously considered.
Artificial Intelligence (AI) AI can offer tremendous opportunities in the delivery of public services and the streamlining of business operations; however, this does not come without risk. Given the significant resource and funding constraints in local government, and resident expectation, councils need to be part of an AI-powered future. Risks in the adoption of AI centre around ineffective governance, insufficient data foundations, data infrastructure, lack of capacity or acumen etc.
Recruitment & Retention As austerity continues to challenge local authorities, they become a less attractive proposition for those seeking employment. Having the right calibre and number of staff is vital to the delivery of high-quality services and to maintain sufficient organisational capacity. Many councils are experiencing skills shortages. Given the planned transformation facing local government, there is real potential that councils may not have the experience and honed skills to strategically plan the navigation of that transformation. Adding in the potential risk from possible shortage of skill in project management, the risk associated with delivering that change whilst maintaining good governance and effective risk management, should become larger in councillor's minds. Councils report an absence of long-term strategies to address workforce risks and analysis has determined root causal factors impacting upon the quality and confidence to address risks to be staff capacity and competence. Failing to address incompetencies within local authorities may place unnecessary and avoidable pressure on competent and skilled staff. Inefficient and ineffective recruitment can hinder securing higher calibre candidates and lack of support, opportunity or management can inhibit retention. Recruitment issues may result in having interim staff in higher positions and financial pressures resulting in vacancy freezes for lower-level positions. Such actions can lead to risk of 'short-termism' which increases the risks associated with succession planning.
Cost of Living (income collection) Implications relate closely to organisations financial resilience. The cost-of-living crisis has knock on effects of increased service pressures (housing, homelessness, housing benefits) in addition to pressure on income collection, Ctax, NNDR, debt collection etc. Further implications can extend to the financial instability of an organisation's contractors, suppliers and supply chain management etc.
Culture The root cause to many of the current issues faced by local authorities is underpinned by the organisation's culture. As a result, local authorities are increasingly having to examine and assess the concept of culture and if it supports their strategy and mandate. Culture can be positive or negative: • **Positive** – ambitious, collaborative, committed, forward thinking, resilient, optimistic, open to change etc, • **Negative** – challenging, demoralised, out of touch, siloed, stressed, tired, toxic, uncertain etc.

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National
Devolution The transfer of powers and funding from national to local government. The Devolution Priority Programme is for areas who wish to move towards devolution at pace. The Minister of State for Local Government and English Devolution has outlined that participants must have local agreement to move forward around a sensible geographical footprint. The Devolution Priority Programme is for areas wishing to pursue the establishment of a Mayoral Strategic Authority. This will be with a view to inaugural mayoral elections in May 2028. Risks relate to governance and compliance, financial management, and operational disruption when assessing devolution. Key risks include a loss of accountability, ineffective controls due to organisational changes, failure to comply with new laws or regulations, financial mismanagement, service disruption, and a negative impact on service delivery and efficiency.
Local Government Reorganisation Local government reorganisation is the process in which the structure and responsibilities of local authorities are reconfigured. In the context of the English Devolution White Paper, the Government have set out plans to move away from the current two-tier system of district and county councils. The Government has indicated that for most areas this will mean creating councils with a population of 500,000 or more, but there may be exceptions to ensure new structures make sense for an area, including the devolution, and decisions will be on a case-by-case basis. The Government have indicated that they intend to deliver new unitary authorities included in the Devolution Priority Programme by April 2027 and remaining unitary authorities by April 2028. Key risk areas between now and vesting day include decision making, transfer of assets, maverick spend, recruitment, retention, capacity, continuation of business as usual etc.
Digital The accelerated pace of technological advancement poses both opportunities and challenges to local government. The adoption of digital tools and platforms is crucial for improving service delivery, enhancing communication and streamlining administrative processes. However, there is a risk of a digital divide, with some communities still lacking access or ability to navigate essential technology. Local Government need to ensure inclusivity in its digital strategies, addressing disparities and ensuring all residents can benefit from the opportunities technology offers. Initiatives can be hampered by a siloed approach (not taking a whole-council approach); lack of technical acumen, programme, project management skills / governance, vfm outcomes, and not learning from the experiences of others.

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Sector Knowledge
Tree Management Due to a range of issues (Ash Dieback, environmental conditions etc) the health & safety risks of falling trees have increased. Reviews undertaken across a number of Partners has highlighted poor levels of control with regard the effective inspection and maintenance of trees. Of particular concern are those where the public have access, tree lined highways and those located around schools. The absence of effective management and maintenance leaves a significant risk to the public and the vulnerability of the Council should an incident occur.
Local Plan The Local Plan is a statutory requirement and guides how the communities and places across the district will develop over a 15- year period. Government has made it clear that all local authorities must have an up-to-date plan. Failure to do so could lead to intervention whereby the Government writes Local Plans and policies and could result in unplanned development in unsustainable locations. On 18 October 2024 a consultation closed on proposals to make local plans simpler, faster to prepare and more accessible.
Agency Staff In the face of increased service pressures and the ongoing challenge of recruitment and retention it has been observed that there is a significant increase in the use of agency / interim staff. This is a costly alternative to recruitment and analytics in some organisations has seen some agency staff employed for a prolonged period questioning value for money, workforce management and decision making.
Procurement Act 2023 The Procurement Act came into effect from 24 February 2025. The main objectives of the act were to improve value for money which includes social and economic value across the full commercial lifecycle, increase transparency and accountability and improve collaboration and sustainable outcomes from procurement activity. Some councils have reported extensive impacts upon capacity of staff in aligning with requirements. Implementation guidance was issued to aid compliance expectations and maximise spending with small and medium enterprises (SMEs) as well as within the voluntary, charity and social enterprise sectors. • Councils are feeling the pressure of raising costs, increased demand and financial pressures at the same time as being required to address legal obligations. Being aware of the wider implications for aligning efficiency with increase transparency, and associated accountability for demonstrating value for money with every procurement undertaken will have risks that need oversight and effective monitoring that reaches further than a procurement team.
Contract Management Influenced by the Procurement Act 2023 the extended procurement life cycle necessitates a more integrated approach to procurement and contract management. Contracting Authorities should ensure that these functions are aligned to comply with transparency requirements and leverage the Act's flexibilities. Even the best procurement framework may fail to deliver satisfactory outcomes if ongoing contract management in ineffective. To ensure that contracts deliver both economic and social value, local authorities need to ensure that a comprehensive contract management framework is in place and is adhered to consistently throughout the life of a contract. It is important that local authorities can demonstrate to the public that value is being delivered from the contracts that are held. As ongoing contract management is usually a separate function to procurement, its importance to ensuring that value is delivered may sometimes be neglected.

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Sector Knowledge
Buildings – Statutory Checks
Reviews across a range of organisations has highlighted significant health & safety exposure in the absence of robust governance, control and management of statutory check (fire, wate, electric, gas, legionella etc.) within council owned buildings (both civic and housing). Common risks and exposures have been highlighted regardless of the delivery method (contract or in-house). The physical risk to occupiers of the buildings coupled with the reputational and financial risk to the organisation in the event of an incident sees this remain a key area of focus.
Homelessness
Under the Homelessness Act 2002, all housing authorities must have in place a homelessness strategy based on a review of all forms of homelessness in their district. The strategy must set out the authority's plans for the prevention of homelessness and for securing that sufficient accommodation and support are or will be available for people who become homeless or who are risk of becoming so. Demand against a limited housing provision can lend itself to expensive and extended alternatives.
Affordable Housing
The shortage of affordable housing continues to be an issue. Local authorities face the challenge of providing adequate housing while balancing environmental sustainability and statutory planning requirements alongside wider climate emergency declaration pledges. Ongoing collaboration with private developers to provide innovative housing solutions will inevitably need to be further explored.
Housing – Consumer Standards
In the midst of increased Housing Ombudsman activity focused on key service failures, the rollout of new Government policies aimed at increasing the supply of social housing, consultation around Awaab's Law, and the conclusion of the Grenfell tower inquiry, the Regulator of Social Housing (RSH) introduced a set of Consumer Standards. These are designed to drive improvements in the quality of services provided to tenants, while ensuring Registered Providers (RPs) (both local authorities and housing associations) maintain a strong compliance framework.

The RSH has taken a more proactive approach to regulating the sector and in April 2024 introduced a programme of regulatory inspections around the Consumer Standards. This will be for all RPs, but particularly for local authorities that were not subject to In-Depth Assessments previously. |
| **Planning Reform** |
| Recently the Government consulted on changes to The National Planning Policy Framework and changes to the planning system, which will have an impact on local authorities once the outcome is known. It will be important for all local authorities to assess the impact of these changes and ensure that they have an action plan to implement the changes. |
| **Damp & Mould** |
| Damp and mould can affect tenants' physical and mental health. Everyone is vulnerable to the health impacts of damp and mould, but people with certain health conditions, children and older adults are at greater risk of more severe health impacts (see 'People at increased risk from damp and mould'). Private and social landlords must adhere to a number of regulations related to damp and mould. A lack of compliance can place a landlord at risk of prosecution or financial penalties. |

Governance / Statutory	
• Grants	• Business Continuity Planning
• Annual Governance Statement	• Health & Safety
• Risk Management	• Ethical Governance
• Fraud Frameworks	• HR (general)
• Information Governance (DPA / FOI, SAR)	• Project and Programme Management
• Key Financial Systems	• Equalities, Diversity & Inclusion (EDI)

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