AUDIT AND GOVERNANCE COMMITTEE **Deputy Head of Partnership**
REPORT NO. SIAP 26/04

30 July 2026

INTERNAL AUDIT PROGRESS REPORT

SUMMARY:

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

- The Internal Audit Progress Report (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 (Appendix A).
- to **approve** the adjustments to the Internal Audit Plan 2026-27 as detailed in section 8 of 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 provides a summary of internal audit's ongoing progress.

2 Recommendation

2.1 Members are requested to note the Internal Audit Progress Report and approve the adjustments to the Internal Audit Plan 2026-27 as detailed in section 8 of Appendix A.

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HEAD OF SERVICE: Amanda Bancroft, Executive Head of Governance and Law (Monitoring Officer)

Southern Internal Audit Partnership

Assurance through excellence and innovation

Internal Audit Progress Report

Rushmoor Borough Council

Prepared by: **Natalie Jerams, Deputy Head of Partnership**

July 2026

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 Audit & Governance 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 maintain responsibility for ensuring 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 (2026/27) 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 2026-27 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 2026-27 was originally presented to Senior Management and approved by the Audit & Governance Committee in March 2026. 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
Programme / Project Management	EHO	22.07.25	11.11.25	28.11.25	18.03.26	09.06.26	Reasonable	Included within the 2025/26 Annual Conclusion
Asset Management & Disposal	EHPG	14.01.26	18.02.26	12.03.26	08.05.26	11.06.26	Reasonable	Included within the 2025/26 Annual Conclusion
Annual Governance Statement	EHF / EHGL	05.06.26						Q1 – Draft ToR issued 17.06.26
Decision Making	CMD	21.07.26						Q1
Contract Management	Corporate							Q4
Data Quality & Retention	EHGL							Q2 ⟹ Q3/4
Procurement	ED	02.07.26						Q2
IT Asset Management	CMIT							Q3
Repairs & Maintenance	EHPG	09.07.26						Q2
Development Management	EHPG	13.05.26	09.06.26					Q1 – Fieldwork due to start 28.08.26
Climate Strategy	ED							Q3
Property Management	EHPG							Q4
Princess Hall	EHO							Q4
Agency Staff – Follow Up	CMP							Q2
Armed Forces National Event	ED							Q3
Tree Inspections	EHO							Q3/4
Contingency - Devolution / Local Government Review (LGR)	All							Q1-Q4

IMD	Interim Manging Director	EHO	Executive Head of Operations
ED	Executive Director	CMD	Corporate Manager, Democracy
EHF	Executive Head of Finance	CMIT	Corporate manger, IT
EHGL	Executive Head of Governance and Law (Monitoring Officer)	CMP	Corporate Manager, People
EHPG	Executive Head of Property & Growth		

8. Adjustment to the Internal Audit Plan 2026-27

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 Audit & Governance 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 2026-27 internal audit plan are detailed below with explanations for the proposed amendments.

	Audit Review	Reason for inclusion in the plan
Additions	Tree Inspections	Risk reassessed at the request of the Audit & Governance Committee. To review the inspection regime and record keeping.
	Audit Review	**Reason for removal from the plan**
Withdrawals	MyHR Application	Removed to allow resource to be reallocated to the Tree Inspections internal audit review. Assessed as lower priority.

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.

As per the officer report to the June 2026 Audit & Governance Committee, one action relating to the internal audit of Pay360 will no longer be implemented due to the cost of IT implementation and the timescales associated with LGR.

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

There have been no new 'limited' or 'no' assurance opinion reports since the 2025/26 Annual Internal Audit Conclusion was presented to Audit & Governance Committee in June 2026.

11. Analysis of 'Live Audit Reviews'

This table reflects the status of management actions as at 30 June 2026.

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	7	1		1	
Information Governance	2022/23	CMLSMO	Reasonable	1	9					1	7			2	
Biodiversity BNG	2024/25	EHO	Reasonable		6	2					5	2		1	
Disabled Facility Grants	2024/25	EHO	Limited	1	10	8					10	7	1		1
Sales Ledger	2024/25	EHF	Reasonable		3						2			1	
Agency Staff	2025/26	CMP	No		11	12					4	11		7	1
Budget Management	2025/26	EHF	Reasonable	1	3					1	2			1	
Asset Management & Disposal	2025/26	EHPG	Reasonable	1	2		1	2							
Programme / Project Management	2025/26	EHO	Reasonable		3			1			2				
Recruitment & Retention	2025/26	CMP	Reasonable	12	8		7			5	8				
Risk Management	2025/26	ED	Reasonable		3			1			2				
Cyber Security Training & Awareness	2025/26	CMIT	Reasonable		8			2			6				
Temporary Accommodation	2025/26	EHO	Reasonable	1	1		1							1	
Total				**19**	**75**	**23**	**9**	**6**	**-**	**9**	**55**	**21**	**1**	**14**	**2**

Annex 1

Overdue 'High Priority' Management Actions

Disabled Facilities Grants			
Observation: The Rushmoor Borough Council (RBC) 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. 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. It was also stated that retention adherence has not been possible to maintain within the UNIFORM system site.			
Risk: Breach of GDPR regulations leading to action from the Information Commissioners Office (ICO).			
Management Action	**Original Due Date**	**Revised Due Date**	**Latest Service Update**
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. 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.	30.09.25	**31.12.26** 31.03.26	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.

<table>
<tr><th colspan="4">Agency Staff</th></tr>
<tr><td colspan="4">Observation:
Rushmoor Borough Council work with a range of agency firms for aspects such as technical input, project management and Finance. However, there is no evidence that the procurement of such services has followed the organisation’s existing Contract Standing Order Rules.

The Council's Contract Standing Orders, state within 'Item 6.5 Appendix - Contract Standing Orders' Page 4 - 1.1.6 "all procurements must be carried out within a specific legal framework and based on principles of equal treatment, transparency, and non-discrimination".

“1.3 Application of the Rules (Regulated Procurements) 1.3.1 These rules govern: any contract for the supply, of goods, services or works”

Testing found:
• Agencies engaged by Rushmoor Borough Council are not recorded within the 'Current Contracts' section of the Council’s Contracts List.
• Full sample testing of eight roles for agency staff were found to be 'Interim' roles.
• Testing is unable to provide evidence of Contract Standing Orders being followed for the engagement of agency staff.</td></tr>
<tr><td colspan="4">Risk:
Non-compliance with procurement legislation and internal governance standards.</td></tr>
<tr><th>Management Action</th><th>Original Due Date</th><th>Revised Due Date</th><th>Latest Service Update</th></tr>
<tr><td>It is intended that the automated process tool for a temporary worker will include a procurement step so it is not just reliant on the policy and procedure.</td><td>31.03.26</td><td>30.09.26</td><td>In the process of reviewing how the automated process, using Microsoft Forms, complies with data protection requirements. In the meantime, the process documentation associated with the engagement of a temporary worker is sent directly to the People Team for checking and authorising.</td></tr>
</table>

Annex 2

Overdue 'Low & Medium Priority' Management Actions

Audit Review	Report Date	Opinion	Priority		Due Date	Revised Due Date
			Low	Medium		
IT Software Development	2022/23			1	-	**30.09.26** 30.04.26 28.02.26
Information Governance	2022/23	Reasonable		1	Sep 2023	**30.09.26** 31.03.26
				1	Sep 2023	**30.09.26** 31.03.26
Biodiversity BNG	2024/25	Reasonable		1	30.05.25	**31.07.26** 31.04.26
Disabled Facilities Grant	2024/25	Limited	1		31.03.26	**30.09.26**
Sales Ledger	2024/25	Reasonable		1	30.11.25	**31.12.26** 31.03.26
Agency Staff	2025/26	No		1	31.03.26	**30.09.26**
				1	31.03.26	**30.09.26**
				1	31.03.26	**30.09.26**
				1	31.03.26	**30.09.26**
				1	31.03.26	**30.09.26**
				1	31.03.26	**30.09.26**
				1	31.03.26	**30.09.26**
Budget Management	2025/26	Reasonable		1	30.04.26	**31.12.26**
Temporary Accommodation	2025/26	Reasonable		1	30.06.26	**30.09.26**
Total			**1**	**14**		

Annex 3

Southern Internal Audit Partnership - Performance Measures

Performance Measure	Regularity	Target	Actual 26/27	Status
1. Percentage of the agreed audit plan completed (issue of draft / final report)	Ongoing	90%	0%	
2. Audits delivered within agreed timescales (% year to date)				
○ To issue of draft report	Ongoing	80%	0%	
○ To issue of final report	Ongoing	80%	0%	
3. Audits conducted optimising the effective use of data analytics (% year to date)	Ongoing	60%	0%	
4. Conformance with the Global Internal Audit Standards in the UK Public Sector	Annual	Generally conforms	Generally conforms