

REPORT TITLE: INTERNAL AUDIT PROGRESS REPORT 25-26 (DECEMBER 25)

29 JANUARY 2026

REPORT OF CABINET MEMBER: Cllr Neil Cutler, Deputy Leader and Cabinet Member for Finance and Transformation

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WARD(S): ALL WARDS

PURPOSE

In accordance with the Global Internal Audit Standards in the UK Public Sector, this report presents the Internal Audit Progress Report to 31st December 2025.

The Internal Audit Progress Report, attached as Appendix A, provides the Audit & Governance Committee with an overview and key updates of internal audit activity and assurance work completed in accordance with the approved audit plan.

RECOMMENDATIONS:

1. The Audit & Governance Committee are requested to note the Internal Audit Progress Report 2025-26 (December 2025).

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

- 1.1 Internal audit plays a vital role in supporting the Council accomplish plan outcomes by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.2 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.
- 1.3 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 Council Plan Outcomes.

2 FINANCIAL IMPLICATIONS

- 2.1 Internal audit is provided through the Southern Internal Audit Partnership. The plan comprises a total of 295 audit days and the associated cost for 2025-26 is £112,100.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 There are no additional legal or procurement implications for the Council arising from the content of this report.

4 WORKFORCE IMPLICATIONS

- 4.1 There are no additional workforce implications arising from the content of this report.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 There are no property and asset implications arising from the content of this report.

6 CONSULTATION AND COMMUNICATION

- 6.1 The contents of this report were discussed and noted with the Executive Leadership Board.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 There are no environmental implications arising from the content of this report.

8 PUBLIC SECTOR EQUALITY DUTY

8.1 None.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None required.

10 RISK MANAGEMENT

| Risk | Mitigation | Opportunities |
|------------------------|--|--|
| Financial Exposure | Internal audit supports the Council to ensure proper financial management, effective and transparent governance, risk management and control through its audit activities and assurance service. | Enhancement of the Council's reputation through the strengthening of the effectiveness of risk management, control and governance processes. |
| Exposure to challenge | | |
| Innovation | | |
| Reputation | | |
| Achievement of outcome | | |

11 SUPPORTING INFORMATION:

11.1 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.'

11.2 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).

11.3 The Southern Internal Audit Partnership have been externally assessed against conformance with the Global Internal Audit Standards in the UK Public Sector which 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.”

Given SIAP’s high level of performance and achievement with the GIAS, I do not make any formal recommendations in this report.

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.’

- 11.4 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 Committee, summarising:
- ongoing confirmation or otherwise regarding independence, and impairments [Standard 7.1]
 - a summary of significant issues and escalation of matters of importance [Standard 8.1]
 - overview and sufficiency of resourcing [Standards 8.2, 10.1, 10.2, and 10.3]
 - communication 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].
- 11.5 Appendix A summarises the activities of internal audit for the period to 31st December 2025 which confirms that 61% of audits have reached the reporting stages with the remaining audits either in progress or are in the process of being lined up for delivery during the final quarter of the year. The Housing Asset Management – Repairs and Maintenance audit has concluded with a ‘No Assurance’ opinion and a summary of the key observations has been included within the report.
- 11.6 The report also provides an update on the Council’s progress with implementing actions that have been agreed following audits, including confirmation that all actions have been completed in respect of four previous audit review areas, with only four medium priority overdue actions to report.
- 12 **OTHER OPTIONS CONSIDERED AND REJECTED**
- 12.1 There are no other options to consider as this report is a requirement under relevant legislation and standards.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:-

AG165 Internal Audit Charter and Risk-Based Plan 2025-26

AG172 Internal Audit Progress Report 2025-26 (31st October 2025)

Other Background Documents:-

None.

APPENDICES:

Internal Audit Progress Report 2025-26 (December 25) (Appendix A)