
**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

Internal Audit Progress Report

Winchester City Council – December 2025

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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 (2025-26) and in the fulfilment of the audit mandate and delivery of the internal audit strategy.

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

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

5. Independence

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

6. Impairments

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

7. Rolling Work Programme

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

Audit Review	Sponsor	Scoping Held	ToR Issued	Fieldwork Start	Draft Report	Final Report	Assurance Opinion	Comment
Strategic Planning and Performance Monitoring	CFO	06.05.25	15.05.25	22.05.25	30.06.25	10.09.25	Substantial	
Financial Stability – Budget Monitoring and Forecasting	CFO	17.10.25	25.11.25	17.12.25				
Health and Safety	SDP	16.10.25	06.11.25	18.12.25				
Emergency Planning	SDP	18.12.25		23.12.25 (draft)				
Procurement	CFO	18.12.25						
Contract Management – ID Verde & Wetton	SDS	02.07.24	18.09.24	15.11.24	12.09.25			
Human Resources – Use of Agency Staff and Consultants	DL	16.07.25	07.08.25	22.09.25	17.11.25			
Accounts Receivable / Debt Management	CFO	09.11.23	09.11.23	23.01.24	14.11.25			
Accounts Payable	CFO	05.06.25	11.06.25	04.07.25	11.09.25	26.11.25	Reasonable	
Payroll	CFO	21.10.25	26.11.25					
Council Tax	CFO	13.08.25	11.09.25	21.10.25	01.12.25	04.12.25	Substantial	
Networking and Communications – Patch Management	CFO	09.12.24	09.01.25	05.02.25	08.09.25	03.11.25	Reasonable	
Cyber Security – Thrive Actions Implementation	CFO	22.07.25	04.08.25	10.09.25	11.11.25			
Cyber Security – Data Back-up and Ransomware Protection	CFO	01.10.25	21.10.25	17.11.25	16.12.25			
Cyber-Security - User Training and Awareness	CFO							Q4

Audit Review	Sponsor	Scoping Held	ToR Issued	Fieldwork Start	Draft Report	Final Report	Assurance Opinion	Comment
Housing Asset Management – Repairs and Maintenance	SDS	11.09.24	30.09.24	16.05.25	01.10.25		No	
Housing Asset Management – Housing Retrofit Programme	SDS	11.12.24	27.02.25	16.06.25	21.08.25	04.12.25	Reasonable	
Housing – provision of days	SDP							Q4
Clean Streets Enforcement – Fly-Tipping	SDP	16.06.25	17.07.25	11.08.25	22.09.25	28.10.25	Limited	
Homelessness - Prevention	SDS	14.07.25	16.10.25	05.11.25	19.12.25			
Housing Management – Leaseholder Arrangements	SDS							Q4
Building Control – QMS Framework	SDP	17.06.25	10.07.25	23.07.25	13.11.25			
Licensing	SDP							Q4
Play Areas / Tree Management	SDP							Scoping 16.01.26
Markets	SDP							Scoping 05.01.26
Asset Management (Corporate Estate) – Health & Safety – Follow-up	SDS	n/a	06.02.25	10.03.25	08.07.25	29.10.25	n/a	Follow-up
Bus Services Operator Grant	CFO	n/a	n/a	18.08.25	n/a	09.09.25	n/a	Grant Certified
Mayor's Charity Account	CFO	n/a	n/a	22.09.25	n/a	04.12.25	n/a	Account Certified.

Directorate Sponsor				
CX	Chief Executive	DL	Director Legal (Monitoring Officer)	
SDS	Strategic Director - Services	CFO	Chief Finance Officer (S151)	
SDP	Strategic Director - Place			

8. Adjustments to the Internal Audit Plan 2025-26

Internal Audit focus continues to be proportionate and appropriately aligned. The plan remains fluid and subject to on-going review and amendment, in consultation with the relevant audit sponsors, Senior Management, and the 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 2025-26 internal audit plan are detailed below with explanations for the proposed amendments.

Additions	Audit Review	Reason for inclusion in the plan
	None	Not applicable
Withdrawals	Audit Review	Reason for removal from the plan
	None	Not applicable

9. Acceptance of Risk

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

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

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

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

Housing Asset Management – Repairs and Maintenance		
Audit Sponsor	Assurance opinion	Management Actions
Strategic Director - Services	No	 x High x Medium x Low

Summary of key observations:

Process notes, detailing all of the key elements required in the housing repairs and maintenance process are not in place which impacts on the consistency and effectiveness of the processes listed below. Due to the lack of documented procedures, there was also a backlog and delay of a number of months in the processing and paying of invoices to Cardo in late 2024 due to a key process not being carried out. This also significantly delayed the audit testing. We confirmed that invoices are generally submitted within a couple of months of the job being raised although there was one exception in the sample of jobs we selected where the invoice was not submitted until nine months after the job was raised on the Orchard system.

Testing confirmed that jobs raised on the Orchard system that require authorisation (those with an original value of £5,000 and greater) were authorised appropriately in line with delegated authority limits. However, when works are identified, in many cases a notional value is assigned to job orders on the Orchard system to allow the job to be issued to the contractor and for the works to commence. This notional value is not consistently applied. In some cases an old call out rate is used (£55.01) and in others a different notional value, e.g. £100 may be applied. The actual cost of the completed works can then vary significantly from the original notional value. However, although there is a Variations tab on Orchard, no evidence detailing the reason(s) for the variation between the original value and the actual cost of the completed works is recorded on the system. In some cases, for larger value jobs, we were advised that quotes are obtained and used to record the job value on the system. There is no guidance as to the value of jobs that require quotes, and we were unable to obtain evidence of any quotes for the jobs we selected for testing as they were not held on the system or on SharePoint.

Once works have been completed, the job is required to be signed off on Orchard by the Area Property Surveyor in order to confirm that payment can be made for all works costing over £250 (works costing less than £250 are automatically approved for payment on the system due to the high volume of jobs). This sign off can be completed in one of two ways on the Orchard system, either via ticking the Desktop Check box or the Post Inspection Check box. The system then shows either "Desktop Check – Satisfactory" or "Post Inspection Completed". The name of the officer completing the check is recorded in the system along with the time and date of the check. However, although there is an 'Inspection' tab on Orchard, this was blank for all of the jobs selected in our sample, so there is no evidence recorded of what the Desktop Check entailed or the contents and outcome of the Post Inspection. The Orchard system does not allow photos to be attached. We were advised that photographic evidence of completed works may be stored in SharePoint, however, no evidence of photos could be found for any of the jobs selected in our sample.

Batch invoices are submitted by Cardo, which contain a large volume of jobs. One of the invoices selected in our sample contained over 1,000 jobs. A review of the invoices identified that they include a line-by-line summary for each individual job which records the job number, the property, description of the job, date completed, cost and date signed off on Orchard. However, within the initial sample of invoices tested, the line-by-line summary did not provide a breakdown of the size or cost of the job, e.g. labour, materials, quantities, etc to enable a comparison to an agreed Schedule of Rates (SoR) to ensure that the cost charged for the works is accurate and appropriate and that value for money is obtained.

Following a request for further audit testing, and the subsequent provision of all Cardo invoices from May 2024 to August 2025, it has been observed that the majority of the (smaller) jobs do contain a breakdown of works and hours, however a number of the larger value jobs do not contain such details, merely a total amount and designation of 662 (Unscheduled Works).

Data analysis of all jobs invoiced by Cardo from May 2024 to August 2025 confirmed a total of 10,887 jobs across 3,819 individual properties (or groups of properties). Out of these, 88 properties had 10 or more jobs invoiced in respect of them during this period (some due to void works being carried out). A review of the 25 individual properties with highest number of invoices during this period did not establish any specific patterns or issues, although there were potential indications of unresolved maintenance issues or duplicate jobs which require further investigation.

Testing of records for a sample of jobs carried out by other contractors identified similar issues around the lack of evidence or explanation to support the variations between the original value of jobs and the actual cost of completed works. Also, a similar lack of detail on invoices to enable an assessment of whether the cost charged for the works is accurate and appropriate and that value for money is obtained. For jobs carried out by other contractors, the option for the Surveyor to confirm on the Orchard system that they have completed either a desktop check or a post inspection is not available. We were advised that the Surveyor would be contacted by the Customer Support Team to confirm approval to sign off the job for payment to be made but no evidence of this confirmation was found for the jobs selected in our sample.

We have been advised that the Council are currently formulating an action plan to address the issues identified within this audit and other corresponding reviews. The actions will be tracked through to completion via the established processes with updates provided within future progress reports.

11. Analysis of 'Live Audit Reviews'

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions											
				Agreed			Pending			Complete			Overdue		
				L	M	H	L	M	H	L	M	H	L	M	H
Information Governance – Records Management and Retention	06.05.2025	DL	Reasonable	-	3	-	-	1	-	-	2	-	-	-	-
Disabled Facilities Grants	27.05.2025	SDS	Reasonable	-	12	-	-	-	-	-	9	-	-	3	-
Developer Contributions	11.07.2025	SDS	Limited	-	16	2	-	16	-	-	-	2	-	-	-
Housing Company	01.09.2025	SDS	Reasonable	-	1	-	-	-	-	-	-	-	-	1	-
Clean Streets Enforcement – Fly-Tipping	28.10.2025	SDP	Limited	3	2	1	2	2	-	1	-	1	-	-	-
Accounts Payable	26.11.2025	CFO	Reasonable	-	5	2	-	5	-	-	-	2	-	-	-
Housing Retrofit Programme	04.12.2025	SDS	Reasonable	-	4	-	-	-	-	-	4	-	-	-	-
Total				8	43	5	2	24	0	1	15	5	-	4	0

The management team have provided confirmation that all actions have been completed in respect of four previous audit review areas and are therefore not included within the table above. The respective review areas and report dates are:-

- New Homes Programme (Jul 24)
- Tree Management (Oct 24)
- ICT Networking and Communications – Patch Management (Nov 25)
- Housing Asset Management – Housing Retrofit Programme (Dec 25).

Annexe 1

Overdue 'High Priority' Management Action

There are no overdue high priority management actions.

Annexe 2

Overdue 'Low & Medium Priority' Management Actions

Audit Review	Report Date	Opinion	Priority		Due Date	Revised Due Date
			Low	Medium		
Disabled Facilities Grants	27.05.2025	Reasonable		3	30.11.2025	31.03.2026
Housing Company	01.09.2025	Reasonable		1	30.09.2025	27.02.2026
Total			-	4		

Annexe 3

Southern Internal Audit Partnership - Performance Measures

Performance Measure	Regularity	Target	Actual 25-26	Status	Direction of Travel
1. Percentage of the agreed audit plan completed (issue of draft / final report)	Ongoing	90%	61%		
2. Audits delivered within agreed timescales (% year to date)					
o To issue of draft report	Ongoing	80%	41%		
o To issue of final report	Ongoing	80%	33%		
3. Conformance with the Global Internal Audit Standards in the UK Public Sector	Annual	Generally conforms	Generally conforms		
4. Audits conducted optimising the effective use of data analytics (% year to date)	Ongoing	60%	53%		
5. Stakeholder satisfaction (annual survey)					
o Audit Committee	Annual	90%	100%		
o Senior Management		90%	100%		n/a
o Key Contacts		90%	98%		
6. Internal audit effectively communicates with key stakeholders					
o Audit Committee	Annual	90%	100%		n/a
o Senior Management		90%	100%		n/a
o Key Contacts		90%	100%		n/a
7. Sufficiency of input to and discussion of the internal audit plan					
o Audit Committee	Annual	90%	100%		n/a
o Senior Management		90%	100%		n/a
8. Appropriate focus on key risks					
o Audit Committee	Annual	90%	100%		n/a
o Senior Management		90%	100%		n/a
o Key Contacts		90%	100%		n/a

