Appendix 1

Southern Internal Audit Partnership

Assurance through excellence and innovation

WINCHESTER CITY COUNCIL

Annual Internal Audit Conclusion 2025-2026

Prepared by: Antony Harvey, Deputy Head of Partnership

June 2026

1. Internal Audit Standards

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.

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.

2. 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 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 organisations' objectives.

3. Internal Audit Approach

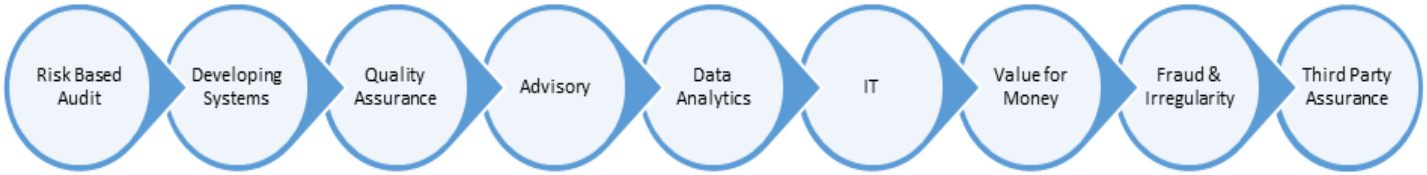
To enable effective outcomes, internal audit provides a combination of assurance and advisory activities. Assurance work involves objective assessment of how well systems and processes are designed and working, with advisory activities available to help to improve those systems and processes where necessary whilst not assuming any management responsibilities.

As the Chief Internal Auditor, I review the approach to each audit, considering the following key points:

- Level of assurance required.
- Significance of the objectives under review to the organisations' success.
- Risks inherent in the achievement of objectives.
- Level of confidence required that controls are well designed and operating as intended.

All formal internal audit assignments will result in a published report. The primary purpose of the audit report is to provide an independent and objective opinion to the Council on the framework of internal control, risk management and governance in operation and to stimulate improvement.

A full range of internal audit services is available in forming the annual audit conclusion:



The Southern Internal Audit Partnership maintain an agile approach to audit, seeking to maximise efficiencies and effectiveness in balancing the time and resource commitments of our partners, with the necessity to provide comprehensive, compliant and value adding assurance.

We have sought to optimise the use of virtual technologies to communicate with key contacts and in completion of our fieldwork, however, the need for site visits to complete elements of testing continues to be assessed and agreed on a case-by-case basis.

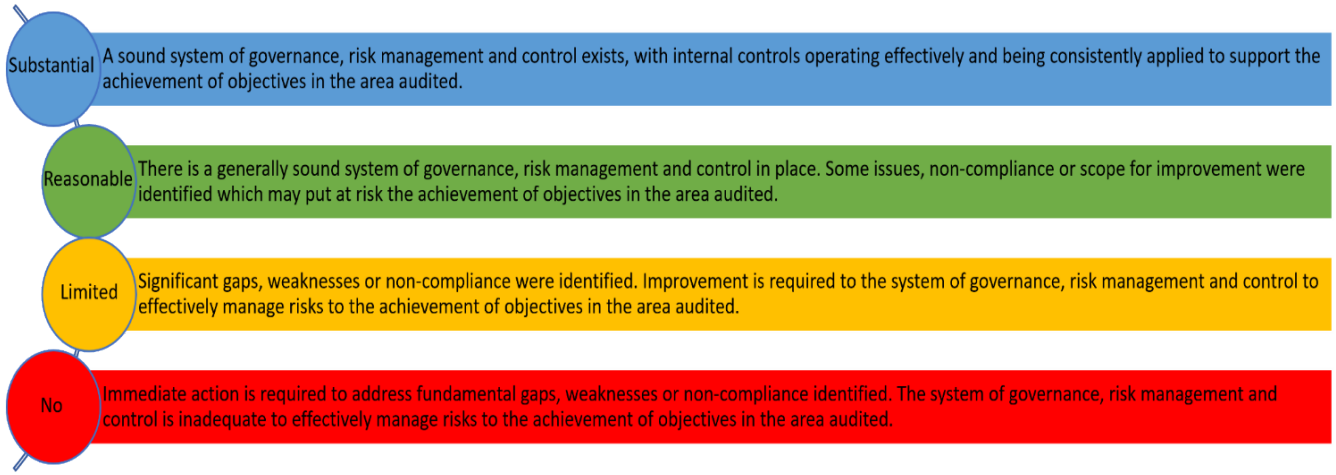
4. Internal Audit Coverage

The annual internal audit plan is prepared taking account of the characteristics and relative risks and objectives of the Council and to support the preparation of the Annual Governance Statement. Work has been planned and performed to establish if sufficient evidence is available to provide reasonable assurance that the framework of governance, risk management and internal control is operating effectively.

The 2025-26 internal audit plan was considered by the Audit & Governance Committee in July 2025. It was informed by internal audit's own assessment of risk and materiality in addition to consultation with management to ensure it aligned to organisational objectives / priorities and the key risks facing the organisation.

The plan has remained fluid throughout the year to maintain an effective focus and ensure that it continues to provide assurance, as required, over new or emerging challenges and risks that management need to consider, manage, and mitigate.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of governance, risk management, and control designed to support the risks to the achievement of management objectives of the service area under review. The assurance opinions are categorised as follows:



5. Resources

The Southern Internal Audit Partnership has a strategy in place to optimise internal audit resource. Ongoing sufficiency of resources (financial, human and technological) are transparently communicated by the chief internal auditor to senior management 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 plan and internal audit mandate at risk are reported accordingly through the aforementioned reports.

There have been no resource implications that have adversely affected the fulfilment of the internal audit mandate or delivery of the Council's internal audit plan impacting my ability to provide a conclusion on the organisation's framework of governance, risk, and internal control.

6. 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 by the Southern Internal Audit Partnership related to the scope, performance, or communication of internal audit work during the year in the delivery of the internal audit plan or the fulfilment of the internal audit mandate.

7. Impairments

There have been no impairments to internal audit activity during the year. As chief internal auditor I have ensured that the internal audit function has remained 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.

The internal audit team have maintained an unbiased mental attitude allowing them to perform engagements objectively and 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.

8. Limitations of Scope

There have been no limitations to the scope of internal audit work during the course of the year.

9. Internal Audit Conclusion

As chief internal auditor, I am responsible for the delivery of an audit conclusion that can be used by the Council to inform their Annual Governance Statement. The annual audit conclusion culminates in an overall opinion on the adequacy and effectiveness of the organisations' framework of governance, risk management and control.

In giving this opinion, assurance can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes reviewed. In assessing the level of assurance to be given, I have based my opinion on:

- written reports on all internal audit work completed during the course of the year (assurance & advisory).
- results of any follow up exercises undertaken in respect of previous years' internal audit work.
- the results of work of other review bodies where appropriate.
- the extent of resources available to deliver the internal audit work.
- the quality and performance of the internal audit service and the extent of compliance with the Standards
- the proportion of the Council's audit need that has been covered within the period.

We enjoy an open and honest working relationship with the Council. Our planning discussions and risk-based approach to internal audit ensure that the internal audit plan includes areas of significance raised by the Audit & Governance Committee and senior management to ensure that ongoing organisational improvements can be achieved. I feel that the maturity of this relationship and the Council's effective use of internal audit has assisted in identifying and putting in place action to mitigate weaknesses impacting on organisational governance, risk, and control over the 2025-26 financial year.

Annual Internal Audit Conclusion 2025-26

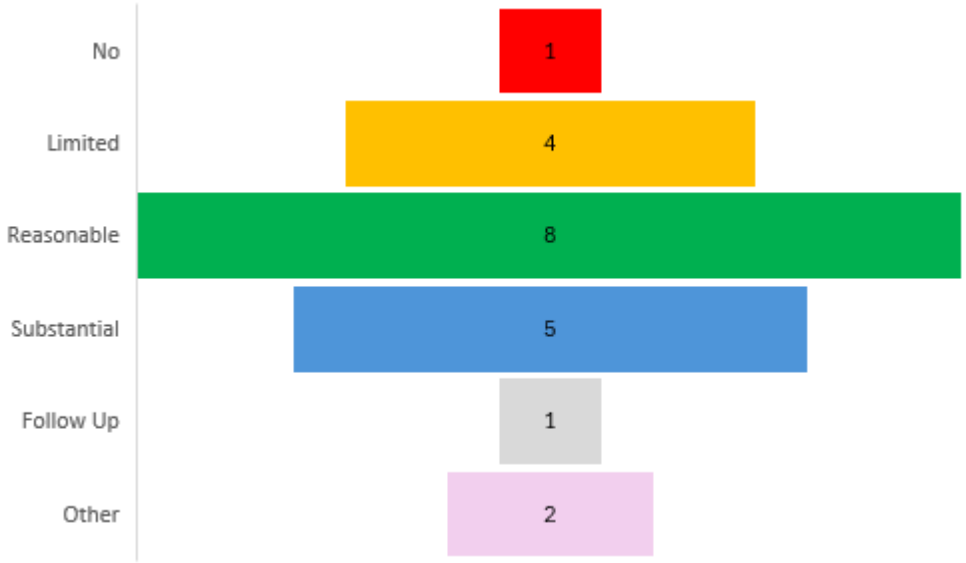
I am satisfied that sufficient assurance and advisory work has been carried out to allow me to form a conclusion on the adequacy and effectiveness of the internal control environment. In my opinion the framework of governance, risk management and control are '**reasonable'**, and audit testing has demonstrated controls to be working in practice.

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

10. Governance, Risk Management & Control – Overview, Key Observations & Themes

Assurance opinions for 2025-26

Significant findings from our reviews have been reported to senior management and the Audit & Governance Committee throughout the year and a summary of the assurance opinions is outlined below.



* Other relates to certifying the Bus Services Operator Grant and the Mayor's Charity Account

Governance

Governance arrangements are considered during the planning and scoping of each review and in most cases, the scope of our work includes overview of:

- the governance structure in place, including respective roles, responsibilities, and reporting arrangements.
- relevant policies and procedures to ensure that they are in line with requirements, regularly reviewed, approved, and appropriately publicised and accessible to officers and staff.

In addition, during 2025-26 we undertook reviews of Strategic Planning and Performance Monitoring and Financial Stability – Budget Monitoring and Forecasting, which both concluded in a substantial assurance opinion.

Based on the work completed during the year and observations through our attendance at a variety of management and governance meetings, in our opinion the governance frameworks in place across the Council are robust, fit for purpose and subject to regular review. There is also appropriate reporting to the Audit & Governance Committee to provide the opportunity for independent consideration and challenge including review of the Annual Governance Statement.

Risk management

Whilst risk management has not been formally assessed as a specific audit during 2025-26, risk management is considered, where applicable, within individual audits. For example, the audit of Strategic Planning and Performance Management included an assessment of the links between service plans and the operational risk registers. The audit confirmed that the risks assessed and corresponding mitigations linked closely to the service plans together with the individual risk RAG rating. Similarly, the audit of Financial Stability – Budget Monitoring and Forecasting confirmed that the Corporate Risk Register identified and rated significant risks to the Medium-Term Financial Strategy with testing confirming that the corresponding mitigations are in place and operating effectively.

In accordance with the Constitution, the Audit & Governance Committee play a key role with the overview of *'the Council's risk management arrangements and provide independent assurance of the adequacy of the risk management framework'.* This has been supported through the Committee's annual review of the Risk Management Policy and regular reporting of the Strategic Risk Register, providing the opportunity for on-going Member consideration and challenge.

The risk register is a key document that is considered during the development of our risk based internal audit plan. Additionally, information from the risk register is taken into account when scoping each review in detail to ensure that our work is appropriately aligned.

Control

In general, internal audit work found there to be a sound control environment in place across the majority of review areas included in the 2025-26 plan that were working effectively to support the delivery of corporate objectives. We generally found officers and staff to be aware of the importance of effective control frameworks, and open to our suggestion for improvements or enhancements where needed. The key areas of challenge identified through our work are outlined below:

Housing Asset Management – Repairs and Maintenance – No assurance Opinion

The purpose of the audit was to assess concerns regarding a lack of compliance with financial controls for maintenance and reactive work including raising jobs, inspection of work prior to payment, and inflation of work. This audit report followed the Regulator of Social Housing (RSH) Regulatory Judgement report (April 2025) and three SIAP Counter Fraud Unit (CFU) investigations commissioned by the Council, with the outcomes confirmed within the 2024-25 Internal Audit Annual Conclusion Report. The Repairs and Maintenance audit, which concluded in 2025-26 identified that:

- Process notes, detailing all of the key elements required in the housing repairs and maintenance process were not in place, which impacted upon the consistency and effectiveness of the associated processes.
- Jobs raised on the Orchard system that required authorisation (those with an original value of £5,000 and greater) were authorised appropriately in line with delegated authority limits, however, when works were identified, in many cases a notional value (£100 or less) was assigned to job orders.
- In many instances, the actual cost of the completed works varied significantly from the notional value however no evidence detailing the reason(s) for the variation was recorded in Orchard.
- We were advised that quotes were obtained for larger value jobs however 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 had been completed, the job is required to be signed off (via a desktop check or inspection) and recorded in Orchard in order to confirm that payment could 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). However, although there is an ‘Inspection’ tab on Orchard,

this was blank for all of the jobs selected in our sample, so there was no evidence recorded of what the Desktop Check entailed or evidence supporting the outcome of the Post Inspection.

- Batch invoices are submitted by Cardo which contain a large volume of jobs (one invoice had in excess of 1000 jobs). Analysis of all Cardo invoices from May 2024 to August 2025 confirmed the majority of the (smaller) jobs contained a breakdown of works completed and hours, however a number of the larger value jobs do not contain sufficient 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 required 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.
- To address the issues identified, a Repairs and Maintenance Action Plan has been developed with oversight from the Council's PAC Board.

Human Resources – Use of Agency Staff and Consultants - Limited Assurance Opinion

The audit identified that there was no framework/policy or guidance in place for use of agency/consultants to ensure roles and responsibilities are clearly defined, consistently applied and aligned with statutory and Council requirements, resulting in notable inconsistencies in the processes followed across departments when engaging agency staff and consultants.

- Guidance outlining the IR35 legislation rules for managers was out of date and did not reflect the latest legislative updates. There are inconsistent practices regarding IR35 assessments. For example, some managers confirmed the HMRC CEST (Check Employment Status for Tax) tool is utilised to determine IR35 status however this could not be substantiated as the resulting determinations were not retained. Other managers indicated that they rely on the agency to confirm IR35 status or that it is not required, reflecting a lack of understanding on statutory requirements.

- Under the Agency Workers Regulations 2010, agency workers must receive Day 1 rights (access to collective facilities and job vacancy information) and, after 12 weeks, equal treatment in pay, working hours, annual leave, and other basic conditions; while HR confirmed that line managers are responsible for ensuring compliance and agencies are monitoring and contacting managers, individual managers are not actively tracking these rights internally.
- All staff including agency and consultants should be enrolled onto the HR system 'ASPIRE' to receive and complete mandatory training however sample testing confirmed only two out of six agency/contractors were enrolled on ASPIRE and had completed all mandatory training.
- There is a lack of specific documented guidance regarding Procurement's involvement when sourcing agency staff and consultants and no corporate monitoring of procurement thresholds with individual agency engagements resulting in a potential risk of non-compliance with the Council's Contract Procedure Rules.
- In the absence of a formal framework for engaging agency staff or consultants - contracts or service agreements, detailing scope, payment terms, and duration, should be obtained and retained to ensure compliance with procurement requirements however we were unable to obtain copies of contracts or service agreements for the testing sample. There is no formal process or central oversight in place to monitor contract end dates, with individual managers relying on agency notifications.
- Discussions with HR and service leads confirmed that agency staff performance is managed informally through direct conversations, with no formal evidence retained, making it difficult to demonstrate consistent and accountable performance management practices.
- Appropriate actions have been agreed to address the issues identified although we have received confirmation that several of these actions have passed their agreed implementation date.

Clean Street Enforcement – Fly Tipping – Limited Assurance Opinion

Fly-tipping enforcement is focused on prosecutions to deter future incidents, however this focus was not formally set out in a strategy for the service. Although procedures were produced in 2020, setting out the process and requirements of investigative and operational work, these had not been reviewed and updated.

Fly-tipping incidents are assigned unique identifying references when the original incident is reported through MCS (My Council Services). These references can be traced through to investigation records. However, there was no single record showing the current status of all investigations, making effective performance monitoring and management oversight more challenging. There was reliance on one officer

to manage the clearance and investigation of incidents, and there were no defined arrangements to provide continuity of service in their absence.

Internal Audit was unable to establish the access permissions to the investigation files stored in the S-Drive, therefore could not confirm that access to records was appropriately restricted and controlled, preventing unauthorised persons accessing sensitive records.

Actions to address the issues identified were agreed and we have received confirmation from Council officers that all have been promptly implemented.

ICT – Thrive Actions Implementation – Limited Assurance Opinion

As reported within the 2024-25 Internal Audit Annual Conclusion Report, the Council selected Thrive *'to assess their current security programme and determine the state of organisational security posture'.* The report reviewed areas of risk across 18 implementation groups and 74 additional safeguards in alignment with the CIS Critical Security Controls (CIS Controls) framework IG Group 2. The report highlighted nine implementation groups where controls and safeguards met best practices; and both tactical and strategic recommendations to address gaps and identify improvement opportunities in a further nine areas.

Following the Thrive review, all recommendations and improvement opportunities were reviewed by IT and were used to populate the "Thrive Remediation Action Plan". The 2025-26 audit sought to assess how the actions were prioritised and the progress with implementing additional controls and safeguards to address the gaps and improvement opportunities. Testing of progress and decisions against individual issues focused on the red "Risk Identified" category from the Thrive report.

At the time of review, 14/30 Risk Identified (red) items from the report had been marked as complete and we were able to substantiate completion or the control already being in place for 13 of these, however evidence was not provided for one item and we noted that some items had been completed up to 11 months after the Thrive reports were issued and six items remained incomplete at the time of audit, which, in our opinion is inadequate for cyber security risks mitigations. Dismissed Risk Identified items were not reported to the senior management team and evidence to support the reason for the dismissal of three items was not provided.

Actions to address the issues identified were agreed and we have received confirmation from Council officers that all have been promptly implemented.

Building Control – QMS Framework – Limited Assurance Opinion

The Building Safety Regulator (BSR) have a set of Operational Standards Rules (OSR) which includes a requirement to have a Quality Management System (QMS) in place to ensure service standards are maintained. The purpose of this audit was to assess how well the Building Control function were aligned to the QMS framework.

Following the adoption of the QMS system provided by the Local Authority Building Control (LABC), WCC are required to submit an annual return which demonstrates their compliance to the QMS system framework and allows them to retain their accreditation status. A return was not submitted for 2024 and at the time of the audit, had not been submitted for 2025.

As the annual management review, including reporting against KPIs, was missed in 2024, Building Control had not self-verified the continuing suitability and effectiveness of the QMS or identified opportunities for continuous improvement. Additionally, learnings from the management review in 2023 had not been used to improve processes.

The LABC QMS Quality Manual, states the Building Control Management Team should analyse and evaluate performance data and information arising from monitoring and measurement. This should be an ongoing process with formal review within the Management Review meetings. The audit confirmed that there were no documented ongoing controls in place to meet this requirement. LABC QMS Procedures requires that the Building Control Team understands the importance of customer perception and feedback in helping to shape and continually improve the service provision. There was no mechanism in place for gathering customer feedback.

There were no reconciliations being carried out between the building control income received into the Council's financial management system and income that has been logged as received in Uniform.

Appropriate actions have been agreed to address the issues identified and we have received confirmation from Council officers that the majority have been implemented although two actions have passed their agreed implementation date.

Other Sources of Assurance

During the year internal audit have remained cognisant of other sources of assurance from which the Council benefit. Due to legal and regularity nature of some public sector assurance providers internal audit do not have engagement with or insight into the scope and timing of their work.

Where appropriate internal audit does coordinate with and place reliance on the outcomes of other assurance providers to minimise duplication and highlight potential gaps in assurance needs.

Additionally, as chief internal auditor I liaise with the external auditors on matters of mutual interest and to seek opportunities for cooperation in the conduct of audit work.

During the year there have been no external sources of assurance that have been relied upon when forming my conclusion for 2025-26.

Management actions

Where our work identified risks that we considered fell outside the parameters acceptable to the Council, we agreed appropriate corrective actions and a timescale for improvement with the responsible managers. Progress is periodically reported during the year to the Audit & Governance Committee through our quarterly internal audit progress reports.

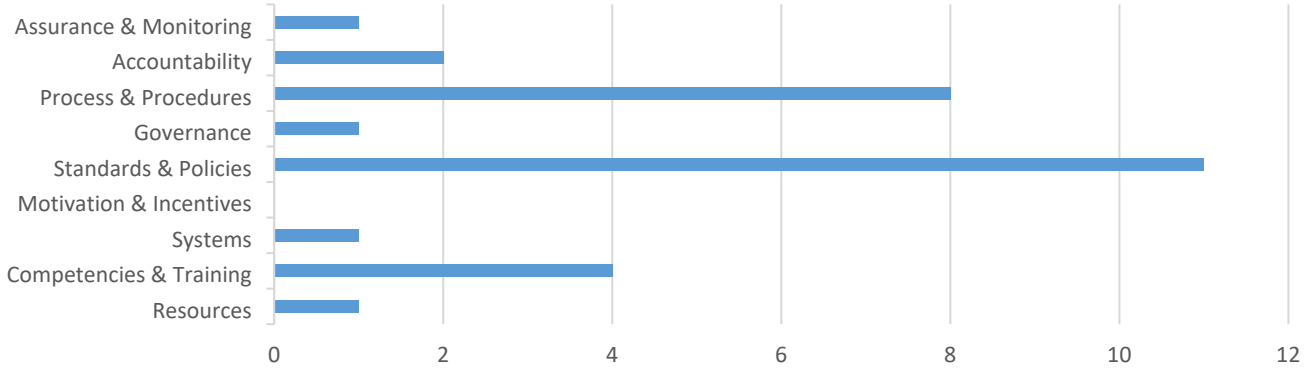
Acceptance of Risk

From the work carried out by the Southern Internal Audit Partnership during the year, I am not aware of any instances where management have accepted a level of risk that we feel exceeds the organisations risk appetite or risk tolerance.

11. Themes

The findings and conclusions of multiple engagements, when viewed holistically, can reveal patterns or trends, such as root causes.

Analysis of root cause through assurance work undertaken across the organisation's framework of governance, risk management and control processes during the year has highlighted the following themes:



*Definitions to support root cause categorisations are detailed in Annex 3

12. Anti-Fraud and anti-corruption

In accordance with the internal audit charter and the audit plan, auditors will plan and evaluate their work so as to have a reasonable expectation of detecting fraud and identifying any significant weaknesses in internal controls.

Whilst not responsible for the detection of fraud within the Council, Southern Internal Audit Partnership's work during 2025/26 has not identified, and we have not been made aware of, any significant control deficiencies that may pose a significant fraud risk.

13. Quality Assurance and Improvement

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

14. Disclosure of Non-Conformance

There are no disclosures of Non-Conformance to report. In accordance with Global Internal Audit Standards in the UK Public Sector, I can confirm through endorsement from the independent external quality assessment that:

> ***'The Southern Internal Audit Partnership 'generally conforms' to the Global Internal Audit Standards in the UK Public Sector and its work is performed in accordance with the International Professional Practices Framework (endorsed by the IIA).'***

15. Quality Control

Our aim is to provide a service that remains responsive to the needs of the Council and maintains consistently high standards. In complementing the QAIP this was achieved in 2025-26 through the following internal processes:

- On-going liaison with management to ascertain risk management, control and governance arrangements, key to corporate success
- On-going constructive working relationships with other assurance providers to maintain a cooperative assurance approach.
- A tailored audit approach using a defined methodology and assignment control documentation.
- Review and quality control of all internal audit work by professional qualified senior staff members.
- An external quality assessment against the industry Standards.
- Maintenance of Key Performance Indicators and ongoing overview of Internal Audit Strategy and Partnership objectives / actions (Annexe 2)

16. Acknowledgement

I would like to take this opportunity to thank all those staff throughout the Council with whom we have made contact in the year. Our relationship has been positive, and management were responsive to the comments we made both informally and through our formal reporting.

Antony Harvey
Deputy Head of Southern Internal Audit Partnership

Summary of Assurance Reviews Completed 2025-26

Annexe 1

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.

- Strategic Planning & Performance Monitoring
- Emergency Planning
- Council Tax
- Financial Stability – Budget Monitoring & Forecasting
- Payroll

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.

- Contract Management – ID Verde & Wetton (draft final)
- Accounts Payable
- Housing Asset Management – Housing Retrofit Programme
- Taxi & Private Hire Licencing (draft)
- Accounts Receivable & Debt Management
- ICT – Patch Management
- Cyber Security – Data Back-up and Ransomware Protection
- Homelessness - Prevention

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.

- Human Resources – Use of Agency Staff and Consultants
- Clean Streets Enforcement – Fly Tipping
- ICT – Thrive Actions Implementation
- Building Control – QMS Framework

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.

- Housing Asset Management – Repairs and Maintenance (draft)

- The audits of Cyber Security – User Training and Awareness, Street Markets and Procurement have been completed and draft reports issued, with factual accuracy to be confirmed in due course.
- The Tree Management audit has been substantially completed with final queries to resolve.
- The Housing Management – Leaseholder Arrangements audit remains in the fieldwork stages.

The opinions from these audits will therefore contribute towards the 2026-27 Annual Internal Audit Conclusion.

Annexe 2

Performance Measurement

Key Performance Indicators

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%	92%	✓	n/a
2. Audits delivered within agreed timescales (% year to date)					
○ To issue of draft report	Ongoing	80%	38%	X	n/a
○ To issue of final report	Ongoing	80%	33%	X	n/a
3. Conformance with the Global Internal Audit Standards in the UK Public Sector	Annual	Generally conforms	Generally conforms	✓	n/a
4. Audits conducted optimising the effective use of data analytics (% year to date)	Ongoing	60%	58%	X	n/a
5. Stakeholder satisfaction (annual survey)					
○ Audit & Governance Committee	Annual	90%	100%	✓	n/a
○ Senior Management		90%	100%	✓	n/a
○ Key Contacts		90%	99%	✓	n/a
6. Internal audit effectively communicates with key stakeholders					
○ Audit & Governance Committee	Annual	90%	100%	✓	n/a
○ Senior Management		90%	100%	✓	n/a
○ Key Contacts		90%	100%	✓	n/a
7. Sufficiency of input to and discussion of the internal audit plan					
○ Audit & Governance Committee	Annual	90%	100%	✓	n/a
○ Senior Management		90%	100%	✓	n/a
8. Appropriate focus on key risks					
○ Audit & Governance Committee	Annual	90%	100%	✓	n/a
○ Senior Management		90%	100%	✓	n/a
○ Key Contacts		90%	100%	✓	n/a

Internal Audit Strategy 2025/28

Action	Target Date	Update	Status
Innovate to explore a more agile approach to the audit process, building efficiencies and producing more timely feedback to the organisation.			
Confirm expectations of Partners regarding desired reporting timelines and methodology.	Dec 2025	The Terms of Reference for each audit review provides a timeline of audit activity from initial scoping through the final report. This is signed and agreed by both SIAP and the client prior to commencement. Our KPIs provide outcomes of delivery against agreed targets.	Complete
Complete a detailed analysis of bottle necks in SIAP and external to the internal audit function.	April 2026	Data has been compiled throughout the year. Analysis will commence following completion of the 2025/26 internal audit plans	Ongoing
Benchmark with peer audit services and explore opportunities to make the process 'leaner' through auditor working group.	Dec 2026	Agenda item to be taken to 'Audit Together' and Local Authority Chief Auditor Network' which are two national forums representing over 150 local authorities to explore good practice.	Ongoing
Optimise the use of technology (including audit management software) to deliver efficiencies.	Dec 2027	Currently exploring opportunities to utilise Power BI and AI technologies	Ongoing
Embrace and prioritise conformance and embedding of the Global Internal Audit Standards in UK Local Government and maximising their potential to benefit the organisation and the internal audit function.			
Stakeholder, staff training & awareness and alignment of policies, procedures, practice and software to the GIAS in UK PS.	July 2025	A programme of training and staff awaydays have provided a robust overview of the GIAS in the UK PS to the SIAP team. This has been complemented through an updated suite of practice and procedure notes to fully reflect the expectations of the new Standards	Complete
Undertake a self-assessment of compliance with the GIAS in the UK PS	July 2025	A self-assessment against the GIAS in the UK Public Sector was completed in July 2025 and presented to the external assessor to help inform the External Quality Assessment.	Complete
Commission an early External Quality Assessment to assess compliance with the GIAS in UK PS.	Dec 2025	The External Quality Assessment was commission in July 2025 and delivered during September – December 2025. An outcome report was presented in December 2025 confirming 'general conformance' with the GIAS in the UK PS	Complete
Explore supplemental elements of the GIAS in UK PS Standards to fully assess value add.	Apr 2026	An action plan has been developed to explore suggested opportunities for improvement highlighted within the External Quality Assessment [December 2025]	Complete

Action	Target Date	Update	Status
Further engage with the organisation to enhance and optimise the full potential of data analytics in the internal audit process			
Implement a programme of training and awareness. Additional support through Data Analytic Champions	July 2025	Training and guidance have been delivered and remains in place for all SIAP staff. Data Analytic Champions are in place as a centre of expertise to support SIAP staff in the potential and use of data analytics.	Complete
Acquire software to support the effective use of data analytics.	Sep 2025	Knime has been acquired, implemented and utilise as our primary data analytic software. A further business case is being prepared to assess the addition of Idea to SIAPs suite of software solutions.	Complete
Refresh the existing data analytics strategy and promote a culture of data by default.	Apr 2026	Regular and ongoing training and awareness is provided to SIAP staff to embed the culture and concept of data by default. Additionally, a KPI has been developed to measure demonstrable application within the internal audit process. A review of the strategy will be undertaken during 2026.	Ongoing
Be assessed as 'data analytics enabled'.	Apr 2028	Our Data Analytics Strategy provides the framework to position the Partnership as data analytics enabled.	Ongoing

EQA / QAIP Action Plan

Standard	Detail	Target Date	Update	Status
Compliance with the Global Internal Audit Standards in the UK Public Sector; Application Note; and Code Governance				
N/A	N/A	N/A	N/A	N/A
Suggested areas of improvement				
1.1 & 1.2	SIAP **fully achieves** Standard 1.1 Honesty and Professional Courage and Standard 1.2 Organisations Ethical Expectations Going forward within the planned training on these areas and Domain II in general, detailed in the Learning and Development Plan 2024-2026, the Head of Partnership could usefully consider including practical ethical dilemmas, ethics scenarios or case studies, common challenges and how to deal with them, in future learning coverage	March 2026	The next scheduled ethics training session for the Partnership is in May 2026. The training pack is currently being updated to include practical ethical dilemmas, ethics scenarios and case studies, common challenges and how to deal with them.	Complete
3.1	SIAP **fully achieves** Standard 3.1, Competency. SIAP leadership and their stakeholders recognise that additional emphasis on advisory, rather than assurance engagements, will be needed over the medium term as Local Government Reorganisation and Devolution proceeds. Additional advisory skills and learning may be necessary to add value, insight and foresight across SIAP. Staying up to date with IT and cyber security changes and associated developments are a real challenge for any internal audit function. This is normal for any internal audit function.	July 2026	To arrange training and support to develop advisory skills to compliment future client needs (particularly in light of LGR & Devolution). All IT staff are appropriately required and must maintain comprehensive CPDs to maintain their professional accreditation. Additional training / qualification has been provided in respect of AI in recognition of its emerging prominence.	Ongoing Complete

Standard	Detail	Target Date	Update	Status
6.3 & 8.1	SIAP **generally achieves** Standard 6.3, Board and Senior Management Support, and 8.1, Board Interaction. The Head of Partnership and SIAP have undertaken everything I would expect of them under these Standards, the related Application Note and CIPFA Code. Where SIAP do not have a direct influence, I am satisfied that the team have engaged with each partner and client highlighting the importance of Domain III, the Application Note and Code and developing an action plan to encourage compliance, highlighting its importance and their ability as an organisation to confirm in the 2025/26 Annual Governance Statement that they are conforming with the GIAS in the UK Public Sector. Some partners and clients are fully compliant, while others still have some actions to progress, resulting in a general, rather than full, level of achievement for SIAP against these Standards.	February 2026	Discuss and present action plans to individual Partners developed following assessment of compliance with the Code of Practice for the Governance of Internal Audit in UK Local Government.	Complete
8.3	SIAP **fully achieves** Standard 8.3, Quality. The team revised their Quality Assurance and Improvement Programme in June 2025. The result is excellent. SIAP will need to continue to focus on embedding and implementing the various actions and priorities contained within this document to progress the five identified areas for improvement. I support these next steps and the periodic reporting of progress to partner and client Audit Committees (or equivalent) and senior management, as well as to other key stakeholders.	December 2026	Ongoing implementation of actions within the QAIP. • Continue to develop K10 to optimise SIAP efficiencies and effectiveness • Review and update the Partnership website • Explore the opportunities presented from the use of AI in the audit process *Actions in relation to Code of Governance & Topical Requirement covered elsewhere in this action plan	Ongoing

Standard	Detail	Target Date	Update	Status
9.2	SIAP **generally achieves** Standard 9.2, Internal Audit Strategy. SIAP has established an Internal Audit Strategy for 2025-2028. This is clear and well presented, with valid relevant objectives and priorities for the team to aim for and deliver. This has been developed with partner and client involvement, but given the number of partners and clients, it is not practical for this to be aligned to each separate organisation's key objectives and priorities. The Head of Partnership and SIAP have consciously chosen not to seek to implement every aspect of this Standard, where it makes little practical sense to do so, given the size and nature of their function. In my opinion, this makes perfect sense, as there is little value in conformance for the sake of conformance, but it does result in this generally (rather than fully) achieves assessment here.	N/A	No action – accepting of the fact that due to SIAPs multi-client provider status we will never fully achieve this standard.	N/A
9.4	SIAP **generally achieves** Standard 9.4, Internal Audit Plan. Going forward, SIAP should add additional detail – ideally bespoke for each partner or client – on the rationale for not including an assurance engagement in a high-risk area or activity in its flexible internal audit plans. SIAP currently includes a short standard statement, but this would benefit from being more tailored to the individual partner or client if a 'fully achieved' rating is considered necessary.	March 2026	Due to the timing of the EQA report and the development and presentation of the internal audit plans for 2026/27 we were unable to incorporate the suggested improvement. The internal audit plan template has now been updated to ensure future inclusion of all areas assessed as high priority that are not covered in the plan along with a reason for their omission.	Complete

Standard	Detail	Target Date	Update	Status
11.1 & 11.3	SIAP **fully achieves** Standard 11.1, Building Relationships and Communicating with Stakeholders, and 11.3, Communicating Results. At interview, and in the April 2025 SIAP survey responses, some stakeholders commented whether there was more that could be done in terms of sharing cross-client themes, issues, results, root causes and insights. This is an obvious benefit of the partnership model and AI may enable the development of additional insights that could be efficiently created and add value.	April 2026	A quarterly bulletin is to be introduced highlighting key cross-cutting themes and areas of good practice. It is intended for the first bulletin to be issued during Q1 2026/27	Ongoing
12.3 & 13.5	SIAP **generally achieves** both Standard 12.3, Oversee and Improve Engagement Performance, and 13.5 Engagement Resources. SIAP has set a strategic objective to innovate to explore a more agile approach to the audit process, building efficiencies and producing more timely feedback to the organisation. Some stakeholders at interview, through the April 2025 SIAP survey, and my own sample of engagements, commented that occasionally there were delays in the completion of engagements. While there can be varied reasons for these delays, this may require closer monitoring and earlier supportive intervention from engagement managers if delivery is affected and the allocation of additional resources, where necessary, to help ensure any particularly critical milestones or deadlines are achieved.	As per Strategy December 2025 to March 2027	To complete objectives within the internal audit strategy 'Innovate to explore a more agile approach to the audit process, building efficiencies and producing more timely feedback to the organisation' KPIs have been put in place to help identify process bottlenecks.	Ongoing

Standard	Detail	Target Date	Update	Status
	I support the planned actions detailed in the Internal Audit Strategy 2025-2028 for investigating and addressing these concerns.			
13.3, 13.4, &14.3	SIAP **fully achieves** Standard 13.3, Engagement Objectives and Scope, 13.4, Evaluation Criteria, and 14.3 Evaluation of Findings SIAP will need to consider how best to incorporate the IIA's Topical Requirements into their methodology, particularly when it comes to engagement scope and objectives. At the time of this EQA, two Topical Requirements have been finalised to date, two have been released in draft, and others are in the production pipeline. The first on Cybersecurity comes into effect in February 2026. Additional thinking, guidance and review on what constitutes the 'criteria' against which performance is assessed could also prove beneficial, as this is a key change included within the GIAS. Finally, the use of root cause analysis has commenced within the team, and the initial results are promising from both a SIAP and stakeholder perspective. There will be further opportunity to deliver insights on common root cause categories and themes across the partner and client base.	March 2026 July 2026	A Practice Note has been developed and incorporated within SIAPs process to incorporate consideration of Topical Requirements Ensure root cause is appropriately captured at year end to inform themes to be incorporated within the Annual Conclusion(s)	Complete Complete

Root Cause Categories

Annexe 3

Category	Definition	Example
Resources	The extent to which the service has sufficient, capable resources, enabling it to carry out all aspects of its operational duties efficiently and effectively.	Functions that had been carried out by a now non-existent post have fallen through the gaps; services have only enough resources to carry out key aspects of operational delivery, meaning some lower priority tasks are not executed.
Competencies & Training	The extent to which staff are appropriately qualified, trained or experienced to carry out their role	Lack of training; inappropriate training; ineffective training plans; poor recruitment; poor training material
Systems	The extent to which systems are fit-for-purpose and support the service to carry out its operations effectively.	System processes are not available or are not effective, resulting in discrepancies or workarounds to get the required outcome, system processes are circumvented or duplicated manually. Processes are carried out manually where systems processes would be more efficient.
Motivation & Incentives	The extent to which factors such as organisational or personnel change have impacted on staff desire to carry out their role efficiently and effectively.	Staff are feeling demotivated by a recent restructuring and removal of some posts, and do not feel that they should be taking on new responsibilities.
Standards & Policies	The extent to which expected standards have been made clear to staff and the necessary policies are in place to support these standards.	There is no policy/procedure in place; policies/procedures are out of date; policies/procedures have not been reviewed within appropriate timescales; policies etc. are difficult to locate/access; links in policies either do not work or are out of date.
Governance	The extent to which the service is governed by a clear structure that sets out the roles and responsibilities of officers, and the service is supported by appropriate risk management and control systems.	Lack of assigned responsibility and accountability; failure to act / ignorance; intentional misleading by management to protect themselves; underqualified / trained Board members.
Process & Procedures	The extent to which established processes are operating effectively and are supported by defined procedures.	Failure to follow set procedures (take care re materiality/proportionality); lack of separation of duties; controls being bypassed.

Accountability	The extent to which roles and responsibilities for decision-making have been defined and are accepted and acted on by all parties.	Unclear expectations; avoiding responsibility; lack of management oversight; poor communication.
Assurance & Monitoring	The extent to which internal and/or external checking controls exist to monitor the effectiveness of, and provide assurance to, the service.	Unclear responsibility; not identifying and/or taking action on recurring problems; checking the wrong things; under-sampling