
AUDIT COMMITTEE

NOTICE AND AGENDA

For a meeting to be held on Tuesday, 24 March 2026 at 7.30 pm at Penn Chamber, Three Rivers House, Rickmansworth.

Members of the Audit Committee:-

Councillors:

Tony Humphreys (Chair)
Harry Davies
Lisa Hudson
Stephen King
David Major

Keith Martin (Vice-Chair)
Ciaran Reed
Mike Sims
Cheryl Stungo

*Joanne Wagstaffe, Chief Executive
Monday, 16 March 2026*

1. APOLOGIES FOR ABSENCE

2. MINUTES OF PREVIOUS MEETING

(Pages 5 - 8)

To confirm, as a correct record, the minutes of the Audit Committee meeting held on 19 February 2026.

3. NOTICE OF ANY OTHER BUSINESS

Items of other business notified under Council Procedure Rule 30 to be announced, together with special circumstances that justify their consideration as a matter of urgency. The Chair to rule on the admission of such items.

4. DECLARATIONS OF INTEREST

To receive any declarations of interest.

5. Statement of Accounts Update 2025/26

(To Follow)

To follow

6. SIAS Progress report against Audit Plan 2025/26

(Pages 9 - 36)

This report details:

- a) Progress made by the Shared Internal Audit Service

(SIAS) in delivering the Council's annual audit plan for 2025/26 as at 6 March 2026.

- b) Proposed amendments to the approved 2025/26 Annual Audit Plan.
- c) Implementation status of all previously agreed audit recommendations from 2024/25 onwards.
- d) An update on performance management information as at 6 March 2026.
- e) The GIAS briefing paper in Appendix 6 as to the Global Internal Audit Standards – Domain III.

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 6 March 2026
- Approve the Internal Audit Plan changes
- Agree removal of implemented audit recommendations set out in Appendix C
- Note the implementation status of all other internal audit recommendations in Appendix D.

7. TRDC Internal Audit Plan report 2026/27

(Pages 37 - 72)

The purpose of internal audit is to strengthen the Council's ability to create, protect, and sustain value by providing Members and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Recommendation

- Members are recommended to approve the proposed Three Rivers District Council Internal Audit Plan for 2026/27.
- Members are requested to note the SIAS Internal Audit Strategy & Service Plan, and invited to provide any comments.

8. WORK PROGRAMME

To follow.

That the Committee consider and makes necessary changes to its Work Programme.

9. OTHER BUSINESS - if approved under item 3 above

General Enquiries: Please contact the Committee Team at committeeteam@threerivers.gov.uk

The Council welcomes contributions from members of the public on agenda items at the Audit Committee meetings. Details of the procedure are provided below:

For those wishing to speak:

Members of the public are entitled to register and identify which item(s) they wish to speak on from the published agenda for the meeting. Those who wish to register to speak are asked to register on the night of the meeting from 7pm. Please note that contributions will be limited to one person speaking for and one against each item for not more than three minutes.

In the event of registering your interest to speak on an agenda item but not taking up that right because the item is deferred, you will be given the right to speak on that item at the next meeting of the Committee.

Those wishing to observe the meeting are requested to arrive from 7pm.

In accordance with The Openness of Local Government Bodies Regulations 2014 any matters considered under Part I business only of the meeting may be filmed, recorded, photographed, broadcast or reported via social media by any person.

Recording and reporting the Council's meetings is subject to the law and it is the responsibility of those doing the recording and reporting to ensure compliance. This will include the Human Rights Act, the Data Protection Legislation and the laws of libel and defamation.

The meeting may be livestreamed and an audio recording of the meeting will be made.

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Audit Committee MINUTES

Of a meeting held in the Penn Chamber, Three Rivers House, Rickmansworth, on Thursday, 19 February 2026 from 7.30 pm - 8.44 pm.

Present: Councillors

Tony Humphreys (Chair), Keith Martin (Vice Chair), David Major, Ciaran Reed, Mike Sims, Cheryl Stungo and Ian Campbell (Substitute) (In place of Lisa Hudson)

Officers in Attendance:

Robert Thurlow, Chief Accountant
Alison Betts, Director of Finance
Michelle Howell, Interim Head of Finance
Anita Hibbs, Committee Officer

External in Attendance:

Reshma Ravikumar – Azets
Paul Grady - Azets

AC34/26 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Harry Davies, Stephen King and Lisa Hudson. Councillor Ian Campbell attended as substitute for Councillor Lisa Hudson.

AC35/26 MINUTES OF PREVIOUS MEETING

Members raised concerns that although many Councillors asked questions during recent meetings of the committee, their contributions were not specifically recorded in the minutes. It was clarified that it is standard practice not to name individual Councillors in the minutes unless they propose or second a motion or amendment. It was also noted that when minutes are published online, an automated email notification is sent to all Councillors. Furthermore, early notification of any amendments to minutes would be helpful for committee officers to enable them to amend minutes before the next meeting.

The minutes of the Audit Committee held on 27 November 2025 were confirmed as a correct record and signed by the Chair of the meeting.

AC36/26 NOTICE OF ANY OTHER BUSINESS

There was no other business.

AC37/26 DECLARATIONS OF INTEREST

There were no declarations of interest.

AC38/26 STATEMENT OF ACCOUNTS UPDATE 2024/25

The Chief Accountant introduced the report.

Members suggested deferring questions until after the next agenda item, aiming for a more practical flow of the meeting, and proposed to adjust the agenda order accordingly.

The Chair agreed to adjust the agenda order and moved onto the next item – External Auditors Update.

Following the discussion on item 6. - External Auditors Update, the committee moved to item 5. – Statement of Accounts Update 2024-2025.

Members raised questions about the statement that Three Rivers experienced the highest increase in business rates, seeking clarification whether this was within Hertfordshire or nationwide. The Director of Finance explained that the valuations and rates are set nationally, and that the increase in Three Rivers, largely due to Warner Brothers' property valuation, was the largest in the country. Despite this, the Council did not gain additional resources because the business rate system resets the base value nationally, resulting in no local financial benefit. The conversation also covered some context about a previously planned business rate pooling initiative with other Hertfordshire councils, which was intended to allow retention of a portion of growth but was ultimately cancelled by the government. The conversation also highlighted the lack of local control over business rates and the challenges faced by the Council in supporting struggling businesses despite increases in rateable values.

Members addressed the identification and classification of surplus assets, noting a new amount of £37,000 that has been reclassified as surplus, due to ongoing reviews and plans for disposal. The conversation then shifted to Councillor expenses, highlighting a notable doubling in the amount claimed from the 2023-2024 to the 2024-2025 financial years, which raises concerns. Members suggested the need for further investigation, and documentation in meeting minutes. Additionally, the discussion covered exit packages paid by the Council, specifically mentioning an £18,000 package. The mechanism for scrutiny was explained, indicating that significant exit packages require formal approval by Full Council, while smaller packages fall under the authority of the head of paid service. This ensures oversight and accountability in managing council expenses and personal matters.

Members pointed out the extensive length of the report, suggesting the inclusion of an executive summary to present key figures and findings for easier comprehension. The Director of Finance responded by explaining that the format of local authority accounts is nationally mandated by the standard setting body CIPFA, but acknowledged ongoing debates about simplifying these accounts. Additionally, the officer referenced Sir Tony Redmond's review recommending the creation of a nationally standardised summary statement of accounts, tailored for elected Members and the public.

Members discussed the changes in the balance of Section 106 commuted sums between 31 March 2023 and the present, noting a decrease from approximately £1 million to £600,000. The Director of Finance explained that Section 106 commuted sums refer to payments made by developers who are unable to provide affordable housing on-site, allowing the local authority to use these funds to support affordable housing projects elsewhere within the district. The officer further explained that these sums are typically charged to developers rather than householders, and highlighted the use of such funds in schemes that go through the joint ventures, which aim to deliver 100% affordable housing.

Councillor Tony Humphreys moved the recommendation as set out in the report.

On being put to the Committee, the motion was declared CARRIED by the Chair, the voting being by general assent.

RESOLVED:

The Committee is recommended to:

- i. Note that the Director of Finance will authorise for issue the final Statement of Accounts 2024/25 by 27 February 2026.
- ii. Approve the Letter of Representation

AC39/26 EXTERNAL AUDITOR'S UPDATE

Members raised questions regarding PPE reconciliation and review of value outputs. They highlighted concerns about the lack of significant progress over two years on medium risk audit findings and questioned the finance team's current status and plans for resolution. Auditors responded by explaining the challenges stemming from a prolonged period without proper audits, noting that improvements are ongoing but complex, and that a clean audit opinion is required before issues can be considered fully resolved. The Director of Finance added that a new asset management system has been implemented to enhance record-keeping and valuation processes, which is expected to improve future audit outcomes and support upcoming local government reforms.

Members also inquired about the variable quality of accounts and evidence due to historic issues and delays in audit completion, dating back to the 2019-2020 period. Mathematical errors and inconsistencies had been repeatedly identified, linked to delays in implementing a new asset management system and the extended audit timeline. The Director of Finance advised that the Council is working through these legacy problems, with auditors noting that while errors persist, many are corrections of past issues rather than new ones.

There was a specific focus on MRP, where retrospective changes have been made to correct balances despite breaching legal and regulatory norms, and this situation is not unique to this Council but relatively significant in impact. The quality of working papers remains a concern, largely as a knock-on effect of delayed audits and historic deficiencies, but improvements are underway. The disposal of a major asset project in South Oxhey was also discussed, and the officer clarified that the asset had been disposed of under a development agreement, and valuation issues are tied to changes in accounting treatment, requested by auditors.

Materiality thresholds for audit errors were explained, emphasising the errors below 2% of annual spend are considered not to materially mislead users of the accounts.

Members sought clarification on asset life assumptions. The officer and the auditors explained the technical and professional judgment aspects behind valuation methods and MRP calculations, emphasising the non-material impact on financial statements and the legal prudence requirements. The discussion also touched on procedural accountability and the appropriateness of raising questions during the committee's meeting.

Concerns about IT backup testing and data loss risks were also addressed, with reassurance provided by the officer regarding ongoing external assessments and internal IT infrastructure testing to ensure data security and backup.

Members expressed concerns about the lack of clear scale and precise timing for reviews, finding the current amber rating somewhat vague and sought clarity on whether conditions would improve in the next audit cycle. Auditors clarified that the RAG ratings serve as a high-level summary snapshot rather than a detailed risk assessment or audit outcome, emphasising that the Council's financial reporting arrangements are improving over time and that no significant issues warrant a red rating. Members responded by highlighting the need for explanatory text to help the public and Members understand the RAG status better. The conversation also touched on the difference between risk register approaches and the current RAG summary, with suggestions for additional briefings to provide context.

RESOLVED:

The committee noted the recommendations in Appendix I.

AC40/26 WORK PROGRAMME

Members raised concerns about certain items such as sundry debtors, which appear to be ongoing without resolution or questions, whether they should remain on the work programme. The Director of Finance clarified that that was a report circulated to Members outside the committee, and it wasn't on the committee's agenda. The Chair also clarified those items were raised at the previous meeting, and noted that some items had extended deadlines.

Additionally, the items on the work programme for May were discussed, more specifically that the approval of the draft Statement of Accounts and Annual Governance Statement items needed to be amended to show the period 2025-2026.

RESOLVED:

That the Committee consider and makes necessary changes to its Work Programme.

AC41/26 OTHER BUSINESS - IF APPROVED UNDER ITEM 3 ABOVE

None

AC42/26 EXCLUSION OF THE PRESS AND PUBLIC

CHAIR



Three Rivers District Council
Audit Committee
24 March 2026

Shared Internal Audit Service –
2025/26 Internal Audit Plan Progress Report

Recommendations

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 6 March 2026
- Approve the Internal Audit Plan changes
- Agree removal of implemented audit recommendations set out in Appendix C
- Note the implementation status of all other internal audit recommendations in Appendix D.

Contents

- 1 Introduction and Background
 - 1.1 Purpose of Report
 - 1.2 Background

- 2 Audit Plan Update
 - 2.1 Delivery of Audit Plan and Key Findings
 - 2.3 All Priority Audit Recommendations
 - 2.6 Proposed Audit Plan Amendments
 - 2.7 Audit Plan Delivery Progress

Appendices

- 1 Progress against the 2025/26 Audit Plan
- 2 2025/26 Audit Plan Projected Start Dates
- 3-4 Progress against Outstanding Internal Audit Recommendations
- 5 Assurance and Priority Levels
- 6 Briefing Paper Global Internal Audit Standards

1. Introduction and Background

Purpose of Report

1.1 This report details:

- a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's annual audit plan for 2025/26 as at 6 March 2026.
- b) Proposed amendments to the approved 2025/26 Annual Audit Plan.
- c) Implementation status of all previously agreed audit recommendations from 2024/25 onwards.
- d) An update on performance management information as at 6 March 2026.
- e) The GIAS briefing paper in Appendix 6 as to the Global Internal Audit Standards – Domain III.

Background

- 1.2 The work of internal audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan.
- 1.3 The 2025/26 Annual Audit Plan was approved by Audit Committee on 25 March 2025.
- 1.4 The Audit Committee receives periodic updates on progress against the Annual Audit Plan from SIAS. This is the third report giving an update on the delivery of the 2025/26 Internal Audit Plan.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 At 6 March 2026, 91% of the 2025/26 Audit Plan days had been delivered. Appendix 1 provides a status update on each individual deliverable within the audit plan.
- 2.2 There have been five final audit reports issued since the previous progress report issued in November 2025:

Audit Title	of Issue	Assurance Level	Number and Priority of Recommendations
Rent Deposit Guarantee Scheme	16/02/2026	Reasonable	1 Medium and 2 Low

Audit Title	of Issue	Assurance Level	Number and Priority of Recommendations
Geographic Information System	26/02/2026	Reasonable	2 Low, 1 Advisory
Risk Management	26/02/2026	Reasonable	2 Low, 1 Advisory
Property Resilience	05/03/2026	Reasonable	2 Medium, 2 Low
Payroll 2025/26	07/03/2026	Reasonable	1 Medium, 1 Low

All Priority Audit Recommendations

2.3 Audit Committee Members will be aware that a Final Audit Report is issued when agreed by Management. This includes an agreement to implement the recommendations made. It is SIAS's responsibility to bring to Members' attention the implementation status of recommendations; it is the responsibility of officers to implement the recommendations by the agreed date.

2.4 The table below summarises progress in implementation of all outstanding internal audit recommendations as at 6 March 2026, with full details given in appendices 3 to 4

Year	Number of Medium and High Recommendations made	Total Number of Outstanding Recommendations	Not yet due	Overdue & a revised implementation date provided	No update received	Percentage implemented %
2023/24	39	0	0	0	0	100%
2024/25	35	3	3	0	0	91%
2025/26	4	4	4	0	0	0%

2.5 Since the November 2025 Audit Committee no extension to implementation dates have been requested by action owners.

Proposed 2025/26 Audit Plan Amendments

2.6 There have not been any changes to the Audit Plan since the previous progress report issued in November 2025.

Reporting of Audit Plan Delivery Progress

2.7 To help the Committee assess the current position in terms of progress against the projects in the 2025/26 Audit Plan, an analysis of agreed start dates is shown at Appendix 2. Dates have been agreed with management and resources allocated accordingly.

2.8 The 2025/26 annual performance indicators and targets were approved by the SIAS Board in March 2025. Actual performance for Three Rivers District Council (including the Shared Services Plan) against the targets that are monitored in year is set out in the table below.

Performance Indicator	Annual Target	Profiled Target to 6 March 2026	Actual to 6 March 2026
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	90% (185 / 204 days)	91% (185 / 204 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects by 31 st March 2025	90%	74% (14 out of 19 projects to draft)	63% (12 out of 19 projects to draft)
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory overall' level (minimum of 39/65 overall)	90%	90%	100% (based on one questionnaire received in 2025/26) from nine sent
4. Number of Critical and High Priority Audit Recommendations agreed	95%	95%	No Critical or High Priority Audit Recommendations made to date in 2025/26

2.9 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2025/26 Head of Assurance's Annual Report:

- **5. Annual Plan** – prepared in time to present to the March meeting of each Audit Committee. If there is no March meeting, then the plan should be prepared for the first meeting of the financial year.
- **6. Planned Projects** - percentage of actual completed projects to Final report stage against planned completed projects. Reported annually within the Chief Audit Executive's annual report and opinion.
- **7. Chief Audit Executive's Annual Report** – presented at the Audit Committee's first meeting of the civic year.

2.10 We currently report no risks to the delivery of the agreed audit plan, or ability to provide an annual assurance opinion.

2.11 A briefing paper on the duties and expectations of the Audit Committee under Domain III of the Global Internal Audit Standards (GIAS) is attached at Appendix 6. The Committee was previously advised about the Standards and that changes were proposed and being implemented. Members should therefore note the guidance provided regarding the duties and expectations of the Audit Committee under Domain III of the GIAS.

APPENDIX 1 INTERNAL AUDIT PLAN 2025/26 – UPDATE ON POSITION AS AT 6 MARCH 2026

2025/26 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Key Financial Systems									
Agency Staffing (Shared Services Plan)						11	Yes	9	In Quality Review
Council Tax (Collection rates and debt management) (Shared Services Plan)						7	Yes	6.5	Draft Report Issued
Creditors Exception Reporting and Data Analytics (Shared Services Plan)						12	Yes	10	In Fieldwork
External Audit Financial Recommendations (not VFM) (Shared Services Plan)						0	Yes	0	Cancelled
Non-Domestic Rates (collection rates and debt management) (Shared Services Plan)						7	Yes	6.5	Draft Report Issued
Payroll - Systems Audit (Shared Services Plan)		0	0	0	1	12	Yes	12	Final Report Issued
Financial Billing (Shared Services Plan)						6	Yes	6	Draft Report Issued
Treasury Management (Shared Services Plan)						8	Yes	7.5	In Quality Review
Operational Audits									
Rent Deposit Guarantee Scheme	Reasonable	0	0	1	1	10	BDO	10	Final Report Issued

APPENDIX 1 INTERNAL AUDIT PLAN 2025/26 – UPDATE ON POSITION AS AT 6 MARCH 2026

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Property Management Process Resilience	Reasonable	0	0	2	2	10	BDO	10	Final Report Issued
Financial Billing (including Property Services and Temporary Accommodation)						10	Yes	9.5	Draft Report Issued
Leisure – Hire of Grounds						10	Yes	7	In Fieldwork
Watersmeet Theatre						10	Yes	7	In Fieldwork
Corporate Services									
Risk Management	Reasonable	0	0	0	2	10	Yes	10	Final Report Issued
Geographic Information System	Substantial	0	0	0	3	14	BDO	14	Final Report Issued
Business Continuity Planning						6	Yes	4.5	In Fieldwork
Grant Certifications									
SHDF	Unqualified	0	0	0	0	1	Yes	1	Final Report Issued
Fast Followers - Innovate UK Net Zero Living programme	Unqualified	0	0	0	0	1	Yes	1	Final Report Issued
IT Audits									
Cyber Security (Shared Services Plan)						15	BDO	10.5	In Fieldwork
To Be Allocated									
Unused Contingency (Shared Services Plan)						0	N/A		

APPENDIX 1 INTERNAL AUDIT PLAN 2025/26 – UPDATE ON POSITION AS AT 6 MARCH 2026

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L				
Follow-Up Audits									
Follow-up of outstanding audit recommendations						8	N/A	8	Complete
Strategic Support									
2026/27 Audit Planning						5	N/A	5	Complete
Audit Committee						8	N/A	7	
Chief Audit Executive Opinion 2024/25						3	N/A	3	Complete
Client Liaison and Plan Monitoring						7	N/A	7	Complete
SIAS Development and Global Internal Audit Standards Implementation						3	N/A	3	Complete
2023/24 Projects Requiring Completion (5 days TRDC plan / 5 days Shared Services Plan)									
Community Safety		0	0	1	1	10	SIAS	10	Final Report Issued
Business Rates		0	0	2	0		SIAS		Final Report Issued
TRDC TOTAL		0	0	5	9	121		112	
SHARED SERVICES TOTAL		0	0	1	1	83		73	
COMBINED TOTAL		0	0	6	10	204		185	

Key to recommendation priority levels:
 C = Critical, H = High, M = Medium, L = Low

APPENDIX 2 2025/26 AUDIT PLAN PROJECTED START DATES

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Audits	Payroll – Systems Audit (Final Report Issued)	Risk Management (Final Report Issued)	Financial Billing (including Property Services and Temporary Accommodation) (Draft Report Issued)	Leisure – Hire of Grounds (In Fieldwork)
	Treasury Management (In Quality Review)	Rent Deposit Guarantee Scheme (Final Report Issued)	GIS (Final Report Issued)	Creditors and GL Exception Reporting (In Fieldwork)
	External Audit Financial Recommendations (not VFM) (Audit Cancelled)	Council Tax (Collection Rates and Debt Management) (Draft Report Issued)	Property Management Resilience (Draft Report Issued)	Watersmeet Theatre (In Fieldwork)
		Non-Domestic Rates (Collection Rates and Debt Management) (Draft Report Issued)	Agency Staffing (In Quality Review)	Business Continuity Planning (In Fieldwork)
Page 18 Audits				Cyber Security (In Fieldwork)
Grants	SHDF Final Report Issued			
	Fast Followers - Innovate UK Net Zero Living programme Final Report Issued			
2024/25 Carry Forward	2024/25 Community Safety Final Report Issued			
	2024/25 Business Rates Final Report Issued			

APPENDIX 3 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Benefits 2023/24							
Final report issued May 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Current Deadline
01	We recommend that uncollectable housing benefit overpayments are written-off at regular intervals through the year.	Medium	<p>Agreed</p> <p>Position -July 2024 No update received from action owner.</p> <p>Position - September 2024 Agree with the recommendation and we will do these quarterly.</p> <p>Position -November 2024 No update received.</p> <p>Position -February 2025 A review of old debt has started. Before we consider write-offs, we are considering passing suitable debts to an Enforcement agent first.</p> <p>Position - September 2025 No update provided.</p> <p>Position – November 2025 There is a dedicated team currently working through all HB overpayments to ensure collectable overpayments are processed quickly and write off old uncollectable amounts.</p> <p>Position – January 2026. In Q4 2025/26 write-offs are being processed which total £65,005.93 for Three Rivers and £228,778.05 for Watford. There is a dedicated team of 4 officers working through the old debt. Each debt is being checked to ensure there are no recovery</p>	Revenues Manager	31 July 2024	✓	31/03/26 (Previous deadlines were: 30/09/24 and 30/04/25)

APPENDIX 3 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

Benefits 2023/24							
Final report issued May 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Current Deadline
			options available to us i.e. attachment to benefits, attachment to earnings, payment arrangement with the customer, before the debt is considered for write-off. Some old debt is also being passed to enforcement agents. Further write-offs are being prepared and will be processed each month.				

Sundry Debtors 2023/24							
Final report issued October 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Current Deadline
01	We recommend debts are chased consistently, and the manual intervention process is followed by the Debt Recovery Team to ensure all recovery actions are followed.	Medium	<p>Agreed. The team works through the aged debtors report run at the beginning of each month, to ensure any queries or further recovery action is taken, once the standard recovery processes have completed. There is currently limited action that can be taken, which can vary from one debt type under SD to another. We are looking at this in greater detail during 24/25.</p> <p>Position – November 2024 No update received.</p> <p>Position – February 2025 A review of Sundry Debt work started in February 2025 to establish and agree what work the individual services carry out and what the Recovery Team do. The intention is that individual services will raise a debt and complete the standard admin work around</p>	Revenues Team Leader for SD	31 March 2025	✓	31/03/26

APPENDIX 3 OUTSTANDING RECOMMENDATIONS FROM THE 2023/24 AUDIT PLAN

<p>Page 21</p>			<p>making arrangements, sending a reminder etc. The debt will only be passed to Recovery if formal recovery action is required i.e. tracing a debtor, passing to an Enforcement Agent etc.</p> <p>Position - September 2025 No update provided.</p> <p>Position – November 2025 Work is progressing in writing off long term sundry debts and engagement with enforcement agents. The constitution at Three Rivers has been amended to make it clear that the director of finance can write off uncollectable amounts. The recovery team has been consulted over the transfer of sundry debts to Finance and this is now well underway. Once this is in place sundry debts will be part of the budget monitoring conversation with Service Heads who ultimately have the decision making powers around these.</p> <p>Position – January 2026 The team continue to pursue old debt. Write-offs have been put forward in January 2026 by the services that own the debt. The move of the Sundry Debt Team to Finance is taking place in April 2026. Further training will be delivered to services once the transfer has taken place.</p>				
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APPENDIX 4 OUTSTANDING RECOMMENDATIONS FROM THE 2024/25 AUDIT PLAN

Public Health Funerals 2024/25							
Final report issued November 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Current Deadline
01	<p>Management should ensure that:</p> <ol style="list-style-type: none"> 1) the draft policy is finalised and approved, as planned. 2) a copy of the approved policy is made available on the Council's website. 	Medium	<p>Waste & Environment Manager and Environmental Strategy Manager to present report and policy to relevant committees and ensure website is updated in due course.</p> <p>Position (March 2025) Environmental Strategy Manager recently attended a PHF training course and is feeding some of that learning into the policy and procedures documents.</p> <p>Position (September 2025) Policy is written - committee report is in the process of being finalised to take this policy to committee.</p> <p>Position (November 2025) Report cycle is as follows; CMT 3rd February 2026 JLT 17th February 2026 General Public Services Committee 17th March 2026 Policy and Resources Committee 29th June 2026</p> <p>Position (March 2026) Following the committee cycle as noted above the draft policy has now been to CMT and JLT and is due at General Public Services Committee 17th March 2026 Policy and Resources Committee 29th June 2026 Once approved it will be available on the website</p>	Waste & Environment Manager and Environmental Strategy Manager	31 July 2025	*	29/06/26 (Previous deadline was 31/12/25)

APPENDIX 4 OUTSTANDING RECOMMENDATIONS FROM THE 2024/25 AUDIT PLAN

Public Health Funerals 2024/25							
Final report issued November 2024							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Current Deadline
03	<p>We recommend that:</p> <p>1) Procedure notes should be documented to ensure officers are undertaking correct processes and relevant controls applied. This should include the requirement to take documents, valuables and/or cash or simply photograph them and leave them in-situ, as appropriate.</p> <p>2) The inventory recording any personal effects taken from the property is completed, signed and dated by both officers at the time of completion, i.e. at the property. A record should be kept where no items are taken (unless the Council decides not to take any personal items).</p>	Medium	<p>Procedure notes to be reviewed and decision made by SLT/Legal as required.</p> <p>Procedure notes to be updated.</p> <p>Position (March 2025) Environmental Strategy Manager recently attended a PHF training course and is feeding some of that learning into the policy and procedures documents.</p> <p>Position (September 2025) Policy is written and procedure notes are in the process of being updated. However in the meantime checklists/inventory logs have been introduced. Committee report is in the process of being finalised. The Policy will go to Committee, Procedures will go to CMT for information. Use of genealogists is being considered as part of the committee report.</p> <p>Position (November 2025) Report cycle is as follows; CMT 3rd February 2026 JLT 17th February 2026 General Public Services Committee 17th March 2026 Policy and Resources Committee 29th June 2026</p> <p>Position (March 2026) Following the committee cycle as noted above the draft policy has now been to CMT and JLT and is due at General Public Services Committee 17th March 2026</p>	Waste & Environment Manager and Environmental Strategy Manager	31 December 2025	*	29/06/26

APPENDIX 4 OUTSTANDING RECOMMENDATIONS FROM THE 2024/25 AUDIT PLAN

Asset Management and Garages 2024/25							
Final report issued January 2025							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Current Deadline
07	Ensure that there is an appropriate plan and resources in place to ensure all lease rent reviews and lease renewals dates are accurately recorded on TRAMPS, with event dates.	Medium	<p>As data is added to the TRAMPS system the 'events facility' will become more effective. At the end of 2024 the Team produced an updated spreadsheet of essential events (such as rent reviews & lease renewals) and we have developed a programme to address these outdated actions, whilst we populate TRAMPS. The target date is achievable, subject to the successful and timely recruitment of the Property & Estates Officer.</p> <p>Position (March 2025) Prior to the departure of the Interim Senior Surveyor, their last task was to update the lease event spreadsheet, to identify outstanding lease renewals and rent reviews. The Property Services Team have already begun implementing these rent reviews and lease renewals by combination of in-house resources and external agency support.</p> <p>Position (September 2025) To provide additional assurance, we have been testing critical date data on an asset-by-asset basis. As a result, we have extended the deadline for completion of this task until 30 November 2025</p> <p>Position (November 2025) As indicated in September's update, we have revised the date for completion of the TRAMP's data until 30 November and this remains on target. Work continues on a daily basis to update the TRAMP's system with key data.</p>	Property & Asset Manager	30 September 2025	✓	30/11/25

APPENDIX 4 OUTSTANDING RECOMMENDATIONS FROM THE 2024/25 AUDIT PLAN

Asset Management and Garages 2024/25							
Final report issued January 2025							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Current Deadline
			<p>Position (March 2026) Complete – all base data relating to lease events is now on the TRAMPS system and is capable of determining upcoming lease events.</p>				

Council Tax 2024/25							
Final report issued January 2025							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Current Deadline
01	<p>A full housekeeping exercise should be undertaken to review historic discounts and exemptions that should have a provisional end date / end date in the system.</p> <p>We also recommend that a follow up of all other discounts and exemptions that do not require a provisional end date be completed, with ongoing periodic checks moving forward.</p>	High	<p>A full review of all Discounts and Exemptions will take place during the year, particularly those that do not usually have an expected end date, such as SMI or 'O' where the situation is unlikely to change unless there is a change in occupiers.</p> <p>Position – February 2025, This has been delayed whilst the service undergoes a period of transformation with officers being trained to be generic and therefore able to work across the service. The first phase of the training is due to complete by 31.03.2025 and we will then complete the review of all discounts and exemptions.</p> <p>Please note all Single Person Discounts and Empty Homes have been reviewed.</p> <p>Position - September 2025 No update provided.</p> <p>Position – November 2025</p>	Revenues & Benefits Service Delivery Manager	31 March 2025	✓	31/03/26 (Previous deadline was 30/04/25)

APPENDIX 4 OUTSTANDING RECOMMENDATIONS FROM THE 2024/25 AUDIT PLAN

Council Tax 2024/25							
Final report issued January 2025							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Current Deadline
Page 27			<p>The Service is still undergoing a period of transformation with officers being trained to be generic and therefore able to work across the service. This has now entered the second training phase due to end March 2026. At this stage we will look to review in payment discount and exemptions. The overall performance around processing is always in the top quartile of local authorities benchmarking.</p> <p>Position – January 2026 The service has completed data matching exercises for SPD relief and Empty Homes relief and have additionally completed a Property Premium Verification data checking exercise (PPV). All three of these exercises involve data matching. The PPV is a new exercise completed for the first time in 2025/26 with good results and additional revenue being generated for both authorities.</p>				

Business Rates (Voids and Reliefs) 2024/25							
Final report issued June 2025							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Current Deadline
01	We recommend that a data matching / relief check exercise is undertaken to ensure the legitimacy of relief claims.	Medium	<p>A process and timetable for data matching are scheduled to be agreed by 30 September 2025 and this action is currently pending.</p> <p>Position (September 2025) No update provided.</p>	Revenues Manager/Finance Manager/Head of Revenues and Benefits	September 2025	✓	31/01/26

APPENDIX 4 OUTSTANDING RECOMMENDATIONS FROM THE 2024/25 AUDIT PLAN

Business Rates (Voids and Reliefs) 2024/25 Final report issued June 2025							
Ref No.	Recommendation	Priority	Action to Date	Responsibility	Deadline	Resolved * or ✓	Current Deadline
			<p>Position – November 2025 Process and timetable agreed and data matching being undertaken</p> <p>Position - January 2026 Process and timetable agreed and data matching being undertaken</p>				
02	We recommend that, in line with the planned review of this area, a strategy is devised and implemented to ensure that quality assurance checks are in place within the Shared Service to ensure compliance with required standards and policies by Business Rates officers.	Medium	<p>A strategy is being developed to implement quality assurance checks, with training scheduled to begin by 30 September 2025 and this action is currently in progress</p> <p>Position (September 2025) No update provided.</p> <p>Position – January 2026 Training has been provided. New data post recruited to and quality assurance now being managed by team leaders following departure of previous manager. Position to be reviewed in new year but current evidence is that QA has improved substantially.</p>	Quality and Assurance Team	September 2025	✓	31/01/26

APPENDIX 5 – ASSURANCE AND RECOMMENDATION PRIORITY LEVELS

Audit Opinions		
Assurance Level	Definition	
Assurance Reviews		
Substantial	A sound system of governance, risk management and control exist, 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.	
Not Assessed	This opinion is used in relation to consultancy or embedded assurance activities, where the nature of the work is to provide support and advice to management and is not of a sufficient depth to provide an opinion on the adequacy of governance or internal control arrangements. Recommendations will however be made where required to support system or process improvements.	
Grant / Funding Certification Reviews		
Unqualified	No material matters have been identified in relation the eligibility, accounting and expenditure associated with the funding received that would cause SIAS to believe that the related funding conditions have not been met.	
Qualified	Except for the matters identified within the audit report, the eligibility, accounting and expenditure associated with the funding received meets the requirements of the funding conditions.	
Disclaimer Opinion	Based on the limitations indicated within the report, SIAS are unable to provide an opinion in relation to the Council's compliance with the eligibility, accounting and expenditure requirements contained within the funding conditions.	
Adverse Opinion	Based on the significance of the matters included within the report, the Council have not complied with the funding conditions associated with the funding received.	
Recommendation Priority Levels		
Priority Level	Definition	
Corporate	Critical	Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
	High	Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
Service	Medium	Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	Low	Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.

1. The purpose of this briefing paper is to serve as a reminder of the duties and expectations of the Audit Committee under Domain III of the GIAS. The GIAS are arranged into five Domains (sections), as also outlined in the image below:

The Global Internal Audit Standards – Domains and Principles



Global Internal Audit Standards
Five Domains, 15 Principles



2. Domain III explicitly sets out essential requirements, principles and standards with which Senior Management and the Board (Audit Committee) must conform with to demonstrate compliance with the standards. These are further supplemented or interpreted by the Application Note for the GIAS in the UK Public Sector and the CIPFA Code of Practice for the Governance of Internal Audit in Local Government.
3. The images below depict the three principles and nine standards of Domain III that specifically relate to arrangements that should be in place to formalise key governance structures, authority, independence and oversight mechanisms.

6. Authorised by the Board

The Board establishes, approves and supports the mandate of internal audit

- 6.1 Internal Audit Mandate
- 6.2 Internal Audit Charter
- 6.3 Board and Senior Management Support

7. Positioned Independently

The Board establishes and protects the internal audit function's independence and qualifications

- 7.1 Organisational independence
- 7.2 Chief Audit Executive Qualifications

8. Overseen by the Board

The Board oversees the internal audit function to ensure the functions effectiveness

- 8.1 Board Interaction
- 8.2 Resources
- 8.3 Quality
- 8.4 External Quality Assessments

4. While the Chief Audit Executive (CAE) has responsibilities to communicate effectively and provide the board (Audit Committee) with information, the Audit Committee also has a role and responsibilities that are key to the internal audit function’s ability to fulfil the Purpose of Internal Auditing.

Principle 6: Authorised by the Board (Audit Committee)

(To be effective and to meet the requirements of professional standards, internal audit’s authority needs to be established.)

Standard 6.1 Internal Audit Mandate

5. The authority, role, and responsibilities of the internal audit function are defined in the Internal Audit Mandate and the Internal Audit Charter. In local government in England, internal audit’s authority has statutory backing through the Accounts and Audit Regulations 2015.

Standard 6.2 Internal Audit Charter

6. The mandate and charter empower the internal audit function to enhance the Council’s success by providing senior management and the Audit Committee with objective, risk-based assurance and advice. The internal audit function carries out the mandate by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes throughout the Council.

Standard 6.3 Board (Audit Committee) Support

7. Internal audit’s activities require access to and support from senior management, the Audit Committee and those charged with governance. Support allows internal audit to apply their mandate and charter in practice and meet expectations.

What do Standards 6.1 to 6.3 look like in practice for the Audit Committee?

Standards 6.1 and 6.2
<p><u>The Audit Committee should:</u></p> <ul style="list-style-type: none">• Approve the Internal Audit Charter and comment / query or challenge as necessary.
Standard 6.3
<p><u>The Audit Committee:</u></p> <p>Should work collaboratively / individually with senior management (as necessary and where not already happening) to support internal audit or obtain assurance that appropriate arrangements are in place as follows:</p> <ul style="list-style-type: none">• Champion the role and work of internal audit to the staff within the authority and to partner organisations with whom internal audit will work.• Facilitate access to senior management, the Audit Committee and the authority’s external auditor.• Assist, where possible, with access to external providers of assurance such as regulators, inspectors and consultants.

- Engage constructively with internal audit's findings, opinions and advice.
- Build awareness and understanding of the importance of good governance, risk management and internal control as well as internal audit's contributions.
- Ensure there are organisational structures where the CAE reporting line is not lower than a member of the senior management team, has access to all members of the senior management team, and the CAE should be a senior manager, providing them with the necessary profile to fulfil the function's mandate.
- Where internal audit is outsourced / delivered through a partnership arrangement, ensure there is a nominated CAE, and client responsibility lies with a member of senior management.
- The organisational position of the chief audit executive should be supported by direct reporting to the Audit Committee.

Specific actions that the Audit Committee are solely responsible for are to:

- Enquire of senior management and the chief audit executive about any restrictions on the internal audit's scope, access, authority or resources that limit its ability to carry out its responsibilities effectively. (SIAS report on this to the Audit Committee as part of the Annual Assurance Opinion and Internal Audit Annual Report).
- Consider and approve the Audit Plan / Planning Strategy.
- Meet at least annually with the CAE in sessions without senior management present.

Principle 7: Positioned Independently

(On behalf of those charged with governance and the Audit Committee, senior management establishes and protects the internal audit function's independence and qualifications.)

Standard 7.1 Organisational Independence

8. The Audit Committee is responsible for ensuring the independence of the internal audit function. Independence is defined as the freedom from conditions that impair the ability of the internal audit function to carry out internal audit responsibilities in an unbiased manner. Independence is established through accountability to the Audit Committee, access to relevant resources, and freedom from interference.

Standard 7.2 Chief Audit Executive Roles, Responsibilities, and Qualifications

9. CAEs must be suitably qualified, i.e., CMIIA, or a CCAB qualification, or an equivalent professional qualification which includes training on the practice of internal audit, and suitable internal audit experience. In local government, matters around the appointment, removal, remuneration and performance evaluation of an in-house chief audit executive will be undertaken by senior management, but these arrangements must not be used to undermine the independence of internal audit.

What do Standards 7.1 to 7.2 look like in practice for the Audit Committee?

Standards 7.1 and 7.2

The Audit Committee should:

- Provide feedback on the proposed job description (when recruiting) and the performance evaluation of the CAE should include feedback from the Chair of the Audit Committee. In shared or outsourced arrangements, the Audit Committee should provide feedback on the operation of the contract.
- Support internal audit's independence by reviewing the effectiveness of safeguards at least annually, including any issues or concerns about independence raised by the CAE.
- Escalate any concerns about internal audit independence to those charged with governance.
- Support the CAE's right of access to the chair of the Audit Committee at any time.
- Receive and consider the CAE's disclosure or confirmation annually whether there have been any restrictions on independence that limit internal audit's ability to carry out its responsibilities effectively (achieved through the Committee receiving and considering the Annual Assurance Opinion and Internal Audit Annual Report).

The Audit Committee should also understand Senior Managements / SIAS Boards role to:

- Ensure internal audit's access to staff and records.
- Ensure that the CAE reports to the audit committee on the work of internal audit.
- Provide opportunities for the CAE to meet with the audit committee without senior management present (at least annually).
- Work with the CAE to remove or minimise actual or potential impairments to the independence of internal audit, and ensure safeguards are operating effectively.
- Recognise that if the CAE has additional roles and responsibilities beyond internal auditing, or if new roles are proposed, it could impact on the independence and performance of internal audit. The impact must be discussed with the CAE and the views of the Audit Committee sought.

Principle 8: Overseen by the Board

(To ensure the effectiveness of internal audit, it should be overseen by the Audit Committee on behalf of those charged with governance.)

Standard 8.1 Board Interaction

10. Audit Committee oversight is essential to ensure the overall effectiveness of the internal audit function. Achieving this principle requires collaborative and interactive communication between the Audit Committee and the CAE.

Standard 8.2 Resources

11. The Audit Committee and senior management must engage with the chief audit executive to review whether internal audit’s financial, human and technological resources are sufficient to meet internal audit’s mandate as set out in the regulations and achieve conformance with GIAS in the UK public sector. Where the function is outsourced or shared, the focus should be on the budgeted contract.

Standard 8.3 Quality and Standard 8.4 External Quality Assessment

12. The Audit Committee receives assurance about the quality of the performance of the CAE and the internal audit function through the quality assessment and improvement program, including the board’s direct review of the results of the external quality assessment.

What do Standards 8.1 to 8.4 look like in practice for the Audit Committee?

Standard 8.1
<p><u>The Audit Committee:</u></p> <ul style="list-style-type: none">• Should follow the CIPFA Audit Committee guidance for the oversight of internal audit.• Must agree its work plan with the Chief Audit Executive to ensure there is appropriate coverage of internal audit matters within audit committee agendas.• Should provide for the internal audit mandate and charter, strategy, plans, engagement reporting and the annual conclusion, and quality reports within its annual workplan. The Committee should also oversee the tracking and implementation of internal audit recommendations.• Must familiarise itself with the authority’s assurance framework and approach to governance, risk management and internal control arrangements to fulfil the wider terms of reference of the committee (see AGS and Code of Corporate Governance). This understanding will facilitate its interactions with internal audit.• Should have oversight of the annual governance statement before final approval. Audit Committee familiarity with these will support their effective interaction with internal audit.• Review and support progression of instances where internal audit considers the management of risk or proposed actions in response to audit engagements represent an unacceptable level of risk to the authority.
Standard 8.2
<p><u>The Audit Committee should:</u></p> <ul style="list-style-type: none">• Confirm that if resource issues result in a limitation of scope on the annual conclusion, this should also be reported and disclosed in the annual governance statement.

APPENDIX 6 – BRIEFING PAPER: GLOBAL INTERNAL AUDIT STANDARDS – DOMAIN III

- Confirm that where there are concerns about internal audit's ability to fulfil its mandate or deliver an annual conclusion, the concerns are formally recorded and reported to those charged with governance.
- Understand that decisions on internal audit resourcing by senior management and those charged with governance must take account of the longer-term risks to the governance and financial sustainability of the authority and internal audit's role in supporting those objectives.
- Receive the CAE's disclosure or confirmation at least annually or as necessary whether there has been any human, technological or human resource matters that have adversely affected internal audit's ability to carry out its responsibilities effectively (done with the Annual Assurance Opinion and Internal Audit Annual Report, and Annual Audit Plan).

Standard 8.3

The Audit Committee should:

- Review annually the results of the CAEs assessment of conformance against GIAS in the UK public sector, including any action plan.
- Review the CAE's annual report, including the annual conclusion on governance, risk management and control, and internal audit's performance against its objectives.
- Review in-year updates and make appropriate enquiries if there are concerns about internal audit performance.
- Satisfy itself on the effectiveness of internal audit to meet the requirements of the mandate for internal audit. They should consider conformance with the standards, interactions with the committee, performance and feedback from senior management.
- Report conclusions to those charged with governance, for example as part of the Audit Committee's Annual Report.

Standard 8.4

The Audit Committee:

- Must receive the complete results of the EQA and consider the chief audit executive's action plan to address any recommendations. Progress should be monitored.

The Audit Committee must also understand senior management's / SIAS Board's role to ensure that:

- Internal audit has an external quality assessment (EQA) at least once every five years of its conformance against GIAS in the UK public sector, including the CIPFA Code.

APPENDIX 6 – BRIEFING PAPER: GLOBAL INTERNAL AUDIT STANDARDS – DOMAIN III

- Discuss the CAE's plan for the EQA and report the options, suggested timing and their recommendation to the Audit Committee.
- Where the authority is the client of an internal audit provider, (shared, partnership or outsourced functions), then agreement on the approach to the EQA will need to take account of the broader arrangements. This is agreed through the SIAS Board before reporting to the respective Audit Committees.
- Where the authority commissions the EQA, the proposals for the scope, method of assessment and assessor should be brought to the Audit Committee for agreement.

13. Since the implementation of the GIAS, SIAS has ensured that key documents and reports provided to the Audit Committee have been updated to reflect the requirements of the Standards, for example, the Internal Audit Strategy, Internal Audit Charter and Mandate, Audit Plan Reports, Progress Update Reports, Annual Assurance Opinion and Internal Audit Annual Reports.

14. However, it is important for Audit Committee members to remain aware of their responsibilities for reviewing and interpreting this information and seeking wider assurance that the Council maintains an effective, appropriately resourced and independent internal audit function, and that outcomes from the work of internal audit are appropriately acted upon by senior management. The GIAS, Application Note for the GIAS in the UK Public Sector and the CIPFA Code of Practice for the Governance of Internal Audit in Local Government provide a timely reminder of the Audit Committee's responsibilities in this regard, and how they can be exhibited in practice.



INTERNAL AUDIT PLAN REPORT 2026/27

THREE RIVERS DISTRICT COUNCIL

AUDIT COMMITTEE
24 March 2026

RECOMMENDATION:

Members are recommended to approve the proposed Three Rivers District Council Internal Audit Plan for 2026/27

Members are requested to note the SIAS Internal Audit Strategy & Service Plan and invited to provide any comments

Contents

1. Introduction and Background

2. Audit Planning Process

- 2.1 Planning Principles
- 2.2 Approach to Planning
- 2.10 Planning Context
- 2.13 Internal Audit Plan 2026/27

3. Performance Management

- 3.1 Update Reporting
- 3.3 Performance Indicators

Appendices

- A Proposed Three Rivers District Council Internal Audit Plan 2026/27
- B Audit Start Dates Agreed with Management
- C Risk Register Mapping to Internal Audit Plan
- D Glossary of Terms
- E SIAS Internal Audit Strategy & Service Plan 2026/27

1. Introduction and Background

- 1.1 The purpose of internal audit is to strengthen the Council's ability to create, protect, and sustain value by providing Members and management with independent, risk-based, and objective assurance, advice, insight, and foresight.
- 1.2 The Global Internal Audit Standards (GIAS), Application Note: Global Internal Audit Standards in the UK Public Sector and CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government, taken together, form the basis of UK public sector internal audit standards, which became effective from 1 April 2025. The Application Note states that a professional, independent, and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.
- 1.3 The SIAS Board reviewed the SIAS Internal Audit Strategy in December 2025, and this strategy outlines how SIAS will achieve the purpose of internal audit and ensure ongoing compliance with the GIAS (UK public sector). The following report outlines the key principles related to Audit Planning and Resourcing, with the Internal Audit Strategy itself attached as an appendix. The GIAS (UK public sector) includes setting out how SIAS must approach internal audit planning. The specific requirements that SIAS must adhere to are set out below:

Standard	Description
Domain III 6.3	Board and Senior Management Support It is an essential condition for Senior Management and the Audit Committee to approve the internal audit plan.
Domain III 8.1	Board Interaction The Chief Audit Executive (CAE) must provide the Audit Committee with the information needed to conduct its oversight responsibilities. This includes the internal audit plan and subsequent significant revisions.
Domain III 8.2	Resources The CAE, Audit Committee and Senior Management must collaborate to ensure that internal audit has sufficient resources to fulfil the internal audit mandate and achieve the internal audit plan. This should be at least annually, and cover numbers and capability, as well as the impact and remedy of insufficient resources on the internal audit mandate and plan (if applicable).
Domain III 8.3	Quality Amongst the essential conditions in this Standard is a requirement for the Audit Committee to review and approve the internal audit functions performance objectives at least annually. This includes its conformance with the Standards, laws and regulations,

	ability to meet the internal audit mandate, and progress towards completion of the internal audit plan.
Domain IV 9.3	<p>Methodologies</p> <p>The CAE must establish methodologies to guide the internal audit function in a systemic and disciplined manner to implement the internal audit strategy, develop the internal audit plan, and conform with the Standards.</p>
Domain IV 9.4	<p>Internal Audit Plan</p> <p>The CAE must create an internal audit plan that supports the achievement of the council’s objectives. The CAE must base the internal audit plan on a documented assessment of the organisation’s strategies, objectives, and risks. The assessment must be informed by input from the Audit Committee and Senior Management as well as the CAE’s understanding of the organisation’s governance, risk management, and control processes. The assessment must be performed at least annually.</p> <p>The internal audit plan must:</p> <ul style="list-style-type: none"> • Consider the internal audit mandate and the full range of internal audit services. • Specify internal audit services that support the evaluation and improvement of the council’s governance, risk management, and control processes. • Consider coverage of information technology governance, fraud risk, the effectiveness of the council’s compliance and ethics programs and other high-risk areas. • Identify the necessary human, financial, and technological resources necessary to complete the plan. • Be dynamic and updated timely in response to changes in the council’s business, risk operations, programs systems, controls, and organisational culture. <p>The CAE must review and revise the internal audit plan as necessary and communicate timely to the Audit Committee and Senior Management:</p> <ul style="list-style-type: none"> • The impact of any resource limitations on internal audit coverage. • The rationale for not including an assurance engagement in a high-risk area or activity in the plan. • Conflicting demands for services between major stakeholders, such as high priority requests based upon emerging risks and requests to replace

	<p>planned assurance engagements with advisory engagements.</p> <ul style="list-style-type: none"> • Limitations on scope or restrictions on access to information. <p>The CAE must discuss the internal audit plan, including significant interim changes, with the Audit Committee and Senior Management. The plan and significant changes to the plan must be approved by the Audit Committee.</p>
Domain IV 10.1 to 10.3	<p>Financial, Human and Technological Resources Management</p> <p>The CAE must ensure that financial, human, and technological resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan.</p> <p>The CAE must communicate with the Audit Committee and Senior Management regarding the appropriateness and sufficiency of the internal audit function's resources. If the function lacks appropriate and sufficient resources to achieve the internal audit plan, the CAE must determine how to obtain the resources or communicate timely to the Audit Committee and Senior Management the impact of the limitations.</p>
Domain V 13.2	<p>Engagement Risk Assessment</p> <p>To develop an adequate understanding, internal auditors must identify and gather reliable, relevant, and sufficient information regarding the risk assessment supporting the internal audit plan.</p>

- 1.4 Topical Requirements are a mandatory component of the International Professional Practices Framework (IPPF). Topical Requirements enhance the consistency and quality of internal audit services related to specific audit subjects. Each Topical Requirement supports internal auditors performing engagements in a specific risk area. All internal audit functions must apply Topical Requirements in conformance with the Global Internal Audit Standards when providing assurance services on that topic.
- 1.5 The Topical Requirement is applicable when the topic is one of the following:
- a) The subject of an engagement in the internal audit plan.
 - b) Identified while performing an engagement.
 - c) The subject of an engagement request not on the original internal audit plan.
- 1.6 The existence of a topical requirement does not mean that it is mandatory to provide assurance on this risk. The decision to audit the

risk is still based on risk assessment of the audit universe for the organisation. Issued Topical Requirements relevant to the 2026/27 planning cycle include Cybersecurity, effective 5 February 2026 and Third-Party, effective 15 September 2026.

- 1.7 The Council's Internal Audit Plan sets out the programme of internal audit work for the year ahead, and forms part of the Council's wider assurance framework. It supports the requirement to produce an overall audit opinion or conclusion on the internal control environment of the Council, as well as a judgement on the robustness of risk management and governance arrangements, contained in the Chief Audit Executive's Annual Opinion Report.
- 1.8 The Shared Internal Audit Service's (SIAS) Internal Audit Charter was presented to the June 2025 meeting of this Committee, and it shows how the Council and SIAS work together to provide a modern and effective internal audit service. This approach conforms with the requirements of the GIAS (UK public sector). An updated version of the SIAS Internal Audit Charter will be brought to the May 2026 Audit Committee meeting for Member approval.
- 1.9 Section 2 of this report details how SIAS complies with these requirements.

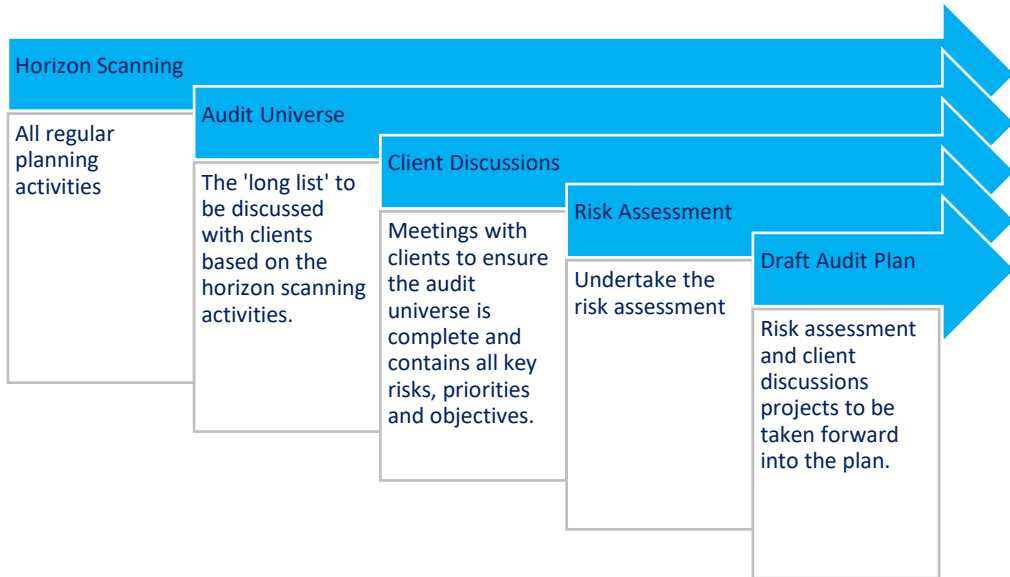
2. Audit Planning Process

Planning Principles

- 2.1 SIAS audit planning is underpinned by the following principles:
 - a) Focus of assurance effort on the Council's obligations, outcomes and objectives, critical business processes and projects and principal risks. This approach ensures coverage of both strategic and key operational issues.
 - b) Maintenance of an up-to-date awareness of the impact of the external and internal environment on the Council's control arrangements.
 - c) Use of a risk assessment methodology to determine priorities for audit coverage based, as far as possible, on management's view of risk and consideration of topical requirements.
 - d) Dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs. This approach includes recognition that in a resource-constrained environment, all needs cannot be met.
 - e) Identification of responsibilities where services are delivered in partnership.
 - f) In-built flexibility to ensure that new risks and issues are accommodated as they emerge.
 - g) Capacity to deliver key commitments including governance work.
 - h) Capacity to respond to management requests for assistance with special investigations, consultancy, and other forms of advice.

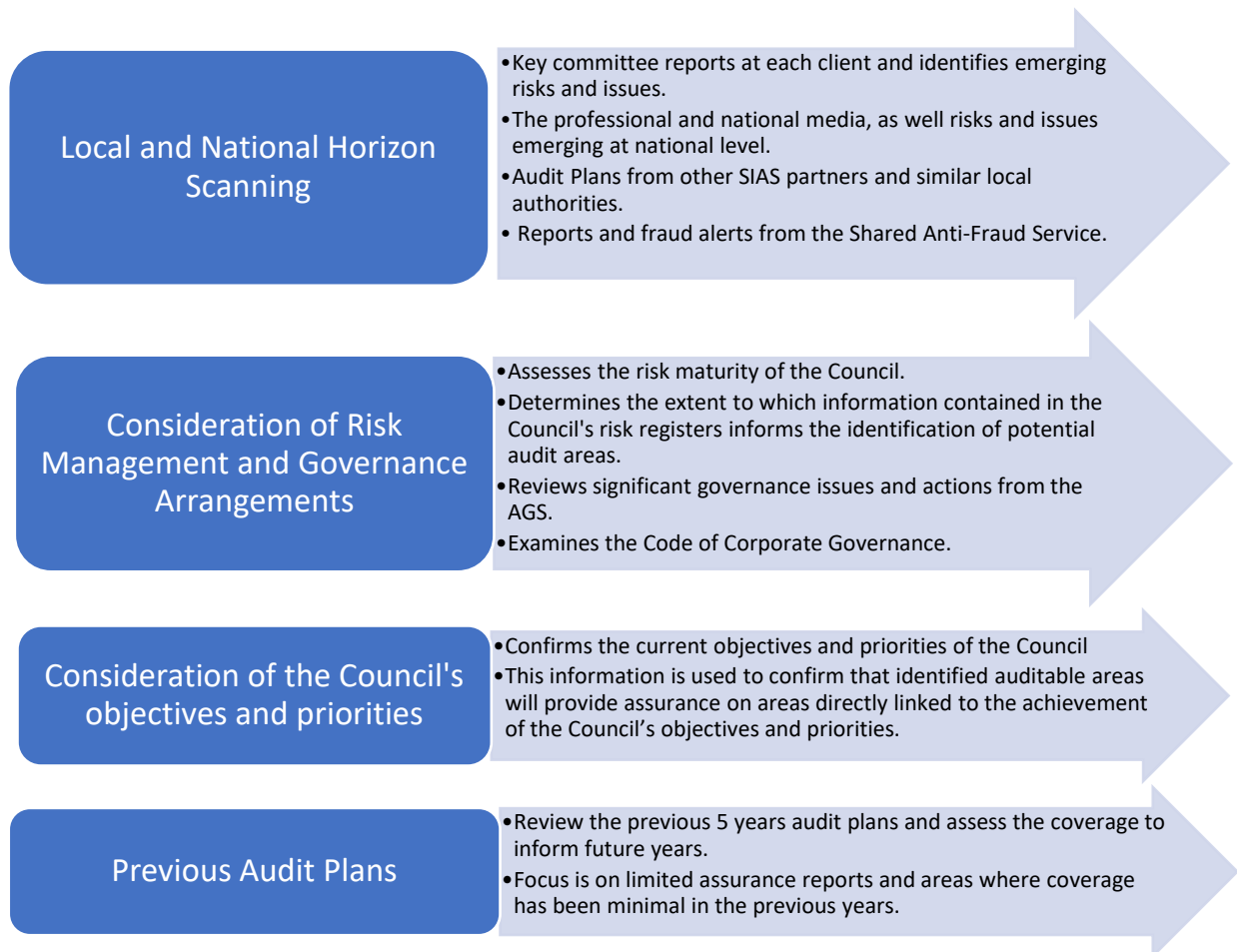
Approach to Planning

- 2.2 SIAS has developed an approach to annual planning that ensures conformance with the requirements of the GIAS (UK public sector). SIAS applies the following methodology at its partners:



Horizon Scanning and Audit Universe

- 2.3 SIAS conducts horizon scanning to ensure that it is aware of the key issues and risks locally and nationally as well as the corporate and service objectives of the Council. To do this, SIAS undertakes the following activities:



2.4 Following the horizon scanning work, SIAS creates an Audit Universe based on all auditable areas and entities. The Audit Universe forms the basis of discussions with Senior Managers.

Client Discussions

2.5 SIAS undertook discussions with senior managers and other key officers within the Council to confirm auditable areas and elicit high level detail of the scope of audits. This process incorporates the following steps to assist in the prioritisation of proposed internal audit projects:

Risk Assessment

Senior Managers and SIAS identify potentially auditable areas and associated risks and prioritise these accordingly.

Significance

Senior Managers and SIAS assess how significant the auditable area is in terms of the achievement of corporate or service objectives and priorities.

Timings

Senior Managers and SIAS identify when an audit should be undertaken to add most value.

Risk Assessment

- 2.6 The overarching risk that SIAS bases planning against is the risk that audit work completed does not provide sufficient coverage and significance for SIAS to provide a robust annual assurance opinion. Therefore, SIAS risk assesses each auditable area to ensure that their resources are directed appropriately.
- 2.7 The risk assessment behind the development of the 2026/27 Internal Audit Plan was strongly correlated to the Council's Corporate Plan and associated Council monitoring through risk assessments, KPI's and project progress.
- 2.8 SIAS also include considerations of financial materiality, corporate significance, vulnerability, change and management concerns, as part of the risk assessment. This will also incorporate topical requirements considered by the Internal Audit Standards Advisory Board e.g. cyber security and failure of supply chain. The overall approach provides a baseline for the provision of assurance on identified high risk areas.

Draft Audit Plan

- 2.9 The results of the risk assessment and discussions with Senior Mangers provides a draft Internal Audit Plan. SIAS has presented this draft plan to the Senior Leadership Team to seek their views on the assessments completed and to provide any further updates or comments. The outcome is now presented to Members as part of this report for their approval of the Draft Internal Audit Plan 2026/27.

The Planning Context

- 2.10 The context within which local authorities provide their services remains challenging:
- Demand for services is still rising, driven by a range of factors including the growing and ageing population, and challenges in the healthcare system. Combined with the cost of living, local authorities will have to continue to be more innovative and commercially minded.
 - Macro-economic uncertainty continues, driven by factors such as inflation, interest rates, energy costs and a range of geo-political tensions. Resulting significant cost pressures and limited government funding make financial planning a key component of managing local government finance challenges.
 - Cyber and data security remains a consistent threat to organisations and there are a growing number of local authorities that have been subjected to successful cyber-attacks. Continued vigilance and risk management remain key to protecting local authority assets and services.

- Local authorities are facing significant challenges in relation to human resources and talent management, both in terms of vacancy management, recruitment and retaining staff meaning ability to remain resilient and deliver high quality services may continue to be an increasing concern.
 - The expectation to promote growth that improves people's lives and goes hand in hand with protecting the environment by developing prosperous, sustainable, resilient and green communities for future generations.
 - Proposals around local government reorganisation and devolution provide both significant challenges and opportunities for local authorities.
- 2.11 The resultant efficiency and transformation programme that councils are in the process of implementing and developing continues to profoundly alter each organisation's nature. Such developments are accompanied by potentially significant governance, risk management and internal control change.
- 2.12 The challenge of giving value in this context, means that Internal Audit needs to:
- Meet its core responsibilities, which are to provide appropriate assurance to Members and senior management on the effectiveness of governance, risk management and control arrangements in delivering the achievement of Council objectives.
 - Identify and focus its effort on areas of significance and risk, assisting the organisation in managing change effectively, and ensuring that core controls remain effective.
 - Give assurance which covers the control environment in relation to new developments, using leading edge audit approaches such as use of technology to achieve 'whole population testing' and new insights over sampling or 'continuous assurance' where appropriate.
 - Retain flexibility in the audit plan and ensure the plan remains current and relevant as the financial year progresses, this is particularly key given the current challenges and risks and the impact this has had on audit activity.

Internal Audit Plan 2026/27

- 2.13 The draft plan for 2026/27 is included at Appendix A and contains a high-level proposed outline scope for each audit and the delivery quarter. The number of days commissioned in 2026/27 is confirmed as 204 days.
- 2.14 The table shows the estimated allocation of the total annual number of purchased audit days for the year.

	TRDC Audit Plan Days	Shared Services Audit Plan Days	Total Audit Plan Days	% Of Total Days by Category
Key Financial Systems	0	54	54	26%
Operational Services	46	0	34	17%
IT Audits	0	14	14	7%
Corporate Services / Themes	34	0	46	23%
Carry forward work 2023/24	5	5	10	5%
Contingency and other	2	10	12	6%
Follow Up of Audit Recommendations	8	0	8	3%
Strategic Support*	26	0	26	13%
Total allocated days	121	83	204	100%

* This includes supporting the Audit Committee, monitoring delivery of the internal audit plan, SIAS service development and implementing the new Global Internal Audit Standards

- 2.15 Any significant audit plan changes agreed between Management and SIAS will be brought before this committee for noting through the usual plan update reporting cycle. The postponement or cancellation of any audits will require approval from the Director of Finance/S151 Officer. It should be noted that the Internal Audit Plan is intended to be dynamic and responsive to changing risks and matters arising during the year.
- 2.16 Members will note the inclusion of a provision for the completion of projects that relate to 2025/26. The structure of Internal Audit's programme of work is such that full completion of every aspect of the work in an annual plan is not always possible, especially given the high dependence on client officers during a period where local government faces significant change.
- 2.17 The nature of assurance work is such that enough activity must have been completed in the financial year, for the Chief Audit Executive to give an overall opinion on the Authority's internal control, governance, and risk management framework. In general, the tasks associated with the total completion of the Plan, which includes the finalisation of all

reports and negotiation of the appropriate level of agreed mitigations, is not something that adversely affects delivery of the overall opinion. The impact of any outstanding work is monitored closely during the final quarter by SIAS in conjunction with the Finance Director/S151 Officer.

Resources

- 2.18 Standard 8.2 and 10.1 to 10.3 requires SIAS to ensure that financial, human, and technological resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan, as well as any limitations of the adequacy of resources.
- 2.19 Achievement of our role and objectives is predicated on the matching of audit needs to available resources through our work allocation processes. This is accomplished through the delivery of internal audit activities by a range of suitably qualified and experienced team members working flexibly in a matrix structure to maximise the value to all our partners and clients. SIAS resources are calculated based on the chargeability of each member of the team and the structure was designed to ensure sufficient chargeability to deliver all plans.
- 2.20 SIAS will utilise our internal audit delivery partner to provide service resilience and access to specialist skills not currently available within the service, or which are not economically viable to recruit and retain on a permanent basis.
- 2.21 SIAS staff are provided training and development across the year to support service delivery at our partners. In addition, SIAS provides funding for professional qualifications and currently has nine team members studying towards their professional qualifications.
- 2.22 Technology is often used in support of internal audit delivery. Examples include time recording software being used for internal performance management and as an aid for reporting to SIAS partners. The suite of MS Office tools is routinely used for producing standard documents, working papers, data analysis, resource management and work allocation. The use of artificial intelligence is in its early stages, with expectations that its use be expanded through networking opportunities.
- 2.23 The service will be adequately resourced to deliver the number of planned internal audit days commissioned by Three Rivers District Council. There are currently no limitations on the adequacy of resources in place to deliver the Three Rivers District Council Internal Audit Plan 2026/27.
- 2.24 The SIAS Internal Audit Strategy is set out at Appendix E.

3. Performance Management

Update Reporting

- 3.1 SIAS is required to report its work to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. Progress against the agreed plan for 2026/27 and any proposed changes will be reported to this Committee four times in the 2026/27 civic year.
- 3.2 SIAS will report on the implementation of agreed critical, high and medium priority recommendations as part of the update reporting process.

Performance Indicators

- 3.3 Annual performance indicators were approved at the SIAS Board and are reviewed annually by the Board. Details of the targets set for 2026/27 are shown in the table below. Actual performance against target will be included in the regular update reports to this Committee.

Performance Indicator	Performance Target	Reporting Frequency
1. Conformance with GIAS (UK public sector) – annual self-assessment or five-yearly external assessment; including areas of non-conformance	Yes	Annually
2. Internal Audit Annual Plan Report – approved by the March Audit Committee or the first meeting of the financial year should a March committee not meet	Yes	Annually
3. Annual Internal Audit Plan Delivery – the percentage of the Annual Internal Audit Plan delivered (measured in audit days, excluding contingency)	95%	Quarterly
4. Project Delivery – the number of projects delivered to draft report stage against projects in the approved Annual Internal Audit Plan	90%	Quarterly
5. Project Completion – delivery of all planned projects to final report stage prior to the publication of the CAE annual assurance statement and opinion.	100%	Quarterly
6. Client Satisfaction* – percentage of client satisfaction questionnaires returned at 'satisfactory' level	90%	Quarterly

7. Chief Audit Executive’s Annual Assurance Opinion and Report – presented at the first Audit Committee meeting of the financial year	Yes	Annually
8. Staff and Training – percentage of our staff that are actively studying towards, or have obtained, a relevant professional qualification	Head of Service and Client Audit Managers (Chief Audit Executives) – 100% All Staff – 80%	Annually
9. Implementation of critical, high, and medium priority (where relevant to partner) recommendations	Yes	Presented as part of regular internal audit progress updates to Audit Committee

APPENDIX A: PROPOSED THREE RIVERS DISTRICT COUNCIL INTERNAL AUDIT PLAN 2026/27

Coverage of Financial Systems (64 days)

<u>Audit Title</u>	<u>Purpose of the Audit</u>	<u>Days</u>	<u>Delivery Quarter</u>	<u>Audit Sponsor</u>
Council Tax Support Scheme (Shared Service Plan)	An audit to provide assurance over the Council's compliance, accuracy and completeness of assessments, reporting and governance for CTSS.	10	1	Director of Finance (Section 151 Officer) and Head of Finance
WBC and TRDC Budget Monitoring (Shared Service Plan)	An audit to provide assurance over the Council's governance and internal control environment supporting budget forecasting, variance analysis and reporting.	20	2	Director of Finance (Section 151 Officer) and Head of Finance
Debt Recovery (Shared Service Plan)	An audit to provide assurance over the robustness of the Council's debt recovery processes and providing assurance that these are followed in practice.	10	3	Director of Finance (Section 151 Officer) and Head of Finance
Payment Card Industry Data Security Standard (Shared Service Plan)	An audit to provide assurance over the PCI Data Security Standard and that it is applied to all services that store, process, or transmit payment card data. The audit will evaluate whether the Council meets the 12 core requirements for data security.	14	2	Director of Finance (Section 151 Officer) and Head of Finance
Shared Service Contingency	Audit topic to be identified in year based on the outcomes from the internal audit of budget monitoring.	10	tbc	Director of Finance (Section 151 Officer) and Head of Finance

Coverage of Corporate Themes (34 days)

<u>Audit Title</u>	<u>Purpose of the Audit</u>	<u>Days</u>	<u>Quarter</u>	<u>Audit Sponsor</u>
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APPENDIX A: PROPOSED THREE RIVERS DISTRICT COUNCIL INTERNAL AUDIT PLAN 2026/27

Complaints Process	An audit to provide independent assurance on the effectiveness of the Council's customer complaints framework, evaluating whether complaints are handled accurately, fairly, and on time.	12	4	Head of Communications Customer & Culture
Equalities, Diversity and Inclusion (EDI)	An audit to provide assurance on how the Council delivers its Public Sector Equality Policy and fulfils its Public Sector Equality Duty, including whether governance, service delivery, and HR practices promote equality, eliminate discrimination, and support fair, compliant, and inclusive outcomes.	12	1	Head of Strategy and Partnerships
Local Government Reorganisation	A programme of assurance will be agreed with management in year. Areas to consider include technology assets, procurement and contracts, workforce and human resource management, finance and local taxation, property assets, and project management. Days not used will be reallocated to audits from the Reserve List.	10	Through Year	Director of Finance (Section 151 Officer) and Head of Finance

Page 52

Coverage of Operational Areas (46 days)

<u>Audit Title</u>	<u>Purpose of the Audit</u>	<u>Days</u>	<u>Quarter</u>	<u>Audit Sponsor</u>
Housing in Multiple Occupation (HMO)	An audit to provide assurance on the effectiveness of the Council's arrangements for administering HMO licences, including monitoring arrangements for obtaining assurance on the condition of housing where licences have been approved.	10	4	Strategic Housing Manager
Local Authority Housing Funds	An audit to provide assurance over the expenditure for housing needs with Watford Community Housing.	12	3	Head of Property and Major Projects

APPENDIX A: PROPOSED THREE RIVERS DISTRICT COUNCIL INTERNAL AUDIT PLAN 2026/27

S106 Arrangements	An audit to provide assurance on the effectiveness of the Council's arrangements for collection and spend of Section 106 contributions. The audit will assess whether obligations are accurately recorded, and whether funds are used appropriately, transparently, and in line with statutory and contractual requirements.	12	3	Head of Regulatory Services
SME Grants	An audit to provide assurance on the effectiveness of the Council's administration of the Small SME Grants Programme focusing on Climate Change.	12	2	Associate Director - Environment

Contingency – 2 days (capacity to respond to management requests and to accommodate new risks and issues)

Available time for unplanned work as required.

Coverage of Information Technology (14 days)

<u>Audit Title</u>	<u>Purpose of the Audit</u>	<u>Days</u>	<u>Quarter</u>	<u>Audit Sponsor</u>
IT Project Management	An audit to provide assurance on the Council's project management framework to support the delivery and management of risks linked to progressing projects within the IT programme.	14	2	Associate Director of ICT and Shared Service

Follow up – 8 days - all outstanding internal audit recommendations with outcomes reported to Audit Committee

Undertaken quarterly.

Strategic Support (26 days)

APPENDIX A: PROPOSED THREE RIVERS DISTRICT COUNCIL INTERNAL AUDIT PLAN 2026/27

<u>Title</u>	<u>Purpose</u>	<u>Days</u>
Chief Audit Executive Annual Opinion Report	To prepare the Chief Audit Executive Opinion for 2025/26.	3
Audit Committee	To provide services linked with the preparation, agreement, and presentation of Audit Committee reports, as well as any training requirements.	8
Client Liaison & Plan Monitoring	Meetings with the S151 Officer, preparation and attendance at the Risk Management and Corporate Governance Groups, and other groups or meetings as required. Audit Plan monitoring against KPIs.	7
Audit Planning 2027/28	Provision of services to prepare, agree and report the 2027/28 Annual Audit Plan.	5
SIAS Development and Global Internal Audit Standards Implementation	Included to reflect the Council's contribution to developing the shared service. In 2026/27 this provision includes supporting the services External Quality Assessment	3

2025/26 Carry Forward (10 days)

Available time for completion of 2025/26 audits which did not commence or complete as scheduled. Five days is the Shared Service Plan and five days for the Three Rivers District Council Plan.

Reserve List

<u>Title</u>	<u>Purpose</u>
Housing Register Allocation	An audit to provide assurance on the adequacy and effectiveness of the Council's housing allocations processes, assessing whether statutory duties to those with housing needs are met.
Community Infrastructure Levy (CIL)	An audit to provide assurance on the effectiveness of the Council's arrangements for administering, monitoring, and spending of the Community Infrastructure Levy (CIL) funds.

APPENDIX A: PROPOSED THREE RIVERS DISTRICT COUNCIL INTERNAL AUDIT PLAN 2026/27

Community Partnerships	An audit to provide assurance on the effectiveness of the Council's Community Partnerships Framework.
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APPENDIX B: AUDIT START DATES AGREED BY MANAGEMENT

Type	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Key Financial	Council Tax Support Scheme	WBC and TRDC Budget Monitoring	Debt Recovery	Shared Service Contingency Audit
		Payment Card Industry Data Security Standard (Shared Service Plan)		
Corporate Themes	Equalities, Diversity and Inclusion (EDI)			Complaints Process
	Local Government Reorganisation and Assurance Mapping – Quarter to be confirmed			
Operational Audits		SME Grants	Watford Community Housing	Housing in Multiple Occupation (HMO)
			S106 Arrangements	
IT Audit		IT Project Management		
Carry Forward	2025/26 Carry Forward Audit Completion -			

APPENDIX C – RISK REGISTER MAPPING TO INTERNAL AUDIT PLAN

Ref	Council Delivery Plan and Corporate Risks - Risk Register	Internal Audit Coverage 2020/21 – 2024/25	Internal Audit Coverage 2025/26	Other Assurance
ST01	Failure to achieve the target of net additional homes (Current Risk Score Green 4)	Development Management (22/23) CIL Spend (22/23)	Watford Community Housing Housing in Multiple Occupation (HMO)	None
ST07	The medium-term financial position worsens. (Current Risk Score Yellow 6)	Main Accounting (21/22) Treasury Management (22/23) Financial Controls Testing (23/24) Garage Income (20/21) Contract Waivers (21/22) Property Asset Management (24/25) Financial Billing (25/26) Treasury Management (25/26)	S106 Arrangements	External Audit
ST08	Failure to retain or recruit well trained and experienced staff resulting in reduction of high quality services (Current Risk Score Amber 9)	Agency Staffing (23/24) Agency Staffing (25/26) Risk Management (25/26) Property Management Resilience (25/26)	None	None
ST09	Loss of ICT service to internal departments and therefore external customers and / or	Cyber Security (all years) Business Continuity Planning (22/23) Data Protection (21/22)	IT Project Management	PSN audit Azets – Finance Systems Audit.

APPENDIX C – RISK REGISTER MAPPING TO INTERNAL AUDIT PLAN

	potential for financial or data fraud. (Current Risk Score Amber 8)	IT Operations (23/24) IT Project Management (24/25) Service Desk Contract Management (24/25) Risk Management (25/26)		Cyber Assessment Framework
ST10	Failure to deliver net-zero carbon commitments (Current Risk Score Amber 9)	Climate Change and Sustainability (20/21) Garden Waste (20/21)	SME Grants	

The Corporate Risk Register and Corporate Plan are closely connected. The version used above was the most recent in place at the time of internal audit planning and is subject to regular review and update that means both the projects, risks and risk scores will have changed over time.

The Council has several identified risks, and our audit plan is constrained. The Reserve List also aligns with the Risk Register. We will monitor these risks and flexibly adapt our audit plan as appropriate and if required to cover these risks. We also note management's own actions seek to mitigate these risks.

APPENDIX D – GLOSSARY OF TERMS

Assurance mapping

An assurance map is a structured way of identifying and presenting the sources of assurance over how risks are being managed. It is an essential element of mature risk management practices. An assurance map identifies the many sources of assurance that the Leadership team and Audit Committee rely on in their oversight role and can also include information on the frequency and quality of the assurance provided.

The key benefit for the organisation is the effective and efficient use of resources to provide assurance. An assurance map is also a practical tool for chief audit executives (CAEs) to use on two levels; demonstrating the depth/gaps in assurance and to plan audit activity.

The new Global Internal Audit Standards (Standard 9.5 Co-ordination and Reliance) requires the CAE to co-ordinate with internal and external assurance providers and consider relying on their work. Co-ordination minimises duplication of work, highlights gaps in coverage of key risks and enhances the overall value of all assurance providers. The way to achieve this requirement is with an assurance map.

Control Risk (Self) Assessment (CRSA / CRA)

Control risk (self)-assessment is a process or method by which management and staff work with internal audit to identify and evaluate operational risks and the effectiveness of controls. The objective is to provide reasonable assurance that all business objectives will be met. CRA is an empowering and iterative process that integrates risk management practices and culture into the way staff undertake their jobs.

Data analytics / Data analysis

Data analytics is a multidisciplinary field that employs a wide range of analysis techniques, including maths, statistics, and computer science, to draw insights from data sets. Data analytics is a broad term that includes everything from simply analysing data to theorising ways of collecting data and creating the frameworks needed to store it. Data analysis is a subcategory of data analytics that deals specifically with extracting meaning from data.

The top benefits of using data analytics and data-led audits include greater levels of assurance, greater audit coverage and enhanced efficiency. The top barriers to fully embracing data analytics include lack of skills, lack of resources and lack of time to implement.

APPENDIX D – GLOSSARY OF TERMS

Health check

It is a focused review that addresses specific areas of interest or concern and provides actionable insights and recommendations. The health check helps to identify and address critical gaps in processes and controls. They can also be 'light touch' reviews to establish and confirm the operation of controls and processes, providing a 'high-level' assurance without the depth of a full, evidence-based internal audit.

Maturity assessment

Used to develop a 'snapshot' view of how an organisation is progressing against a measurable scale in the embedding of a change or transformation.

Project (Embedded) assurance

A typical approach to project management reviews is for the internal audit to join a project board/steering group or team with the inclusion of time in the audit plan for meetings. This often involves a considerable time commitment. There are advantages and disadvantages with this approach:

Advantages

1. It enables internal audit to be at the heart of what is happening and have the opportunity to communicate issues as soon as they are identified. In a fast-moving project this may be the only opportunity.
2. If done well it raises the standing of internal audit within the business as a trusted advisor.
3. You can help ensure appropriate controls are installed and risks are being adequately mitigated, based on a timely appreciation of changing variables as highlighted by the management of the project.

Disadvantages

1. Internal audit involvement can compromise independence. This could apply when internal audit assesses programme/project management or audit the process or activity that was the basis of the project.
2. Internal audit attendance can also be interpreted as 'audit approval' or audit sign-off'. The implication being that everything is satisfactory and on course.
3. Project board/steering group meetings often include detailed discussion about the adequacy of risk responses and the nature of specific controls to justify the presence of internal audit, but this can slow down, even delay progress. Internal audit may not need to be part of project board meetings to provide advice through their consultancy role.

APPENDIX D – GLOSSARY OF TERMS

Internal audit involvement should have a specific assurance or advisory purpose that is discussed, documented, and agreed with senior management (as part of the terms of reference). Internal audit should not be part of the management sign-off process or be part of the decision making.

An alternative approach would be for the internal auditor to schedule attendance at one or two selected meetings during the audit of a project to consider specific issues such as the management of risk, validation of progress and to observe that appropriate information is being received, scrutinised, and challenged.

SIAS - Internal Audit Strategy & Service Plan 2026/27

Introduction

1. The Shared Internal Audit Service (SIAS) is a shared service created by eight Hertfordshire Councils with the purpose of providing internal audit services to each of the partner Councils, as well as a small number of external customers.
2. This document sets out our Internal Audit Strategy (IAS) for the next 12 months. The strategy includes how the service will support and promote good governance, this underpinned by our Internal Audit Charter (IAC) which describes the purpose, authority, responsibility, and position of the Internal Audit Service within our partner organisations.
3. Internal Audit is a statutory service in the context of the Accounts and Audit (England) Regulations 2015, which state:

‘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’.

4. SIAS operate in accordance with the International Professional Practices Framework (IPPF), which includes the Global Internal Audit Standards (GIAS) (UK public sector), Topical Guidance and Global Guidance. The GIAS (UK public sector) is comprised of five domains, covering:
 - The purpose of internal auditing,
 - Ethics and professionalism,
 - Governing the internal audit function,
 - Managing the internal audit function, and
 - Performing internal audit services.
5. The GIAS (UK public sector) contains a Purpose Statement as follows:

‘Internal auditing strengthens an organisation’s ability to create, protect and sustain value by providing the board and management with independent, risk-based and objective assurance, advice, insight and foresight.’

6. Our partners response to internal audit activity should have the following benefits as outlined in the Purpose Statement:

‘Internal auditing enhances the organisations:

- *Successful achievement of its objectives.*
- *Governance, risk management and internal control processes.*
- *Decision-making and oversight.*
- *Reputation and credibility with its stakeholders.*
- *Ability to serve the public interest.’*

APPENDIX E – SIAS Internal Audit Strategy & Service Plan

Our Mission

7. As a shared service, SIAS aims to:

‘Be a high-quality shared service that seeks to embrace best professional practice, shared learning, develops our workforce, and delivers services in a financially sustainable way.’

8. In delivering this mission statement SIAS will:

- Produce and deliver an Annual Risk Based Internal Audit Plan which complies with the GIAS (UK public sector) and CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government.
- Provide the statutory Chief Audit Executive’s Annual Opinion on each partner’s internal control, risk management framework and corporate governance arrangements.
- Provide progress reports to the Audit Committees / Boards which highlight any significant risk and control deficiencies or potential areas for improvement in the organisation’s governance, risk, and control arrangements; and
- Support and suitably challenge key assumptions and judgments taken by management, through IA’s assurance and advisory services, to ensure they are appropriate and in accordance with relevant legislation, policies and procedures, guidance, and professional standards.
- Continue to progress our grow your own strategy to support the development of high-quality internal audit staff.
- Progress our external business strategy in order build a sustainable and resilient service for the future.

9. To fulfil our aspirations and demonstrate our professionalism, SIAS must conform with the requirements of the GIAS (UK public sector).

Our core values

10. Our core values which underpin the delivery of our mission

Quality: Our overarching value is to successfully blend the elements of quality as fitness for purpose (satisfying needs flexibly and responsively), excellence (achieving the highest standards), transformation (learning, innovation, and continuous improvement), professionalism (conformance with professional standards) and value for money (cost effectiveness). Quality is also about leadership, responsibility and accountability throughout the team and the ability to establish a culture of continuous learning that will challenge us to be our best and inspire and motivate all.

Customer Focus: We put service excellence and customer care at the heart of our internal audit and consultancy work, seeking to provide a service that inspires

APPENDIX E – SIAS Internal Audit Strategy & Service Plan

confidence and trust and meets customer expectations. We are always professional and courteous, take ownership for getting things right and support the service, our colleagues, and our partners / clients to meet their objectives.

Learning and Development: Our staff are our biggest asset; therefore, we support our staff to become professionally qualified and build knowledge and skills to support their career development, maintain compliance with professional standards and delivery a high-quality service to our partners.

Responsible: We promote a culture of diversity and inclusion in relation to our approaches to recruitment, progression, and reward, within our ways of working, service development and internal audit delivery approach, and in our mutual respect for the people comprising our team.

Accountability: We take ownership of and are accountable for our work, are open to challenging ourselves and will raise concerns and provide solutions to improve the service.

Agile Working: We work with our clients to build trust; develop common understanding and take collective action to improve organisational priorities and outcomes; and be a trusted advisor to strategic management and the Audit Committees / Boards.

Growth: We maximise income generation through the continuous exploration of opportunities.

Our priorities

11. SIAS must continue to deliver a good quality, efficient, resilient and cost-effective service that achieves its annual key performance indicators. Its focus must include the nuts and bolts of sound internal control, risk management and governance frameworks.
12. It is vital though that SIAS continues to remain agile, relevant and timely, while evolving in response to changing stakeholder needs and business objectives. Key areas of focus for SIAS include:
 - Enhancing the business impact of internal auditing and ensuring sufficient focus on business-critical risks,
 - Recruitment, retention, and progression of our grow your own strategy,
 - Building meaningful relationships with key stakeholders,
 - Co-ordination with other assurance providers and the outcomes of their work,
 - Building agility into audit approaches, and
 - Expanding the use of data analytics and assurance mapping amongst other assurance techniques.

Our role and delivery objectives

13. The full regulatory context and scope of internal audit and the Shared Internal Audit Service is set out within our partners Internal Audit Charter and mandate, approved annually by their respective Audit Committees.
14. Our core internal audit objective is to deliver sufficient, relevant internal audit and consultancy work to support the statutory annual assurance opinion on each of our partners internal control, risk management and corporate governance frameworks. The annual assurance opinion forms a significant part of our partners statutory Annual Governance Statements.
15. Delivery of the internal audit objectives outlined below support the core objective and ensure conformance with professional standards:
 - To develop and deliver dynamic and risk-based Internal Audit Plans that evidence the links to our partners objectives, risks and priorities.
 - To document our internal audit planning process alongside our Internal Audit Plans for Audit Committee approval. The planning process comprises our Planning Principles, Approach to Planning and Planning Context (internal audit environment and local government context and challenges).
 - To ensure that outcomes of assurance activities are reported in a clear and concise manner for all stakeholders, as well as seeking to identify root causes of the issues identified.
 - To support our partners in monitoring the implementation of high and medium priority internal audit recommendations, and other key findings from external inspectors or other assurance providers (e.g., Shared Anti-Fraud Service).
 - To support key transformation and change projects within our partner Council's through assurance and advisory services that provide real time insight into improvement opportunities and good governance.
 - To promote a culture of shared learning on good governance, risk management and internal control, through the sharing of good practice / emerging risks, completion of joint reviews and shared workshops.
 - To work with our partners to ensure that audit methodologies and approaches can adapt to the challenges of new ways of working and still maintain robust independent assurance.
 - To embrace and embed emerging internal audit techniques to ensure that our work can provide appropriate insight and support management in meeting statutory or best practice requirements.
 - To implement and maintain a Quality Assurance and Improvement Program (QAIP) covering planned quality activities to assess the efficiency and

APPENDIX E – SIAS Internal Audit Strategy & Service Plan

effectiveness of the internal audit activity followed by the completion of actions to address opportunities for improvement.

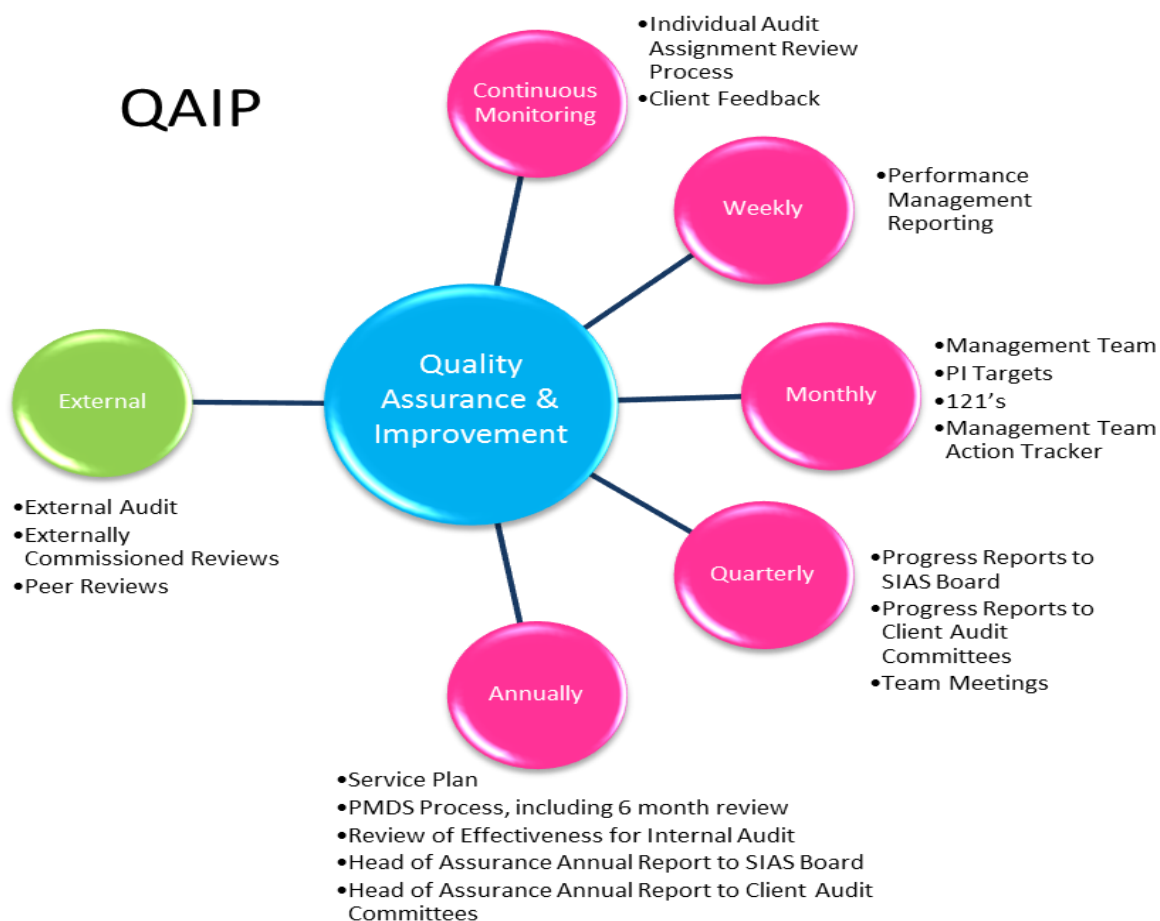
Resources

16. Achievement of our role and objectives is predicated on the matching of audit needs to available human resources through our work allocation processes. This is accomplished through the delivery of internal audit activities by a range of suitably qualified and experienced team members working flexibly in a matrix structure to maximise the value to all our partners and clients.
17. SIAS will utilise our internal audit delivery partner to provide service resilience and access to specialist skills not currently available within the service, or which are not economically viable to recruit and retain on a permanent basis.
18. The service will be adequately resourced to deliver the number of planned internal audit days commissioned through our partners internal audit plans and the requirements of our external clients.
19. Our structure is comprised of 20.45 FTE's; these being aligned to the 3347 internal audit days that SIAS is commissioned to deliver, this split between SIAS Partner commissions of 2955 days, and work delivered to external clients of 392 days.
20. Our internal resources are as follows:
 - 0.4 FTE Head of Assurance
 - 1 FTE Head of Shared Service / Client Audit Manager
 - 2.8 FTE Client Audit Managers
 - 2 FTE Assistant Client Audit Manager
 - 3 FTE Senior Auditors
 - 4.5 FTE Auditors
 - 4 FTE Trainee Auditors
 - 1 FTE Business Support & Development Officer
21. Our equivalent available resource from our delivery partner is as follows:
 - BDO (equivalent of 1.75 FTE)
22. The financial resource management of SIAS is described in the Budget and Medium-Term Financial Plan presented annually to the SIAS Board, and includes funding for training, professional development, conferences and other learning opportunities. This is integral to our 'grow your own' strategy. The SIAS Budget also contains funding for audit software and software licenses (technology) and the SIAS Reserve Strategy includes the potential for investment in further internal audit software, based on business need and subject to approval by the Board. These documents should be consulted for further detail.

APPENDIX E – SIAS Internal Audit Strategy & Service Plan

Measuring quality and performance

23. The GIAS (UK public sector) require SIAS to implement and maintain an ongoing QAIP (see diagram below) based on an annual self-assessment against the standards, supplemented at least every five years by a full independent external assessment.



24. The QAIP includes the continuous reporting of key performance indicators (KPIs) and other measures focusing on delivery of internal audit plans for our partners and clients, service quality, productivity, efficiency, conformance with professional standards, value and good governance. These are summarised in the table below:

Performance Indicator	Performance Target / Reporting
Annual Internal Audit Plan Delivery – the percentage of the Annual Internal Audit Plan delivered (excludes contingency)	95%
Project Delivery – the number of projects delivered to draft report stage against projects in the approved Annual Internal Audit Plan	90%

APPENDIX E – SIAS Internal Audit Strategy & Service Plan

Performance Indicator	Performance Target / Reporting
Project Completion – delivery of all planned projects to final report stage prior to the publication of the CAE annual assurance statement and opinion.	100%
Client Satisfaction - percentage of client satisfaction questionnaires returned at 'satisfactory' level.	90%
Staff and Training – percentage of our staff that are actively studying towards, or have obtained, a relevant professional qualification.	Head of Service and Client Audit Managers (Chief Audit Executives) – 100% All Staff – 80%
Internal Audit Annual Plan Report	Approved by the March Audit Committee or the first meeting of the financial year should a March committee not meet.
Chief Audit Executive's Annual Report (incl. Annual Assurance Opinion)	Presented to the first meeting of each Audit Committee in the new financial year.
Implementation of critical, high, and medium priority (where relevant to partner) recommendations	Presented as part of regular internal audit progress updates to Audit Committee
Conformance with GIAS (UK public sector) – annual self-assessment or five-yearly external assessment; including areas of non-conformance.	Reported annually as part of the Chief Audit Executive's Annual Report.

25. The SIAS teams' individual performance is assessed through regular supervision and performance development and management meetings, as well as the outcomes of quality reviews and customer feedback for each internal audit assignment. Client satisfaction survey responses are reviewed, and improvement actions implemented as necessary.
26. Our co-sourced delivery partners performance is monitored through contractual KPIs and contract management meetings. We will also continue to explore performance measures used both within local government and other sectors.
27. Membership of the Chartered Institute of Internal Auditors Local Authority Heads of Internal Audit Forum, the Home Counties Chief Internal Auditors' Group, Audit Together (strategic alliance of similar shared services) and the Local Authority Chief Auditors' Network are crucial for sharing experiences, keeping up to date with

APPENDIX E – SIAS Internal Audit Strategy & Service Plan

technical and professional developments, benchmarking good practices and ensuring consistency of approach with our peers in the sector.

SIAS Service Plan 2026/27

Purpose

The SIAS Service Plan sets out the key activities that SIAS will be undertaking during 2026/27 to support the delivery of our key strategic objectives, primarily meeting statutory requirements, driving our service growth, and fostering a culture of continuous improvement.

Overview of Current Position and Developments

The internal audit landscape continues to evolve, with significant challenges faced by many internal audit teams in securing the appropriate resources, skills, and engagement to provide high quality and robust assurance to our customers.

- The revised Global Internal Audit Standards were launched during 2024/25, with a mandatory implementation date of 1st April 2025 for UK local authorities. SIAS will also be subject to our next External Quality Assessment (under the Global Internal Audit Standards) in 2026/27, thereby meaning that it is critical that SIAS can successfully demonstrate how the revised standards are being applied.
- Internal Audit is a specialist profession and therefore challenges continue across the sector in maintaining a pipeline of sufficiently qualified and experienced staff to fill critical roles such as Audit Managers and Chief Audit Executives.
- The financial landscape for all Local Authorities remains challenging, with these providing pressures in resourcing the Internal Audit function, which in the case of SIAS is the need to generate additional income to reduce financial pressures on our Partners in resourcing the function.
- The above financial pressures are also creating a backdrop of wider challenges for Local Authorities in terms of delivering sustainable critical services, this leading to a landscape of increasing risk, high degrees of transformation and the potential for dilution of governance or internal control arrangements as organisational resources reduce.
- We continue to monitor the progress of Devolution and Local Government Re-organisation within Hertfordshire, particularly considering the role that should be played by SIAS to provide assurance to our Partner Councils during the preparation and transition process, and the future structures for providing Internal Audit services post transition.

The above highlights the need for SIAS to use resources effectively, explore innovative ways of delivering assurance and maintain a full awareness and adherence to key professional standards.

APPENDIX E – SIAS Internal Audit Strategy & Service Plan

Our Key Service Plan Priorities for 2026/27

Objective	Key Area of Focus	Lead / Timescale
To ensure that the service has a workforce with sufficient skills to meet professional standards and deliver our core service commitments to our Partners.	To continue to review and enhance our approach to developing internal staff to allow internal candidates to be able to progress to key hard to fill roles such as Senior Auditor, Assistant Audit Manager and Client Audit Manager.	SIAS Management Team – March 2027
To commission, prepare for and participate in our five-yearly External Quality Assessment, as required under the Global Internal Audit Standards.	In line with the requirements of the Global Internal Audit Standards, SIAS are required to commission an External Quality Assessment during 2026/27. Significant work will be required by the SIAS management team to prepare the required evidence to support the assessment and demonstrate how SIAS conforms with the GIASs.	SIAS Management Team – October 2026
To formalise an approach to providing assurance to SIAS Partners in relation to Local Government Re-organisation.	SIAS will continue to work with the SIAS Board and Audit Committees to determine the most appropriate methods for providing assurance on governance, risk management and internal control arrangements during the process of Local Government Re-organisation in Hertfordshire.	SIAS Management Team – Ongoing during 2026/27
To provide clear outputs from assurance activities	Following the successful embedding of the revisions to the SIAS audit report template, we will seek to revisit the format of other key documents and reports such as our Terms of Reference (for audit assignments), Audit Committee progress reports and SIAS Annual Assurance Opinion Reports.	SIAS Management Team and SIAS Team Members – March 2027
To embed the use of data analytics and continuous assurance methodologies to improve the level of insight and depth of assurance provided within our work.	To actively participate within the Local Authority Chief Auditors Network working group on data analytics to identify any potential good practice that can be applied across the service.	SIAS Management Team – March 2027

APPENDIX E – SIAS Internal Audit Strategy & Service Plan

Objective	Key Area of Focus	Lead / Timescale
To provide a financially sustainable internal audit shared service partnership.	Deliver key external business income targets for 2026/27. Continuing to market SIAS as a provider of high-quality internal audit Services. Developing and refining approaches to identifying and bidding for external business opportunities, using experience gained from successful and unsuccessful bids.	Head of SIAS & Head of Assurance – March 2027

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