



Shared Internal Audit Service

Annual Report

2024/25

Annual Report Contents

Section	Page
Introduction	1
Levels of delivery	2
Shared learning – the power of partnership	3
Managing the challenges of auditing in a changing environment	4
Developing our people and processes	5
First class customer service	6
Performance - outcomes	7
Performance indicators and financial performance of SIAS	8
Future developments	9
Our board members	10
Appendix A: Definitions	11

**WELWYN
HATFIELD**
BOROUGH COUNCIL



WATFORD
BOROUGH
COUNCIL



Stevenage
BOROUGH COUNCIL

THREE RIVERS
DISTRICT COUNCIL



Introduction

Welcome to the Shared Internal Audit Service (SIAS) Annual Report for 2024/25.

Those familiar with my musings in the introduction to past editions of the annual report will know about my passion for walking and travel, or preferably both simultaneously. This is especially when the reward is personal contentment, a view, good food and a satisfying drink at a pleasantly located establishment purveying the finest refreshments. A fabulous walk in the forested hills outside Oslo in the May half-term brought me to the top of Holmenkollen, where we were blessed with the most fabulous views over the city and Oslofjord. My son suggested that we improve the view by going to the top of the Holmenkollbakken Ski Jump. I can only say that looking down the ski jump was both terrifying and exhilarating as I contemplated how, and why on earth, those ski jumpers hurl themselves into the abyss.

This is not dissimilar to the 'ski jump' of emotions I have sometimes experienced in the workplace during the last year! The review and implementation of the requirements of the Global Internal Audit Standards, the Application Note for UK Public Sector and Code of Practice for the Governance of Internal Audit in UK Local Government by the 'go-live' date of 1 April 2025, has been daunting and frustrating, but ultimately rewarding and a major opportunity to review what we do and how we do it. None of this compares though to the first year of implementing the SIAS Business Plan and entering the world of income generation to support our shared service. There is the backbreaking work that goes into tender preparation, the soul-destroying disappointment of losing out, the thrill and relief of success, the grind of chasing up leads, the surprise of opportunities that arise unexpectedly, the joy of meeting new people, and the pride when an approach is made 'because we heard you were good'. Phew!

The only way you survive all that is the energy, resilience and motivation that comes from having a wonderful team around you, people who put in the hard yards, have your back, step up to the plate, pick you up, make you laugh and debate tactics and strategy long into the evening. To all the SIAS team and our Board, I thank you profusely.

SIAS said a sad farewell to two team members departing during the year to career opportunities elsewhere. They are thanked for their achievements and contribution to the service and will be greatly missed. Departures offer the opportunity for new beginnings, and we welcome two new team members, who have settled wonderfully well into the service. We also welcomed the return of another who had taken a career break to explore the wonders and delights of South-East Asia. Congratulations are also extended to team members for their deserved promotions and exam successes.

For further highlights and reflections, I invite you to delve into the Annual Report itself. As ever, I enjoy the engagement, dialogue, and feedback the report fosters.

Chris Wood - Head of Assurance

June 2025



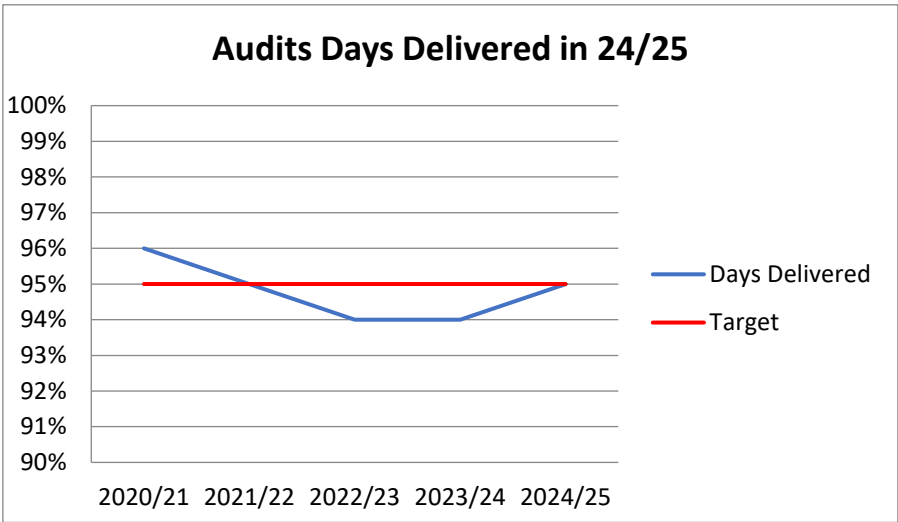
Levels of delivery

In respect of delivery, 2024/25 presented new challenges to SIAS as we sought expand our customer portfolio, whilst still maintaining the expected high levels of delivery to our founding partners and existing customers.

Through the work of our fantastic team, we managed to deliver our core commitments to our SIAS Partners, achieving 95% delivery of planned days and completion of 91% of planned projects to draft report stage, with targets of 95% and 90% respectively. In addition, we also successfully delivered our agreed portfolio of work with Eastern Internal Audit Services (EIAS), completing the five commissioned audits by the agreed target date of 31 March 2025.

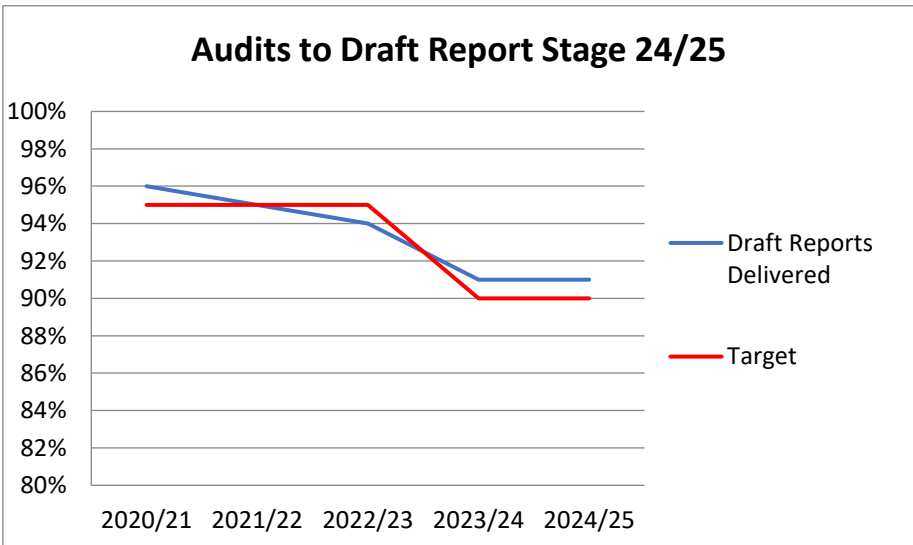
With our key objective being to complete enough work to allow an annual assurance opinion to be provided for each SIAS Partner, we are pleased to report that this was achieved.

Figure 1: Percentage of audits days delivered



We delivered our billable days target of 95% and achieved 1% over our 90% target of projects to draft report by 31 March 2025.

Figure 2: Percentage of audits to draft report stage



Shared learning - the power of partnership

A key founding principle of the Shared Internal Audit Service was the opportunity to embed a culture of shared learning within the partnership. A shared learning culture, both formal and informal, is embedded through our team, our sister services within Assurance and across our partners and opportunities abound to promote issues big and small.

We continued to use our networks with bodies such as the Chartered Institute of Internal Auditors (CIIA), local authority Chief Auditors Network (CAN) and Home Counties Chief Internal Auditors Group (HCCIAG) to ensure that we remained in touch with the challenges facing the audit profession and those being faced by the organisations that they provide assurance to.

With the Public Sector needing to comply with the new Global Internal Audit Standards from 1 April 2025, the above networks have been valuable in allowing us to gather and share insights and approaches to embedding the new standards in the most efficient way. With our next External Quality Assessment (EQA) due in 2026, we are also looking to obtain valuable insights from our local authority forums where other Chief Audit Executives have experienced the revised EQA process 2025/26.

During the latter part of 2024/25 our partners began the initial steps in devolution and local government reform. The opportunity to learn from our networks has and will continue to be critical in understanding the future role that SIAS may be able to play within this complex journey, particularly using the experience of those that have already navigated this process at other Councils.

We have continued to contribute to discussions arranged by the Institute of Internal Auditors on key topics facing the profession such as recruitment and retention.

From a partner perspective, we continue to share good practice and emerging risks identified from our audit work during key Senior Management meetings, such as Corporate Governance Groups. This is deemed important to embrace a continuous learning culture within the partnership.

During 2024/25, our staff, partners and Audit Committee members have continued to work collaboratively to foster a cycle of continuous development and innovation, with these being particularly critical as we look to continue to build an effective internal audit service.

A shared learning culture, both formal and informal, is embedded through our team, our sister services within Assurance and across our partners and opportunities abound to promote issues big and small. ...



Managing the challenges of auditing in a changing environment

2024/25 has provided an opportunity for SIAS to continue to use the GIAS, new professional practice and insights from our local authority colleagues to support the continuous development of our approach to provide an effective and value-added audit service.

The risk landscape of local government has and will continue to be subject to continued and fast paced change. The challenges faced at the point of our previous annual report in 2023/24 remain current, including needing to identify savings to manage funding pressures, rising demand, unstable inflation, and global political unrest. There have also more recently been instances of cyber-attacks on well-known private sector companies, and we know from Leicester City Council and Redcar and Cleveland Council, for example, that local government is not immune either. This highlights the importance of investing in security, business continuity arrangements and educating and training staff.

The use of new technologies such as Artificial Intelligence (AI) continues to progress, with simple examples such as the use of co-pilot, to more complex integration of AI technologies into processing and internal control activities. We continue to review how our internal audit coverage should evolve to keep pace with the challenges and risks that such technologies create.

The progression of devolution and local government reform will also require careful consideration of how SIAS can support our partner authorities in what will be a complex journey.

The combination of all the above factors means that it continues to be important that our internal audit plans remain agile and can be adapted in line with the fast-paced change of the Local Government and wider environment.

Within our audit methodologies and approaches, we continue to look for opportunities to enhance our use of data analytics within our audit work. This is deemed critical given the ability to support whole population testing and therefore provide more robust assurance and insight.

As part of our revised internal audit methodologies, we have also implemented a clearer focus on 'root cause analysis'. Whilst only recently introduced, this will provide future benefits in allowing identification of potential wider organisational factors that may contribute to systems weaknesses, such as resourcing or recruitment challenges or ineffective approaches to governance.

As a service we continue to benefit from having a co-sourced internal audit partner, allowing us to have access to specialist skills, or their wider information pool to support other key opportunities such as benchmarking.

Overall, we believe that 2024/25 has provided an opportunity for SIAS to continue to use the Global Internal Audit Standards (GIAS), new professional practice and insights from our local authority colleagues to support the continuous development of our approach to provide an effective and value-added audit service.

Developing our people and processes

At the core of our service are our team members and we are proud to continue embracing our 'grow your own' strategy, to both develop the audit talent of the future and support future service resilience.

The Head of SIAS continues to be part of the Internal Audit Apprenticeship review group, seeking to ensure that this provides new entrants to the profession with the required platform to develop both their technical and soft skills to perform what can be a challenging role. We currently have three team members undertaking the level 4 apprenticeship, and a further two due to enrol shortly.

Whilst acknowledging the importance of professional studies, our staff also have clear training, development and progression plans to ensure that they have the very best opportunity to reach their career goals. We support this with regular 'lite bite' training sessions, where we look to provide in-house training to support their professional studies

We continue to navigate the challenges in maintaining a team culture and collaboration in the days of hybrid working and promote our weekly office day to ensure that team members have regular opportunities to network and share ideas.

During 2024/25, we were able to launch our new audit report template, this seeking to adopt key principles such as a one-page summary, root cause analysis and a more focused approach to reporting audit outcomes. We have been pleased with the positive feedback that we have received on this new format.

From a process perspective, we have been working hard during 2024/25 to update key strategies, templates and our audit manual to reflect any new requirements in advance of the launch of the Global Internal Audit Standards. During 2025/26 we will use our established quality assurance mechanisms to ensure that these changes have been embedded, thereby providing a clear evidence base to demonstrate conformance with the standards for our External Quality Assessment in 2026/27.

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First class customer service

To monitor our effectiveness and improve our service, at the end of each assignment we request the completion of a short satisfaction survey. We have been given and have acted upon invaluable improvement ideas, and we are proud of the fact that in 2024/25 we have received 95% satisfactory or higher feedback rating from our customers.

Some of the comments that accompany the formal scoring document are shown below:

- “Excellent service, the auditor was great to work with, had great time management and was very efficient.”
- “A very satisfactory experience of an internal audit, as detailed below no area was marked below a 5. Excellent communication was a key area and the ability to work effectively and efficiently with the auditor on site visits and by email made for a smooth running of the process. The areas for improvement and adjustments were discussed and agreed in a beneficial manner.”
- “The auditor was very professional and accommodating and made the audit process a very positive and constructive experience.”
- “The auditors were hugely supportive during the process, especially as this was my first experience of undertaking the process and managing the council's Corporate Risk approach.”
- “The best thing about the audit has been that it has made us focus more time on reviewing our processes and record keeping. We have as a result amended the two main spread sheets combining them into one, removing the duplication and amount of updating needed each time a new vehicle is bought/leased. It has given us time for reflection and helped us to focus on improvements. A positive experience all round.”
- “I have always received prompt response from SIAS and when I've had a query this has been quickly resolved.”
- “I found the process clear, straightforward and relatively stress free. The auditor was helpful, approachable and clearly explained the steps of the process and what was expected of the team. I found the experience positive and one from which the team and I could learn from and improve some areas.”
- “This was a useful audit helping us to focus on the risks and mitigations we have in place for this service.”
- “A very useful audit to give assurance about processes conducted in a professional and considerate manner.”
- “The audit was conducted in good terms, with appropriate timing. Opportunities for feedback were also provided, and communications were clear and appropriate for the aims of the audit. Overall, there is a general satisfaction with the audit.”

“Great service. Auditor planned with us and was clear about what was required from us and the audit. Did not feel under pressure or under examination at any time, it felt like a positive partnership.”

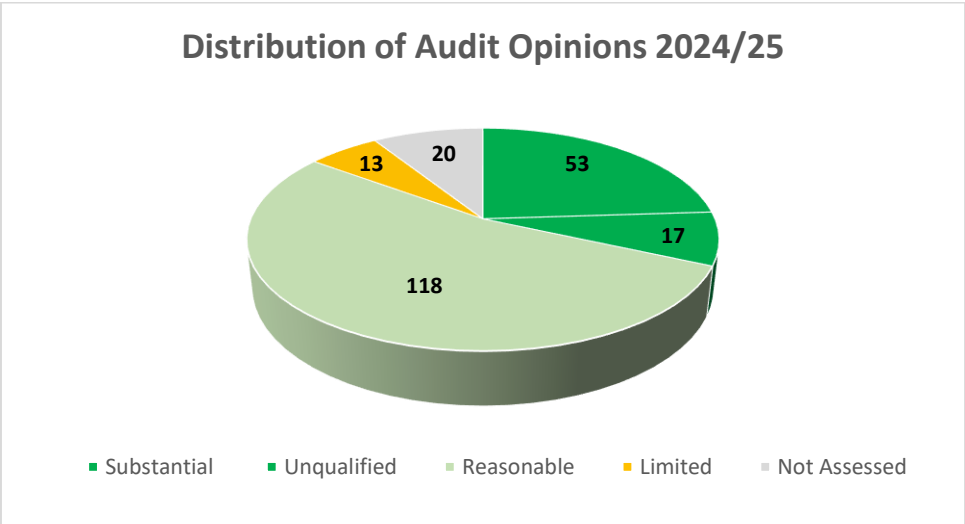


Performance – outcomes

SIAS completed 221 assurance and other projects to draft or final report stage as at the date of compiling our Annual Assurance Opinions for 2024/25, giving the assurance opinions and recommendations detailed in the charts below.

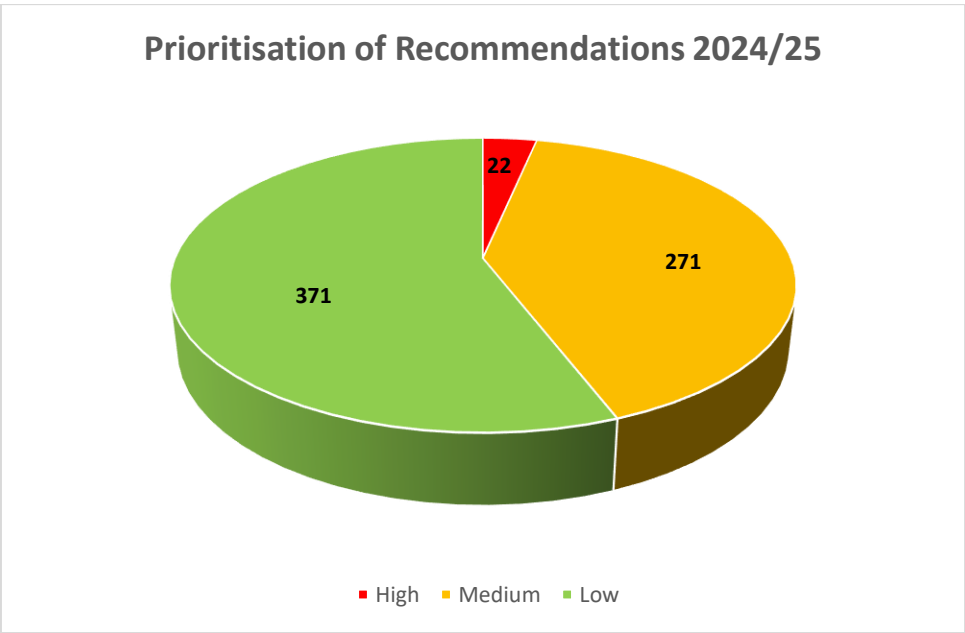
For those pieces which resulted in a formal assurance opinion, the distribution of opinions is set out in figure 3 below:

Figure 3: Distribution of Audit Opinions 2024/25



For those audits where recommendations were required and were graded, the priority ratings are set out in figure 4 below:

Figure 4: Prioritisation of Recommendations 2024/25



221 assurance and other projects identifying 664 recommendations or advisory actions.

Performance indicators

The overall business performance of SIAS is monitored by the SIAS Board by means of a balanced scorecard which provides a range of measures by which progress can be evaluated.

The overall performance of SIAS against our key performance indicators is reported below.

Table 1: SIAS Business Performance

Indicator	Target	Actual as at 31 March 2024	Actual as at 31 March 2025
Progress against plan: actual days delivered as a percentage of planned days.	95%	94%	95%
Progress against plan: audits issued in draft by 31 March	90%	91%	91%
Client satisfaction	100% client satisfaction questionnaires returned at 'satisfactory overall' level or above	95%	96%

Financial performance of SIAS

SIAS operates on a fully traded basis. Prudent financial management and limited income generation has allowed the service to build a sustainable financial platform and remain within agreed budgets. The SIAS Board is responsible for approving SIAS's Medium Term Financial Plans and overseeing the in-year financial performance through quarterly update reports.

Future developments



During 2025/26, we will continue to review opportunities to grow our customer base in line with the business plan targets agreed by the SIAS Board.

We will continue to work with our SIAS Partners, using insight and advice from our professional networks, to create a clear assurance offering to support the progression of devolution and local government reform in Hertfordshire.

We will also be commencing our preparations for our required five-yearly external quality assessment, this including the commissioning of an external assessor to undertake the review.

For our team members and their future training and development, we will continue to support those members of our service that are striving to attain professional qualifications, with this continuing to be underpinned by personal development and progression plans.

We will continue to work with our colleagues across audit networks to support the development of our knowledge and approach to making the most effective use of data analytics and assurance mapping within our assurance activities.

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Our board members

The SIAS Board provides strategic direction and oversight for the partnership, bringing a wealth of local government experience and insight to our operation.

During 2024/25, our Board members were as follows:

Name	Title	Partner
Brian Moldon	Assistant Director of Finance	Stevenage Borough Council
Matthew Bunyon	Head of Finance and Business Services	Hertsmere Borough Council
Steven Pilsworth	Director of Finance	Hertfordshire County Council
Ian Couper	Service Director (Resources)	North Herts Council
Richard Baker	Executive Director (Finance and Transformation)	Welwyn Hatfield Borough Council
Steven Linnett *	Head of Strategic Finance and Property	East Herts Council
Alison Scott	Director of Finance	Three Rivers District Council
Hannah Doney	Chief Finance Officer and S151 Officer	Watford Borough Council

* Board member until the end of November 2024

The SIAS Board is also attended by the following representatives from SIAS and Hertfordshire County Council.

Name	Title	Partner
Chris Wood	Head of Assurance	SIAS
Darren Williams	Head of SIAS	SIAS
Quentin Baker	Director of Law and Governance	Hertfordshire County Council

Appendix A: Definitions of Assurance Levels and Priority of Recommendations

2024/25 Definitions of 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.
Service	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.
	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.