



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

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2026/27

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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.

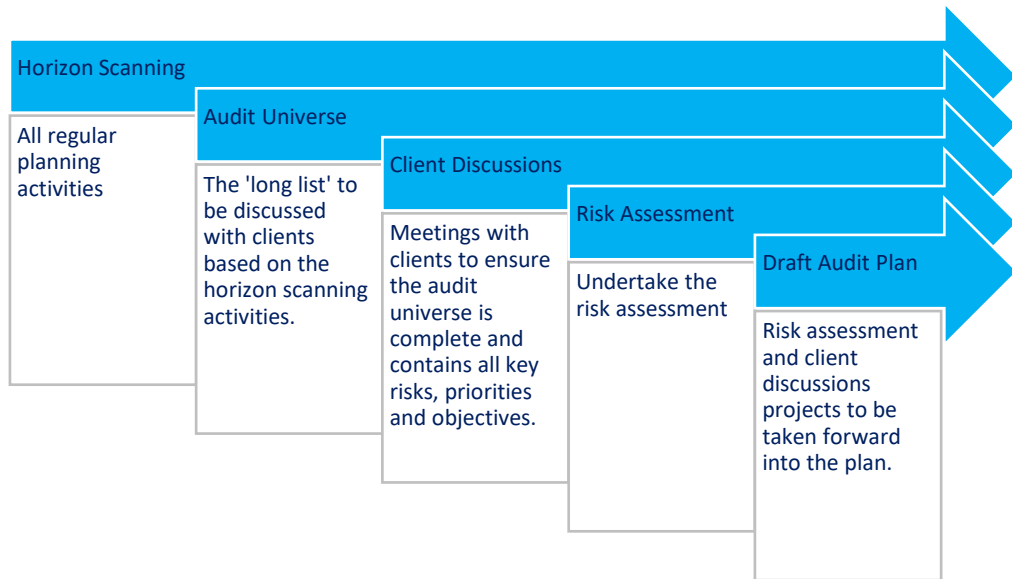
2. Audit Planning Process

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.

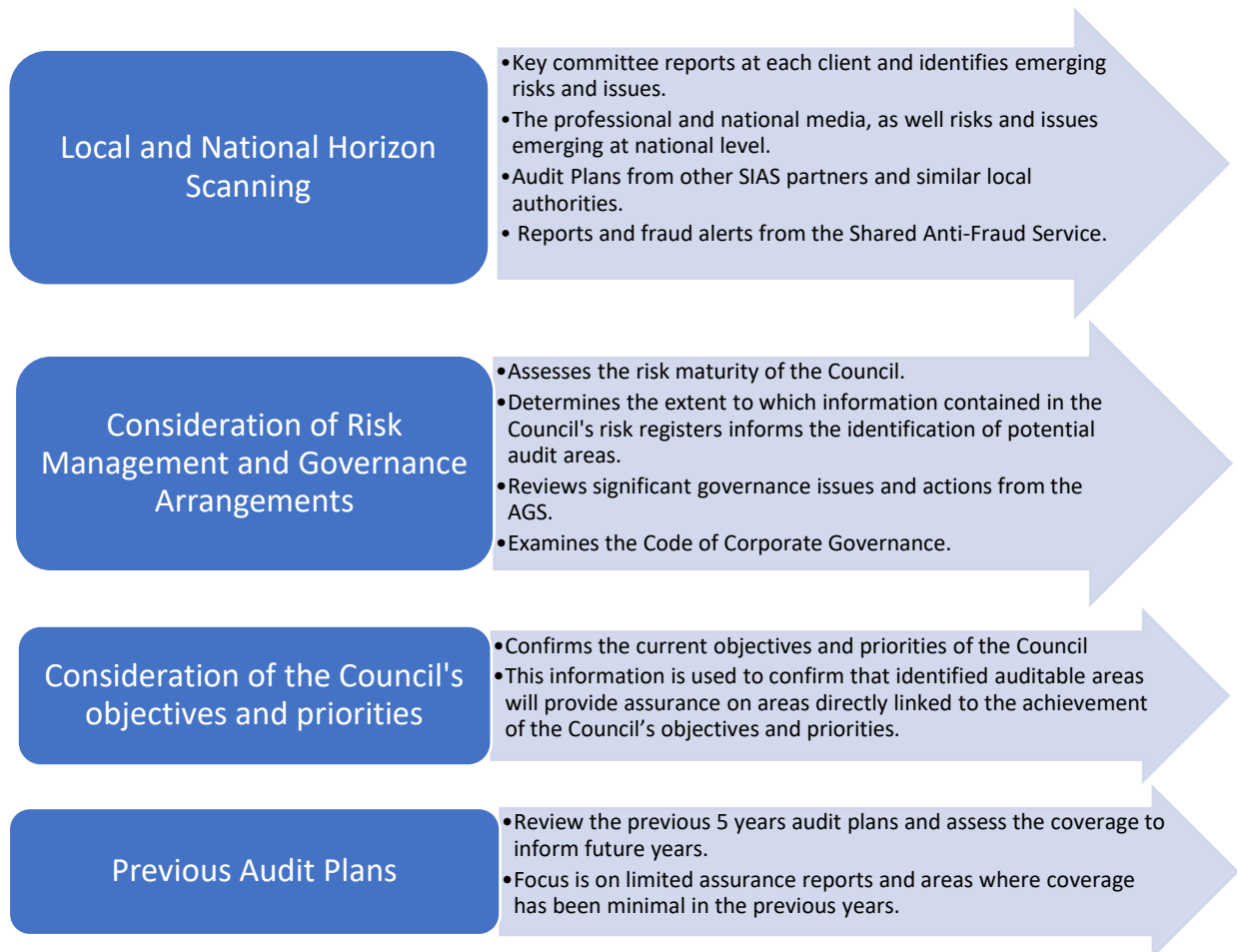
Approach to Planning

- 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

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.

APPENDIX E – SIAS Internal Audit Strategy & Service Plan

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.

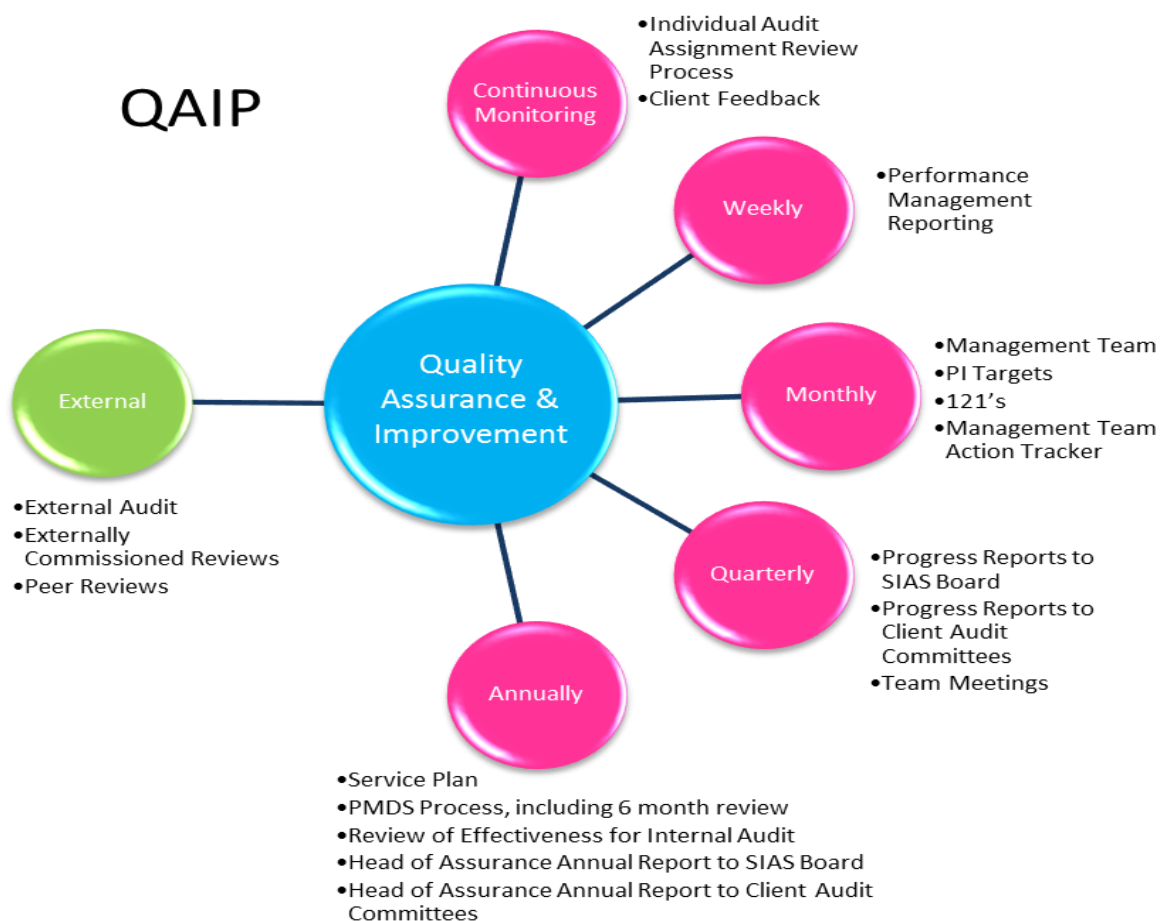
Resources

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%

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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

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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